Birchalls Bookshop, 1844-2000

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Preface

Birchalls bookshop was established in 1844 and ceased trading in 2017. It was a family owned business, which had been an icon of Tasmanian retailing and of the Australian booktrade for generations. Finally it succumbed to commercial and succession pressures with the business gradually being wound down and the premises sold. It is of scholarly interest as a small business in a regional economy, which was exceptional in surviving the vicissitudes of time, place and industry over this remarkably long period. This study looks at the detail of how that was achieved. It conducted over many years, during which the author was a Professor of Management at the University of Tasmania and the University of New South Wales. Several aspects of it have been published but it has taken a period of semi-retirement and sessional teaching in the Research School of Management at the Australian National University to provide the space and impetus to complete the whole and make it available here to fellow researchers and students of Australian business history.
Chapter One: Introduction

In 2016, Birchalls bookshop occupied premises at 118-124 Brisbane Street, Launceston, Tasmania, Australia. This located it in the heart of the central business district of a large regional city. For a casual passerby none of this would have seemed very remarkable unless they happened to glance at the small plaque near the entrance with its bald statement that ‘education and culture have been disseminated from this site since 1844’. In 2016 that made the shop 172 years old. In Australia a building that old is noteworthy in itself. A business, which has survived all the ups and downs of such a long period of rapid change is quite remarkable.

This is particularly true in the book-trade, which exists in the tension between international and local factors, making survival simultaneously commercially difficult and socially significant. Consider this tension from facts provided by researchers into the history of books in Australia. For the first 100 years of the existence of the bookstore in Brisbane Street the vast majority of books being sole in Australia came from Britain. One scholar estimates this at up to 85% before World War 2 (Arnold, 2001a: 128). Another commentator points out that as late as 1990, ‘50% of all books sold in Australia were imported’ (Zifcak, 2006: 209). This dependence of international sources and the struggle to establish a national culture when so much reading material was imported has been the subject of several major studies (Lyons and Arnold, 2001). From the domination of the English language publishing market by London’s ‘Paternoster Row machine’ (Nile and Walker 2001) through the emergence of Australian literature and its local publishers, national culture and the book trade have been intimately connected. In this sense Birchalls’ survival is part of the story of the development of Australian culture struggling to establish its distinctiveness in a world, which was first dominated by the global reach of the British Empire and later by the globalization of trade.

In terms of the commercial realities, the difficulty of survival in a volatile market is also evident in the findings of researchers. Consider, for instance that in 1900 Australia had 1,623 bookshops, which grew to 3,078 by 1930. By 1960, however, large department stores were rivaling bookshops in terms of the numbers of books sold (Arnold, 2001a: 130). Subsequently the rise of bookshop chains, many of them
multinational, provided even greater challenges to the survival of local and regional retailers.

This book tries to answer one very simple question: how has Birchalls Bookshop survived? It does this by telling a story. It is often a story of details, which may not in themselves be of great significance. Of course the story may be of interest to people who have been directly or indirectly associated with the company and indeed with the town in the life of which it has played a significant role. In addition to such personal interest, however, the story reveals a business level view of economic and social activity in a regional economy. The book has been researched and written on the assumption that it may contribute to an understanding of what makes a small enterprise in a regional location resilient.

Birchalls Bookstore in Brisbane Street, Launceston is an icon in the Australian book trade and in the Tasmanian community. In terms of the trade: it claims status as ‘Australia’s oldest bookstore’ (Birchalls, 2014); it has played an influential role in the development of book selling in Tasmania and Australia; and it has also had an innovative influence on the book trade nationally and internationally. In terms of the community it has been a fundamental presence in Tasmanian life. ‘Meet you in Birchalls’ has been a familiar arrangement for generations of Launcestonians, while its educational services have been an integral part of going to school in Tasmania since the late 1800s. This dual focus on being part of the trade and part of the community have been foundations of Birchalls longevity and its success.

Survival alone is a significant indicator of that success. This would be true of any small to medium sized enterprise, especially in a regional location. It is even more true in the book trade because of its international character and the very narrow margins within which a local business can make a profit. For many areas of business these facts of globalisation are a recent phenomenon. In the book trade they are not. The role of this trade in the spreading of culture and knowledge has meant that it naturally developed an international character. Those seeking literary diversion and knowledge have often done so outside the geographically bounded communities in which they lived. For this reason, the book trade has been both aided by and a vital
part of the internationalisation and globalisation of trade. The difficulty of survival in such an environment for a small, regionally based business is significant.

A large part of the company’s success has also been due to its leadership particularly in the second half of the twentieth century when it had to rapidly adapt to changes in its trading environment and industry. In this regard the contribution to the company of two families, the Birchalls and the Tilleys, has been particularly significant. The bookshop had a most uncertain life until it was taken over by Andrew Birchall in the 1850s and gained stability through the long tenure of Andrew and his sons over the next century. From 1928, when Stanley Tilley became Birchall’s accountant to 2000 when his son Ray retired as Managing Director the company’s fortunes were tied increasingly to the Tilley family’s ambition to make Birchalls into a modern business capable of prospering in a rapidly changing industry environment. Ray Tilley’s 62 years in the company, during which he moved from being a junior general hand in 1938 to retiring as Managing Director and Chairman of the Board of Directors in 2000, represent a particularly significant contribution to the business and to its story. This saw Ray achieve recognition as one of the last of the ‘Brisbane Street barons’ who dominated Launceston commercial life for the last half of the nineteenth and first half of the twentieth century. Through the story of the activities of these booksellers runs a thread which has been summed up by one historian of the trade as the love of ‘the mechanics of shopkeeping and the challenge of making everything tick’ (Marshall, 1998:xiii).

Ray’s departure from an active role in the business in 2000 also marks the end point of this book. More recent developments have been led by the next generation of Tilleys who at the time of writing own and manage Birchalls. It would not have been possible to write the book without the active involvement and co-operation of Ray and Yvonne Tilley and their sons. It has not, however, been the ambition of the research which went into the book to uncover a story of the Tilley, or indeed the Birchall, family. Rather the ambition has been to let the company tell its own story. To achieve this extensive use has been made of the company’s records. These are remarkably complete, especially since the implementation of the Companies Act 1920 mandated minimal record keeping. While they do not tell the whole story, they do provide many of the hard facts around which the story can be constructed. Softer
evidence for events comes from interviews and media reports. The former are by their nature limited to those willing and able to co-operate and this means that some aspects of the story remain untold.

Nonetheless *Birchalls Bookstore* is able to shed light on questions related to how a small family owned business, operating in a global industry and based in regional Australia has survived over 170 years of dramatic social and economic change. In the days before industry organisations or government sponsored night courses, MBA classes or ‘…for Dummies’ books, businesses found their own solutions to operational problems or they perished. Most perished. Birchalls survived. This story tells how.
Chapter Two: The origins of Birchalls

The story of the book store which became Birchalls begins with the establishment of the township of Launceston as a commercial centre in a far flung corner of the British Empire. It is, initially, a story about reading and the spread of English language literature through the colonies. It is also a story about British settlers striving to build sustainable economic activity and a viable social life a long way from what they saw as the centres of civilization. When Samuel Tegg established the bookstore which later became Birchalls in Brisbane Street in 1844, it was against this double background of a town striving to be born and a battle to establish a British cultural life in a frontier setting.

In international terms Launceston in the 1840s was certainly a backwater of the British Empire. It was also, however, the commercial centre and transport hub of an expanding agricultural hinterland and a growing local centre for the international whaling industry. While the history of the settlement and district has been documented more fully elsewhere a brief reiteration here will serve the purpose of establishing the business context in which the book store was first established. In the broadest sense the key dimension was the growth of Launceston as a commercial centre. The story of the establishment of the basic preconditions for business activity – a settled population, with a functioning market economy and legal system provides part of the context in which the Brisbane Street bookstore was established. The other part was provided by the story of the international growth of an English-language market for published material and stationery. In this environment, business and government needs for records combined with a thirst for self-improvement on the part of a growing free and literate population to give the bookstore its raison d’être. James Boyce provides a recent historical assessment of this environment which he terms ‘the triumph of little England’ (Boyce, 2008: 213).

In 1803 the British Government instructed the Governor of New South Wales to establish a colony in the north of Tasmania to counteract what they saw as threats from US whalers and French explorers (Reynolds,1969:13ff). After two years of abortive effort to establish a colony near the mouth of the Tamar River, the settlement was moved up stream to the current site of Launceston. A general muster taken in
August that year showed a settler population of 278 persons: 89 officials and their families; 30 free men; 122 male and 11 female convicts plus their 33 children. Only 3 ‘settlers’ are counted which probably indicates that the muster was inaccurate because of only counting those in the settlement on the day (Reynolds, 1969: 24) and the local aboriginal population was not included. The fact that the new town was ‘immediately adjacent to some of the finest hunting grounds on the island’ (Boyce, 2008:43) gave the new settlement a huge advantage not only in terms of hunting but also because it was, as its leader Lieutenant Governor Paterson reported, ‘superior both for grazing and tillage’ (in Boyce, 2008:43). Paterson made land grants to encourage settlement with such abandon that he was regarded by his immediate superior as ‘such an easy going thoughtless man that he latterly granted lands to almost every person who asked him’ (Commonwealth of Australia, 1916:549).

Just as the settlement seemed likely to get on its feet, Paterson was called away to Sydney to give evidence in an inquiry into irregularities in the payroll of his military unit, the New South Wales Corps. It was characteristic of the priorities of those in charge of colonial affairs that a regimental administrative matter would take priority and during Paterson’s nine months away the settlement sunk into anarchy and starvation (Bethell,1957:12ff). Soldiers, settlers and convicts took to the bush to survive by hunting kangaroo forcibly displacing aboriginal hunters whose countries they were invading. This was not, however, a consideration in British policy, in which the tension was between the political logic of establishing a military outpost to keep the spectres of French and American influence at bay and the economic logic of establishing a sustainable settlement. The British Government and its colonial representatives had little time for pro-settlement views. An early Tasmanian historian captured this in respect of the decision on the location of the settlement describing it as an ‘extraordinary perversity of logic’ to have initially overlooked the natural advantages of the meeting point of the three rivers and chosen instead the estuarine location of George Town. He saw it as a natural choice for settlement as, not only did the Tamar provide a navigable waterway well inland but the fertile valleys above the salt water gave promise of a sustainable, and therefore cheap, settlement (Walker, 1902:121).
A handful of free settlers and a gradual increase in the convict and therefore military establishment were the early sources of population increase. Neither, however, provided a basis for a sustainable settlement. Rations and hunting, the major source of sustenance, provided a weak base for a trading economy. Early in 1807 the decision to move the settlement upriver was formalised in Sydney and ‘Launceston’ was established in honour of the Governor’s Cornish birthplace. Paterson moved his residence in 1808. The frontier nature of the undertaking can be seen in its reliance on hunting, on what one contemporary historian has dubbed ‘a kangaroo economy’ (Boyce, 2008:45ff). The impact of this on other areas of economic and social activity may be seen in Paterson’s admission that ten convicts with dogs and firearms had escaped from a hunting party and were making both the settlement and hunters fearful of their safety (Reynolds, 1969:32).

Launceston was also threatened by the possibility of a change in colonial government policy. A new Governor of NSW, Macquarie was extremely sceptical about Paterson’s choice of location, writing to colonial Secretary, Lord Liverpool describing, ‘the town of Launceston [as] being situated in a low marshy flat, surrounded by high hills, and wholly destitute of fresh water’ (Commonwealth of Australia, 1916:582). He also pointed to what he called, ‘the extreme difficulty and danger of navigating the Tamar River’ and recommended abandoning ‘the few public buildings at Launceston…. [which were] in a most ruinous state’ and moving the settlement back to Paterson’s original location at the Tamar estuary. The new Governor waxed lyrical on the advantages of good harbour, so attractive to a maritime empire, and added to the strength of his argument by naming his preferred anchorage York Cove ‘in honour of His Royal Highness the Duke of York’ (Commonwealth of Australia, 1916: 620-1).

Despite some poor seasons, however, it was the rapid increase in agricultural production which convinced the Empire’s decision makers that the Launceston location was seen as sustainable. By 1820, over 20,000 acres of wheat and 40,000 acres of pasture were producing enough for a population of just over 1,000 slightly over half of whom were convicts (Bethell, 1957:20). The rule of law itself still had some way to go in being establishing. This had been amply demonstrated in July
1917 when the bushranger, Geary, attacked George Town, tied up six soldiers, plundered the stores and escaped with eight convicts.

Free settlement and a civilised way of life

In 1824 Launceston was given official status as a settlement by the Governor of New South Wales. A police report of the previous year had noted the dwellings in the town as ‘Brick 11, Wood 116’ (Bethell, 1957: 65). When Van Diemen’s Land became a separate colony the following year, Launceston took its place as the main centre of population outside of the colony’s capital at Hobart.

‘From 1824’, according to an early University of Tasmania history, ‘the town took on a new lease of life’ (Bethell,1957:68). While most buildings crowded along the banks of the North Esk reaching only as far back as Cameron Street there were also a few scattered houses in Brisbane Street. The outstanding characteristic of the town in this period was, however, the group of ‘energetic, restless, enterprising young men’ (Reynolds, 1969: 38), who ‘made Launceston their business centre’ (Bethell,1957:68). This coincided with the appointment of the town’s first civilian commandant, Edward Abbott. Although he was a former NSW Corps officers Abbott decided to take to civilian and trading life rather than return to England, and was ‘sympathetic to the requirements of the merchant adventurers … with their trading schemes and money making’ (Reynolds, 1969:44). While agriculture, focused on wheat and wool continued to be fundamental to local economic activity, these energetic townsmen added breweries, flour mills, and ship repair to local commercial activity.

It is hardly surprising that this period saw the town’s first efforts at publishing and selling printed material. It is noteworthy that those involved in these efforts saw a strong connection between the availability of reading material and the development of a civilized way of life. The first of the local publishing enterprises was an advertising sheet, the *Tasmanian and Port Dalrymple Advertiser*. Among the energetic young men of the town was John Pascoe Fawkner, who was to play a central role in the establishment of Melbourne. In 1825 he used this first newspaper to advertise ‘a plan for the Reading Room’ urging the view that ‘as learning expands, the mind produces discoveries, which benefit mankind [and] in general softens the otherwise barbarous
manners’ (*Tasmanian and Port Dalrymple Advertiser*, 9/2/1825). In 1828, Fawkner purchased a second hand printing press in Hobart and transported it to Launceston by bullock draw, twice spilling the type and having to collect it piece by piece out of the mud and dust of the track (Bethell, 1957:73-4). The *Tasmanian and Port Dalrymple Advertiser*, did not survive the 1820s but was succeeded by the *Launceston Advertiser*, established in 1929, which had a similarly short period of operation. The *Independent* which published between 1831 and 1835 was more ambitious and began to look like a regular newspaper but was also unable to secure a sustainable place in the local market. It was not until *The Examiner* was established in 1842, that the town had its own real newspaper in which reporting and commentary on events were included along with prices and shipping movements.

The commercial stability, which eventually developed to underpin the gradual growth of the town was provided by whaling. It was this industry which particularly from the late 1820s created a steady demand for wide variety of goods and services. The shipping arrangements also led to increased importation as there was no profit for merchants whose vessels arrived in London laden with barrels of whale oil but returned empty. The result was a trade which linked Launceston to Europe and to ports *en route* including some in Indian and Africa. Nonetheless commercial conditions were still primitive. Henry Widdowson, writing in 1829 reports that wholesalers charged 50% on shipments and retailers added an additional 33% (Bethell, 1957:114). These are not the profit margins of patient investment and obviously the traders’ rationale was to make their money quickly rather than build for the long term. For business development the period was one of ‘violent fluctuations in the island’s economy’ in which ‘merchants were always dancing on the slippery verge of bankruptcy’ (Bethell, 1957:114). Problems with currency and finance – of which there was never enough – and exorbitant interest rates were endemic. The seasonality of agricultural and whaling activity and commodity price fluctuations complete a picture in which high profits were a necessity to cushion traders against the economic downturns that always seemed to be just around the corner.

By the mid-1830s, a number of Launceston based businesses were catering to the growing market for reading and writing materials. John S. Hill’s ‘circulating library’
operated from Cameron’s Building, Brisbane Street. It imported a range of practical stationery of immediate use to businesses and households including:

- Ships’ Articles of Agreement
- Bills of Loading
- Cargo Books
- Seamens’ Advance Notes
- Captains’ Journals
- Log Books
- Key to the Signals in use upon the Wind-mill Hill
- Court of Requests’ Forms
- Subpoenas for Court of Requests
- Applications for Assigned Servants
- Bank Cheques, stitched and bound in leather &c. &c. &c. (*Cornwall Chronicle*, 16/1/1836)

Hill’s circulating library also played a role in the political life of the town through its publishing ventures which included taking a role in popularising the views of firebrand preacher and social reformer John Dunmore Lang, whose ‘sermon preached at the opening of St Andrew’s Scotch Church in Hobart Town’ the previous year was reprinted and aroused considerable interest (*Cornwall Chronicle*, 16/1/1836).

Henry Dowling, later Mayor of Launceston, had also opened a stationer’s shop and printery in a warehouse in Brisbane Street. This business participated with others in publishing a profitable, pirated edition of Charles Dickens *Pickwick Papers*. Like the original this was published in parts with the other partners in the venture being ‘Mr. Tegg, Hobart Town; Mr. James Hamilton, Campbelltown and Ross and Mr. C. Reid, Norfolk Plains’ (*Cornwall Chronicle*, 11/8/1838). Dowling was also instrumental in establishing one of the town’s first formal schools at St John’s Church and the creation of a local market for school books and stationary.

The demand for reading and writing material was growing with changes in both the number and composition of the population. Table 2.1 shows the gradually increasing town population but also its significant shift towards a higher proportion of women and a lower proportion of convicts. The figures appear to be based on the district rather than the town and may therefore be inaccurate because of the question of boundaries. They are also inaccurate because no account was taken of the Aboriginal population. Nonetheless the changes point to an increasingly settled European lifestyle in which recreational reading was more likely to find a place than in the rougher
frontier atmosphere of the earlier days of white settlement. It seems likely that the self-improvement promised by access to books had a similar appeal to these new settlers as it had to the respectable working class of Victorian England. Another sign of this more cultured society was the organisation of the town centre around a grid pattern of streets which now forms the central business district. This was published by Henry Smythe in 1835, and was among the first applications of the principles of town planning in Australia. The care it shows was an early sign of civic pride.

Table 2.1 Launceston District population change 1830s

<table>
<thead>
<tr>
<th>Year</th>
<th>Males</th>
<th>Females</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1834</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Free persons</td>
<td>2127</td>
<td>1235</td>
<td>3362</td>
</tr>
<tr>
<td>Convicts</td>
<td>1681</td>
<td>201</td>
<td>1822</td>
</tr>
<tr>
<td>Town total</td>
<td></td>
<td></td>
<td>5244</td>
</tr>
<tr>
<td>1838</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Free persons</td>
<td>2554</td>
<td>1799</td>
<td>4353</td>
</tr>
<tr>
<td>Convicts</td>
<td>1509</td>
<td>274</td>
<td>1783</td>
</tr>
<tr>
<td>Town total</td>
<td></td>
<td></td>
<td>6136</td>
</tr>
</tbody>
</table>

Source: Bethell, 1957: 96

In the early 1840s policy regarding the development of settlements in Van Diemen’s Land underwent major changes which had a huge impact on the character of the town and its potential as a commercial and retail centre. The first of these was the official encouragement of free immigration. In 1841 the Legislative Council, which acted in an advisory role to the Governor, voted expenditure of £60,000 to assist immigration from Britain. This immediately boosted new arrivals with 2,500 free migrants coming over the following year. The second factor was the increasing pressure for the end of transportation of convicts. Launceston business and church figures were in the forefront of the public agitation on this issue. In 1841, when the local Church of England undertook the construction of its second church, Holy Trinity, it specified in the building contract that ‘only free labour and materials’ produced by non-convict labour be used (Reynolds, 1969:87). Apparently the church wardens were happy to bear the considerable additional expense on the ground of taking a principled position. The first issues of the Examiner in 1842 also are interesting on this issue because of the clear stance the paper took in favour of free settlement and in overtly campaigning
for the end of transportation. Here the influence of the charismatic Congregationalist Minister, John West, was dominant as his co-religionists who ran the newspaper gave him a public platform of which he took great advantage.

**A new colonial book-trade**

The establishment of the original Brisbane Street book shop, which was to become Birchalls, took place in this environment of a new, slowly growing town in which a free, literate and business oriented population was creating a market for reading and writing materials. It also, however, owed much to its connections with the London book-trade and to the expansion of direct, relatively cheap, shipping from the Thames to the Tamar.

The bookstore at, what is now 118-124 Brisbane Street, was established by Samuel Tegg in 1844. Samuel was born in London in 1813, the son of Thomas Tegg and Mary Holland. Thomas had become famous as one of the most successful remainder merchants in the London book-trade and he had ambitions to expand internationally, ‘training his sons in the bookselling business and then sending them across the world to various English speaking cities to set up bookselling businesses’ (Crittenden, 2000:7). With his older brother, James, Samuel migrated to Sydney in 1834. The following year they established a bookstore in George Street. Searching for ‘Sydney’s and Australia’s first real bookseller’, Brodsky settles on William McGarvie who operated a ‘circulating library’ from 1828 (Brodsky, 1973:18). The Teggs, however, were not far behind. The store they opened in Sydney in 1835 advertised them as ‘wholesale and retail book merchants’ selling at London prices (Crittenden, 2000: 19).

The Teggs were important in the development of bookselling in Australia because of their enterprise in structuring their businesses and because of their promotion of local writing and reading. Through their connections with their father’s business they introduced a new form of competitive trading to the Australian colonial book trade, which enabled them to sell at London prices and still make a profit. Thomas Tegg, had built his business up from the early 1820s describing himself as ‘the broom that swept the booksellers’ warehouses’ (Barnes and Barnes, 2000:45). His approach of reprinting out-of-copyright material enabled his bookstore in the Cheapside to sell at
low prices to the growing market of London’s less affluent readers. One of his methods was to recycle books and stories into new chapbooks, which sold for a much lower price than the originals. So the remainders, for which he became famous, were slightly disguised pirated editions. Their achievement was to place entertaining literature within the financial reach of the emerging market of readers which the success of the industrial revolution and British self-improvement ideas were creating.

In this, Thomas Tegg was part of a movement towards wider reading in Britain at this time. This has been described as ‘completely dependent upon the progress of the social revolution’ which saw the growth of a skilled working class with an interest in self-improvement (Altick, 1957:81). The extreme conservatism of the established booksellers of London’s Peternoster Row saw them concentrating their efforts on limited editions of high quality books which could grace the private libraries of genteel homes. The manufacture of cheap paper and the growing appetite of less genteel readers opened the door to less ‘respectable’ book traders. The economic conditions of the period characterised by high taxation to pay for the Napoleonic wars, meant that these readers were looking for cheap books or books that could be rented from circulating libraries. While the period saw a boom in works of fiction, the most prominent being those of Walter Scott, it was also the period in which Henry Brougham established the Society for the Diffusion of Useful Knowledge providing the growing number of Mechanics Institutes and the families of skilled workers with serious literature. In terms of the business of book selling the change meant that ‘the prosperous artisan or clerk with a few shillings to spend loomed [as] more important than the gentleman with a guinea or two’ to spend on books (Altick, 1957:274). Tegg’s genius was being early in the field and trading with a disregard for the conventions of the gentlemen who dominated the trade of book selling.

The cheap book movement saw men like Thomas Tegg cashing in where the established sellers disdained to tread. While he was reviled by the literary establishment his market success was undoubted leading to his amassing a fortune of £200,000 by 1840. While Tegg senior’s ‘reprints were notorious for their slovenly text and miserly format’ (Altick, 1957:285) they gave the colonial Teggs access to a supply of books at a price the colonial market could appreciate. Other Sydney bookstores purchased at London prices and then added their costs and profit margins.
The Teggs were able, however, to advertise wholesale and retail books at the same prices being charged by the London Booksellers Association members in London. The difference between the remainder price at which Samuel and James purchased their stock and the ‘London prices’ at which they sold it in Australia met their costs and provided their profit margin.

**Promoting colonial literary life**

With the Tegg brothers’ store in George Street, Sydney, up and running, Samuel returned to London to purchase more books. James stayed in Sydney and begun publishing as J. Tegg and Co. with *Tegg’s Monthly Magazine* appearing between March and June 1836. Subsequent serials *The Literary News* (August 1837-February 1938) and *The New South Wales Pocket Almanac* (1836-1844) as well as a series of single books mark James as a publisher of note in early Australian colonial literature. He followed the family tradition, however, in eschewing the high brow. His publishing efforts were, in his own words, ‘devoted to general literature, avoiding the stormy arenas of politics and polemics, and combining amusement with instruction’ (Crittenden, 2000:16). The 1840s were not a kind period for business in the colony of NSW with a general economic depression setting in following the dramatic international fall in the price of wool. In 1842 James Tegg sold his Atlas Office and Book Repository to D.L. Welch and a year before his death in 1847 sold the publishing business to W.A. Colman. At his death James was worth less than ₤100.

In the meantime Samuel returned to the colonies but to Hobart rather than Sydney arriving on the *Wave* in December 1836. He married a local woman, Caroline Lewis, the following February and the same year opened a bookshop and stationers in Elizabeth Street, Hobart. His other businesses included the Derwent Circulating Library open in January 1839 and the Wellington Bridge Stationery Shop and Library opened in May 1945. He sold the latter business the following year to Major James Walch, who had arrived in Hobart with his wife and seven children in November 1842. Walch’s stationery shop was to become the sort of fixture in Hobart which Birchalls became in Launceston. Samuel Tegg was not merely an enterprising book trader and stationer, he was also a patron of colonial literature taking a rather more serious approach to his readership than either his brother or his father. Local works published by his Hobart businesses ran to poetry, drama and politics and included:

When Samuel opened his store in Brisbane Street, Launceston in November 1844, both he and the site already had an established business history. In 1825 Michael Bates had established one of Australia’s first pharmacies, which he operated from the site until 1841 when it became a confectioners shop. Samuel bought the store in 1844 announcing ‘to his friends and the public generally that he has taken those eligible and spacious premises lately in the occupation of Mr. Cameron situated in Brisbane Street which he will open on Monday next, the 25th’ (*The Examiner*, 23/11/1844). His ‘splendid assortment’ included: books, school books, stationery, playing cards, perfumery, fancy goods, drawing materials and music. Samuel claimed that under his business model customers ‘will always be enabled to afford novelty from the advantage he has over the rest of the trade by receiving new goods directly from the London Market by every vessel’ (*The Examiner*, 25/11/1844). The following month Samuel – by now describing himself as ‘bookseller &c. Brisbane Street Launceston’ announced he had ‘opened his CIRCULATING LIBRARY’ (*The Examiner*, 7/12/1844). Passenger lists of the period, published in local newspapers, show Samuel (usually listed as S.A.) Tegg and James (sometimes listed as A.J.A.) Tegg arriving and departing several times during the following years. This has led to some confusion notably in the unpublished ‘Notes of Booksellers and Bookselling in Tasmania’ which G.J. Manton, President of the Australian Booksellers Association put together in the 1950s. Manton was himself aware of this confusion and tried to sort it out in an exchange of letters with Birchalls management (G.J. Manton to S.V. Tilley, 4/6/1953). The picture is still slightly muddled and later authors who have relied on this account as to the sequence of events surrounding the establishment of the Brisbane Street bookshop have compounded the problem.

What is clear is that from 1844, Brisbane Street became the main site of Samuel’s selling and publishing activity. He was an avid advertiser and from November 1844 almost every edition of *The Examiner* and the *Cornwall Chronicle* carried a large advertisement for his shop. By early the following year goods on sale had been extended to include ‘a very extensive assortment of account books’ (*Cornwall Chronicle*, 7/4/1845). The store was also directly involved in publishing educational
works such as James Bonwick’s *Geography for the Use of Australian Youth* (1845) and Nathaniel Kentish’s *Work in the Bush* (1846). His attraction to the more serious side of the literary spectrum is evident in the titles. His record of encouraging local writers shows him to have been perhaps more committed bookman than James whose published material was seen as having a ‘light and trashy’ side to it (*Colonial Observer*, 1942). In 1847 James died and Samuel Tegg sold his Launceston shop and moved to Sydney as executor of James’ estate and then went back to London. At this point the business was presenting itself as entirely devoted to the book-trade and reliant on its London connections for the quality and value of its books. Samuel’s last advertisement for his business describes him as, ‘S.A. Tegg, Bookseller and Stationer, Circulating Library, Brisbane Street, Launceston’ and goes on to promise that ‘orders for books etc., [are] executed personally by Mr. Tegg in London, and delivered in V.D. Land at the published [London] prices’ (Wood and Dowling, 1975: 205).

Neither James nor Samuel reproduced the business success of their father Thomas Tegg, with his reputation in London as the ‘king of the remainders’. Both, however, made significant contributions to colonial literature and to developing a business model, which would make bookselling profitable. Although they did not make huge personal fortunes they did establish the significance for the Australian book trade of having a connection with British and particularly London booksellers.

Samuel continued to act as London agent for the Launceston business, which he had sold to Robert Blake late in 1847 (*The Examiner*, 2/10/47). Subsequently the Tegg family tradition, of selling cheap books, was kept alive in London by the next generation in the person of William Tegg. He achieved some fame as a prominent free trader campaigning against the price fixing of the large booksellers, who monopolised the London Booksellers Association (LBA). William operated in that market as an ‘underseller’ deliberately flouting the restrictive practices the LBA sought to protect (Barnes,1964:19ff).

**Constantly on the brink of failure**

In Brisbane Street, Launceston, Blake’s business did not prosper, despite the growth in the local market. In 1848, the Port of Launceston recorded imports of books and stationery worth a total of £4,217 (*The Examiner*, 31/1/1849). Samuel returned
briefly in February 1849 (The Examiner, 10/2/1894). Whether this was to offer advice or collect debts is unclear. In any case, Blake’s business failed and he was declared insolvent on 4 April 1849. As a result, potential buyers invited to inspect the whole of the valuable and well selected STOCK-IN-TRADE consisting of Several hundred volumes of new books on every kind of literature, with those of the circulating library; stationery of every variety, with fancy goods, well selected; an extensive assortment of musical instruments amongst which will be found AN EXCELLENT COTTAGE PIANO-FORTE, quite new, made by Williams of Hobart Town; with violins, clarinets, horns & c.; toys, perfumery and numerous other articles. (The Examiner, 7/4/1849).

In fact this list of items available for auction was so extensive that, J.C. Weedon, the auctioneer, postponed the auction for three weeks in order to complete the listings (The Examiner, 18/4/1849; 21/4/1849). The cost of such a large holding of stock might provide a clue to one reason for the failure of Blake’s business. Another is the suggestion that the assignee of the estate, Mr Kennedy, was having difficulty in locating and recovering the books in circulation from the library. When the auction finally took place its yield appears to have been modest with Robert Blake only able to pay his creditors 3/- in the pound (i.e. 15%) (The Examiner, 4/8/1849).

The business then passed into the hands of Huxtable and Co., who were then trading from a bookshop in Charles Street. They moved into the Brisbane Street premises in January 1851. Wood’s Tasmanian Almanac of that year and 1852 carried a Huxtable advertisement which indicated that the business was quite mixed carrying: books, stationery, fancy goods, perfumery, cutlery, papier mache, jewellery and musical instruments. It also undertook ‘bookbinding, engraving and copper-plate printing’ as well as offering a ‘circulating library [with] a liberal allowance made to schools and the trade’. Interestingly these advertisements indicate that the company was trading from both Murray Street, Hobart Town and Brisbane Street, Launceston (Wood’s, 1851:108; 1852:95).

In fact Huxtable and Co did not last long in Launceston being taken over on January 24, 1852 by their local manager Alexander Duthie (The Examiner, 24/1/1852). Duthie felt confident that he would be able to maintain the arrangements for finance and shipping upon which the business relied. Through a notice in The Examiner
Mr A. Duthie begs most respectfully to acquaint his friends, the inhabitants of Launceston and its vicinity of his having purchased the Stock-in-Trade of Messers. Huxtable & Co., and trusts by the arrangements made for the regular importation of new goods, of the best description, and of every variety suitable to the business, he will meet the same patronage that has been given to his predecessors. (*The Examiner*, 24/1/1852)

![Alexander Duthie (photo ex Cudmore)](image)
Duthie’s advertising over the following few years indicates that he carried pretty much the same range of goods as his predecessors. Two differences from the material put out by Huxtable and Co are notable. One is that Duthie promoted the books, newspapers and periodicals he carried more strongly laying particular emphasis on the large number of books (3,000 in 1854). The other is the subscription service to British news publications ‘supplied with punctuality’ (Wood’s Almanac, 1853: 116; 1854: 145; 1955: 129).

This rapid change of ownership is indicative of the problems facing the colonial economy in the 1840s but it also shows that without the strong connection the Teggs had with the London market it was very difficult to make a living selling books in what was still a very small town. Although subsequent owners had tried to overcome this by expanding their range of goods none of them had been able to achieve a sustainable mode of operation.

**Stable leadership and security**

Australian colonial economic fortunes began to change in the early 1850s with the discovery of gold in NSW and Victoria. While this led to an initial exodus of young men from Tasmania it provided enterprising producers and merchants with a booming colonial market.

When Andrew W. Birchall arrived in Hobart in 1853 it was via Port Philip where he must have been tempted to join the rush to the Victorian goldfields. The book-trade was only just getting established and it was not an obvious choice for a young free settler seeking his fortune. Still there were signs of potential. The year before George Robertson had disembarked in Melbourne and when he ‘opened a case of books on the wharf’ was able to sell them immediately (Holroyd, 1968:16). Robertson opened his first store in Russell Street in 1852 and at the time of Birchall’s disembarkation in Hobart was settling into his long time location in Collins Street East.

Andrew Birchall was born in Manchester (12/4/1831) and was 22 years old when he arrived in Van Dieman’s Land. He did not follow the rush to the Victorian goldfields but took work as a journalist on the *Colonial Times*. Andrew Birchall’s decision to remain in the colony may have been related to Harriet Ward, who had travelled from
Britain on the same ship. In December 1856 they were married (The Examiner, 6/12/1856) and Andrew had begun working for J. Walch and Sons. By this time James Walch’s Stationery Shop and Library, initially purchased from Samuel Tegg, was well established in Hobart and he moved to expand his business by purchasing the Brisbane Street bookstore from Alexander Duthie.

A little over a year after the Birchalls’ marriage the following announcement appeared in The Examiner:

Messrs. J. Walch & Sons beg respectfully to intimate that their establishment (late Mr. A. Duthie’s) will be opened on Monday next, 25th inst. The business in Launceston will be under the management of Mr. A.W. Birchall, who for some years has been connected with the establishment in Hobart Town, and by whom Messrs. J. Walch and Sons have every confidence that their business in the Northern capital will be conducted with that attention to the commands of their customers, and upon those principles which have been the means of securing so large an amount of public patronage in the Southern division of the island (The Examiner, 19/1/1858).

One reason for Walch’s capacity to operate with such confidence was their personal connection with British suppliers. Customers were assured that ‘orders to procure Books, Newspapers, and Periodicals from Great Britain will receive the personal attention of Charles E. Walch in London’ (The Examiner, 19/1/1858). Just as Samuel and James Tegg had benefitted from their father’s position in the book-trade ‘at home’, so Walch’s seem to have relied heavily upon their family connections. At the time as Andrew Birchall opened their store in Brisbane Street, they were able to assure potential customers ‘that they have received advice from their agent, Mr. C.F. Walch, that he has forwarded the following new and popular works and that they an therefore be expected daily’ (The Examiner, 19/1/1858). The list included Dr. Livingston’s latest account of his missionary travels in Africa, Edgar Poe’s poetry and ‘Mr Thackeray’s new serial work, entitled The Virginians’ (The Examiner, 19/1/1858). The assurance of supply and the implicit claim that this would mean readers in northern Tasmania would have access to the literary works currently fashionable in London must have been a powerful marketing strategy in a town on the periphery of colonial settlement.

Andrew Birchall’s employment with Walch and Sons also enabled him to provide work for his father, William. There is little historical record of William but an
account of the coronial inquest at his death in 1861 provides some detail (The Examiner, 7/5/1861). William had arrived in Hobart in 1856 at the age of 60. He accompanied his son when Andrew moved to Launceston and worked there for Walch and Sons as a porter as well as for Ritchie and Parker as ‘office keeper’. In words that almost exactly echo later events in the history of Birchalls, the coroner reported that William had been in excellent health and had arrived at work as usual on the morning of his death. Fellow workers recalled that shortly after 8 a.m. he stood up and went across to the window remarking ‘I have been very troubled with wind lately’ (The Examiner, 7/5/1861). He then collapsed and died a few minutes later in Andrew’s arms. The coroner’s post mortem found that he’d died of a ‘disease of the heart’. He was remembered as ‘very temperate in his habits’, being a keen vegetable gardener and winning prizes for his garden produce and the chutney he made from it.

Within nine years of arriving in Launceston, Andrew Birchall had bought into the business as a partner and the name of the bookstore was changed to Walch Bros and Birchall. The store continued to trade as Walch Bros and Birchall until after Andrew’s death in 1893. The Birchall family became a significant presence in Launceston life. Harriet Birchall gave birth to 13 children. Four died during infancy and of the nine who lived into adulthood five were girls and four boys. The eldest of these boys, William Andrew Birchall (A.W.B.) was a lawyer in Launceston and Council Clerk at Longford for many years. The other three boys, Henry Ward, Frank Carver and John Arthur, all worked at the bookshop. One sign of the success of the business was its capacity to provide livings for such a large family.

In common with other bookshops of the period, Birchalls not only sold books and the whole range of stationery requirements, including art supplies, but was also a publisher in its own right. This was particularly important to local authors but also gave the booksellers an intellectual standing in the community, so they were seen as rather more than ‘just a shop-keeper’. At the company’s centenary, The Examiner reflected on the attitudes of the earlier period which saw Birchalls’ role in the community in terms of ‘a need for fresh assertion, a dignity based on learning .....[for which] books could – and did – provide many of the answers’ (The Examiner, 18/5/67:15). The growth of theatre in Launceston provided Birchalls with both a commercial and community activity. The bookstore was the main box office outlet
for the Philharmonic Society and it is probably no coincidence that Andrew Birchall became its treasurer. Over four decades, from shortly after his arrival in Launceston, the bookstore and its manager played central roles in promoting Society events and selling tickets to them (e.g., *The Examiner*, 27/7/1858; 15/2/1872; 27/2/1892).

**Making business in a growing town**

From the 1850s, the goldfields driven economic boom on the mainland aided Tasmanian enterprise by providing new markets but also provided stiff competition in terms of attracting new settlers. Despite the attraction of the goldfields Launceston had continued its slow growth and in 1861 reached a milestone with its population for the first time exceeding 10,000. At that point, however, stagnation set in and during the next decade the township grew very slowly from 10,359 to 10,668 (Bethell, 1957:137). Launceston’s own mining boom rescued the local economy in the 1870s. A considerable amount of official and unofficial prospecting had been carried out but claims of rich ore discoveries had not been substantiated before James ‘Philosopher’ Smith’s discovery of ‘the greatest load of tin then known to man’ at Mt Bischoff in 1971 (Blainey, 1963:208). Incredibly, despite proving his ore at 70%, Philosopher was unable to attract investment in Sydney, Melbourne or Hobart. He turned to Launceston locals amongst whom he’d grown up and who provided the initial funding for the first Tasmanian mining boom. While population growth remained slow the town became much more wealthy, especially in terms of its trading economy. In 1874, for instance, it collected more than half the custom’s fees for Van Diemen’s Land (Bethell, 1957:139).

It was 1878 before the Mt Bischoff Tin Mining Co. paid its first dividend. When it did, however, the windfalls to those who had the foresight to invest had an immediate impact on the town. This was followed by the success of other mining ventures in the north of the colony. The result was that ‘Launceston underwent a change from a community almost wholly dependent for a living on trade, to one supported by the payment for services rendered to the new Tasmanian mining industry and a large share in the profits from mining investments’ (Reynolds, 1969:118). Dividends were so large that they were paid monthly and within a decade Mt Bischoff had paid over £1 million in dividends (Blainey, 1963:209). Blainey identifies the relative scale of this localised impact:
Launceston had only twenty thousand people in the late 1880s and there was no poppet head or stamp mill within twenty miles of the city and yet it challenged [the gold-rich towns of] Bendigo and Ballarat in the dividends its mining companies paid. (Bainey, 1963:211)

Mt Bischoff was, however, only the start, with prospecting and discovery of Beaconsfield gold, Fingal Valley coal, and Mt Magnet and Zeehan silver/lead deposits following during the 1880s (Blainey, 1968:208-231). With the town supplying the mines and smelting their ore, Launceston’s population grew rapidly from 12,752 in 1881 to 17,258 in 1891 but then stalled once more growing only eight hundred in the next decade as the depression of the 1890s bit into economic activity.

With its growth as a regional centre, Launceston also developed the institutions of a cultured and educated British community. One of these in which Andrew Birchall played a leading role was the Mechanics’ Institute. In Australia in the mid-1800s many of these organisations were established. With no government sponsored adult education these institutes played a significant role in the life of many nineteenth century regional centres. They followed a British tradition of self-improvement and moral enlightenment providing working men and women with access to knowledge and ideas not provided by their limited schooling. The Mechanics’ Institutes had no central organization and were established in towns by local leaders according to their own understandings of what was needed. In the case of the Launceston Mechanics’ Institute an excellent historical study provides a detailed account of its development and of the role played in it by Andrew Birchall and his bookstore (Petrow, 1998).

The Institute was established in 1842. Andrew was a member of its Board of Management from 1868 to 1874; Vice-President in 1875 and 1876; President between 1878 and 1882; and Vice-President again from 1883 to his death in 1893 (Petrow, 1998: 145). During the 1870s Andrew was one of the drivers of the Institutes’ expansion as it became not just a reading room, but the best Library in town, as well as an Art Gallery and Museum (Petrow, 1998: 105-6; 110). An authoritative indication of the significance of the Launceston Mechanics Institute is provided by Petrow’s comparison with its counterpart in Hobart, which notes that ‘in Launceston, the Mechanics’ Institute succeeded because it …. subsumed the Public Library and no branch of the Royal Society existed’ (Petrow, 1993:15). Because of the lack of other
organisations, which provided for the spread of knowledge and culture in other towns, it can be surmised that the Launceston Mechanics’ Institute was even more central to the life of the town than many of its counterparts were to theirs. The influence of Birchalls on the Institute extended beyond Andrew’s life with J.R. Forward, who worked in the bookshop and was one of Birchalls first Directors, becoming the Institute’s assistant librarian in 1904. He continued to use Birchalls as the main source of supply for the Institute Library for many years (Petrow, 1998: 90; 95-6).

Birchall and Sons: generational transfer

A snap shot of the retail centre during this period is provided by Edward Braddon, later the colony’s Premier (1894-9) and Tasmania’s leading national politician in Australia’s first years of Federation. Braddon reported that ‘of the Streets, Brisbane Street is before all in importance. It is the local Regent Street: here are the best shops and the only good pavement Launceston has’ (quoted in Reynolds, 1969:123). At this point Birchalls Brisbane Street bookshop was nearing its fiftieth year of operation. Andrew Birchall had been running it for all but ten of those years and from the early 1880s he had been the sole owner. The issue of whether this solely owned small business could manage an inter-generational transfer of ownership and management loomed over the bookstore. In the mid-1880s Andrew addressed the issue bringing his second and third sons, Henry and Frank, into the company as partners. While Andrew Birchall seems to have had a desire to involve his sons in the business this did not translate easily into practice. His eldest son, William was clearly more interested in making his own way first as a lawyer and then in local government, while Henry and Frank, seem to have been initially at least, half-hearted in their commitment to their father’s business.

On 21 June 1893, at the age of 62, Andrew Birchall died. His obituary notes the shock of his passing ‘the more so as the deceased gentleman was until the last moment in full possession of his usual good health’ (The Examiner, 22/6/1893). He had overcome ‘a serious illness’ a decade previously and had been with his son Frank in the shop at about 7.30 p.m. when he appears to have suffered a sudden heart attack. Like his father, William, he died in his son’s arms on the shop floor. For years the bible display case against which he collapsed in the bookshop was treated with reverence: ‘that cabinet was never allowed to be moved or touched by any employees
……You could say it was a sort of shrine’ (Interview, Ray Tilley, 24/2/05). In addition to stressing the unexpectedness of his death his obituary stressed his loss to the community noting his many charitable and community activities including being: Chair of the finance committee of the Launceston Hospital Board ‘for many years’; Vice-President of the Benevolent Society; a committee member of the Free Labour Bureau; a Justice of the Peace; Dean of Christ Church and Superintendent of the Sunday School; Vice-President of the Mechanics Institute and a founding committee member of the Free Labour Bureau; as well as being an active member of the Society for the Prevention of Cruelty to Animals (The Examiner, 22/6/1893). Special praise was reserved for his longterm status as a total abstainer from alcohol, a distinction he shared incidentally with Philosopher Smith. Andrew’s funeral was attended by many of the town’s leading citizens with pallbearers being a list of leading businessmen and the presence of the leading officers of all the organisations to which he’d contributed being noted (The Examiner, 24/6/1893). A Memorial Service at Christ Church Congregational Church heard the Reverend W. Law preach on 1 Corinthians, 15, 25-6 ‘and the last enemy that shall be destroyed is death’ noting Andrew Birchall’s life as an exemplar of his protestant Christian faith (The Examiner, 26/6/1893).

Before his death, Andrew Birchall had begun a process of changing the name of the firm to reflect the reality that he and his sons were both owners and managers. Although the Walches no longer owned the company, their name had been retained as part of the sale arrangement with Andrew Birchall. Charles Walch completed the negotiations with Frank and Harry Birchall so on 1 July 1893 the Launceston Examiner announced that:

The firm of Walch Bros and Birchall, booksellers and stationers, of this city, has been dissolved, and the business will in the future be carried on under the title of A.W. Birchall and Sons. (The Examiner, 1/7/1893)

The partners in the reconstructed firm were Harry W. and Frank Birchall. Both had been educated at Launceston Grammar School. Harry had gone directly from school to work for his father. He now became senior partner and it seems that this placed a considerable strain on his health. In June 1894 he travelled with his sister to Deniliquin ‘a place famous for its salubrious climate’ in the hope of recovering from a throat infection (The Examiner, 2/7/1894). A fortnight later he died there. His obituarist reported that since taking on the leadership of the firm ‘his health had not
been of a very robust character, but he still attended indefatigably to the numerous
details necessarily connected with the organisation and management’ of Birchalls
(The Examiner, 2/7/1894). Harry was remembered as having taken a great interest in
the business development of northern Tasmania, in particular seeing its mining and
agricultural industries as the keys to future prosperity. He was 32 years old.

This left the family ownership of the business in some confusion as it seems that the
legal formalities of a partnership between Harry and Frank had not been clearly
established. In the upshot Frank was appointed administrator of Harry’s estate and
over the next four years work his way through a series of agreements with his mother
and other siblings. The first of these, dated 8 September 1894, gave Frank ‘absolute
and uncontrolled discretion’ over the operation of the business. This does not seem to
have been a matter of any dispute and was repeated in several forms in various
clauses of the six page ‘Memorandum of Agreement’. The agreement also committed
Frank to using the resources of the business to support the family. Immediate
provision amounts to be ‘paid out of the business to … Harriett Birchall by weekly
payments for the purpose of maintaining and supporting a Home in Common’ for
Harriett, Frank and the other unmarried children. A further agreement was appended
and signed by all parties on 28 August 1899. The details are complex but from the
point of view of the business the significant issue was that Frank’s control was
affirmed and he was given 40% of the company ‘in his own right’. The remaining
60% went to Harry’s estate and was lent back to Frank to operate the company on his
agreement to pay interest on the amounts loaned half yearly. Reading these
documents today it seems a cumbersome arrangement. In the days before businesses
were regulated under consolidated legislation, such as a Companies Act, it was not
untypical. Crucially it enabled the business to continue and leadership of it to pass to
the person best qualified to conduct it. The care with which the provisions for the
various beneficiaries were constructed may also speak to the agreements’ success in
balancing what could have been competing and potentially destructive sibling
interests.

Frank Birchall was now thrust into the role of running the business as the sole owner
and manager. Frank was then 30 years old. After completing school he had spent two
years in Sydney before returning to Walch Bros and Birchalls, as it was then, in the
mid-1880s. At the time of his father’s death Frank had considerable experience of working in the bookshop over about a decade during which he must have proven himself able to learn directly from his father and to work alongside Harry. One of the first steps Frank took was to bring his youngest brother, John, into the business. John, was Andrew’s twelfth child, there being seven siblings born after Frank and before John’s birth in February 1879. So at the time Frank gained control of the company John was just out of school. Nonetheless within a few years of starting work in the bookshop John had been made a partner and A.W. Birchalls and Sons was being run once again by two brothers.

**A business embedded in the community**

The public record of the bookstore’s activities during the 1890s shows a company well integrated into its community focusing on that local involvement as a key strategy in its operation. The growing affluence of that community and consequent growth of leisure combined with its passionate dedication to sports to provide a new product range for the store and a strategy for marketing it. From the mid-1890s a large number of short and therefore inexpensive advertisements were inserted into the sports pages of *The Examiner*. Typically an article reporting on a meeting of the committee of the Northern Tasmanian Football Association would have, immediately above it, a two line advertisement: ‘For Football material consult A.W.Birchall and Sons’ (*The Examiner*, 17/8/1898). While the draw for the next round of cricket matches would be lead by lines such as ‘Consult A.W. Birchall and Sons for all Cricket material’ (*The Examiner*, 21/10/1899). The impetus for becoming involved in sporting goods seems to have come from the involvement of this generation of Birchalls in local sports clubs. Their father had been a dedicated Congregationalist active in many areas of Church life. The Sons seem to have taken sport as seriously. John Arthur was captain of the Alberton cricked team and rowed in the Tamar Rowing Club (*The Examiner*, 2/3/1899; 25/5/1899; 15/11/1898). W.A.B Birchall was active in the Lawn Tennis Association (*The Examiner*, 5/3/1896) and Frank was secretary of the Launceston Golf Club (*The Examiner*, 2/5/1896). The store’s new involvement in sports was also reflected in its book and magazine holdings carrying a range of sporting publications including the delightfully named journal *The Sportfolio* ‘containing excellent portraits and pithy biographies of the present day heros of sport’ (*The Examiner*, 13/1/1896). Innovative marketing was also evident in the use of
sporting goods in window displays including one, which prompted the following inquiry from an *Examiner* reader:

in the window of Walch Brothers and Birchalls is a pyramid of cricket balls measuring at the base 27 inches by 21 inches. Each ball measures three inches in diameter. How many balls does the pyramid contain and what is the total value at 10s 6d each? (*The Examiner, 8/10/1887*)

Similar advertising campaigns were run focusing on musical instruments and tuition. The advertising was often a simple sentence at the end of an article about music or theatre or a series, each of a couple of lines, scattered through the newspaper. They were usually general referring to a range of musical instruments. An exception were advertorial-style news items such as the following: ‘Educational. – Mrs. Sherwin will resume instruction in singing and music on Friday at Messrs. A.W. Birchall and Sons. Mr H.L. Smith will resume music tuition on Thursday’ (*The Examiner, 13/7/1897*). There were also exceptions to the general notice of availability of instruments such as the Christmas-time campaigns, one of which promoted ‘A.W. Birchall & Sons, pianoforte warehouse, 118 Brisbane Street’ (*The Examiner, 15/12/1898*).

A broader Birchall’s presence in the public arena came from the many community activities undertaken by initially by family members but subsequently especially by the company itself. This tradition seems to have begun with Andrew Birchall’s involvement in philanthropic societies and Church related activities. This had begun to take on a company focus towards the end of his life with Birchalls staging of events such as Christmas concerts ‘for the comfort of the poor’ (*The Examiner, 16/12/1885*). In the 1890s, Frank Birchall took company sponsorship a step further with both reading related activities, such as the donation of books as academic prizes and significant donations to sporting events such as the intercolonial sports meetings as well as to specific sports (*The Examiner, 24/1/1895, 21/12/1895*). No doubt these brought the company good publicity but the philanthropy behind actions such as a significant price reduction on a piano for the Launceston hospital is noteworthy. So too are the Empire-focused patriotic nature of donations such as the ‘generous gift’ of music and words to the National Anthem and ‘God Bless the Prince of Wales’ forwarded to all state school teachers, along with the offer of as many copies as they felt they could use (*The Examiner, 8/5/97*) and the box of books, journals and
magazines sent as ‘reading matter to the contingent’ embarking for the Boer War in South Africa (*The Examiner*, 25/10/1899).

**Birchalls at the end of the 1800s**

In its 56 years of operation to the turn of the century the Brisbane Street bookshop had ridden the waves of social and economic growth. In that period Launceston had developed from a town which had not long emerged from frontier status to become a colonial city with a well developed business and literary life. The business itself had also matured and by the end of the century it was able to hold its own in an open market.

Initially the business had been dependent on the Tegg family connections with the London book trade and particularly with the Thomas Tegg’s Cheapside business marketing remainders and chapbooks. Once Samuel Tegg left this connection was not sustained and the business struggled. It experienced a lack of stability as ownership changed several times over half a dozen years. While these years of the late 1840s were a period of economic recession in the colony the problems faced by the bookshop were not simply due to fluctuations in the colonial economy. What it needed to survive was a long-term commitment with stable ownership, sensible management and a sustainable business model.

Andrew Birchall’s commitment to the business over 40 years was one key to its subsequent survival. The economic and social conditions of a growing and increasingly prosperous town were, however, the major drivers of the business’s success. Birchalls Bookshop prospered as the town grew. The mining boom and the growth of an investor led economy made Launceston unusually affluent for a town of its size in colonial Australia. That affluence was reflected in the substantial public and private building the town experienced in the latter part of the 1800s. It was also reflected in a growth in cultural and educational activities. The town and its people took an interest in self-improvement and Birchalls Bookshop benefited directly by supplying the needs for reading and writing material. Also of immediate benefit to the business was the growth of shipping direct to London. With agriculture and mining filling ships bound for the markets of Britain, owners were anxious to secure cargos for the return. So freight rates were kept down and the cost of importing books
and stationery directly from London was much less than might otherwise have been the case.

At the end of the 1800s then, Birchalls was well established as part of Launceston life. The town was at last experiencing appreciable growth and a thriving community life. The significant role Birchall family members played in this and the increasing role of the company in making donations to community causes are indications of the extent to which the company had become identified with the town and the local market. It is noteworthy that Andrew Birchall’s philanthropic roles extended beyond those organisations in which he had a personal interest, such as his Church. In particular his part in securing the finances of the Launceston Hospital and in supporting the Mechanics Institute and the Free Labour Bureau made him a substantial presence in the city’s provision of health, education and employment services. With Frank and John Birchall working together as partners in the company, a successful generational transfer had been achieved and the future of the business and the company looked good.
In the first part of the twentieth century Birchalls Bookshop had reached a comfortable position in the Launceston retail scene. It was one of the city’s oldest businesses and was located in the heart of the town’s central retail precinct with an established clientele. In some ways, however, it had slipped into the role of the respectable bookshops of London against which the Teggs and their fellow ‘undersellers’ had battled. It was selling to the better off in the community with the principals of the company showing every sign that they were content with that. This had advantages from a business point of view because it embedded Birchalls in the Launceston establishment. The very respectability which the company had achieved meant, however, that there was a tendency for it to focus more on social status and less on business. This left it poorly prepared to survive the challenges posed by the first decades of the twentieth century. This chapter traces the narrative of the company through World War 1 and the Great Depression to the eve of World War 2.

**In a comfort zone in the early 1900s**

During the last decades of the nineteenth century, the way in which Birchalls was presenting itself as a Launceston retailer had undergone a subtle change towards high quality products marketed to middle and upper class buyers. An insight into this change is provided by several lengthy articles published in *The Examiner* during the Christmas shopping period in 1903. One aspect of this change is that while books still played a dominant role in the business it had also become a store in which ‘everything that could be thought of for boys, girls, men and women in the way of gifts is here’ (*The Examiner, 18/12/1903*). While one article focused on customers being able to ‘find everything they could desire’ another stressed the quality of the merchandise making a claim to exclusivity which was frankly elitist. The book holdings were presented as ‘the finest selection of the best authors of all time’ and it was recalled that ‘Lady Northcote ...... made large purchases from this firm, and personally complimented the proprietor’ (*The Examiner, 18/12/1903*). The appeal to British upper class respectability was also evident in the books recommended for Christmas presents including *Queen Alexandra’s Christmas Gift Book* and *The Reminiscences of Lady Randolph Churchill*. In general these articles are so complimentary as to raise the suspicion that the copy may have been provided by the
company. At the very least they seem to have closely reflected the company’s view of itself and its position in the market.

A second major focus of Birchalls’ advertising in this period was the growing market represented by schools. With the spread of free, secular and compulsory education, primary education in particular experienced a boom with teachers, pupils and their families all looking to local suppliers to provide their needs for books and stationery. This is evident in the increasing attention the company paid to schools. In 1905 Birchalls took advantage of a large meeting of 200 teachers at Launceston’s Charles Street State School to run an exhibition advertising ‘some of the latest methods and appliances used in the modern system of teaching, more especially those recommended by the Director [of Education] for use in the state schools of Tasmania’ (The Examiner, 22/9/1905). The association with the Department of Education and the direction of advertising to teachers in northern Tasmania are notable. Particular attention was reserved for the needs of teachers using ‘smaller-sized classrooms’ who might find new devices such as a miniature blackboard which could be fixed to students’ desks allowing ‘freedom to the hand of the operator’ particularly useful in teaching writing (The Examiner, 22/9/1905). The needs of teachers in country schools were also directly addressed with lists of resources that might reduce the impact of their isolation from other sources of assistance. This included the ambitious promise to provide ‘a complete school library in a case, containing all the classics and works suitable for a country school’ (The Examiner, 6/12/1907). By the end of 1907 Birchalls was presented as having ‘been catering for such a large number of years in all classes of school books, materials etc.’ (The Examiner, 6/12/1907). This experience supported the claim that ‘Messrs. Birchall and Sons have made a special study of educational works, carry a large stock in all classes and are prepared to supply schools, etc., on the lowest terms available’ (The Examiner, 6/12/1907).

Birchalls faced serious competition in Launceston in this period. Other companies that traded in this area included Barnard and Hill in Charles Street and Hopwood and Co. in Brisbane Street. The former built on a previous business owned by Richard Gee which had operated since 1872 and where both Barnard and Hill had been employed. In 1907 they moved into Charles Street to trade in their own right. They sold a range of published material and stationery very similar to Birchalls’ (The
Examiner, 14/12/07; 18/12/08). In the advertorial style of the day they are presented in a similar light to Birchalls, as ‘a progressive firm’ holding a large range of the latest publications (The Examiner, 2/10/13). They seem to have traded until the early 1930s when they may have failed during the Great Depression. Hopwood and Co. also had some history behind them by the early 1900s having traded previously as Hopwood and Hudson and then Hopwood and James. While they carried books and stationery they also had a serious focus on sports equipment, music and art, which made them direct competitors with Birchalls across almost the entire range of products carried by the older bookstore (The Examiner, 20/12/07).

A major change in the leadership of the company took place early in the decade when Frank Birchall died in April 1907. He had been diagnosed three weeks before as suffering from typhoid fever. Along with many Australian cities, Launceston, suffered periodic outbreaks of typhoid especially towards the end of summer when heat and poor sanitation provided conditions for its spread. Frank was obituarised, in the most respectful terms, as ‘one in whom all who knew him had implicit confidence’ (The Examiner, 19/4/1907) and as ‘a shrewd businessman scrupulously conscientious in all his dealings’ (Weekly Courier, 27/4/1907). It was also noted that he was ‘particularly fond of dumb animals’ (The Examiner, 19/4/1907). Frank and Jack had been running the company together and Jack stepped naturally into the role as both manager and owner. This sort of stability and the respectability, which the company had achieved over the years, made it a conservative establishment. Jack Birchall was, however, only 28 years old when he found himself in sole control of the company. His two older brothers had taken the helm at Birchalls when they were 32 and 30, but in Jack’s case the responsibility and opportunity were arguably greater as he was the only Birchall involved in the day-to-day operation of the bookstore as both manager and sole owner.

The youth and personal interests of the new owner/manager on one hand and the respectability of the business on the other seem to have given rise to some creative tension. In his early days in charge Jack gained a reputation for innovation and for stocking a full range of equipment for every sport and recreation, which attracted his personal interest. He is credited in the company’s corporate memory, for instance, with having suggested the development of the writing pad. At the time writing paper
was folded and sold in lots of 24 called a ‘quire’. Twenty quires were fitted into a box so each box contained 480 sheets of paper. This gave customers and stationers alike a cumbersome problem of repackaging to suit individual needs. Birchalls’ documents credit Jack with asking a salesman from Wiggins Teape, the British paper manufacturer, ‘Why don’t you make some of your famous paper into a pad?’ (Tilley n.d.a: 5). Neither the salesman nor his company had much interest and even the idea that a pad could be made by simply cutting the paper, backing it with cardboard and gumming the lot together had to be carefully explained. The idea was rejected as outrageous but years later was taken up by Wiggins Teape in the Silver City Writing Tablets, the first form of this necessity of twentieth century life to become widely available in Australia.

Birchalls Shopfront 1902
In terms of size, the store, which had taken up only the front part of the ground floor of the Brisbane Street building for many years, had begun a gradual expansion. By 1901 the upper floor of one side of the building was also leased and a music show room installed. This offered customers the opportunity to try a wide variety of instruments and some lessons were also conducted there. The stock included organs, pianofortes, violins, accordions and cornets. The store still, however, occupied less than 20% of its current space and while its Brisbane Street façade of Huon Pine columns conveyed an old world charm it was cramped and inconvenient.

The Brisbane Street store continued its expansion with a dedicated sporting section being added in 1916 along with a sports repair shop, which was added to the rear of the premises. The repair shop was an essential part of selling sporting goods at this time because much sports equipment was crafted to individual needs and replacement costs were high. Golf clubs, for instance, had wooden (hickory) imported shafts, which were cut to the length required by the customer. The heads were made into the shape favoured by particular players and can still be found in some local sheds bearing the legend, ‘Guarranteed hand forged in Scotland for Birchalls Prop. Ltd. Launceston Tasmania’ sometimes with the name of the person for whom they were shaped. The involvement of the Birchalls in sporting organisations has been noted. Jack took this to new levels. He was President of the Northern Tasmanian Cricket League whose premiership trophy was donated by the company and in consequence named the ‘A. and W. Birchall Trophy’ (The Examiner, 20/9/1912), while the ‘Birchall Cup’ became a major local golfing tournament (The Examiner, 3/11/1938). Jack was also served as President of the North Esk Soccer Club (The Examiner, 10/3/1914) and as an officer of the Esk Lacrosse Club (The Examiner, 1/4/1909).

A conservative company resisting pressures to change

In the 1921 the company was re-organised. A Memorandum of Association was drawn up under the new Commonwealth Companies Act 1920. This provided for the creation of a joint stock company to run all the business activities then being conducted by ‘John Arthur Molyneaux Birchall under the style of “A.W. Birchall & Sons”’ (Memorandum of Association, 2/9/1921). ‘A.W. Birchall and Sons Proprietary Limited’ was incorporated under this act on 5 September, 1921 (Certificate of Incorporation, 5/9/1921). The re-organisation seems to have been done
at the behest of local accountant F.H. Ralph and was probably instituted in order to make the company compliant with the new regulatory framework introduced by the Companies Act. Since Andrew Birchall had bought out the interest of James Walch and Son, the company had been controlled, directed and owned completely by the Birchall family, with Andrew, Frank and Jack succeeding each other as the dominant influence. Now for the first time a Board of Directors was appointed. Initially Ralph and Jack Birchall were each issued with one share and drew up the company’s first formal Articles of Association. Shortly afterwards this interim arrangement was supplanted by a wider share issue to the members of Birchalls’ first Board of Directors. In this period the company also began keeping regular records of its meetings making a more detailed story of its activities possible. For the purpose of the company’s history, the most useful of these documents are the minutes of meetings of Birchalls’ newly constituted Board of Directors. These are extensively used in this book and are referred to, for convenience, simply as ‘Minutes’ with the date of the relevant Board meeting. Company documents other than these minutes are referenced more specifically.

The first Board was chaired by Jack (John Arthur Molyneaux) Birchall, who held 6490, or about 60% of the shares. In addition Jack’s wife, Lauristina Birchall, held 3000 shares and exercised considerable influence although she does not seem to have sat on the Board. Jack also appointed two employees, Walter Henry Steer and John William Forward, to the Board issuing them with 500 shares each. Both were long-term employees, Steer having been at Birchalls for 48 years and Forward for 37 years (The Examiner, 11/3/1922). The only ‘outside’ member of the Board was, the aforementioned accountant Frederick H. Ralph, who held 600 shares. The idea of sharing control even within this very close circle was clearly difficult for Jack and minutes of the first Board meeting record him as making it clear to the members of the Board that they had been appointed and issued with shares ‘subject however to his control and right of removal and to their conforming to his directions’ (Minutes, 3/10/1921).

Despite innovative ideas such as the writing pad and changes in structure which might have brought new ideas into the company’s way of doing business, by the mid-1920s, under Jack Birchall’s leadership, the company had become very staid and resistant to
change with management paying attention to the social status of the operation rather than to its progress as a business. For instance Birchalls offered services to school teachers and well-off rural residents which rarely made a profit but were considered significant by the managing director because they positioned the company as part of the Tasmanian establishment. Services to this better educated and socially elite clientele included personal visits and extended credit. By contrast the large lending library, which catered to a wide range of regional residents many of whom read several books a week, had a high turnover and made a solid profit, but received little personal attention from the management. The new Board did recommend that ‘a suitable display be prepared to be hung in the leading hotels’ to advertise the library (Minutes, 21/1/1922).

The development of circulating libraries has received some attention from researchers and one mentions the growth of these enterprises in Hobart with the 3 libraries in existence in 1920 growing to 12 by 1940 (Arnold, 2001b:191). A more significant insight from this mainland based study is that up to half of the circulating libraries set up in Melbourne in these years were managed by women, often as part of a family retail business (Arnold, 2001b:193). This is noteworthy because it was a time when women were not prominent in business. Birchalls followed a similar model in the revival of their lending library when Miss Ruby Gibson was made manager. She had been nurse for the Birchalls, disabled son, John. Possibly because of the close relationship she had with the family, Ruby was able to get more top management attention for this part of the bookstore’s operation. In any case, the lending library was promoted at this time as a renewed enterprise with a string of advertisements urging readers of *The Examiner* to ‘become a member now and have plenty of good reading material always at your command’ (*The Examiner*, 5/1/1923). The Library presented itself as broad and up to date where ‘every reading taste is catered for, and new books by the most popular Authors are being constantly added’ (*The Examiner*, 5/1/1923).

The conservatism of the company at this time and its confidence in its own worth, contribution to the community and future is reflected in a long unattributed article in *The Examiner*. Under the headline ‘A.W.Birchall & Sons – The Home of Good
Literature: Storehouse of Perfection’ this focused on the ‘magnitude and extensive range of this business’ (*The Examiner, 11/3/1922*). As with earlier newspaper features of a highly laudatory nature there must be a suspicion that this was in fact contributed by someone very close to the company’s operation, possibly Jack Birchall himself. It reads like an advertisement but includes significant details of the company’s operation. It reveals a picture of a departmentalised operation, with ‘bookselling, stationery, fancy goods and a library’ at No. 118 Brisbane Street and music and sport at No. 120. The upstairs library and educational book storage, with over 7,000 volumes, are also mentioned as separate departments along with areas devoted to stationery, post-cards, fine china and art ‘each in itself being a little whole’ (*The Examiner, 11/3/1922*). While this paints a picture of how the store was organised and managed the writer was obviously proud of a particular innovation of the ‘two rooms set aside for ladies … [which] were well equipped, clean and private and proved a great convenience’ for women with the leisure to read (*The Examiner, 11/3/1922*). The utility of direct import for keeping prices down was also described as a significant factor in the success of the business. An insight into how the company saw itself is evident in the connection this article makes between the character of the store and the standing of the community in the eyes of the world with the claim that, ‘it is an establishment of which any country might be proud and is certainly an asset and a credit to Tasmania and Launceston’ (*The Examiner, 11/3/1922*).

**New ideas and a more business-like approach**

Quite early in the 1920s, and significantly before the Great Depression started in 1929, there were signs that the company was in difficulty with the Board resolving that ‘owing to the small profit for the year no dividend be paid to shareholders for the year ending June 30th 1923’ (Minutes, 27/2/1924). One source of this difficulty was that the shop was stocking an increasing number of goods, which on the surface had little to do with its core business but a lot to do with the personal interests of the Birchalls. Among these were fine China in the collection of which Lauristina Birchall took a particular interest. The store also carried the equipment for many sports. The profitable areas were the popular sports including a range of over a dozen types of football from ‘Sherrin’s Best Match II’ at 36/- to bottom of the range practice balls for 8/3 (*The Examiner, 4/4/1924*). It also included a lot of stock from sports which were
less widely played but had taken Jack Birchall’s fancy including cricket, golf, croquet, bowls and tennis. The result was a well-stocked sporting department, which did not necessarily reflect the tastes of the local market. As such personal interests became influential in the company’s operations its success as a business began to falter. Not only did it suffer the difficulty of many retailers of having large amounts of money tied up in stock but a considerable portion of that stock reflected the personal interests of the Birchalls rather than the preferences of the local market.

In terms of marketing there was a continuing tension regarding how to position the bookshop as it tried to cater to both an emerging mass market and the local educated elite, who were the traditional purchasers of books and stationery. The lending library and services to school teachers provide particular illustrations of this dilemma. In the case of the library both its staffing and public promotion point to a divided focus. Although Ruby Gibson had been of great service to the Birchall family, she had no background in retailing and the creation of her role as librarian seems to have been a matter of looking after a trusted family employee. The initial flurry of advertisements promoting the lending library was not followed up in any systematic way and although it proved a popular service, which could have been made a very substantial part of the business, it attracted little regular attention from the company’s owners or managers. They seem content to regard it almost as Ruby Gibson’s personal preserve rather than an integral and potentially profitable part of the business. This impression is supported by the memories of long-term employees who recall the librarian’s personality as the key to the popularity of this area of the store – ‘Miss Gibson knew so many of her readers personally and she knew what they would like to read’ (Interview, McCarthy, 20/5/08).

The popularity of the ‘library service’, did not, however, translate into a profitable enterprise because it was run as a service rather than as a business. Similarly the services for teachers were treated as a service to the educated elite. Birchalls’ approach to education had become focused on the teachers, who were a relatively small group, rather then on the potential mass market represented by their pupils and their families. From Birchalls’ point of view, education was not seen as an industry and there was no business strategy for approaching the market represented by the spread of schooling.
Tight family control of the business meant that staff often came into the bookstore through their personal connections with the Birchalls. This contributed a sense of identification, which was a significant characteristic of working at Birchalls. One such employee was Daisy Richardson (nee Stubbs). Her sister, Maisy Stubbs, who also worked for many years at Birchalls, recalls, that Daisy was very artistic and in the mid 1920s had won a prize for a painted cushion at the annual fete held by the Congregational Church in Frederick Street. Jack Birchall had seen the cushion and asked Daisy if she would come to work in the shop. She stayed there until she was married in 1947, when she suggested her younger sister, Maisy, as a replacement (Interview, Maisy Stubbs, 9/8/07). Maisey worked for the bookshop in full-time and casual capacities for the next fifty years.

The lack of separation of personal and business interests, however, also had negative consequences for the company. One source of commercial difficulty was that Jack Birchall had not separated family and company spending. His interest in maintaining the prestige of his family included building a new family home, which appears to have been financed by the company. In response to this situation, the company’s banker, the English, Scottish and Australian Bank (ES&A), advised the Board that it needed to call in an accountant to sort out the books. With Frederick Ralph, already on the Board, his company, Ralph and Tilley was a choice with which Jack Birchall may have felt comfortable. The brief was to bring good accounting practices into the company’s *modus operandi*. Sorting out the finances became such an onerous task that soon Ralph’s partner, Stanley Tilley was working long hours on it and doing little else. Tilley family tradition recounts an exasperated Mrs. Elsie Tilley exclaiming, ‘Stanley! If you’re doing so much work for Birchalls you’d better move into Birchalls or else you’d better cut them off as one of your clients’ (Interview, Ray Tilley, 24/2/05). So in 1928 Stanley Tilley left his partnership in the accounting business and became Birchalls’ first fulltime accountant. He was then appointed to the Board to represent the interests of Lauristina Birchall. The following year he ‘applied for and was allocated 100 shares’ and was made General Manager (Minutes, 1/7/1929).
At this point the Birchalls’ story also becomes a story of the Tilley family as from the 1930s influence and eventually control of the company shifted from the Birchalls to the Tilleys. This shift was gradual and unplanned but had the effect of bringing new ideas into the management of the company, which had been inclined to rest on its past achievements and resist change. The partnership, which developed between Jack Birchall and Stan Tilley, also meant that the gradual growth in Tilley family influence in the company was not a cause for antagonism or disruption. While it was to some extent accidental, the growing influence of the Tilleys was both fortuitous and felicitous for the company.

Stanley V. Tilley had come to Launceston after World War 1 partly on a holiday and partly to seek out business opportunities. Initially he worked as an accountant at The Examiner. He fell in love with Elsie Corrick, decided to stay, and went into partnership with Frederick Ralph in the accounting firm of Ralph and Tilley in 1922. The Corrick’s are also significant for this story in two obvious ways. The first is that they were an already established presence in Launceston and Stanley’s marrying into the family helped establish him as a local resident. The second is that they were entertainers. Stan Tilley had some musical talent himself and the Tilley-Corrick families added to Birchalls already considerable presence in the local music and theatre scene. The Corricks were a Cornish family famous throughout the British Empire at the turn of the century for their stage and musical shows as ‘The Marvellous Corrick Family’ (Adam Smith, 1969:33). Elsie, the Corrick’s youngest daughter was trained from an early age to take her place as a performer learning organ, piano and violin as well as singing. After a decade in Australia using their caravan of Model-T Fords to get to many remote concert venues and setting records for packed houses and extended seasons, World War 1 ended the Corricks’ touring. The company broke up with most family members settling in Launceston. Elsie played piano for the silent movies. When she was in her 70s she told Patsy Adam Smith:

I thought I’d live and die playing piano in a picture theatre, while all the other girls were going to dances. ‘I’ll never get married’, I wailed. Then Stan Tilley returned from the war, we met, married and had six children, who got used to hearing their parents calling one another to the tune of ‘Oh, Listen to the Band’. (Adam Smith, 1969:35)
When Stan Tilley moved into Birchalls he brought with him an established business and social reputation to Birchalls. Not only was he a partner in a respected local accounting firm but he was also a pioneer of the Institute of Chartered Accountants. He and Elsie were deeply involved in the social life of Launceston both through the Corrick family’s theatrical activities and through Stanley’s pursuit of outdoor interests and his involvements in recreational organizations such as the Northern Tasmanian Alpine Club and the Northern Tasmanian Fisheries Association.

The point at which Stan Tilley joined Birchalls was, however, when it was at one of its lowest ebbs. Jack Birchall reported that company performance showed 1929 to have been ‘one of the worst years in its history’. He was, however, ‘confident that with the loyal co-operation of the staff and the improved business methods now being adopted, under Stan’s guidance, a very much better position would be disclosed at the next annual meeting’ (Minutes, AGM, 3/12/1929). A change in this period, which had little impact on how the business was conducted but was to have a huge effect on its ownership profile in years to come, was that Jack began distributing shares to his relatives and created preference shares with the aim of ensuring a preferential dividend to members of the family with no direct connection to the operation of the bookshop. In 1929 preference shares were issued to Mrs. Lauristina Birchall (1211), Mrs. Dora Blisson (308), Miss Jessie Birchall (129) and Miss Grace W. Birchall (300). The idea of issuing preference shares to these family members, who were not directly involved in the business and therefore derived no salaries from it, was that these shares would attract a fixed nominal annual dividend whereas the dividend for ordinary shares would depend on annual trading performance. The dividend for preference shares was established at 6%, although the shareholders immediately agreed to remit 1% of this to the company in the light of its current difficulties. In fact it appears to have been some time before it was possible for the company to pay dividends on either type of share. In 1930 both Jack Birchall, as Managing Director, and Stan Tilley, as General Manager, took an annual salary reduction of £150, due to ‘difficult times’ (Minutes, AGM, 11/11/1930). The Birchall family shareholders were concerned at the lack of dividend payments with Lauristina Birchall asking Frederick Ralph to investigate the state of the company, and its lack of capacity to pay a dividend, on her behalf. Ralph’s conclusion is not reported but in his role as a Director he stated that ‘he couldn’t vote to accept the balance sheet’ (Minutes, AGM,
Whether this reflected a care to avoid a conflict of interests or a high level of concern with how the company was being run is not clear.

The agreement under which Stanley Tilley accepted a reduction in salary also pointed to a trend indicative of the company’s direction. It appears to have been an element in a more general agreement between Jack Birchall and his accountant. There is no surviving written form of this agreement, nor are there references to its ever having been a formal document. The frequency with which both men and company records refer to ‘the agreement’ in subsequent years, however, leaves no doubt as to its significance. Initially it appears to have focused on the role Stan would have in straightening out the company’s accounts and the benefits he would receive in return for leaving his partnership in Ralph and Tilley to do this. It also laid the basis for Stan to become an increasingly influential shareholder and once Birchalls was again trading successfully there are references to ‘the agreement’ as the basis on which the increased profits were shared between the two men. Eventually this informal agreement became the basis for the survival of the company through co-operation between the Birchall and Tilley families, which was to see them share in the ownership and management of the company. Initially, however the impacts of the agreement were modest. For instance, in 1930 ‘200 ordinary shares were transferred from Mrs. J.A. Birchall to Mrs. S.V. Tilley in accordance with the agreement’ made between their husbands. The same number of shares were transferred from Jack to Stan (Minutes, AGM, 11/11/1930).

The transition to better accounting practices and the focus on reducing costs may have been just in time with the Great Depression hitting Tasmania in early 1930. It was by no means Stan Tilley’s only immediate impact on the way in which the company operated. A simple and cost effective innovation was to expand Birchalls’ role as agents for mainland and international suppliers, who might otherwise have been competitors. In 1930 Birchalls’ advertisements make specific reference to such agreements. Allan’s music suppliers, for instance, were now advertised as operating from Birchalls’ Brisbane Street store, with Birchalls also being described as both ‘agent’ and ‘Tasmanian representative’ of Allen’s (The Examiner, 13/12/1930).
More innovative still was the introduction, also in 1930, of ‘Birchall’s Bargain Store’. Newspaper advertisements for the new venture were small and poor quality by comparison with Birchalls’ former practice of elaborate and illustrated copy. They introduced the public to the new venture as ‘Birchall’s New Bargain Store. Opposite Monaghan’s’ selling: ‘Exquisite pearl necklets from 1/11’; ‘bargain books for boys and girls’ including ‘Boy’s Own Annual [reduced from] 10/1, now 5/5’; ‘Xmas Cards, the Monster Pack … for 3/3’; and ‘Ladies’ Handbags, first quality Morocco [reduced from] 23/3, now 17/6’ (The Examiner, 21/11/1930). Monaghan’s Lucky Agency, as that business was called, sold lottery tickets and confectionary – especially ice-cream in the summer – and may have been seen as a draw card to passing trade. The last public mention of the Bargain Store included an even more eclectic collection of merchandise including tea-sets, jugs and billiard tables (The Examiner, 23/2/1931). It appears likely then that this venture traded only over the Christmas shopping period and a little beyond, presumably to take advantage of the season but also perhaps to reduce the stock held by the store and to move merchandise which had not sold during the market’s seasonal peak.

The general sentiment of Launceston CBD retailers in this period is captured in The Examiner’s new year round up in which Jack Birchall after claiming that ‘we look forward with confidence to the future’ went to some lengths to explain that the immediate future was likely to be difficult (The Examiner, 1/1/1931). In particular he stressed ‘that only by cautious buying, careful attention to management and reduction of overhead expenses could [continued retail] success be gained’ (The Examiner, 1/1/1931).

In the meantime booksellers and newsagents had established a process for cooperation which must also have helped them survive adverse trading conditions. On 12 May 1930, the initial meeting of what was to become the Northern Tasmanian Booksellers and Newsagents Association was called for the purpose of ‘fixing the retail prices of magazines and periodicals’ (NTBNA, Minutes, 12/5/1930). Notably four of the 13 attendees were women. Stan Tilley represented Birchalls and was elected Chairman. The meeting resolved to adhere to prices set by the new organisation’s committee and to invite other booksellers and newsagents to join. Subsequently Jack Birchall was elected President and Stan became Treasurer. A
constitution was established, an annual subscription of 10/- was set and a process for hearing complaints was agreed (NTBNA, Minutes, 17/9/1930). By the end of 1931 Jack was able to report a good level of discussion of ‘many matters of vital interest to the Trade’ and a general agreement on prices to be charge for various categories of publication (NTBNA, Annual Report, 1931).

The association was able to keep its membership above 10 and for a couple of years there were no complaints of members breaking the agreed price list. This did not, however, apply to new entrants and in 1933, a particular controversy involving a new store reducing the price of English magazines resulted in an agreement to stick with the prices listed by Gordon and Gotch then Australia’s largest magazine wholesaler (NTBNA, Minutes, 1/2/1933). The new retailer joined the association. The association campaigned unsuccessfully for a reduction in sales tax, for representation on the Wages Board and for consultation with existing business before new ones were opened. It did, however, succeed in bringing a united voice to local businesses in their dealings with the large distributors and with local newspaper owners. The NTBNA affiliated with the newly formed Retail Traders Association in 1939 (NTBNA, Minutes, 23/2/1939) with Jack and Stan continuing to play leading roles until the late 1940s.

During the Depression Jack and Stan’s correct expectation of lean times ahead was behind a new approach at Birchalls of having special sales in order to stimulate stagnant demand. For instance ‘Birchall’s Christmas Store’ opened in November 1933 with the convenience of the location at No.118 Brisbane Street being emphasised as ‘central Brisbane Street’ presumably to draw on potential customers attracted by neighbouring businesses (The Examiner, 27/11/1933). These Christmas sales were also innovative in terms of the packaging of seasonal merchandise with the ‘Tasma Packet’ for instance offering seasonal greeting cards, wrapping paper and ribbons as a single purchase (The Examiner, 27/11/1933).

A lucky escape and a gradual recovery

In addition to these internal efforts to put the company on a sounder business and trading footing during the sudden economic slump, Birchalls received some unexpected assistance from Canberra. For years one of the aspects of the business, in
which Jack Birchall had taken an active interest, was visiting schools and farming properties all around the state. Ray Tilley recalls that

This was the sort of thing old Jack really liked – visiting the intelligentsia and the landed gentry in his role as bookseller. He was probably a bit of a snob really and was magnanimous in the way he extended long-term credit to these sorts of clients. He’d say to them ‘pay us when your wool cheque comes in’. (Interview, 24/2/05)

In fact this form of business was not so profitable, especially compared to the higher turn over of such less socially prestigious activities like the cash-based bookselling, stationery sales and the lending library. Jack Birchall saw it, however, as an important part of the public face of the company and on one occasion at least this focus came to the company’s rescue in a very direct fashion. In 1932 the credit crisis came to a head for Birchalls with the bank demanding an immediate £50 reduction in the overdraft and a plan for further reductions (Minutes, 24/10/1932). In the meantime Stan Tilley was reporting that ‘he had been able to substantially reduce the over head expenses of the business, convert the Library into a profitable department and considerably reduce the net annual loss’ (Minutes, 24/10/1932). He also noted that once again the company had not been able to pay his agreed salary.

The Board resolved that Jack Birchall should ask the ES&A Bank ‘to hold the matter [of reducing the overdraft] up until January when the Company will endeavour to fall in with the Bank’s wishes’ (Minutes, 24/10/1932). While the Bank apparently accepted this a further request for credit was refused. Jack was told that the company’s overdraft had been extended for the last time and that as previous repayments had not been made the bank was going to call the creditors in. Among the school teachers in remote areas who Jack Birchall had befriended during his travels as a book seller was Joseph Lyons, who since January 1932 had been Prime Minister of Australia, and was himself beset with problems of balancing budgets and financial stability required to see the country through the Depression. As Jack Birchall and Stan Tilley were returning from the uncomfortable interview at the ES&A bank, they met Lyons in the street. He asked why Jack looked forlorn. Ray Tilley retells his father’s account:

Jack told him the situation. Joe listened and told him he knew that the Bank of New South Wales had plenty of money and told him to see the manager with the
message that ‘the Prime Minister of Australian sent you and see how you get on’. (Interview, 24/2/05)

The result was that Birchalls got new credit arrangements and a new bank, which helped the company survive the Depression.

By mid-1933 some parts of the local economy were reporting signs of recovery. Local Rotary Clubs had signed up to an international Rotary initiative known as ‘the Bristol scheme’, under which businesses agreed to take a lead in a ‘spend for employment’ campaign. ‘The object’, reported The Examiner, ‘is the encourage the public to spend as much as possible … to set the wheels of industry going, and to overcome the reduced demand for employment’ (The Examiner, 1/7/1933). It was a private sector Keynesian approach in which spending pledges were sought from firms and households to stimulate both confidence and economic activity. Perhaps as a result a building recovery was being reported locally within a few months. This focused particularly on commercial premises with complaints of a shortage of tradesmen and ‘no real sign of depression’ in the local construction industry (The Examiner, 23/9/1933). Birchall’s, being tenants, did not take part in the building boom but in September announced as a ‘Re-building sale - Special Bargains in Ladies Handbags at the No. 2 Shop opposite Monaghans’ (The Examiner, 11/9/1933).

For Birchalls it seems the ‘re-building’ was about the business rather than the building. With book selling lagged behind construction and agriculture in the recovery, it was many years before the Company made a decent profit again. Sports mad Jack Birchall, however, took advantage of a different kind of retail season with ‘Birchall’s Great Test Sale’ in mid-1934. It was the time of the Test cricket series in England, which was famously won by Australia with Don Bradman and Bill Ponsford achieving remarkable batting partnerships such as their 388 at Headingley and 451 at the Oval. The only way cricket lovers had of following the matches live was through radio commentary. This gave rise to an extraordinary period product, the Astor Radio Cricket Scoreboard. This allowed listeners to update scores and innings details as they took place by rotating numbers which were printed on canvas embedded in the scoreboard. It included a ‘Cricket Stroke Indicator’, which enabled listeners to make their own wagon wheel of shots made by each batsman. Public interest was such that
Birchall’s announcement of its sale of the new Astor ‘cricket score-board radio’ – surely an unaffordable luxury in a still depressed regional economy – did not seem out of place. The radio would, the advertisements said, enable purchasers to ‘score as you listen-in’ and ‘will give you the “real atmosphere” of the game’ (*The Examiner*, 6/7/1934). At a ‘Special Test Price’ of 2/6 rather than the full price of 4/-, with the promise of bring able to ‘watch [sic] the tests ball by ball’ it must have attracted considerable attention and at least brought cricket mad locals into the store. By the end of 1934, however, Birchalls were moving back to a more conservative retail strategy with its market presence once again focused on its core business of bookselling. This may indicate that management was noting a move back to traditional purchasing patterns and that the need to pursue customers with novelty was no longer so acute. That Christmas the company’s focus was on a 36-page catalogue urging that ‘a book is a suitable and always welcome Christmas gift’ and emphasising its long history as a ‘gift and prize book specialist’ (*The Examiner*, 3/12/1934).

In terms of ownership, the regular share transfer, in lieu of salary, from Managing Director to General Manager was now a fixed agreement and continued through the 1930s. Significant salary sacrifices were also required each year as the company struggled back into the black. In 1933 Jack and Stan again each gave up £150 of their salary (Minutes, AGM, 16/11/1933). The following year, despite a profit of £127:8:11 the same arrangements were made (Minutes, AGM, 12/11/1934). In 1935 the situation was even worse with a profit of only £1:18:1 despite both Stan and Jack foregoing £250 their agreed salaries. By 1936 the situation was beginning to turn around with the foregone salary figure down to £80 (Minutes, AGM, 14/9/1936) and in 1937 it was down to £50 (Minutes, AGM, 11/11/1937). Finally in 1938 the first real net profit in a decade was shown as £302:12:8. Even more significant an indicator of recovery was the 20.7% increase in cash sales as the local economy recovered. The biggest single gain was in the Library, which increased its nett profit by £50. Another sign of recovery was the 5% dividend paid in 1939 on the company’s 1,948 preference shares in a year in which a second reasonable profit (£425) was again reported (Minutes AGM, 6/9/1939).

**A new generation with new ideas**
At the same time as this recovery was taking place a 15 year old delivery boy who was to become the company’s most significant shareholder and manager began work at Birchalls. Raymond F. Tilley, Stan and Elsie’s eldest son, came to the company with no experience and no recommendation other than his family connections. In time he was to become the company’s most innovative and influential leader. In 1938, however, there was no sign that this was likely.

Born in February 1923, Ray’s early years did not indicate that he was likely to become a successful businessman. He was a student at Launceston High School during the Depression but showed little dedication to studies and often missed class ‘to pursue more interesting activities such as mountaineering, skiing and fly fishing’ (Interview, 24/2/05). The leaving age was then 14 and Ray decided that was the right ‘time to start making my way in the world’ (Interview, 24/2/05). Jobs were hard to get but he got a start as a tally clerk, counting timber at Kiln Dried Hardwoods, which was located on the Tamar River at Invermay. He recalls

> After I’d been there about six months my father came home from work one day and asked ‘How are you getting on at school’. I said, ‘I don’t go to school Dad’. He said, ‘we’ll see about that’ and it was back to school for me with the object of passing the Intermediate Certificate. It was a shocking downfall for a boy who was making his own way in the world to have to go back to school and eat humble pie. (Interview, 24/2/05)

Returning to school did not change Ray’s attitude to his study and although he sat the Intermediate Certificate, he failed to pass. His father then got him a job at Birchalls as a delivery boy in 1938. It was the bottom rung of a crowded ladder and Ray remembers that ‘I was ill equipped to take a place in the commercial world’ (Interview, 24/2/05). He responded by reading extensively in the self-improvement literature and enrolling in courses at the Launceston Technical College. Ray recalls that at the beginning of these studies he had ‘no particular direction’ and was as likely to enroll in a class because there were ‘lots of pretty girls there’ as because of the subject’s intrinsic value. Gradually, however, commercial subjects came to dominate his study. He moved from French, English, woodwork, and art to ticket writing, sign writing and commercial art. Then he went on to study trigonometry, engineering, book keeping, and accounting. It was in this period that Ray developed a lasting fascination with practical design and invention, which later saw him design and build his own house and build and fly his own aeroplane.
Equally significant in Ray Tilley’s development were the recreational activities, which brought him into contact with older men who were members of Launceston’s business community. It was a characteristic of the city’s life in this period that recreational and business activity overlapped. Not only were both Ray’s parents active musicians and involved in a variety of outdoor recreational activities but these activities also involved many of his father’s clients and business associates. So commercial and family recreational activities tended to flow into and enrich each other.

In pre-World War 2 Launceston many of the popular outdoor activities, such as mountaineering, bushwalking and fishing were beginning to be organised through voluntary associations. Ray followed his father into the Northern Tasmanian Alpine Club, which brought him into social contact with families of local retailers such as the Perrins, Monds, McKinlays, Shaws, Hughes and Tysons. Ray recalls ‘several of these men became very good mentors and gave me some very good ideas and there were advantages of being known to them’ (Interview, 24/2/05). The history of the Alpine Club is related elsewhere and the Tilleys’ role in it is well recognised (Giordano, 1987; Harvey, 2000). As a younger member of this group of prominent commercial and social activists Ray took on roles such as editing the monthly Ben Lomond Bulletin, which gave him a solid basis for contributing to the group. Stan was treasurer of the club and both father and son were regular competitors in the club’s skiing championship events.

Less well known than the history of the Alpine Club, is the story of the Northern Tasmanian Fisheries Association. The purpose of this organisation was to breed and hatch brown and rainbow trout. Initially this was done at the Waverley Woollen Mills where there were ponds that had previously been used to hold water from the Waverley Dam before it was used for the factory. With mains water replacing the dam, the ponds were no longer used for that purpose. So the association approached the mill owners and were allowed to set up hatcheries using the ponds and some of the associated buildings. Subsequently the Association established a specially designed hatchery at Corra Linn. The members were keen and hardworking volunteers but they had a vested interest. At this time there was a dispute between the
Fisheries Commission and some of the recreational fisherman. The former had a policy of not releasing rainbow trout into the rivers because they believed that the fish simply swam out to sea. The fishermen thought otherwise and illegally released fingerlings into areas their experience led them to believe were suitable environments.

Ray recalls that association members,

used to stock the rivers near where we had our shacks. We could fit 5 to 7 cans of hatchlings into my father’s car and take them up to St Patrick’s river. No-one else would know and we’d have our own supply for 2-3 years. (Interview, 24/2/05)

Stan was a committee member of the Northern Tasmanian Fisheries Association from the early 1930s and chairman later in the decade (The Examiner, 8/11/1934; 22/9/38). Ray later became the Association’s Secretary (The Examiner, 28/7/1948).

This early experience of working in a co-operative relationship with older men he admired – not to mention the opposition to contemporary orthodoxy and government policy – were formative experiences. Years later, in an undated handwritten note possibly written for a speech, Ray recalled that:

‘irresponsible, [and] unreliable’ had been typical of the adjectives used to describe me in my school and other reports up to that time. This depressed and concerned me [so] I decided that I would be known as ‘Reliable Raymond’ … my friends, family and employers … started to believe that I was in fact ‘Reliable Raymond’, and I made certain that no action of mine let them down or let myself down.

That this new Raymond was making an impression on the people he admired was evident when he was made secretary of the Fisheries Association despite being one of the youngest members. Being the honorary officer of any voluntary organisation may not have seemed the fast track to fame and fortune. But Ray’s willingness to pitch in and do jobs that perhaps those with more experience and less enthusiasm were prepared to forego paid handsome dividends later in his career.

Ray’s memories of the Birchalls he started work in are less positive. Several documents he wrote in the 1960s and 1970s provide his account of his early days in the store. While these were written as an entertaining account of the period, they have an authenticity derived from Ray’s, by then long, experience of change in the enterprise. These documents are drawn on here to establish, both some of the facts of
the narrative and to provide an insight into the atmosphere of Birchalls as a workplace.

The state of the Brisbane Street building in the late 1930s provides an insight into the management’s priorities. Birchalls had expanded from an original single shop front at the turn of the century to occupy three adjoining shops but the premises were rented and the landlord really had no interest in maintaining them. Originally the lane between two of the shops had provided entrance to a small yard where a stable and a well provided for the needs of the white horse Andrew Birchall rode to and from work. By the late 1930s the horse had gone but the stable was still there. The residences above the three shops were in a dilapidated condition. Some upstairs space was being used by the store but the residences had been vacant for some time and their derelict condition made it unlikely they would be occupied as residences again. Birchalls took them over to house the accounts office, the education department and the lending library. Despite operating from the site for over 90 years, the bookshop was still a tenant and the absentee landlord was not interested in improvements. Such renovations as were absolutely necessary to accommodate the extension of the store and its offices had been carried out crudely. In fact some of this work was carried out by junior employees, like Ray Tilley, who had little practical experience and no expertise in building. When walls between the shops were knocked out to provide access, the floor levels were found to be unrelated. So there were lots of gaps in the walls and small or large steps up and down to be taken in negotiating a way from one part of the building to another. Furthermore, the roofs leaked, which must have been a particular problem in a bookshop. The lead drains, which ran across the ceilings had deteriorated to the point that their leaking soaked the ceilings and water dripped into the store when it rained heavily (Tilley, n.d.a). One of Ray Tilley’s early jobs was to carry an umbrella over Jack Birchall’s head as he moved around the building so he didn’t get wet! It seems a bizarre situation for a bookshop to be in and the most likely explanation for such a seemingly irrational arrangement is that ‘junior’s wages were more economical than the cost of repairs’ (Interview, Ray Tilley, 24/2/05).

At this time, Ray was one of half a dozen ‘Birchalls boys’ aged from 14 to 18 who earned between ten shillings and seven shillings and six pence per week delivering
and collecting goods and running messages. As had been the practice for over a century, Birchalls imported most of their books, stationery and other merchandise directly from England. Launceston was a busy port with both sailing and steam vessels using it and there must have still been a good deal of romance about it for the ‘boys’. Among their jobs was to run the Bills of Lading from Brisbane Street to the wharf and get the customs clearances from the Customs House. The books and other goods were delivered in huge crates well packed with sawdust in the case of the inks, pastes and other bottled materials to make sure they didn’t break *en route*. Books arrived either in huge packing cases or were posted in cardboard packages bound by string. Jack Birchall had laid down very strict guidelines for ‘the boys’ regarding unpacking:

We were told to cut the string, lay the books on the benches and drop the containers on the floor. We were forbidden to look at the book covers and certainly not allowed to open or examine them – that was a job reserved for the Managing Director alone. Only when he had fondly examined the new books would we be allowed to look for the invoices and gather the wrappers which littered the floor almost knee deep. (Tilley n.d.a)

Ray Tilley recalls ‘the boys’ as a mischievous group for whom work involved a lot of play. He remembers one incident in which he played a leading role;

We had a huge cask, about five feet high full of sawdust, paste and inks, into which we had to climb and by groping amongst the sawdust, find the bottles. I was one of the smallest boys, standing on a box at the side of one of these casks when some of the biggest boys upended me headfirst into the cask. Just then Mr. Birchall walked from his office across the yard and into the old corrugated iron shed where we were working, so they jammed the lid of the cask on top of me and hissed, ‘If you say a word you’ll get choked’. I remained quiet as a mouse whilst Mr. Birchall stoked up his pipe and slowly went through the new book ritual, that meticulous task which no other member of the staff was permitted to help with. It took hours, but although choking with dust, I didn’t dare make a sound. (Tilley, n.d.a).

Between 1938 and 1941, Ray Tilley moved from being the delivery boy to first being an office boy and then a salesman. He was particularly interested in the stationery side of the business. In those days stationery was a trade in itself. Writing was quite an art with pens, inks, nibs and paper all varying greatly in quality and price. Selling in this market required considerable technical knowledge. While quills had disappeared it was still necessary to carry a small pack of scissors and a sharp knife. Ballpoint pens had not been introduced and most writing was still done with fountain
pens and ink. Personal preferences were significant as the nibs for these pens varied greatly and were also to some extent shaped by the stationer to suit the individual writer’s style. So the stationery side of the business involved more skills than it did once mass-produced pens became available and writing materials were standardised.

Ray also began to take an active interest in the broader commercial life of the town. One area of this more general activity was with the Launceston Retail Traders Association (RTA). Initially Ray’s involvement, like that in the recreational associations, was through his father and his father’s friends. His willingness and enthusiasm, however, saw him hold office in this association and become ‘a very young delegate’ to the Australian Retailers Association, although, when compared to some of the others involved he was ‘still really just an office boy’ (Interview, 24/2/05). In its early days the Launceston RTA’s major activity was the publication of a weekly price list and a monthly journal. Co-ordination of activities was further encouraged through weekly lunchtime meetings, which were held above Charlie Holmes’ Chemist shop on the corner of Charles and Brisbane Streets. These meetings were generally informal gatherings at which 15-20 retailers would simply discuss what they’d been doing. The RTA grew into an influential statewide organisation and eventually had over 1000 members throughout Tasmania. As well as a secretary it had an office assistant and published both a weekly newsletter and a monthly journal. Ray Tilley recalls the RTA as a useful organization for a young man interested in ‘listening and learning’ (Interview, 24/2/05).

Not only did the RTA give Ray access to the experience of older members through the lunchtime discussions but his voluntary assistance to the Branch Secretary and the articles he regularly contributed to the journal made him part of the retailing community well before he had achieved business success in his own right. It also alerted him to the role such business community organisations could play in the development of enterprise. Ray saw this period of his life in terms of ‘learning to be useful’ in the business and social life of Launceston (Interview, 1/4/05). His approach had not been to focus on his own career in itself but rather to become part of the town’s commercial and recreational life. In recalling the formative influences of his youth Ray singles out ‘the voluntary recreational associations… my studies at the
technical school which got me into studying business subjects … [and] professional associations such as the Retail Traders Association’ (Interview, 24/2/05). In each case he adds

all of the men involved were much senior to me but I got experience of how things could be achieved. They were my heroes and I just learnt so much from them. These experiences really formed my character and got me into the habit of working harder than most boys my age (Interview, 24/2/05).

Writing about this period of his life much later, he recalled his puzzlement that some of these men were able to ‘accept more and greater responsibilities which daunted their contemporaries’ and as a result experienced great personal and business success (Tilley, n.d.b). He concluded that if he wanted to be a successful individual he would have to change his behavior and thinking and that there were models available to him in his local community, which he could follow. He also ‘began to consider the bookshop’ as a possible location to discover a purpose and ‘form an answer to “the mystery of life” ’ (Tilley, n.d.b). Becoming ‘reliable Raymond’ was not just an act of will but a process of active involvement and reflection.

**Birchalls at the outbreak of World War 2**

This then was the situation of Birchalls just before the outbreak of World War 2. The company had survived the Depression but only just. Conditions in regional Australia took a long time to return to ‘normal’ and unemployment remained high with many men not having work between losing their jobs in the Depression and joining the defence forces once war had began. Launceston was no exception and the book trade, being a luxury area of expenditure for most people was slow to build up again. The success of the lending library during this period points to the fact that while there was a public appetite for reading, the cost of purchasing books remained a problem for many people. Paying a smaller amount to borrow books, on the other hand, was an affordable compromise.

Within the company actions taken to meet the challenges of a weak economy coincided with the increasing influence of Stan Tilley’s accounting practices on its
strategies and business procedures. These were a steadying influence in the crisis and also improved the company’s chances of operating more successfully in a non-crisis period. The focus on accounting, which Stan brought to Birchalls, was one which had been missing from the way Jack Birchall ran the business. By the outbreak of World War 2 the company was taking a more business like approach to its operations. This was to lay the foundations for post-war success. Also significant for these later developments were the engagement of the company and its leading figures in the local community. While Jack Birchall involvement in, and support for, sporting activities maintained a high profile for the company in a sports mad town. Stan and Ray Tilley seem to have seen activity in the local business and recreational communities as seamless. This merging of business and community engagement was to be a hallmark of Birchalls strategy in the post war period.

In terms of ownership the Birchall family shareholding was increasingly spread between family members many of whom had no direct interest in the operation of the company other than their, largely, preference share dividends. The Tilley family on the other hand was gradually gaining a considerable shareholding through the annual transfers of ordinary shares from Jack Birchall to Stan Tilley. Jack Birchall was also increasingly relying on his accountant in operational matters. The company’s narrow escape from bankruptcy in 1934 and the slowness of recovery to (barely) profitable operation in 1938 were signs that change in its way of doing business were needed. Jack Birchall’s love of books and his passion for sports, may have been endearing personality traits, they were, however, not a secure foundation for a modern business.
Chapter 4: Turning a bookstore into a business, 1940-60

The period dealt with in this chapter begins with the war years. Like the Great Depression the changes in the business environment this created were beyond the control of the company. It was, however, able to adapt more easily than many businesses. One reason for this was the role women had already begun to play in the bookstore’s operations. As local men joined the armed forces this substantially reduced the local workforce. In general the shortfall was overcome by women moving into the jobs vacated by servicemen. For many of these women the war years were their first experience of regular employment. While the loss of permanent employees was a problem for Birchalls, the company was already employing a considerable number of women in responsible positions so the loss of servicemen was not as disruptive as it was elsewhere in the economy. The lower wages paid to women at this time also entailed a cost saving, which in the context of recovery from depressed trading conditions must have been welcome.

As well as replacing men in many traditionally male jobs fund raising for the war effort was another significant aspect of Launceston life at this time in which women played the leading role with the Birchall family and the bookshop’s women employees strongly involved. The Red Cross Society was a particular focus with Dr Ida Birchall, as Treasurer of the local Branch, organising a series of fund raising functions and Laurestina Birchall being noted as a substantial financial contributor in her own right. The success of these efforts was made public in September 1940, when it was reported that the Society’s Northern Division had raised £26,821/13/7 as against the £17,843/17/1 raised by their counterparts in the south (The Examiner, 4/9/40). Among the initiatives behind this success were several attributed to Ida Birchall with The Examiner reporting that:

> since her return from studies abroad a few years ago, Dr. Ida Birchall has given a lead in many [Red Cross] activities in Launceston and one of her bright ideas was the moonlight fete at the Birchall home in Adelaide St. last week. Rain upset all plans for business outdoors, but Dr. Ida quickly met the emergency. Goods, swiftly transferred inside, were auctioned in the drawing
room. There was no wrapping. Poultry, legs of lamb, hams, Christmas cakes and vegetables were passed over to buyers and £75 was quickly raised for Red Cross and refugee funds. (*The Examiner*, 25/12/40)

Laurestina had a longer history of involvement in the Red Cross Society dating from the 1914-18 war and had continued to contribute to the organisation during the years of peace. In September 1939 she had been one of several women honoured for their years of service being singled out as ‘an outstanding worker for the Red Cross’ (*The Mercury*, 27/9/39). She recalled the effort launched in 1914 in northern Tasmania to provide each soldier of the first Australian Expeditionary Force with an extra shirt and during World War 2, took a lead in organising the Red Cross workroom turning out over 100 garments a month in 1941 (*The Examiner*, 2/9/41). Perhaps it was a sign of the times that the 1941 version of this support took the form of selling the garments and donating the proceeds rather than sending the homemade garments directly to the troops.

Birchalls’ staff were also directly involved in taking up collections for the Society (*The Examiner*, 15/11/40; 20/11/41) with the East Launceston Branch of the Society minuting their appreciation of the ‘great help to the branch by the firm of A.W.Birchall and Sons Pty Ltd’ (*The Examiner*, 11/11/41). An interesting note in this support for the war effort are the arrangements by which both Birchalls and the Mary Fisher Book Club sold and donated the proceeds of Noel Coward books (*The Examiner*, 14/11/41). It may be that the dedication of the ‘Birchalls’ girls’, which was to become both a hallmark of these working women’s lives and essential to the success of the bookstore was forged during this period when women took on unaccustomed leadership roles (Interview, Stubbs, 9/8/07).

A fire in the store in 1941 provides insights into the extent to which the loyalty of staff and the lack of building maintenance were becoming factors in operating the bookstore. The fire broke out around 8 p.m. on a Saturday evening, apparently in the first floor office area and was spotted by a passenger on a passing tram who raised the
alarm. It seems that fire-fighters were on the scene quickly. Although the building itself was only slightly damaged ‘many hundreds of books were destroyed’ (The Examiner, 4/8/41). The fire-brigade superintendent pointed out that the building had ‘no parapet walls to stop a fire from spreading’ and that the combination of pine flooring and shingles over which the iron roof had been laid also encouraged a rapid conflagration. He estimated that if the fire had burnt out of control for only a short time longer the whole block of shops would have been destroyed. The cause of the fire was established when a 14 year old boy was arrested and charged with stealing goods and cash from the store. He admitted to having hidden in the loft until staff left after Saturday morning trading and then having attempted to open the safe. In that he failed but he confessed to having taken money out of the cash box and having switched on and left on the radiator in the office which was apparently the cause of the fire (The Examiner, 5/8/41). The stock was insured and Jack Birchall thanked both the fire-brigade for its quick action and the staff for their extra efforts in overcoming the effects of the fire.

Birchalls traded profitably throughout the war years paying 5% dividends on its preference shares in 1939, ’40 and ’41. These were bleak years for Australia with the Allies defeated in Europe, the Battle of Britain raging and Japanese military successes in Asia threatening imminent invasion. In general this created a grim climate for retailing with the need to focus economic activity on the war effort. Reading for both troops in the field and folk at home was, however, an important diversion. Disruption to British publishing led to talk of a ‘book famine’ and the Government took the then radical step of granting licences for importation of US publications. Although at first this was only for technical titles it did mark an opening of trade (Lyons, 2001:401). Efforts to deal with the crisis for retailers also had lighter moments such as when, in the lead up to Christmas 1942, The Examiner carried a report denying that the government ban on Christmas retailing advertising extended to a high level plot to assassinate Santa Claus (The Examiner, 19/11/42).
By 1942 two themes were evident which were to dominate the company’s operations for the next decade. They were: that Jack Birchall’s status in the company entitled him to all the prestige and profit it could reasonably deliver; and that continued improvement of business performance would require continual incremental change in how the business was conducted. The tension between these two orders of necessity, maintaining the social status of the Birchall family on the one hand and operating a business in a changing and increasingly competitive environment on the other, was only slowly resolved. In the early 1940s it was clear that the former held priority.

Two events early in 1942 demonstrated this. The first, in February, was a ‘complimentary Social Evening tendered to J.A. Birchall Esq. by members of the staff of A.W. Birchall and Sons Pty Ltd to commemorate the 50th Anniversary of Mr. Birchall’s association with the firm’ held at the National Café, in the Quadrant (The Examiner, 11/2/1942). The tone of the public announcement was deeply respectful pointing to the role Jack played in the company and claiming for him and the company a central part in the life of the town. The second event was a ‘Special General Meeting’ of the company held in April 1942 at which only Stan and Jack were present. Here it was decided that Jack should be paid a one off amount of £815:15:2 ‘in consideration of services rendered to the company’ (Minutes, 10/4/1942). This amount was more than his or Stan’s annual salary. There must be a suspicion, especially in view of the payment being for such a precise amount, that this was needed to meet an immediate personal commitment. This explanation is supported by the recollection of non-family members who played significant roles as senior employees that there was a history of ‘problems of divorcing business from personal matters’ and that ‘Birchalls’ family and company finances were not really separated in those days’ (Interview, Dean Shegog, 10/6/10; David Harvey, 2/5/08). A logical alternative explanation would be that it was recompense for forgone salary. There is, however, no record of Stan having been paid any amount, which could be considered a restoration of his forgone salary from the years in which both men had taken pay cuts. In any case it was accepted that Jack was entitled to both personal status and finance gain derived from the success of the company.
Despite this considerable additional cost company profit broke a psychological barrier when it was declared at £1,015:4:9 exceeding £1,000 for the first time. This not only enabled the payment of the normal dividend on preference shares but also allowed a 4% dividend to be paid on the 11,792 ordinary shares in the company (Minutes, 18/11/42). Furthermore, it facilitated an increase in the annual salary paid to both Jack and Stan to £850. The following year’s results were even better with a nett profit of £2,429:17:2, a 4% dividend on ordinary shares and a resolution to restore the preference dividend to its original 6% from 1944 (Minutes, 12/11/43). This was duly acted on (Minutes, 29/6/1944). The distribution of preference shares between family members continued to excite the interest of the Birchalls with a rare Special General Meeting in July 1944 being called to affect a re-distribution from Jack to his wife, Launistina, and their son John (Minutes, 27/7/44).

The war years ended with strong trading performances and high expectations. In 1944 profit was a record £3,613:10:11, with preference dividends at 6% and ordinary shares attracting 10%. This was repeated in 1945 with the directors’ confidence shown in the innovation of paying the ordinary share dividend in an interim and a final year payment each of 5%. The interim payment was based on increased half-yearly turnover and ‘strong prospects of a profit increase’ (Minutes, 4/6/1945). That the company could sustain such high dividends is illustrated by the fact that the year’s profit remained a very healthy £2,988:1:1. This consolidation of the company’s financial position continued through the 1940s with annual profit hovering around the three thousand pound mark and dividends being paid at 6% for preference shares and 10% for ordinary shares. What did change was the salaries and bonuses paid to Jack Birchall and Stan Tilley. Under their agreement they were to share equally in any improvements in the company’s position. In 1946 their annual salaries were increased to £950 (Minutes, 19/6/1946) and the following year they were increased again to £1250 (Minutes, 30/101947). In 1949 Birchalls paid staff bonuses for the first time with 5% to all staff and 20% to Jack and Stan (Minute, 27/9/49). These same bonus levels were repeated in 1950 (Minutes, 27/9/1950). In recalling the company’s financial position over time, Brichalls’ long-time accountant, David Harvey, concludes that ‘the company had been under-capitalised for many years
under Jack Birchall due to him taking money out’ (Interview, Harvey, 2/5/08). This seems a fair assessment especially as there is little evidence of Jack’s increasing his investment in the company. By comparison Stan was buying additional shares, reinvesting his bonuses and increasing the company’s capital base.

**Birchalls after the War**

While the arrangements between Jack and Stan were significant for the leadership of the company, a major characteristic of the bookstore in the post-war period was the relationship between management and staff. The role of women employees was particularly significant but was also part of the development of staff loyalty as a key management strategy. Long-term employees recall this in terms like: ‘Birchalls had staff loyalty like you wouldn’t believe’ (Interview, McCarthy, 20/5/08); ‘we were all so proud to be “Birchalls girls”. It was just a great place to work’ (Interview, Stubbs, 9/8/07); and ‘I loved my job. We had a very happy office staff and our jobs were secure’ (Pers. Comm., Anne Mackrill, 10/7/2013). While some of this was no doubt a product of an era in which jobs were scarce, labour force mobility was low and respect for established businesses was high, there is also a sense in which it became a part of a business strategy. It meant that staff would work beyond the strict requirements of their job, especially in an emergency or peak trading times like Christmas and back to school periods. This was increasingly useful as the business became more service oriented and staff attitudes formed a significant aspect of competitive advantage. It also, however, became part and parcel of the way the company dealt with its employees. As Pat McCarthy recalled for an interview after her retirement ‘when you worked at Birchalls you felt like you belonged to a large family’ (quoted in *The Examiner*, 13/10/94).

For some employees the feeling of loyalty would have been associated with their personal relationships. This was very likely the case, for instance, with Ruby Gibson, who had worked for Jack and Lauristina Birchall as a nurse looking after their disabled son, John. When this type of care was no longer required she was taken into the bookshop by Jack and put in charge of the lending library. In this role she is
remembered as ‘strong and severe with a heart of gold and a fiercely loyal to Birchalls’ (Interview, McCarthy, 30/5/08). Ruby Gibson never married and running the library was clearly ‘more than just a job’ for her (Interview, McCarthy, 30/5/08). Others who had come into the business through personal relationships included two of the Corrick sisters, Amy and Ethel (Coulter), who worked together in the Gift Department. All three of these women became shareholders as well as long-term employees in key areas of the business.

Less personalised forms of loyalty are also observable as an emerging characteristic of Bichalls as a workplace in the 1940s and ‘50s. Ian Drinkwater, who joined the staff before the war and signed on again after his return, recalled this loyalty and work ethic in an interview with The Examiner. He instanced the situation during and after the fire, when staff donated their time over the following weekend to clean up the mess so that disruption to the business would be minimised. He recalled ‘we didn’t get paid but we stood in line and got thanked for our efforts’ (The Examiner, 13/10/1994) and that was apparently enough. Certainly it was for Ian had who joined the RAAF but returned to Birchalls after demobilisation. He subsequently took up business opportunities himself including book selling. In following this course Ian was in company with several other Birchalls employees who learnt the retail trade in the bookstore and put that learning to use in their own enterprises when the opportunity to follow their personal ambitions presented itself.

The strongest examples of loyalty to the company are, however, provided by the careers of a number of women staff, who began working at Birchalls in this period and continued for many years. Maisy Stubbs came into the bookstore in 1947, when her sister Daisy Richardson, who had been with Birchalls since 1926, married. Initially she was employed to help Amy Corrick in the gift department but then, she recalls, ‘Mr. Birchall asked me to take over the book department’ (Interview, Stubbs, 9/8/07). In 1957 she left to give birth returning for the Christmas rush in each of the next ten years until returning fulltime in 1966 to run the wholesale department where she stayed until it was closed down in 1972. The benefit the business derived from
having long term staff with a good knowledge of the business and the community is clear in her recollection that ‘it was my life. You knew the people who read and knew which books they liked. So when something like that came in you’d let them know’ (Interview, Stubbs, 9/8/07).

Pat McCarthy’s career is another, which shows how the close relationship between management and staff worked to the company’s advantage. She began work at Birchalls in 1950 straight after leaving school. She recalls that she had wanted to work in the office at the railways: ‘I thought it would be nice to work with all those hunky young men … but mother convinced me it was not place for a nice young girl’ (The Examiner, 13/10/1994). Birchalls by contrast was a very respectable workplace, increasingly run by Stan Tilley with a reputation for being ‘the most hard-working, honest and brainy manager’ (Interview, McCarthy, 30/5/08). So Pat responded to an advertisement and got the job as junior typist ‘an offsider really to Jack Birchall’s secretary Jean Ripper’ (Interview, McCarthy, 30/5/08). She recalls that much of the work consisted in getting correspondence ready. ‘Jack would come back from his very long afternoon teas to sign the letters’ (Interview, McCarthy, 30/5/08). On turning 21, and no longer a junior, Pat was put into the upstairs office where she worked as cashier, bookkeeper and eventually assistant accountant. It must have been a satisfactory arrangement as her sister and housemate, Josie, joined her at Birchalls in 1959 becoming stationery department manager. Pat also became a manager supervising the upstairs office and together the McCarthy sisters were a significant part of the Birchalls’ supervisory team. When Pat retired in 1993 she had been with the company for 43 years while Josie left in 1989 after 30 years service. Their careers were characteristic of many staff employed for long periods who were ‘just quite content, working together and [who] stayed because Birchalls, while not over generous with money, were good to their staff in many important ways’ (Interview, McCarthy, 30/5/08).

This association of the business and the Birchalls girls was certainly given impetus by wartime conditions in which women had opportunities, which they’d not previously
experienced. In the post-war period it seems to have really flowered. In many companies women had to make way for returning servicemen. This does not seem to have been the case to the same extent at Birchalls with several women continuing in management and supervisory roles. The less formal interactions between the company and its female employees were a significant characteristic of working at Birchalls in this period. In 1947, for instance, when Birchalls assistant librarian, Melvie Harvey married Jim Blackwood, it was the staff of the store, who hosted her pre-wedding party. Senior Birchalls’ women staff, Ruby Gibson, Jean Ripper, Phyl Owen, Betty Cooper and Madge Moore were all especially mentioned as playing a part with the party itself being well reported (The Mercury, 17/7/47; The Examiner, 19/7/47).

The same group of women who were long-term employees formed the committee to support Birchalls’ candidate each year in the Popular Shop Assistant Competition held in aid of the Launceston Girls’ Home. In 1949 the company’s candidate was Doreen Fulton and the committee was:

Miss J. Ripper (secretary), Miss A. Gibb (treasurer), Mrs L. Stubbs, and Misses B. Cooper, P. Gill, P. Owen, J. Robertson, M. Hay, F. Harvey, P. Badcock, A. Corrick, R. Gibson, J. Hodgetts and M. French. (The Examiner, 4/8/49)

Their ‘very successful’ cake stall, run in the bookshop, may have been intended to both raise money and increase the popularity of their candidate. Jack Birchall was on the board of the Girls Home and the Friday cake stall at Birchalls became a regular feature of its fund-raising. Anne Mackrill recalls that ‘it would be down the middle of the shop…. We all cooked cakes on Thursday night and these were snapped up by customers next morning’ (Pers. Comm. 10/7/2013).

By contrast a serious constraint in the post-war commercial environment, which had a direct impact on Birchalls was the shortage of foreign currency. A range of restrictions were imposed by government to ensure that what foreign currency was held in the country was spent on necessary imports and books did not fall into this
category. An import licensing system was imposed which restricted importation of books in general but specifically restricted US imports to ‘technical and tertiary education titles’ (Zifcak, 2006:202). Given that Britain had been the major, and a protected, source of book imports before the war this restriction on US titles was in one sense only a reversion to what had become known as the ‘traditional market agreement’ by which UK publications were protected from competition in the Australian retail market. A problem which complicated this was that most of the British publishers’ warehouses were close to the London docks, which had been heavily bombed during the Blitz. Researchers estimate that up to 20 million books had been destroyed in this way (Arnold, 2001a:128). While it was the economic growth of the early 1950s, which really spurred the Australian economy forward, these factors provided an initial driver for a more locally centered market. Eventually this included the rise of Australian publishers and the establishment by British publishers of warehouses in Australia (Munro and Curtain, 2006: 3-6).

Overcoming resistance to modernisation

Ideas for how the company might change to accommodate postwar realities had to come from somewhere and in a conservatively run small family business resistant to outside influence they had to come from within. Stan Tilley had slowly introduced business-like accounting practices into the company but, as an employee with a minor shareholding, still had to convince Jack Birchall’s of the need for every change. Ray Tilley had begun to see a long-term future for himself in the company, not merely in terms of secure employment but also, as location in which to establish a business career. He was, however, a relatively junior employee and before any of his ideas could be implemented he had to establish a reputation in both the company and the business community. The decade after the war saw the influence of the Tilleys in the company grow rapidly and this brought with it an openness to change which the company had lacked for some time.

Like most of the male staff, Ray Tilley’s career at Birchalls had been interrupted by the war. After turning 18 in 1941, he served first in the artillery and then the RAAF.
After the war, he returned to Birchalls moving through all the store’s various departments. With opportunity for advancement within the company restricted, the greater confidence he had as a demobilised officer began to show itself in his activity in industry organizations. He started getting involved again in the Retail Traders Association and also became active in the Chamber of Commerce. It was, however, in the Australian Booksellers Association (ABA) that he was to make his mark in the period immediately after the war. He recalls that

I’d gone to an Australian Booksellers Association meeting even before the war ended because I was in my airforce uniform. The Booksellers Association consisted of a whole lot of fellows hiding their cards from each other. They all quarreled bitterly with their suppliers – the publishers. I was horrified at the way this group of people got on. The Chairman was the head of Dymocks in Sydney. He was chairman by right not by election or appointment. When there was an election he’d say ‘All right I’ll be president and I’ll have you as secretary and you and you’. He just ran the whole thing like a dictator and that horrified me. (Interview, 24/2/05)

In the late 1980s Ray put his thoughts on the ABA into a 16-page manuscript (Tilley, 1987). His view that ‘from its earliest days the Australian Booksellers Association was limited in its outlook, introspective and reactionary’ (p.6), is typically harsh but reveals the lack of business acumen he saw as a hallmark of the industry with booksellers dependent on the goodwill of the British publishers. Any potential for an industry network to unite the bookstores against the price fixing of the publishers was undermined by this lack of trust and co-operation. The relationship between publishers and booksellers relied on the contacts between individuals with many deals done secretly between the different publishing and bookselling companies. So there was no level playing field for retailers with both prices and profit margins being effectively determined by the publishers. Ray saw the Association as the logical vehicle for giving the retailers a voice with the publishers. One of his first successes he claims in the industry was to initiate the first price figure exchange between booksellers in Australia to provide an information base within the industry (Tilley, 1987).

Market developments were being much kinder to the booksellers and also had an ironic impact on the way in which the publishers’ restrictive practices operated. In the post-war period there was a boom in demand for educational books as government policy and the baby boom drove a huge increase in student numbers. The relationship
between publishers and booksellers which not only fixed prices according the ‘the Statement of Terms’ agreed by the publishers but saw Australian booksellers closely tied to British publishers began to have contradictory impacts. On the downside because the Australian trade was a significant part of British publishers market they insisted that their copyright cover Australia, still very much part of the British Empire (Zifcak, 2006:206). This eliminated the possibility that local publishers would emerge as competitive sources of editions already published in the UK. The combination of greatly increased local demand and restricted supply, as British economic activity focused on trying to recover from war, did create some space in the market which local publishers could attempt to fill. The formation of the Australian Book Publishers Association (ABPA) in 1948 gave them a body to lobby for relief from the international domination of the local market. Their estimate at this time was that only 15% of books sold in Australia were published locally (Munro and Curtain, 2006: 3-4).

In practice, Australian retailers had no choice but to rely on British publishers. On the positive side, local retailers receiving generous margins on the sale of British books. Despite the limitations imposed by copyright, and questions of nationalist sentiment, it was not such a bad deal for Australian retailers. In the post-war period both the increasing demand and the high margins which could be charged on books from what was still regarded by most white Australians as ‘home’ stood booksellers in good stead.

Looking back at this time, the *Australian Bookseller and Publisher* characterised Birchalls in the immediate post-war period as ‘not a very progressive company… [with] a derelict building, an absentee landlord and a nervous bank manager’ (*Australian Bookseller and Publisher*, July, 1992). While its observation that Birchalls ‘was reputed to be the dearest shop in town, trading to a select upper class of customers who never paid their bills’ (*Australian Bookseller and Publisher*, July, 1992) might appear extreme it fits comfortably with memories of those who worked in the bookshop at the time. These paint a picture of a company with potential which was being held back by an approach to business which had more to do with the social standing of its owners than with the profitability or efficiency of its operation. Ray Tilley is particularly critical of this *modus operandi* saying that as an employee he
identified the need for a comprehensive set of reforms: ‘a change of customers, a change of identity, a change of stock, a change of staff attitudes and of selling methods and business systems’ (Interview, 24/2/05).

From the position of a junior employee, however, there was not a lot Ray could do to ensure that Birchalls did reform its practices. This began to change in the 1950s as the Birchall family had no logical successor to Jack in terms of managing the company. Jack and Lauristina’s son, John, had a disability. Their daughter, Dr. Ida Birchall, was establishing her gynecological practice which served Launceston for many years and working philanthropically to promote better care for the community’s physically and mentally disabled. While she played a role on the Birchalls’ Board in later years, Dr. Ida’s priorities clearly lay elsewhere. She attended Board meetings infrequently and, at this point, does not seem to have played much of a role in the company’s affairs. In mid-1949 both Ida Birchall and Ray Tilley had been allocated 200 shares in the company (Minutes, 5/5/1949) and in the following year Ida and Stan Tilley both received an additional 250 ordinary shares transferred from Albert Steer (Minutes, 24/5/1950). While Ida seems to have been content to build a small shareholding, the Tilleys were very interested in the business for its own sake and were determined to build the company and their stake in it. The Australian economy had grown slowly in the 1940s. The early 1950s saw the Korean War fuelled wool boom generating much greater wealth, especially in pastoral regions such as northern Tasmania. Birchalls were positioned to profit from improved demand but needed to make a number of changes to their long-term business practices to make the most of the new opportunities.

Over the years Stan’s job as company accountant, had enabled him to gain more and more influence with Jack Birchall. While Jack remained Managing Director of the company, Stan had become the effective fulltime General Manager. In part this was because he brought to Birchalls his reputation as a member of the Launceston business community in his own right. The arrangements, already mentioned, by which Jack and Stan would receive the same salary and Stan would receive an annual allocation of shares, transferred from Jack’s shareholding, show both the status Stan enjoyed in the company and the increasing sense in which he participated as a part-owner. For his own part, Ray Tilley had decided that his future lay with the company.
and that he ‘would buy additional Birchalls shares at any opportunity’ (Interview, Ray Tilley, 15/12/06). With the shareholdings of the Birchall family spread between quite a few relatives some of whom lived inter-state and few of whom had any interest in the company’s business beyond the dividends it yielded, these opportunities were to become more frequent.

In 1951 Jack and Stan’s salaries were increased to £1750 and their annual bonus of 20% was augmented with a more graded annual bonus system for staff of 6%, 5% and 4% related to employees level of seniority in the company (Minutes, 29/6/1951). This was facilitated by ever higher nett profits of £ 5,161:19:8 in 1951 and £7,278:8:3 in 1952 (Minutes, 6/12/1951; 20/11/1952). While preference shares paid their annual 6%, dividends on ordinary shares continued to rise to 12.5% in 1951 and 17.5 % in 1952 (Minutes, 20/11/1952). Salaries for Jack and Stan were increased to £2,000 in 1952. Nett profits were then divided between the tax liability, the dividends, the bonuses and the salary increases leaving quite modest final profit figures. This tendency to keep taking money out of the company was no problem as long as turnover kept rising.

If the Tilleys’ increasing shareholding and influence in the business worried Jack Birchall there is no hint of this in the formal record. It seems to have been accepted as a fact of life in the company that influence was moving into the hands of the Tilleys and this was formally recognised in 1953 when Ray became a member of the Board. In management terms, Jack Birchall had been moving to a less hands on role for some time and with more support on the Board Stan was able to move on an issue which had worried him for years. Despite over 100 years on the site, the bookshop was still a tenant in part of the building covering 118-124 Brisbane Street. The property was owned by Marjorie Maybelle (Mrs. Arthur) Atkins, who lived in Hobart and whose interest was in taking a rent rather than in improving the buildings to support a particular tenant’s business. In early 1953 Stan Tilley had the property valued at £57,400 (£53,150 land and £4,250 buildings). He then offered this amount to Mrs. Atkins on behalf of the Board but it was refused. A second opinion of the value of the property placed it at £61,000 and Stan made a revised offer of £60,000, which was also refused. Marjorie Atkins then stated her price at £65,000 to which Stan signed his agreement in July with the Board ratifying the action a few days later.
just in time for the end of the financial year (Minutes, 30/6/1953). The purchase was funded by a mortgage from Mrs. Atkins (£40,000 at 5% for three years) and an overdraft from the Bank of NSW (£8,000) serviced by a debenture over the assets of the company and a guarantee by the Directors (Minutes, 24/7/1953).

The purchase was long overdue securing for the company its permanent location in the commercial heart of the city and the ability to make alterations to the premises as they were required. The wisdom of buying the property they had leased for so long was seen in the waves of alterations Birchalls undertook, with major rebuilding and extension work being carried out in 1953, 1955, 1962 and 1966. Stan Tilley impressed upon his sons the idea that they should ‘never sell Brisbane Street because property in the CDB is like gold’ (Interview, Ray Tilley, 10/2/06). The physical changes, made possible by ownership of the property, culminated when the Brisbane Street Mall was opened in 1975 and the premises were altered yet again to provide access from the new mall through to Patterson Street.

Trading with confidence

The Directors’ confidence in the company’s future is palpable even in the rather dry minutes of their meetings. There was no question of Stan’s authority to act in securing the purchase and he was paid a £5,000 agent’s fee for his role in the negotiations. He used this to purchase 3,000 additional shares in his own name and with a further 1,000 going to his wife, Elsie. Another 2,000 shares were set aside with applications for them being invited from staff. These were taken up by nine staff, who had previously had no shares, including the librarian Miss Ruby Gibson. Three staff, who already held shares increased their shareholding and one of these, Geoff Healey, manager of the bookstore’s Education Department, was added to the Board of Directors (Minutes, 25/11/1953).

This confidence in the future of Birchalls and the transition of active leadership from Jack Birchall to Stan Tilley seems to have been noticed by the industry with Stan being made President of the Tasmanian Branch of the ABA and Jack being accorded the honour of a life membership on the basis of his ’60 years of association with the book-trade’ (The Examiner, 27/7/1953). It was the first time the Branch had created a life member and further illustrates the pre-eminent prestige Jack enjoyed in the
industry in Tasmania. While Jack was honoured, the future of the company was clearly to lie in the hands of the Tilleys. One indication of what this would mean for changes in the relationships between employees and management was evident in the holding of a ‘celebratory dinner for staff’, following the purchase of the property, at Stratton Cottage, a prestigious local restaurant. Stan’s reputation for ‘always looking after the staff’ (Interview, McCarthy, 20/5/2008) rested on more than the occasional function but the identification of the staff role in achieving progress was a huge change from the strictly hierarchical system in place a few years before when only the Managing Director was permitted to open newly arrived books. Whether it was intended or not the billing of the main toast as ‘The Future – Ray Tilley’ showed considerable prescience (Notice of Complimentary Staff Dinner, 6/7/1953). 20,000 ‘bonus shares’ were allocated to existing shareholders in August 1953 increasing the number of ordinary shares to 60,000 and the number of preference shares to 15,000 (Minutes, 18/8/1953). At £1 each this brought the paid up capital of the company to £75,000. While Stan and Jack continued to receive their substantial personal bonuses the work of the two other employees who were also Directors, Ray Tilley and Geoff Healey, was recognised by increasing their annual salaries to £1,000 (Minutes, 25/11/1953).

1953 was then a most momentous year for Birchalls. The purchase of the property, the changes in leadership and the inclusion of staff in shareholding were all significant features of a confident and forward looking firm. The business was benefitting from the wool boom which, in the phraseology of the day, saw Australia, and particularly regional Australia, ‘riding on the sheep’s back’. Birchalls was not the only retailer to see the opportunity this offered. In 1953 serious retail competition within the Launceston CBD area increased with Woolworths opening towards the end of the year. Its large stock of cheap stationery offered direct competition with Birchalls and Woolworths had the advantage of size and the wholesale purchasing power, which went its status as a giant in the Australian national retail scene. This was expected to be especially challenging in the school stationery market. The year’s nett profit of £9,968:15:5 was 37% higher than the previous year and 93% higher than that in 1951. So while there may have been challenges ahead there was no reason to doubt the company’s capacity to meet them.
That Birchalls would have a proactive response to increased competition became evident early in 1954 when the leases to tenants on the Brisbane Street property were withdrawn and Ray was instructed by the Board of Directors to draw up ‘a full and detailed report on proposed extensions to the business’ (Minutes, 24/3/1954). Two alternatives were envisaged. The first was ‘a major scheme encompassing a new building’ with an estimated cost of £50-70,000. The second was ‘a minor scheme of repairs and alterations to existing premises’ estimated at a cost of £10 – 15,000. In either case the idea was that the bookstore would expand substantially taking advantage of its new ownership of the property in which it had been a tenant for so long. The existing tenants were not reconciled to having to go and made several counter offers to lease at higher rates. The value of the property to retailers was underlined by interest from national chains in long term leasing, including an approach from Edments for a 20-year lease over the whole property. The Board, however, decided to build on its position in the prime retail area of Brisbane Street and saw expansion on the site as the key to the company’s future. The Board resolved that an overall plan for the building be developed first with Ray Tilley continuing to work with local architects on possible layout and fittings for a revamped store (Minutes, 2/6/1954; 11/6/1954: 25/6/1954). In the meantime new means of promoting trade included the use of ‘Radio scatter ads’ with a special feature being made of Sister Jessie Simons’ recently published book on Australian nurses as Japanese prisoners of war, *While History Passed* (Simons, 1954). Ray also floated the idea of moving the toy department into the shop front of 120 Brisbane Street which was then occupied by Round’s grocers. His rationale was that toys were likely to attract passing trade of parents with children and that their greater visibility in the front of the store would draw in more customers. He recalls Jack Birchall objecting strenuously to the idea of toys being sold in a grocers shop, ‘“you’ll never live long enough to do that” he said to me’ (Interview, Ray Tilley, 1/4/2005) but within a few months Birchalls were indeed selling toys from the former grocery and Jack was expressing himself well please with the sales that were being achieved (Minutes, 4/10/1954).

In the middle of the year Jack Birchall suffered his first really disabling illness and was unable to work or attend Board meetings. The minutes noted that ‘all resolutions passed at this meeting [shall] be subject to his approval’ (Minutes, 11/6/1954). This
may have been unnecessary in a strict legal sense but is further evidence of the understanding that due deference would be paid to Jack’s status and reflects Stan Tilley’s scrupulous observance of this. While Stan made both the day to day and strategic decisions related to the bookstore, Jack’s position as the titular leader of the company and still its largest shareholder, would continue to be recognised. Stan’s longer term plans for his family’s participation in the company took another step with the decision to employ his and Elsie’s youngest son, John. Again Stan’s scrupulous attention to standards is evident in the fact that this decision was taken to a Board meeting at which it was agreed that John’s initial career be subject to six month’s training at Angus and Robertson’s in Melbourne before he was permitted to join Birchall’s Education Department (Minutes, 11/6/1954).

The Board’s discussions on the property’s future were resolved at the end of the financial year when it was decided to appoint architects for two projects. One was the renovation of 118-120 Brisbane Street, as expanded premises for the bookshop, and the other repairs to 122-124 Brisbane Street to make it ready for leasing to a long term tenant (Minutes, 30/6/1954). This was seen in terms of getting the most out of such a prime CBD retail property by ensuring both a steady source of income from a long-term tenancy and expanding the bookstore to meet the challenges of increased competition. Renovations were carried out on 118-120 Brisbane Street following the detailed plans Ray had worked out with the architects. These cost £10,583 but gave the bookshop a hugely expanded area and included moving high profit departments such as the library and toys into areas which were more easily accessible to customers. The Annual Report noted that the improvements to the bookshop area would provide ‘relief from the current congestion, better display, all round more efficient running of the business and better amenities for members of the staff’ (Annual Report, 15/12/1954).

Edments were the initial preference as a tenant in 122-124 Brisbane Street, but their offer of £1,000 per year for 20 years was considered too low and they rejected Stan’s asking price of £3,000 per year claiming that access problems considerably reduced the value of the property (Minutes, 16/7/1954; 26/8/1954). Stan’s careful bargaining paid dividends when Rockmans offered £3,640 per year for 21 years with some provisos on repairs (Minutes, 4/10/1954). The Directors resolved to accept this
The Annual Report noted that the repairs to meet Rockmans’ conditions for leasing the other half of the property had cost £14,000 (Annual Report, 15/12/1954).

Some of the capital for the improvements had been raised from additional issues of shares with the Directors taking up a further 9,800 shares and staff a further 1,050 shares at £1 per share. Among the investors from the staff were two Corrick sisters, Miss A.B. Corrick and Mrs E.M. Coutler (Minutes, 4/10/1954). Both Ida Birchall and Ray Tilley continued to expand their shareholdings. Ray, however, stuck to a principle of buying ordinary shares while most other purchasing shareholders split their ownership between ordinary and preference shares (Minutes, 15/4/1954). With the dividend on preference shares fixed at a nominal 6% the holders of these had no close interest in the affairs of the business. On the other hand those holding ordinary shares, for which the dividend was fixed by the Board in accordance with the performance of the business, had every reason to be closely focused on improving the conduct and profitability of the company. One move towards putting more control over the company in the hands those responsible for its day-to-day operations had been the appointment of Geoff Healey as a director. Early in 1955, however, he regretfully resigned as both an employee and member of the Board due to ill health.

At the same time another Tilley moved into the company, with Stan once again making sure that this was done through a Directors’ meeting. In February, Ida Birchall moved and Healey seconded a motion that Norman C. Tilley be appointed as manager of the Education Department at an annual salary of £950 (Minutes, 11/2/1955). Norm was Stan and Elsie’s second son and was to play a leading role in the bookstore over the following 30 years. He was well qualified to lead the company’s education area having himself been a school teacher. During the war Norm had suffered a serious injury in a training accident while serving with the RAAF. This had required prolonged treatment including the use of quite new antibiotics to deal with a life threatening infection. One legacy was his decision to enroll to study medicine at the University of Tasmania. His continuing health problems, however, made progress in such a demanding course of study impossible and he turned instead to training as a teacher. Here he qualified successfully and before coming to Birchalls worked as a teacher for several years. Being brought into
Birchalls to replace Geoff Healey as manager of the bookstore’s Education Department carried considerable status and promise. Healey was both a shareholder and a Director and the Education Department was playing an increasingly significant part in the company’s activity, especially as the post-war baby boom entered the schooling system.

Norm Tilley joined his family’s push into the company as both an employee and a shareholder taking up Geoff Healey’s shares shortly after replacing him as manager of the Education Department. At the same time the youngest Tilley brother, John, purchased a small number of shares, which had been held by a Birchall relative. By this time Jack, Lauristina and Ida were the only Birchalls with an interest in expanding their shareholding as new shares were issued. In the middle of 1955 Ida substantially increased her stake in the company buying 1,500 new preference shares and the same number of new ordinary shares (Minutes, 27/5/1955). At the end of the year 7,800 new shares were issued. These were purchased by Jack and Stan’s immediate families with Jack taking 3,000, Lauristina 750, Ida 400, Stan 3,500 and Elsie 150 (Minutes, 7/11/1955).

The substantial injection of new capital plus a doubling of the Bank of NSW overdraft to £16,000 paid for further alterations to the bookshop premises costing £6,400 and to the leased premises costing £1,700. The increase in cash available was matched by a 10% growth in turnover at the Brisbane Street store, a nett profit of £12,388, and dividends of 6% on preference and 10% on ordinary shares. Profits were also taken out of the company in the form of bonuses. Although these were at similar levels to previous bonuses, on this occasion they were explained in terms of the high level of staff co-operation during the disruption caused by mid-year renovations. The distribution continued to reflect both status and effort with Jack and Stan both receiving £400 and £462 being distributed among the bookshop staff. In addition Ray received an initial bonus of £40, which was subsequently augmented by a further bonus of £100 (Minutes, 27/5/1955; 29/6/1955).

While the Launceston store seemed to be going from strength to strength this was not the case for Birchalls’ Devonport operation. The company had had an occasional presence in this neighbouring regional centre since Andrew Birchalls’ days. After
World War 2 a returning servicemen who was well known to Jack Birchall had approached him with the idea of a more substantial and permanent operation or a branch of the Launceston store. Jack had agreed but is remembered as referring to it as ‘more or less a favour’ rather than a thought-out business proposition (Interview, Ray Tilley, 15/2/06). In its early years this Devonport Branch had been largely ignored by the Board but as the company moved to modernise its business approach this began to change. Early in 1955 Ray Tilley was instructed by the Board to give special attention to the ‘Devonport Branch [where] …turnover was most disappointing’ (Minutes, 11/2/1955). A nett profit in the following year of £1,928 was 15.5% of the overall company figure but the shareholders continued to express concern that the store was performing poorly (Minutes, 14/12/1956).

An important aspect of the store’s operation during these years, which receives little attention in the official record, possible because it was taken for granted, was the close relationship between management and employees. Several have been kind enough to provide their recollections of their experience of how the company operated. For instance, Pamela Fox, began work at Birchalls in 1956, and recalls how thrilled she was to be taken on:

I applied for an advertised position at Birchalls, had an interview early one morning and then went off for the day with a friend. We called back to my Mother’s and she told me that Mr. Ray Tilley had come by the house and wished me to start that day. So I went to a phone box, called Mr. Tilley, caught a bus and started work that same afternoon. (Pers. Comm. 12/7/2013)

Subsequent experience did not lead to disappointment as she found management attitudes and friendships among the employees were highlights of her working life. The workforce was mostly young and as Pam recalls it ‘what a great time we had!’ One benefit was being able to use the speaker system in the Book Department ‘to supply the rock and roll music and we would all dance before work started’ and before senior management was on the floor. On one such occasion ‘everything went quite – Mr. Ray Tilley was standing behind us. But he just smiled and said “get ready for work”’. Christmas parties were also a time when the young staff enjoyed themselves. During the 1950s these were held at Trevallyn House and ‘before the
parties we would practice signing at Mr. Ray’s house with him playing the piano’ (Pamela Fox, Pers. Comm, 12/7/2013).

A change in leadership

For almost 30 years since Stan Tilley joined Birchalls at the start of the Great Depression, he had been responsible for a gradual change in business approach. Jack Birchall seems to have accepted this as necessary but did little about it apart from allowing Stan to make limited changes. With three sons now working in the business and Stan, Elsie and Ray becoming increasingly significant shareholders the balance of influence was clearly turning towards the Tilleys. This change in the company’s ownership profile brought with it changes in how the company went about its business.

By 1956, Stan’s general retail philosophy of ‘careful buying and quick turnover of stock’ (Minutes, 14/12/1956) was working in Launceston where continuous improvement to store layout was credited with facilitating greater customer access and efficiency. Better business arrangements were also implemented for managing the property itself. The titles for 118-120 and 122-124 Brisbane Street were separated creating the possibility of new more advantageous mortgage arrangements. Mrs. Atkins provided a £40,000 mortgage for 3 years at 6% on the bookshop premises, which were valued at £74,000. At the same time the leased premises were valued at £46,000 (Minutes, 7/3/1957). The total value of £120,000 was a further indication of the wisdom with which Stan Tilley had acted to purchase the property four years earlier for £65,000 and of the spending on renovations which had been undertaken since then.

While this focus on financial and physical capital shows the Board’s business priorities it was also engaged in discussion at this time around issues of human resources. At the same meeting which approved the new financial arrangements, Ray Tilley was arguing that ‘greater recognition and appreciation should be given to key personnel and they should be given the opportunity to gain executive training by appointment to the board [and] by attendance at conferences’ (Minutes, 6/3/1957). Appointment to the Board remained very much the prerogative of Jack Birchall. That there was a family agenda involved in Ray’s suggestion, as well as the more general
issue of broadening the experience of department managers, became obvious when Stan supported the principle of Ray’s argument and asked Jack ‘to consider appointing Norman Tilley to the Board’ (Minutes, 6/3/1957). Like many of the innovations the Tilleys had been suggesting this was initially received with little comment. Nonetheless within a fortnight a compromise had been developed with Ida and Jack Birchall moving a motion to invite Norm ‘to attend Directors’ meetings without the power to vote for the purpose of forming experience’ (Minutes, 13/3/1957). The general principle of acknowledging the role of ‘key personnel’ was also recognised in salary arrangements with department managers Norm and Geoffrey Pinel receiving an increase to annual salary of £100 and Ray receiving an increase of £250 per year. The stated purpose of this was ‘to facilitate purchase of shares in the capital of the Company’ (Minutes, 13/3/1957).

A significant cloud on the company’s horizon for some time had been Jack Birchalls’ continued ill health, which in late 1956 led him to suggest that G.J. Foot be appointed as an alternative director to represent his interests in the situation of his reduced availability. In April 1957 Jack died. While his illness over the previous few years and the effective transition of day-to-day responsibility to Stan Tilley meant that the company was prepared, it was nevertheless, the end of an era. The co-operation between Jack and Stan meant that his death caused little disruption in terms of the operation of the business as practical control had already changed hands.

A measure of the trust in which the Birchall family held Stan Tilley is that it was Ida who moved the motion at a Board of Directors meeting that Stan be appointed Managing Director (Minutes, 8/5/1957). Although it was a logical move it could have been controversial as it meant that the Birchall family really gave up any intention they may have had of having a continuing hands-on role in the business. There was, however, realistically no other choice available. There was no-one in the Birchall family with the level of involvement in the company to take on its day-to-day management. A special meeting of shareholders called at the time noted that Stan Tilley, Ray Tilley and Ida Birchall were all ‘eligible’ to take up the leading role in the company (Minutes, 8/5/1957). Dr. Ida Birchall had been a director for a several years and was a significant shareholder but her primary interest was in her professional practice and philanthropic activity. Ray Tilley had a similar length of experience of
being a director as well as a shareholder and was arguably better placed than Ida because of his practical experience in the business. Neither, however, had the experience, professional standing or number of shares to be a realistic rival to Stan and in any case neither had any interest in challenging him.

Ida moved that Stan be appointed Managing Director with an annual salary of £2,200 and the use of a company vehicle. So after nearly 30 years with Birchalls, Stanley V. Tilley became its formal as well as its operational head. It was a position he held until 1968. That Jack’s death allowed the Tilleys increasing room to expand their influence in day-to-day management is clear. The process had, however, been a long one and was supported by Jack Birchall before his death and by Ida Birchall after it. In the years immediately after her father’s death Dr. Ida became more active as a Director and it is noteworthy that in that role she continued to support the direction of change, which Stan and Ray promoted.

The direct interest of Tilley family members in the business was also boosted at this time by John Tilley’s employment in Birchalls’ office. As mentioned above, John was already a shareholder and had worked for the company briefly in 1955 before a year’s national service in 1956. In 1957, he went to New Zealand to work for Whitcombe and Toombs Ltd, a major supplier of educational books. John’s recollection is that this was arranged by Birchalls ‘as an apprenticeship in the Educational Book trade’ (Pers. Comm. 5/7/2013). When he returned, however, his brother Norman was well established as manager of Birchalls’ education department so John was placed in the office to, in his words, ‘learn the accounting requirements [of the business] under the guidance of my father’ (Pers. Comm, 5/7/2013). Stan Tilley’s own standing as a certified accountant made it an apprenticeship, which opened a new door in John’s career and he subsequently studied accountancy and himself became a certified practitioner.

In the meantime the education department itself was facing serious challenges arising from the changing circumstances in the educational book and materials market. In May 1957 Ray and Norm Tilley were instructed by the Board of Directors to take charge of investigating the school ordering system, which was under pressure from increasing demand due to the rapid growth of the school-aged population. This
demographic phenomenon, as the post-war baby boom worked its way through the schooling system, made the store’s education department increasingly important. Norm was manager of this department and his rapid rise in the company continued with his being made Company Secretary and Publicity Officer in May 1957 as well as undertaking a trip to the mainland to enable him to draw up a new ordering system for Birchalls’ Education Department (Minutes, 29/5/1957). This was followed by his appointment in October as a full member of the Board of Directors (Minutes, 23/10/1957). By late in the year the Board of Directors meetings usually consisted of Stan Tilley in the chair with Ray and Norm attending along with Ida Birchall. The company once again paid strong dividends – 6% on preference and 11% on ordinary shares. The change in formal leadership also saw an increase in interest of shareholders. The Annual General Meeting in November 1957 was the best attended ever with 14 participants. Of these 11 were employees. Ida Birchall was the only member of her family present (Minutes, 6/11/1957).

An interesting sidelight to the main story of Birchalls’ evolution is that in June 1957 the store hosted a visit to Launceston by the award-winning Australian author Alan Marshall. Some of Marshall’s work and much of his personal life was controversial because of his long-term commitment to communism and his leading role in the Communist Party of Australia. In 1951 when the federal Government held a referendum to ban the CPA, Tasmanians had voted ‘yes’ and there was continued political support for anti-communist views. In this situation it might have been thought unwise for a retailer in such a conservative political environment to make a point of promoting this author and his work. Yet Birchalls’ Board approved a special radio advertising campaign to attract people to the store to hear Marshall and to buy his books as part of a more general effort ‘to promote books in the community and particularly to young readers’ (Minutes, 25/6/2008). Ray Tilley recalls that this ‘had nothing to do with politics, it was just about interesting the public in books’ (Interview, 4/12/2008).

This was only one of many higher specially promotions of ‘good books’ undertaken by the store and was not especially commercially successful but is noteworthy as part of a marketing strategy which focused on creating new readers as well as meeting the needs of existing customers. Commercially significant promotions in this period
included Paul Brickhill’s best selling biography of British World War 2 flying ace, Douglas Bader. On that occasion Ray Tilley recalls,

we so crowded the National Theatre for the launch that the fire chief arrived uninvited, interrupted the function and ordered patrons out of the venue and into the street. He thought the theatre would collapse under the weight of the packed crowd on the first floor. In his speech he mentioned the word, fire. This alarmed the patrons who started to run down the stairs with the result that the first floor of the structure did shake and groan, but it did survive. (Interview, 4/12/2008)

Even more successful was the promotion of Edmund Hilary’s co-authored, *Crossing of Antarctica*. For this occasion the store was decorated in an Antarctic exploration theme. A snow-tracked vehicle was the centre piece covered in ‘snow’. The vehicle had to be disassembled to get it inside the store and then carefully put together again on the old pine floor. Ray recalls instructing the staff that ‘if it goes through the floor into the basement, don’t rush to get it out until the press photographers arrive’ (Interview, 4/12/2008). The photographers did arrive but the tractor did not end up in the basement. The publicity was effective with over 1,000 copies of the book being sold.

The significance of the school market to Birchalls was increasingly evident in the turnover figures at this time. Book stores, along with the retail sector generally, typically recorded their highest monthly turnover during December when Christmas shopping markedly increased business. Birchalls was no exception. In 1957 turnover at the Launceston store rose from a November figure of £14,189 to a December total of £24,708. In Devonport the monthly totals were £1,530 and £2,432. In January the turnover in Devonport slid back to its normal level. In Launceston, however, it increased to £37,435 due to the success of the Launceston store’s focus on back-to-school sales (Minutes, 22/1/58). This success was no accident. The company had invested in improving the service to schools with first Geoff Healey and then Norm Tilley developing new ways of doing business for the store’s education department. Their success is reflected in the fact that turnover in the back-to-school trading period exceeded that of Christmas shopping by over 50%.

Nor was this a captive market. In 1958 Birchalls faced a serious challenge to its share of the back to school purchases in its home market in Launceston. In the lead up to
the new school year a mainland company, Spicers Manufactured School Stationary, which had formerly been wholesale suppliers to Birchalls, had offered direct supply to Tasmanian schools and the convenience of direct wholesale purchasing. Launceston Senior High School had decided to take up this option. The Birchalls Board were clearly shocked to find such a well organised challenge in their own backyard. Stan Tilley saw complaints that Birchalls were making excessive profits from its prominence in the local school market as mischievous. After making some enquiries, he reported to the Board in April that:

Considerable damage has been done to our reputation by propaganda through the Parents and Friends of this School and the Council of Parents and Friends Association for Northern Tasmania by allegations of excessive profit making and the price of text books and stationery. (Minutes, 18/4/1958)

Board of Directors’ minutes at this time indicate a level of bitterness reflecting the perception that the complaints at Launceston Senior High School had been generalised as an attack on the company and the extent to which Stan took them personally. The discussion within the company, however, found some truth in the complaints about pricing with Ray pointing out that Spicers were able to sell the basic Pelican Art Set at the wholesale price of 15/-, while Birchalls were retailing it at 22/-. The inescapable fact was that in some areas at least Birchalls were being out-traded. Ray also took the reputational issue seriously and embarked on a series of meetings with stakeholders. He spoke to a special general meeting of parents at Launceston Senior High School (LSHS) explaining Birchalls’ pricing policy. He also met privately with the President of the Northern Council of the Parents and Friends Associations and with the Premier (Minutes, 28/5/1958).

The difficulty created both by the animosity directed at Birchalls in the Launceston Senior High School community and the more general threat of direct purchasing by schools was to persist. In 1959 it remained so bad that the LSHS Headmaster, Mr. Amos, decided not to allow the awarding of Birchalls’ book prizes at the annual speech night. It was, Ida Birchall, noted, the first time in 25 years that these prizes had not been given on the school’s most public occasion and, in the eyes of the Board, cost the company dearly in terms of loss of standing in the local community (Minutes, 18/11/1959).
A more general, and potentially more serious, threat from the State Government moving into the market as a direct purchaser was raised by Stan at the 1959 ABA Conference. The problem for the retailers was that the Government was purchasing in Britain ‘at prices consistently below the Australian Schedule Prices’ (Minutes, 18/3/1959). The irony that this effort to cut costs by buying in Britain and importing directly, replicated the earliest successful business model under which the store operated, was lost on the contemporary booksellers who stood to lose substantial sales. At the end of the financial year Stan estimated that the practice was costing Birchalls £1,200 per annum. Even more worrying was the threat that this would be institutionalised with the Tasmanian Supply and Tender Department wanting to take over direct purchases of all books and stationery supplies – and indeed much else - on behalf of all government agencies. With the concentrated buying power this would make international suppliers very interested indeed (Minutes, 28/8/1959). A Special Meeting of Directors in November 1959 heard that despite lobbying by the ABA and direct approaches from Birchalls to individual members, the Tasmanian Legislative Council had approved amendments to the Education Act to allow the Supply and Tender Department to buy directly on behalf of schools (Minutes, 28/11/1959).

While the threat was seen as serious, the Directors decided upon a commercial response rather than a political one with Stan Tilley suggesting that ‘little can be gained from entering into public controversy’ (Minutes, 28/11/1959). Their approach to market more competitively included the introduction of a new ‘Statement of Terms’ for schools offering 20% discounts on orders of a single title worth over £300 or on orders of over 1,000 titles. It was a risky strategy to attempt to by-pass a bureaucracy in an expansionist mood and Stan identified the action by the Government on school book purchases as one of a number of ‘indications that there will be further increases in trading in various commodities by the State Government’. For him this was an ideological challenge and he used his position in the ABA to attack it reporting to the Annual General Meeting of Shareholders that ‘strenuous efforts are being made to combat this trend towards socialisation of industry, goods and services’ (Minutes, 2/12/1959). He clearly felt that the Supply and Tender Department was not only interfering unfairly in the market but was acting with an arrogant disregard for the rights of traders. That the Department had been approaching book sellers asking that they buy, as returns, books the Department had
purchased but which turned out to be surplus to its requirements, certainly indicates that there were two very different ways of thinking at work. Stan informed the AGM that Birchalls had ‘refused to participate’ in the buy back scheme (Minutes, 2/12/1959).

Despite these difficulties, the company continued to trade profitably through the late 1950s. In 1958 nett profit (before tax) was £15,526 and the AGM of shareholders increased the Directors recommended dividend on ordinary shares from 9 to 10.25% (Minutes, AGM, 2/12/1958). In 1959 nett profit fell to £12,513 but the dividend on ordinary shares was increased to 10.75%. The fall in profit was attributed to wage increases and a very poor performance by the Devonport operation where profit fell from £1,732 to £324 (Minutes, 18/11/1959).

This was particularly worrying for the Directors as specific efforts to use the ‘Launceston model’ of profitability had apparently failed. From early 1958 Ray Tilley had taken a particular interest in the Branch and when he visited was able to report that significant improvements were possible. After one visit in March 1958, for instance, Ray reported that it was possible to lift turnover by 27% on the same period the previous year (Minutes, 19/3/1958). When this was not sustained without direct supervision, staff from Devonport were brought to work in Launceston for several days at a time to inculcate in them the way of achieving profitable business. Despite these efforts, however, while turnover in Launceston continued to grow that in Devonport continued to fall. At the end of 1958 the long-time manager of the Devonport operation, Reg Lapthorne retired and was replaced by Mr. R. Whitmore. Ray Tilley noted, however, that profitability was unlikely to improve without investment in the store itself and more rigorous training for staff (Minutes, 19/11/1958).

In these final years of the decade, the trend to increased ownership by the Tilleys continued with both Ray and Norm taking part of their salary as shares along with Geoffrey Pinel, manager of the toy department. Under this arrangement Norm and Geoffrey received 100 shares a year while Ray received 250. This created an incentive structure for the ‘working Directors’, which echoed that under which Stan had worked as the company accountant in the 1930s and ‘40s. The idea that
incentives could be paid to all heads of departments was suggested by Ray at this time but seems to have been regarded unfavourably by other Directors (Minutes, 8/10/1958). A more acceptable innovation was Ray’s introduction of gift vouchers in time for the Christmas trading season (Minutes, 5/11/1958). Dr. Birchall was also a leader in another area which was to become normal in retailing, introducing influenza vaccinations for employees before the winter of 1959 in an effort to mitigate the risk of, as Stan Tilley put it, ‘considerable disruption we have experienced through staff illness and absences in previous years’ (Minutes, 18/3/1959).

In terms of changes in key personnel this period saw the death of Lauristina Birchall. Her shares passed to various relatives with the major Birchall family holdings in the company being in the hands of her daughters, Doreen (Mrs. Harold Thomas) and Ida. These were also the only family members who took part in company activities. Doreen lived in Sydney and her activity was limited to ownership of largely preference shares with her focus being on annual dividends rather than retail performance. Ida was more involved through her role on the Board of Directors and her greater holding of ordinary shares gave her a direct interest in the performance on which their dividends relied.

In the working life of the bookstore, John C. Tilley continued his rise through the company. He completed his qualifications and took on the job of company accountant in 1958. The following year he was invited to attend Board of Directors meetings and was made assistant company secretary supporting his more experienced but less formally qualified brother Norm (Annual Report, 2/12/1959). John’s recollections of the tasks involved in Birchalls’ accounting practices at this time reveal some of the problems of trading in an international industry in the 1950s. Books, stationery and other goods were still received by ship in large pine packing cases, much as they had always been. The financial transactions this involved were cumbersome. John recalls that:

Payment was by Bill of Exchange endorsed by us as being “Accepted” and handed to the Bank of NSW Launceston for presentation to the bank’s office at Thread Needle Street, in London for payment, 30, 60 or 90 days after exchange. This was to allow for the delay in delivery (a hangover from the days of slow international shipping trade). The bank would get a discount by paying the supplier immediately. By convention there was always a three days grace period after date before settlement. The bills could be drawn in singles, pairs or triples
and would be defined as “This Sola of Exchange”, or second or third as appropriate and were delivered by independent ships in case the first one was lost at sea. It was all very romantic. (Pers. Comm. 9/7/2013)

It was also slow, labour intensive and therefore a costly way to do business.

The decade ended with the company trading well but with serious question marks over the longterm viability of its Devonport operation and challenges in the rapidly growing schools market. Norm Tilley’s summary of the latter situation for the 1959 shareholders’ AGM was that as head of the education department he ‘has found that the tremendous goodwill of 90 years of service to the community had formed a very firm foundation which was now standing us in good stead’ (Minutes, AGM, 2/12/1959). It was an optimistic but not unreasonable assumption that this would continue to be the case. The schools market with its complex interaction of political and professional influences was to be stern test of the company’s credentials as a community service organisation.

An era of modernisation

Between 1940 and 1960 Birchalls embarked on the course of modernisation which has enabled it to survive into the twenty-first century. This was marked by changes at all levels of the company. In terms of leadership, Stan Tilley replaced Jack Birchall as Managing Director. His sons, Ray, John and Norman Tilley all became Birchalls employees. Ray became a Director and was increasingly the source of new ideas about how the company needed to change to modernise its operations. The bookstore itself grew from being one of several tenants in the underdeveloped property at 118-124 Brisbane Street to being owner of the whole property, occupying most of it and renting the remainder at a price, which recognized the value of the CBD location. The building was renovated and extended, with display areas being refurbished several times to keep up with changing retail needs. The increased capital required was raised by issuing new shares, which were taken up by people already closely associated with the company. The largest shareholders were members of the Birchall or Tilley families with an increasing number of small parcels of shares owned by staff of the bookstore. The Tilleys were the major purchasers and emerged as dominant in
the management of the company. The Birchalls, particularly Mrs. Doreen Thomas and Dr. Ida Birchall, continued, however, to hold the majority of shares.

The increased engagement of staff reflected in their taking up of small parcels of shares was also significant. The arrangement was that staff purchased shares offered for sale at a going rate established by the company auditors’ fair valuation. A limitation was that these shares could only be traded among staff. Ray Tilley guaranteed that he would buy the shares of any staff member who wanted to sell for their face value even if this was greater than the auditors’ valuation. This served to encourage wider ownership and to formalise the policy to ‘share the ownership of the store with the staff” (Interview, Ray Tilley, 14/8/2008). While some of these shareholder employees were Tilleys, and indeed Corricks, many others, especially long term, employees took the opportunity to share in the growth of the company. In any case the fact that a significant number of people working in the bookstore every day had an interest in the long-term profitability of the company reflected and contributed to a change in their motivation and also a change in the focus of the store’s activity. Several of these employee shareholders also became Directors and this added to the character of an organisation being run by those who worked in it. By the end of the 1950s Birchalls had emerged as a strong and confident retailer well placed to move with the times and retain its place in the Brisbane Street CBD as other old established Launceston firms began to struggle. This was recognised in the trade as well as at both local and national levels, with Stan and Ray Tilley taking positions of leadership in the Australian Booksellers Association (ABA) and the Retail Traders Association.
Chapter Five: Committing to Innovation, the 1960s

The 1950s had been a time of extraordinary growth in the Australian economy. Importantly for Tasmania and particularly northern Tasmania this was driven by a wool boom fuelled initially by the Korean War early in the decade. Both growing and processing of wool to meet high international demand created wealth and jobs in the region. Migration from war-damaged Europe began to impact on economic conditions from 1946 but the massive Commonwealth assisted immigration program really began to boost national population and market demand from the early 1950s. The impact in Tasmania was slightly different from that nationally with proportionally fewer, and particularly fewer non-British, migrants making it their home. Nonetheless the impacts were substantial and by 1960 9% of Tasmanians had been born overseas, compared to 17% nationally (Robson, 1990:514).

During the 1950s, Birchalls had recovered from the disruption of wartime conditions and had been able to take advantage of the growth of the Australian economy and population. The bookstore established a trading pattern characterised by increasing turnover, improving annual profits and high dividends. It was also the period in which both effective and formal control of Birchalls moved from Jack Birchall to Stan Tilley. In this change of control the roles of the Birchall and Tilley families were significant. Not only did the Birchalls shareholding decline as the holdings of the Tilleys increased, but apart from Jack there were no Birchalls directly involved in the day-to-day operation of the bookshop. The Tilleys on the other hand had not only Stan but also the next generation of Ray, Norm and John all involved as employees, shareholders and, towards the end of the decade, directors.

The 1960s were to see even more rapid growth in the economy and another shift in control of the company as operational management progressively passed into the hands of Ray Tilley. Even in the context of a growing national economy Tasmanian economic performance in the decade as remarkable. Driven by the Labor Party State Government policy of hydro-industrialization and the cheap power it delivered to potential investors in industries located in Tasmania, the State experienced much higher rates of productivity and particularly manufacturing growth than the mainland
This modernization of the economy attracted national retailers to commercial centres such as the Launceston CBD and traditional enterprises faced serious competition in their own local market. Birchalls’ response was its own program of modernization led by a new generation of management epitomized by Ray Tilley.

Throughout eastern Australia the decade started with a heat-wave. In Launceston temperatures were above 30° celsius for days at a time. The impact of the heat on retail trading is not recorded but staying indoors with a good book may have been an attractive pastime in January 1960. *The Examiners*’ top selling books for the month were:


Birchalls had never been just a bookseller with product lines such as sporting goods, gifts and toys bringing it both customers and profit outside areas normally found in a bookshop. The book-trade remained, however, the company’s *raison d’etre* and the changes in reading behavior and publishing in Australia as the nation became more cosmopolitan and better educated presented challenges, which the 120 year old bookstore needed to meet to ensure its survival. It did this by a combination of reliance on its tradition as an integral part of the community and by innovations, which fundamentally changed the way it did business.

*Ray Tilley’s modernising agenda*

Ray Tilley’s agenda for modernizing Birchalls’ operations had been a long time in the making with ideas for how to run things better developing as he moved through his varied positions in the business from 1939. Long serving staff remember Ray in this period as being ‘full of new ideas, a bit of a smart aleck sometimes but very hard working’ (Interview, McCarthy, 30/5/2008). These characteristics had already been evident in Ray’s time at Birchalls as he moved from sweeping the floors to being the agitator for change on a deeply conservative Board of Directors. In early 1960,
however, he got his first real chance to implement change from a position of authority.

This particular opportunity arose when Stan took six months leave to travel overseas with Elsie, and Ray was appointed by the Board of Directors to act in his stead. He seems to have seen it as an opportunity to establish a more systematic agenda for change using some of the ideas he had been previously able to act on only in a piecemeal fashion. Typically his priorities were the company’s human and physical capital with staff training and performance and the physical state of the premises being the first issues he tackled. The fact that he looked beyond what training could be done locally shows an openness to new ideas which characterised his management style. In the first months of 1960, he sent the new head of the pen section within the stationery department to Melbourne for training with the Sheaffer Pen Company. He also arranged for four of the sales staff to enrol in the Melbourne Technical College correspondence course in salesmanship, paying their fees and offering to add a bonus to their wages if they completed the course. In respect of the performance of more senior staff, Ray’s suggestion that incentives be introduced to encourage supervisors in various departments to increase turnover was implemented. John Tilley, in a contemporary accountant’s report to the Board, identified an increase in turnover, which he attributed directly to the introduction of these incentives (Minutes, 20/4/1960).

Ray’s interest in the questions of labour productivity more generally, was also recognised outside the company and saw him appointed as the employer representative on the Tasmanian Ironmongers Wages Board (Minutes, 3/8/1960). The Wages Board system had been part of the pioneering Australian system of compulsory conciliation and arbitration introduced in the early 1900s to provide an orderly way of managing debate about ‘fair and reasonable’ wages and to prevent industrial disputes escalating to the point that they disrupted economic and social life. Tasmania had stuck with industry based Wages Boards, made up of a representative of unions and employers plus an independent chairman, while most other States were establishing a more centralised system with a single tribunal of professional arbitrators. In one of the anomalies, which generally plagued the overly-legalistic industrial relations system, the Tasmanian Ironmongers Wages Board had coverage of
shop assistants. So Ray’s involvement in it, as an employer representative, made good sense. That he had been asked to represent employers in general was also a sign of the increasingly high regard in which he and Birchalls were held as reputable employers. The position was honorary and the time Ray contributed to it over the next decade was considerable.

Ray’s long running interest in the company’s physical capital saw him use his period as acting Managing Director to call for general discussion among staff on ‘all the improvements necessary throughout the store’ (Minutes, 30/5/60). The strategy of consultation in what had been a strictly hierarchical enterprise is worth noting as another step towards modernising the company’s style of doing business. The resulting list was narrowed down with 13 areas of achievable improvement being identified. The six which Ray reported to the Board as immediately actionable were: lighting, heating, presentation, decimal calculators, filing and creditors’ ledgers. The remaining improvements were identified for action in the near future.

Stan Tilley returned from his international trip with reports on the International Booksellers Conference in Ireland and the International Book Fair in Vienna, both of which he had attended while on ‘holiday’. He reported having negotiated better trading terms with some international suppliers and indicated that he also had some new ideas to contribute to change in the company. He was taken, for instance, by the extent to which book sellers internationally were operating staff shareholding schemes and proposed that 2,000 additional shares be made available for purchase by Birchalls’ employees (Minutes, 1/1/61). For their part Ray and Norm increased to £250 per annum the amount of their salaries.

These first years of the decade saw the Australian Government embark on a policy to slow down what was thought of as a dangerously booming economy. Commonwealth Treasury officials were warning that ‘at the beginning of 1960 ... the price and cost movement ... had already started to come too fast ...’ (Treasury, 1960:7). The resultant ‘credit squeeze’ dented business confidence and dampened demand. Birchalls’ turnover continued to increase but the rate of increase slowed to 2.5% in 1960 at the same time as overheads increased 15.5% largely because of an increased wages bill (Annual Report, 1960). This was a result of the
industrial relations system providing wage increases in line with inflation. Nett profit for the year was still good at £10,225 and, in recognition of this, the dividend on ordinary shares was set at 8.66% (Minutes, AGM, 22/12/1960). The 1960 result was the second consecutive annual contraction of nett profit after many years of increases. The Board’s response was not immediate but by mid-1961 it was noting that ‘office and administration expenses had increased out of proportion’ and needed to be cut back (Minutes, 5/6/1961). Ray was vocal in meetings arguing for a positive approach to increasing productivity in addition to vigilance in terms of cost. In particular he called for more staff training, a complete set of written company policies to systematise procedures and more renovations to modernise the shop. The Board was not ready to rush into anything, which involved the possibility of expenditure in new areas, but agreed that ‘a comprehensive staff training scheme be considered’ and asked Ray to draw up a set of policies which were also earmarked ‘to be considered’ (Minutes, 5/6/1961).

The renovations which had been identified as needed in the staff discussions a year earlier included significant rebuilding of the first floor. This was agreed to and acted on quite quickly. It included the area in which the education department operated. Its ‘unsafe’ flooring, which was a legacy of many years of ad hoc renovation, had been a concern for some time, especially with children coming into the area. As well as re-flooring this level, partitions were removed to make a more customer friendly open space (Minutes, 9/8/61). Ray’s medium-term plan was placed before the Board in August 1961. It was the company’s first planning document and is interesting because it started from a general theory of retailing and applied this to bookselling and then to the general policies and specific actions Birchalls needed to take. With elements of vision, strategy and planning it would not seem a remarkable document today but in 1961 it was up with best international practice and derived from Ray’s broad reading of the burgeoning field of management studies. Its conceptual underpinning was the idea of developing a ‘store personality’ which emphasised ‘local, friendly service’ as the way to building a competitive advantage over interstate and, less customer oriented, local competitors (Minutes, 9/8/61). As we have seen the competitive environment was becoming an increasing challenge and Ray’s
proposition was that the company could not simply rely on its reputation but had to change its own *modus operandi* if it was to survive.

The key element in delivering this, according to Ray’s thinking, was to be found in how staff went about their work. Specific actions needed to increase the capacity and motivation of staff were identified as: seeking and keeping key personnel; staff training at all levels; payment by results; and sharing the ownership of the company with the staff. It was an ambitious plan, which contrasted with views that Birchalls historical advantage of its record of service to the local community would be enough to maintain customer loyalty in the face of increasing competition. Ray’s approach did not ignore this advantage but sought to use it as a building block to better performance. He emphasised the need to develop a distinctive way of doing business with a community in which the company and its staff were already embedded. Ray’s five year plan to achieve this included expansion with branches in Hobart and Burnie, as well as, the remodeling of the main store to facilitate the introduction of modern retailing and particularly self-service and check-out facilities (Minutes, 27/9/61). The latter idea was quite at odds with the traditional way of selling books in a rather genteel fashion, in which bookselling was seen as a level or two above ‘ordinary’ areas of retailing. This approach had the effect of keeping the price of books, and the cost of selling them, high. Birchalls was increasingly moving towards an approach in which the principles of mass retailing were applied to its business model.

Mid-year trading results kept the Directors’ focus on the need to improve performance with profit in Launceston continuing to fall. While Directors remained confident recommending dividends of 6% on preference and 7.5% on ordinary shares, they were alarmed at cost increases (Minutes, 27/9/61). This created a more receptive climate for the new ideas than might have otherwise been the case and suggestions for cost reduction focused on the need for training staff to increase productivity as well as on reducing stock and purchasing new stock only on the signature of a Director. It also created considerable enthusiasm for the potential effectiveness involved in self-service and check out shopping with both Norm Tilley and Ida Birchall speaking strongly in favour of it (Minutes, 27/9/61).
Stan’s annual report indicated that the major source of declining profit was an increase in stock (Annual Report, 1961). While this increased the company’s asset base it was financed from borrowings and therefore created a liquidity issue. The final nett profit of £8050 was £2165 less than that of the previous year and, in the light of this third successive decline in annual profit, Stan concluded somewhat ruefully that ‘the whole policy of the company may have to change’ (Annual Report, 1961). The reduction in profit was also discussed at the shareholders annual general meeting with Geoffrey Pinel and Norm Tilley pointing to constraints imposed by the building and its organisation. Norm’s pessimistic conclusion was ‘that under the present shop lay-out the Company had reached capacity trading’ (Minutes, AGM, 15/11/61). The year ended in discussions with the Bank of New South Wales as Stan sought finance for the necessary alterations (Minutes, 13/12/61).

The falling profit figures do not seem to have deterred the Tilleys in their acquisition of shares with John joining his brothers in being paid £250 of his salary as shares from early 1962 (Minutes, 14/2/62). It did, however, prompt a re-think of how the company measured its performance with the introduction of the concept of the ratio of profit to turnover as a key indicator. The first calculation of this type put before the Board was based on gross profit (Minutes, 18/6/62). This was quickly amended to being based on nett profit as a more reliable indicator with the ratio of profit to turnover reported as running at 5.88% in the 1961-2 financial year (Minutes, 15/8/62).

In the meantime the Bank of NSW had, after considerable hesitation, offered an additional loan of £14,000 at 7.25% (Minutes, 18/6/62). The credit market was still tight and it took a considerable amount of negotiating for Stan to convince the Bank that Birchalls were a good risk. The rebuilding went ahead immediately with Ray complaining that the delays had the effect of putting back the introduction of the self-service style of operation. He was, however, able to use the time to train the first three check-out operators (Minutes, 17/10/62). The flexibility introduced by the self-service and check-out systems was a major innovation for Birchalls and a significant departure from the way in which books had traditionally been sold. Under the system, which had operated in book retailing generally staff had been organised into a rigid hierarchy. The knowledge of books, authors and publishers conformed to this hierarchy with the senior staff hoarding this knowledge and junior staff having to seek
advice on quite routine issues. The inflexibility of this system meant that very few activities could be conducted without direct supervision. This seriously undervalued the potential contribution of lower level staff and created a huge, unproductive and costly workload of supervision. In practical terms it meant a lot of wasted time, in which staff were interacting with each other rather than getting on with the business of selling books.

_The Examiner_ headlined the announcement of the self-service system as ‘Another First for Birchalls’ (_The Examiner_, 3/12/62) suggesting that ‘the opening of Birchalls self-service gift store, the first in Australia, is only one of the many Firsts for Birchalls’. The newspaper report repeated familiar claims to Birchalls’ roles in the invention of the writing pad, the introduction of the ballpoint pen to Australia and the development of the international book numbering system. The hyperbole shows the growing reputation of the company for innovation and the pride some local opinion makers took in its forward-looking approach. In terms of the practical management of operations, however, the implementation of change was quite cautious. The new service did not operate from the start throughout the store but was introduced into the gift store in time for pre-Christmas sales starting on 12 December 1962 (_The Examiner_, 12/12/62). Possible resistance from customers to transactions governed by unfamiliar machines rather than familiar shop assistants was addressed in a series of advertisements. The self-service technology was explained in National Cash Register (NCR) adds embedded in Birchalls’ material which advised customers that the new system relied on ‘Four National Class 51s’ which would ensure a high ‘speed service at the self service check outs’ (_The Examiner_, 8/12/62). Birchalls own advertisements in this period are also indicative of the aim of introducing change but doing so in a cautious fashion.

The ambition of the business is clear in the more general advertising of this period. At the top end this involved the full-page spreads, which were quite unusual among local retailers with only Coles and Woolworth having adds of similar size. The care to keep costs down is seen in the fact that Birchalls kept such high profile and expensive marketing to the peak trading periods of Christmas and back-to-school periods. Even in these periods the store did not advertise at this level every day. Daily advertising was, however, a feature of Birchalls marketing in the 1960s but
consisted of small adds of half a dozen lines, usually featuring a particular book, a new stationery line or a new stock of toys. On some days Birchalls had as many as 20 such adds in The Examiner.

Once the gift store checkout proved itself in practice, the new system was introduced throughout the store. This had useful impacts on staffing. The more flexible approach of a self-service and checkout system required two quite different types of knowledge. On the one hand it required knowledgeable floor staff, who could answer customers’ questions using their familiarity with books and their understanding of the needs of individual customers. On the other hand it required a separate set of staff, who rang up the sales at the till. Advances in cash register technology had created a specific set of retailing skills required for the checkout procedure, which had little to do with the book trade specifically. As Ray Tilley recalled it, the company ‘could train bright young people more or less straight out of school to be very efficient operators on cash registers in a very short time’ (Tilley, 1992b:8). It also created the potential for stock control through the point of sale although the cash register technology was not quite able to facilitate this at this time.

_Accessing employees’ ideas for change_

The introduction of the new system required both this new type of employee, the cash register operator, and considerable re-training of current sales staff. For this purpose Ray introduced ‘weekly pre-work sales promotion group meetings’ (Annual Report, 1962). The idea was to promote a focus on sales performance and to use staff experience to develop ways of dealing with the practical problems, which arose in their work. The meetings were run as brainstorming sessions and the approach was to become a feature of Ray’s management technique. He spelt out the detail of his approach in an undated document, which shows the same combination of serious theory and detailed application as his five year plan. It also shows the emotion and enthusiasm he brought to new ideas. His ‘Notes on the effective conduct of sales promotion “brainstorms”’ stated that:

> What we are seeking in these meetings is interest and involvement by all those present in a quick fire, idea sparking session in which each mind stimulates the others. When it works it is exciting, even thrilling! (Tilley, n.d., Notes)
The meetings settled into a pattern, which was simple enough but represented quite a revolution in the way Birchalls’ management gathered and focused the knowledge of its staff to improve performance. Ray’s starting point was that the meetings had to be planned with a focus on one or a small number of specific problems. These needed to be introduced so that they captured the attention of those in the meeting with this often involving the use of props or gimmicks. The benefit to be derived from addressing these problems then needed to be spelt out. At this point the conduct of the meeting needed to change focus to get staff directly involved. Here the approach had much in common with the ‘creative destruction’ made famous by economists observing innovation (Schumpeter, 1950: ch. 7). Ray would ask leading questions to spark up spontaneous and humorous comment for example:

- What is the most ridiculous way we could do this?
- Why would people buy this?
- How could we cause a riot?
- What is the biggest ….. you have ever seen?
- How could we make one bigger?
- How could we make headlines in the newspaper?
- Can we turn the whole thing upside down?
- What is the most exciting thing that ever happened to you? (Tilley, n.d.c)

Ray insisted that every idea thrown up in these meetings was likely to be useful and made sure that all were written down. This gave the ideas status and helped achieve his aim that nothing should be dismissed and that all staff should feel able to contribute. It also had the advantage of focusing thinking on new ideas and how to improve rather than on old grievances. His procedural notes remind him not to permit criticism or ‘grizzles’ and to keep ‘an open mind on the possibilities of every suggestion you have received crazy and otherwise’ (Tilley, n.d.c).

Ray’s notes also dwelt at some length on the need for follow up after each meeting including acting quickly on those suggestions which were straightforward and throwing ideas back at staff who had made suggestions which had potential but required more development. Action taken on ideas suggested in meetings needed to have a specified timeline and be reported back to subsequent meetings to maximise the benefits of engaging staff and recognising their contributions. His notes focus on keeping the messages about the usefulness of suggestions positive with an underlined note at the end reminding him ‘don’t lecture to participants’ (Tilley, n.d.c).
The enthusiasm, which flows through such a document provides an insight into how Ray carried his faith in the future of the company on his sleeve as an emotional commitment. The change to selling based on customer ‘self-selection and checkout’ did have an immediate impact on trading outcomes. 1962 ended with a nett profit increase of 90%, which Stan attributed directly to the new system (Annual Report, 20/11/62). This rested on a 14.42% increase in earnings and costs being held to a 6.66% increase. Norm had become more pessimistic about the new system and told the AGM of shareholders that far from being convinced of the benefits they should focus attention ‘on the heavy expenses involved in the changes over to Self-Service and Check-out’ (Minutes, AGM, 21/11/62). While these were not detail he appears to have been referring to the cost of the new cash registers, the building alterations the new system required and the new staff and training costs. With an ordinary share dividend declared at 10.5% it seems the Board and other shareholders were more persuaded by Ray’s optimism.

In 1963 the impact of the changes in store lay-out and the move to self-service were felt over a complete year of trading. Nett profit stood at £10,756 and dividends were fixed at 9% on ordinary shares and the regular 6% on preference shares. Stan Tilley’s annual report gives the figure of £16,000 as the cost of the capital expenditure involved in the renovations. That this was met from working funds rather than from increased borrowings shows just how well the company was performing. It also, however, exacerbated the liquidity problem, which he proposed solving by offering 11,000 new shares at £1 each. Stan estimated that all round turnover had increased 20% as a result of the alterations and concluded that ‘we now have a modern store capable of effectively displaying our merchandise’ (Annual Report, 1963). The Managing Director saw the changes as providing a sustainable base for the Launceston store to survive any foreseeable challenge but warned that more capital would be needed if the company was to act on the plan for expansion outside its home city. He saw this capital as coming from direct investors rather than more borrowings indicating to shareholders that ‘additional expansion requires new shares’ (Annual Report, 1963).

*Barriers to growth*
With the Brisbane Street store performing strongly, Birchalls faced two major challenges to a strategy based on continued growth. One concerned the difficulties of establishing a successful business model outside Launceston. In its home town the store had a level of both customer and employee loyalty which would not necessarily be the case if it were to expand into new locations. The other difficulty was the reluctance of some major shareholders – especially members of the Birchall family – to expand the company’s share issue or to reward the executive employees, especially the Tilleys, for improved company performance. Without this type of incentive it must have often appeared to the Tilleys that any success they achieved in the company benefitted the absentee investors more than those actually doing the work in the company.

A case in point of the locality advantages in Launceston was that the store in Devonport continued to trade poorly. A reduction of staff, of one full-time and one halftime employee, in mid-1962 had helped contain costs (Minutes, 18/3/62) but by the following year inflation had eaten into these savings and Norm reported to the Board that ‘disappointing sales figures in Devonport … will need to be investigated’ (Minutes, 17/4/62). There is no record of the outcome of this investigation but when the Birchalls estate, which owned the Devonport premises, increased the rent it was noted that this created ‘an urgent need to increase sales to match’ (Minutes, 24/7/63). Ray’s approach was direct and market focused. What the Devonport store required immediately, he told the Board at the end of 1963, were alterations to improve the shop-front and display areas (Minutes, 11/12/63). He also suggested that extra trading be considered to make the store accessible in the morning and late afternoon to match pre- and post-work shopping times of town-based employees.

Early in 1964 the Birchalls estate sold the Devonport premises to a Mrs. Gott. Ray saw an opportunity in this and opened negotiations regarding improvements (Minutes, 19/2/64). Mrs. Gott’s response was that she had no interest in renovating and that she would only agree to the tenants carrying out their own minor repairs (Minutes, 17/6/64). The annual report noted that the Devonport store ‘continued to be a problem’ but in view of the leasing arrangements, which at 3 years were considered too short-term to justify expenditure, and the attitude of the owner, there was little chance of improving the premises (Annual Report, 11/11/64). It was, however,
possible to achieve ‘minor improvements to the display window … [through] use of additional window space’ (Minutes, 9/12/64).

In terms of other avenues for expansion Ray had been investigating possibilities in Hobart. In mid-1963 this focused on Jacksons Newsagency at 132 Liverpool Street, which was said to be likely to come on the market (Minutes, 24/7/63). A year later the Board was still discussing this possibility along with other possible locations nearby (Minutes, 26/8/64; 23/9/64). Some progress seemed likely at the end of the year when an option to purchase 135 Liverpool Street from Miss Olga Nelson was negotiated. The Bank of NSW was approached regarding funding the purchase but their earlier reluctance to extend credit also prompted Stan Tilley to approach the solicitor Mr. O.R.M. Green as a possible source of funds (Minutes, 18/11/64).

Regardless of how others viewed the company’s prospects, its employees and particularly its working directors continued to regard a shareholding in Birchalls as worthwhile. In October 1964, staff members Mr. R.D. Shaw, Mr. Barry Bracken, Mr. Ian Drinkwater, Mr. R. Whitmore and Miss Pat McCarthy each purchased 50 shares taking the total subscription to 55,987 of Birchalls’ authorised ordinary shareholding of 70,000 (Minutes, 21/10/64). At the end of the year Stan Tilley gave 500 of his shares to each of Ray and Norm ‘as a Christmas gift’, while Ida Birchall gave 250 of her preference shares to her nephew John Thomas (Minutes, 13/1/65).

The year ended with a slightly improved nett profit (£11,369) despite a significant increase in the cost of wages – especially for juniors - again due to award movements flowing through the industrial relations system. Stan Tilley’s concerns about liquidity were allayed by the Bank of NSW extending the company’s overdraft, although the lack of working capital remained a problem in terms of possible expansion. The General Manager’s view was that additional borrowings should only be used for expansion from which additional income could be expected and that in the meantime it was necessary to ‘keep a close watch on buying and the level of stocks in each department’ (Annual Report, 11/11/64).

The changing status of Ray Tilley in the company was recognised in his promotion to the position of General Manager. Stan had himself held this position while Jack
Birchall was Managing Director when he had exercised increasing operational and eventually strategic control over the company’s activities. The position had been vacant since Stan took over the reins of the company after Jack’s death. Ray’s promotion to General Manager recognised formally that a similar process was underway with him and Stan sharing the executive leadership of the company as Stan and Jack had previously. Ray’s statement to the Board that the new arrangements would give him ‘more time for the detailed planning of the policies and future progress of the Company’ (Annual Report, 11/11/64) leaves no doubt that he saw the hand over of influence as being well advanced. It is also clear that he saw his plans for expansion as being in place and endorsed by the Board. Stan’s annual report gave his formal support to this noting that the search for additional outlets should continue, despite fears of over-extending resources, because the Launceston store could service additional outlets without more capital expenditure on the Brisbane Street property.

The situation in which the Tilleys controlled the operational activities and strategic direction of the company in which Ida Birchall and her sister Doreen (Mrs Harold Thomas) continued to hold the majority of shares always had the potential for friction. This became a particular issue early in 1965. Ida had submitted a series of questions to the Board about expenditure focusing on bonuses for executive employees including Stan, Ray, Norm and John Tilley. Questions were also raised about the disparity between dividends on preference shares (which were largely held by the Birchalls) and ordinary shares (which were held by both the Birchalls and the Tilleys). Stan Tilley had provided a report on these questions (Report, 24/2/65). This set out the company’s bonus payment policy ‘to pay by formula according to results’. It showed that the formula for payment did indeed favour the Tilleys but that this was based on their roles in the executive of the company. The relativities were: Stan as Managing Director on an annual bonus of $350; Ray as Director and General Manager on $500; Norm as Director and Manager Education Department on $500; and John as Accountant, Secretary and Office Manager on $400. Five managers of departments and branches also received bonuses as did the Assistant Accountant (Miss Patricia McCarthy). Their normative bonus was $50.

The thinking behind the Birchalls’ questions seems to have been that the Tilleys, by virtue of their role in the management of the bookstore, were taking unearned money
out of the company in addition to the dividends they derived as shareholders. The formula gave some superficial credibility to such a view. But the facts that payment was related to company performance and that it was voluntary contributions by the Tilleys, which were keeping the liquidity problem under control did not. For instance, the executive bonuses had been paid in 1964 on the basic formula but no bonuses were paid in 1963 as ‘it was felt by the Board that profits in that instance were not sufficient to warrant a payment’ (Report, 24/2/65). A listing of ‘unsecured depositors’ to company funds also showed that the only money coming into the company other than through its trading came from the Executive Superannuation Scheme, and from the individual working directors through ‘undrawn dividends and salaries’ (Report, 24/2/65). In both instances this meant the Tilleys.

This explanation was apparently not satisfactory to the Birchalls. In March 1965 Doreen’s son, Richard Birchall Thomas, sought and attended a Special Meeting of the Board of Directors to raise concerns about the company. Stan Tilley opened the meeting by observing that although Richard ‘has no direct authority from his mother’ it should be accepted that he was present ‘no doubt having the interests of his mother in mind’ (Minutes, 10/3/65). Stan went on to say that ‘in view of the splendid feeling and friendship which has existed for over 40 years between the Birchall family and the Tilley family’ any concerns held by Birchall family members should be placed before the Board.

The issue raised, however, was one of executive salaries and Stan Tilley took the view that this was properly a matter for the Directors only. While it is unclear what Richard Birchall had in mind, the minutes make it very clear that he, and presumably the other Birchalls, were unhappy with something more than salaries and that they were not pleased at Stan’s refusing the have this issue discussed with Richard present. Richard was clearly upset by the way in which his request had been treated and responded immediately by stating

on behalf of his mother, Mrs. Harold Thomas and Dr. Ida Birchall …. [that] the Birchall family wished to dispose of their shares in the Company and required the Managing Director to obtain from the Company’s Auditor a certificate of fair validation. (Minutes, 10/3/65)
It is interesting that this issue of the real value of these shares was raised at this March meeting as two professional valuations had been provided in January. Both valued the preference shares at 13s. 4 p. They valued the ordinary shares at £1/1/- and £1/3/7 (Minutes, 13/1/65). Perhaps it was the low valuation of the preference shares, which had caused the Birchalls to question the state of affairs. In any case Stan undertook to have the company’s auditor, Mr. T.D. Room (FCA) provide a valuation of the share price. This came in at £1/5/3 (Minutes, 28/4/65). In the meantime Ida Birchall transferred 250 of her preference shares to Richard Thomas (Minutes, 24/3/65). This gave Richard a place at the shareholders table in his own right and that may have been the motive for the transfer at this time.

In any case the Birchalls’ family shareholders did not act on Richard’s statement that they wished to dispose of their shares. Instead they asked, as Stan Tilley reported to the Board of Directors, for ‘the appointment of an additional Director other than an employee or a member of my family’ (Minutes, 25/6/65). Stan Tilley appears to have been quite prepared for such a move. He told the Board that:

in order to preserve harmony and to ensure the continued prosperity of the firm, I am quite agreeable to this suggestion on the condition that the appointee is acceptable to the present members of the Board …[and] is prepared to work solely in the interests of the Company as a whole and …. will not represent any particular group of shareholders. (Minutes, 25/6/65)

A local accountant, Mr. William O. Layh, had been suggested by the Birchalls. Stan Tilley had met with him and discussed the situation and told the Board that he found Mr. Layh ‘acceptable’. Layh was therefore appointed the Company’s fifth Director joining the three Tilleys, Stan, Ray and Norm, and Dr. Ida Birchall. He was also allocated 100 preference shares. At the same time a distribution of further ordinary shares was made to Ray (1312), Norm (1025) and John Tilley (833) using the scheme under which all had forgone income which had been held as savings by the company (Minutes, 25/6/65). John Tilley, who was not a Director but attended Board meetings as Company Secretary, also bought the 200 ordinary and 350 preference shares offered by a retiring employee Mr. H.J. O’Brien (Minutes, 27/10/65).

Whatever the feelings of her sister and nephew, Ida Birchall seems to have been satisfied with the outcome. She supported William Layh’s suggestion that 10% of
nett profit be paid to working directors (ie Stan, Ray and Norm Tilley) as bonuses (Minutes, 18/8/65). Her contributions to Board meetings rarely focused on the actual retailing of books other than her suggestion ‘that more theological books could be stocked’ (Minutes, 18/8/65). She was, however, concerned to ensure that the family legacy was preserved and offered to write a history of Birchalls for that purpose (Minutes, AGM, 25/11/65). There is no record of this having been acted upon.

The issue of under capitalisation was addressed in a systematic way in late 1965. There had been discussion about increasing the company’s authorised capital by substantially increasing the number of shares with an additional 50,000 ordinary and 30,000 preference shares both being mentioned (Minutes, 18/8/65). Notice of the intention to increase the number of shares in the company from 75,000 (60,000 ordinary and 15,000 preference) to 125,000 (110,000 ordinary and 15,000 preference) shares was given for the AGM of shareholders (Annual Report, 1965). Although purchases were controlled by the Board and limited to existing shareholders or employees by the articles of association, such a large expansion allowed the possibility that the balance of share ownership would shift. Doreen Thomas appears to have been worried that the balance of ownership would move from the Birchalls to the Tilleys. She may also have been concerned that a further step along the road of reducing her family’s identity in the enterprise had been taken with a name change from A.W.Birchall and Sons Pty Ltd to the more generic Birchall Pty Ltd. Doreen’s initial objection to the notice of the AGM was that there had been insufficient notice to give proper consideration to the matter of increasing the number of shares. There was, however, no other shareholder voice raised against the proposal. With profit for the year maintained at £11,162 and dividends at 10% for ordinary shares and 6% for preference shares, and especially with so many being employees and/or Tilley family members, the directors weren’t in a mood to complain. Nonetheless the combined shareholdings of the Birchalls estate, Doreen Thomas and Ida Birchall, still representing a majority of shares and the increase in shareholding was not voted on.

This left the company in a difficult position. It was hard to increase capital without more shares and impossible to expand without more capital. In fact some of the working Directors, but mostly Stan Tilley, had been putting money into the company as ‘savings’ by foregoing salaries due to them over many years. In 1966, the total of
these ‘funds held on deposit from shareholders’ was £30,000 (Minutes, 8/6/66) and with only 843 unallocated ordinary shares remaining to be sold sources of working capital were scarce (Minutes, 16/2/66). The future of the share savings scheme in which Ray, Norm and John Tilley had been participating was clarified with William Layh moving that in future they be paid their salaries in full and be given an annual opportunity to purchase 250 shares each (Minutes, 16/2/66). But the fact remained that the Tilleys were the major purchasers of such shares as were available.

Doreen Thomas remained worried about the relative balance of the two families’ interest in the company, instructing her solicitors to seek clarification of the share holdings and salary benefits accruing to the Tilleys (Minutes, 16/3/66). She apparently deputed Layh to investigate the salary situation. He told the Board that having done this ‘he would advise Mrs. Thomas that he had sighted the salaries and concluded them to be reasonable’ (Minutes, 27/4/66). In fact, Stan Tilley’s salary as Managing Director had not increased in a decade despite the inflationary pressures of the period (Minutes, 22/6/66).

In May perhaps thinking that with salary issues settled it would be possible to move forward by increasing the capital base of the company, Stan moved a motion to increase the number of shares in the company. This was lost on the votes of the Birchalls (Minutes, 25/5/66). The alternative to an increased shareholding was more debt and a second mortgage on the Brisbane Street property was required to meet the costs of renovations in Devonport, provide sufficient working capital and repay Stan £20,000 of the money he had paid into the company as salary and dividend savings (Minutes, 8/6/66; 20/9/66). He may have seen little reason to leave these deposited funds in the company when its major shareholders were unwilling to allow management to address the liquidity issue. He may also have been trying to put pressure on the Birchall family shareholders to act in what he saw as the long-term interests of the company.

A significant reduction in nett profit from £22,324 in 1964-5 to $18,601 (£1=$2) in 1965-6 was a further indication of the difficulties the company was facing. Stan’s Annual Report concluded that the shareholders’ failure to increase shares had limited expansion and suggested that ‘shareholders must realise that the expansion of this
organisation is vital for its commercial success’ (Annual Report, 1966). Despite the shortage of capital in the company, the shareholders voted to maintain dividends at the regular 6% on preference shares and 9% on ordinary shares (Minutes, AGM, 30/11/66).

The different approaches of the Birchalls and the Tilleys arose from the fact that their interests conflicted in a fundamental way. As the major shareholders in the company the Birchalls’ focus was on maximising dividends and not taking risks. On the Board Ida Birchalls’ view was, for instance, supported by William Layh, who opposed suggestions of moving into the Hobart market as ‘too hard, too risky [and] … very dependent on the quality of the local manager’ (Minutes, 27/4/66). As the managers of the enterprise, the Tilleys focused on commercial success and had demonstrated a commitment to putting money into innovation with a view to maintaining the company’s standing as a retail operator to the longer term benefit of shareholders, employees and arguably the local community.

In early 1967 Doreen Thomas and Ida Birchall employed a Sydney based ‘market research consultant’, Ken Tolhurst, ‘to advise … about their investment in the company’. He ‘stated that Dr. Birchall wished to withdraw as a Director of the Company, and that she and her sister wished to dispose of their shares’ (Minutes, 18/1/67). It would certainly make the operation of the company smoother to have a more unified Board and shareholder body but possible purchasers were limited. The Tilleys, however, took a cautious approach to the suggestion. There had been earlier statements that the Birchalls were dissatisfied with how the Tilleys were managing the company and therefore would be selling all their shares, which had led to nothing. Ray went on record stating ‘my sincere regret at this proposed step’ and pointed out ‘that the relationship of the members of the Board with Dr. Ida had always been most cordial and that her wise council and contributions to discussions were appreciated by the Board’ (Minutes, 18/1/67).

While it was soon clear that any move by the Birchalls to sell their shares would not be a quick one, steps were taken to get the shares valued by Price Waterhouse (Minutes, 14/3/66). The Birchalls seem to have run hot and cold on the idea of selling. It was over a year before the Board again had its attention focused on this
issue. The auditor’s report for the financial year 1966-7 valued the company’s shares at $1.135 for ordinary shares and $0.665 for preference shares (Minutes, 15/7/67). Both then had a face value of $1. Ken Tollhurst then wrote to the Board offering the Birchall family shares for sale at $2 each. This may have been based on the view that as the shares had originally been nominated as worth £1, they would now be worth $2. £1 was equal to $2 at the introduction of the decimal currency in 1963. This does not seem to have taken account of market realities. On this occasion, Stan was less cautious of offending the Birchalls telling the Board that ‘he considered this offer quite unrealistic and was extremely doubtful if the Birchall group had any real desire to dispose of its interest’ (Minutes, 19/7/67).

An underlying problem was that the offer to sell was limited by the company’s articles of association, which did not permit the public sale of shares. It was only other Board members, members of their immediate families and current staff to whom such a sale could be made. In addition any sale had to be approved by the Board. As we have seen there was an established trade in the small parcels of shares owned by staff members. So when Ian Drinkwater left the company in 1967 his 200 shares were sold, with the permission of the Board, to John Tilley (Minutes, 25/10/67). The quantity of the Birchall family shares meant that employees were unlikely to take up enough to make disposal attractive. Therefore it is reasonable to conclude that the offer was directed at the Tilleys and they were not in a position to buy such a large quantity at one time.

In the meantime improvements in school ordering had enabled Stan to reduce the short term borrowings by $36,000 in early 1967 and then to announce in May that the overdraft had come down from $85,000 at the start of the year to $5,890 (Minutes, 16/5/67). He attributed this to the improvement in working capital which was now available under the second mortgage arrangements and which had allowed the bookstore to improve its service to customers through the check-out system and a more efficient approach to the schools market.

100 Years of service
In May 1967 The Examiner ran a series of advertisements to celebrate ‘Birchalls’ centenary’ (The Examiner, 18-19/5/1967). In several senses this was historically
inaccurate but it did point to the fact that the bookshop in Brisbane Street had now been known as Birchalls for a long time and the specific date referred to the time at which Andrew Birchall had become effective operator of the enterprise. In any case, the company went to some length to mark the occasion and to remind Launcestonians of its long role in the life of the city. Particular emphasis was laid on the store’s contribution to education and culture since ‘the days of 100 years ago when quills and sealing wax were the measure of the literate man’ (The Examiner, 18/5/1967). As well as paying credit to the historical continuity with the Birchall family managers and managing directors, from Andrew to Frank and John, spanning a century, The Examiner commentary characterised the company’s longevity in terms of growth based on ‘new policies and modern selling methods’ (The Examiner, 18/5/67). The advertisements embedded in the commemorative material are particularly interesting because they provide an insight into how the company saw itself and its core areas of operation. This takes the form of a series of entries on key personnel and their roles in the company.

Stan Tilley headed the list with his long association, from ‘consultant accountant’ in 1923 to becoming ‘Managing Director on the death of Mr J.A. Birchall in 1957’ emphasising the continuity in management. Ray Tilley’s entry, as General Manager, also stressed length of association with his ’30 years of experience in retailing’. In contrast to Stan’s conservative image, Ray was presented as being ‘responsible for the progressive policies which play such a large part in the firm’s growth and its successful operation today’. Norm Tilley was also featured. ‘With his background in teaching, he is well suited to the task of helping schools, students and teachers in this very specialised field’ (The Examiner, 18/5/67).

Special mention was also made of some staff members who were not large shareholders but who captured something of the spirit of the company and its relationship with the community. These included:

Barry Bracken, who had been in the senior management team since 1959 when ‘he took over the management of the Stationery Department’ and succeeded in increasing sales by ‘more than 50 percent’;

Harry Warrener, ‘well known sportsman’, who ‘has for many years managed Birchalls’ Sports Department’ and whose ‘lifetime in the sports trade’ had
given him the knowledge and experience to help others emulate his sporting success;

Marsha Baker who had run the library for 7 years and who was lauded as having brought to it a focus on customer related service;

Miss McCarthy manager of the Gift Department, with ‘the most comprehensive range of greeting cards available in the State’;

Monica Hay ‘Launceston’s best known toy buyer … [providing] expert understanding of the problems of selecting suitable toys’;

Diane Kelp with a special range of ‘internationals’ bringing novelty to cards for special occasions; and

Reg Shaw, manager of the magazine department which handled over 30,000 magazines a month through a system of index cards for each publication and each customer ‘ensuring that customers receive their correct magazine at the correct time’. (*The Examiner*, 18/5/1967)

While stressing the continuity of operation and deep links into the local community, attention to reaching new customers was also evident in the ‘centenary’ publicity. This included advertising in new and startling ways while continuing to stress the long service of the company to the community. So during the celebration of the company’s centenary, staff member, ‘Merylin Hunter, decked out in period dress, rode side-saddle through city streets’ recalling A.W.Birchalls stately ride to work each day a century earlier (*The Examiner*, 19/5/67). Meanwhile Wendy Harris and Jenny Walker, two of the younger female staff members, dressed in ‘red slack suits’ walked along the CDB streets putting coins into the expired parking meters of shoppers. The calling card they left on the cars’ windscreen read:

Birchalls Centenary 1967. Saved by a Meter Maid. Your parking meter had expired and as a courtesy our meter maid has inserted another coin with best wishes from Bichalls Pty. Ltd. Launceston.

The key to the company’s success remained its Brisbane Street store. Its apparently advantageous location was, however, proving something of a problem as the Launceston CBD became increasingly congested by traffic and shoppers’ found greater difficulty in parking their cars. Further improvements to customer access were also being explored with a proposal to buy part of the property of D.W. Murray, which was at the rear of the store. This would allow access to the right of way
exercised by a neighbouring retailer, Coogan, as well as direct access to Paterson Street, which had been an issue for many years.

Negotiations, which would allow expansion outside of Launceston, also continued. In July 1967 Ray reported an approach from Miss D.O. Nielson, owner of 135 Liverpool Street, Hobart, who was prepared to sell at $42,000 with a 60% mortgage over 3 years at 7%. The Board was not keen and minuted that ‘the Company was not at present in a position to make an offer’ (Minutes, 15/7/67). The situation regarding property in Devonport was seen as different. For some time the Board had felt that the property they were now leasing from the Gott family at 85 Rooke Street was limiting their Devonport operation. Aside from anything else, the Gotts had increased the rent by 80% in the 1966-7 financial year (Annual Report, 1967). Ray had been negotiating with E. and P. Richards who owned a drapery business at 44 Rooke Street and was so enthusiastic about the prospects that he had paid his own $20 cheque to the Richards to secure an option to purchase their drapery business for $5,500. The Board ratified this and encouraged Ray to move on it as soon as possible (Minutes, 13/9/67).

Mr Gott attempted to keep Birchalls in his property threatening to sue for breech of the leasing arrangements but Ray was firm stating that the arrangement was now a monthly one. With the initial three years on the lease having expired he gave notice of intention to vacate on December 31. Ray had long argued that the Devonport operation would not improve without significant investment. Finally he got his way. The Board approved John Tilley’s initial estimate of $10,000 to refit the drapery store for book selling (Minutes, 22/11/67). That this was almost twice the purchase price of the business shows the extent to which the Board accepted the need for investment. The total cost of the move was $13,000, which was accepted by the Board as ‘well worthwhile’ to give the company a future in a location in which it had always felt it underperformed (Minutes, 17/1/68).

Ida Birchall told the AGM of shareholders that, in her view, 1967 had been the ‘most successful year in the long history of the company’ (Minutes, AGM, 13/12/67). This may have been an indication that she did not share her sister’s interest in withdrawing from the company but there was also real evidence of success to support her view. The costs of moving to self-service retailing had been successfully absorbed, turnover
was up 11% and the books showed a nett profit of $32,353. Annual dividends were declared at 6% for preference and 11% for ordinary shares.

*Birchalls and Book Week*

The narrative of the evolution of Birchalls Bookshop towards a Tilley family company with a modern business like approach to its operations needs to be augmented by an understanding of the role the business played in the community. To do this it is necessary to go back a few years and mention some of Birchalls extra-mural activities. A very public activity, which demonstrated a social, as well as a business, orientation was the company’s participation in Book Week. This provides a good example of how the company was embedded in both the industry of book retailing and in the regional community of northern Tasmania.

Book Week was of course much bigger than one bookshop. It played an important part in promoting reading and hence the book-trade in general. So Birchalls’ involvement is hardly surprising. The importance of this public promotion of books was particularly acute in regional areas as it not only publicised book related activities but also linked readers to a national and international movement in which reading was promoted as a fundamental element of a modern and civilised society. We have seen that this connection between selling books and high cultural values was part of the history of the book-trade and of Birchalls, especially in its early days. It is interesting to note that the strong focus on improving how Birchalls did business, which characterised its operations in the 1950s and ’60s did not lessen this connection. In fact Ray Tilley who championed the more business-oriented way of thinking in the company was also its main promoter of engagement in Book Week, which he saw as both good social practice and good business. A brief review of the history of Book Week and Birchalls involvement in it illustrates this.

The inaugural Australian Book Week was held in 1945 (http://cbca.org.au). It built on international successes with the USA having held its first Children’s Book Week in 1921.1 In the USA the idea came from the American Booksellers Association and was subsequently taken up by the National Association of Book Publishers. It always

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1 (http://www.cbcbooks.org/cbw/history.html)
had a strong educational flavour with teachers’ organisations, schools and community groups integral to its development. Frederic Melcher, whose 1919 speech at an American Booksellers Association conference is generally credited with providing the inspiration for the establishment of the US Children’s Book Week was explicit in describing this link between books, education and the wellbeing of the community. ‘Book Week’, he said,

brings us together to talk about books and reading and, out of our knowledge and love of books, to put the cause of children’s reading squarely before the whole community and, community by community, across the whole nation. For a great nation is a reading nation.

Similarly in the Australian version of Book Week, the life of the nation and the promotion of books were closely linked. The themes of the first Australian Book Weeks: ‘United Through Books, 1945; ‘Books are Bridges’ 1946; and ‘Books for the World of Tomorrow’, 1947; show the social focus of a nation re-building for a peaceful future.

In northern Tasmania, Book Week was celebrated in association with the Launceston City Library which itself had a considerable history of encouraging reading and hence the book trade. Launceston City Council had taken over the running of the Launceston Public Library in 1945. Like book week it focused its activities on encouraging reading – particularly among the young. Signs of success were that within a year the original children’s section was proving too small and the Library was benefiting from the voluntary assistance of ‘senior scholars of Launceston schools’ (The Examiner, 29/10/1946). It was, therefore, natural that ‘Launceston Book Week’ was based at the Library when it was first held in 1947 ‘with an exhibition in the Public Library Hall’. The civic support received by this venture is evident in its opening which was performed by the Mayor, the Minister for Agriculture and Mr. J.B. Mather, chairman of the book week committee (The Examiner, 29/7/1947). It also featured book prizes for scholarship and community service awarded to Launceston High School students (The Weekly Times, 6/8/1947). The central feature of the Book Week exhibition was ‘a massive copy of Pilgrim’s Progress [that] evergreen children’s favourite’ (The Mercury, 29/7/1947). The City Librarian’s monthly report mentioned the ‘heavy calls on the Staff” involved in setting up, running the display and associated activities, such as film evenings,
throughout the week (LPL, 1947). By contrast in the following year the star of Book Week was 92 year-old Mr. William Lockewood who ‘makes daily visits’ to the Library (The Mercury, 3/8/1948).

In general, however, children remained the focus of Book Week and of the Library’s encouragement of reading. In May 1950, 25 children attended the first reading hour held in the Library (The Examiner, 29/7/1950). So successful was this encouragement of young readers that in July 1950 the Launceston Public Library opened its new children’s library (The Examiner, 28/7/1950). Book Week in the same month featured a display on ‘Launceston Histories and Historians’ (LPL, 1950a), while ‘the Children’s Library occupied the stage of the Hall with an attractive and variegated display of children’s books’ (LPL,1950b). In the meantime the book reading had proved so popular that it was regularised as a ‘story hour for children’ held at ‘4 o’clock each Friday … in the upstairs classroom’ of the new library (The Mercury, 11/8/1950).

Birchalls’ involvement in these activities had taken on a particular focus in the 1960s. Ray Tilley became Secretary of the Northern Tasmanian Book Week Committee in 1961 (Minutes, 5/5/61). This body was responsible for organising the activities of the local Children’s Book Week, held between the 10th and the 15th of July that year. Subsequently as chairman of the committee Ray used the same brainstorming technique he used in Birchalls staff meetings. The Book Week meetings were open to anyone and Ray’s approach was to make sure that ‘all ideas, no matter how outrageous or illogical could be thrown into the pot’ (Interview, 1/2/07). The purpose was to build a positive atmosphere in which people would feel able to put forward their ideas freely. So ‘no criticism of other people’s ideas was permitted and every suggestion had to be positive and build on previous suggestions’ (Interview, 1/2/07).

As Birchalls in general and Ray Tilley in particular became more involved in running the Book Week activities their role attracted criticism from other booksellers who saw them using a community activity as a ‘Birchalls benefit’. While Birchalls clearly stood to gain a competitive advantage from playing a leading role there was a danger that if the company became too dominant this would undermine the authenticity of the local book week. Balancing a desire to be active and show leadership without
destroying the social value of the organisation was a significant conundrum of which Ray made the Birchalls’ Board aware. He argued that the continued involvement of schools, the staff of the City Council and the Library were particularly vital (Minutes, 30/11/66). Also significant was top level civic support and for much of the 1960s and ‘70s, the Mayors of Launceston chaired the book week committee and it became a successful example of co-operation between government, business and community organisations. The increase in credibility and capacity saw the whole enterprise grow until Book Week

Became a huge function, eventually embracing every school and library in the State, with halls and theatres hired for presentations, huge parades of children dressed as book characters, bus trips to places of literary interest and authors and speakers from all around the world. (Interview, Ray Tilley, 1/2/07)

Leadership transfer

Ida Birchall had identified 1967 as a high point in the company’s fortunes. It was at this high point of performance that Stan Tilley announced his intention to retire as Managing Director suggesting 31 March 1968 as a possible date (Minutes, AGM, 13/12/67). When in February 1968 Stan confirmed that he would retire at the end of the following month, Ida Birchall suggested that Ray Tilley, ‘have an overseas trip to examine [the] latest trends in merchandising before Mr. Tilley’s suggested retirement’ (Minutes, 14/2/68). It was a clear sign that Ida, at least and perhaps Doreen Thomas as well, saw Ray’s succession to the Managing Directorship as inevitable. The opportunity for an organised and focused study tour was offered by an Australian Retailers Traders Association tour of the US scheduled to take place in April and Ray was accepted as a delegate. In the meantime, Norm Tilley indicated his lack of interest in the job of Managing Director, even in an acting capacity, saying that he intended to accept Liberal Party endorsement for the winnable federal House of Representative seat of Bass in the election due the following year (Minutes, 14/2/68). In fact Norm became a candidate in the 1969 State election for the seat of Bass but finished well down the list of Liberal candidates in the multi-member seat and was not elected. Stan’s retirement was postponed to facilitate Ray’s being away but Stan indicated his intention of remaining involved as a shareholder at least, by purchasing 3,000 shares from Amy Corrick and 200 from his other sister in-law Elsie Coulter in April 1968 (Minutes, 24/4/68).
When Stan did set a new retirement date for the last day of the financial year he moved that Ray be appointed Managing Director from that date. Ida seconded the motion saying that it was obviously the best course of action and Norm Tilley made a point of indicating that the motion was one he ‘supported wholeheartedly’ (Minutes, 19/6/68). The new Managing Director’s salary was fixed at $6,000 per year and Ida Birchall opened her home to other Directors for a private retirement function for Stan (Minutes, 17/7/68). The Examiner marked the occasion with a short report noting Stan’s last day as Managing Director after 39 years with the company and Ray’s appointment to replace him (The Examiner, 29/6/68). A public function was held at Burwood Cafe on September 4, 1968. Marks of Stan’s success included his achievement in steering the company through Depression and War to achieve its position of relative security and confidence in the 1950s and ‘60s. Another obvious sign of his wisdom as a business leader was the smooth transfer of influence and authority to Ray. Tensions which did exist between Ray’s urge for rapid progress and his father’s more conservative approach had been managed without damaging the cooperation between them upon which the running of the company had come to depend.

That this transfer of interest between generations of the Tilley family was likely to continue was confirmed in late 1968 when Norm transferred small parcels of shares to his wife and children (Minutes, 9/10/68). He remained worried about the small number of shareholders and threatened to resign if further increases in the number of shares were not allowed by the Board (Minutes, 20/11/68). The Annual Report to Shareholders included comments based on Ray’s overseas trip in which he had taken particular note of retailing trends including the open display of books, self-service and check-out arrangements, and ‘merchandising by classification’. For him the retailing practices he had observed in the USA, ‘confirmed the correctness of the policies which this Company has been following’ (Annual Report, 1968). These examples also, however, pointed to the need for continuous updating. The major difficulty this posed, Ray told his shareholders was that the ‘present ceiling on the issue of capital prevents effective long term planning and restricts the flexibility so necessary if we are to be in a position to quickly take advantage of opportunities for expansion as they occur’. In the meantime, however, his international investigations had resulted in short term plans for improvements in ‘ordering systems, buying methods, stock control, staff training, personnel management, accounting control and merchandising..."
control’ (Annual Report, 1968). These plans were accepted by the annual general meeting of shareholders and it was clear that Ray was firmly in control of the company (Minutes, AGM, 11/12/68).

In this situation it might be expected that the pace of change would accelerate and in fact 1969 was a year of great change. Late in 1968 some stability of income had been guaranteed by gaining Woolworths as a tenant but a minor problem of the very limited number of shareholders and a more major and consequential problem of under-capitalisation remained. Early in 1969 Ray moved to substantially increase the employee shareholding drawing up ‘a list of employees he considered would be suitable to be invited to purchase shares in the Company’ (Minutes, 15/1/69). As a result, five employees with more than five years service, Mr. H. Warrener, Mr. W. Alderson, Miss J. McCarthy, Miss J. McGann and Mrs. B. Bean were each offered 100 shares at $1 per share (Minutes, 15/1/69). McCarthy, McGann and Bean opted to buy. This did not do much to bring additional capital into the company but it did spread the shareholding more widely. In the absence of a wider take up by employees an extraordinary meeting of shareholders resolved to remove the word ‘infant’ from the list of people who could not hold shares. This allowed a further distribution of shares within the Tilley family with shares held by Elsie Collingwood Tilley being parcelled out to Gwendoline Ruby Wells (100), Shirley Margaret Foster (100) and Stanley Ross Corrick Tilley (100). A larger parcel of 4125 shares were transferred from Ray to his wife, Yvonne Tilley (Minutes, 19/2/69). One additional staff member, Mr. W.B. Anderson was also motivated to take the option of purchasing 100 shares at $1 each (Minutes, 19/3/69).

The real issue of share ownership, however, remained the balance between the holdings of the Tilleys and the Birchalls. After so many years of tension early 1969 saw real discussions about how this could be resolved. In April the Board was told that it would now be possible to arrange a transfer of all shares from the ‘Birchall Family Group’ to the ‘Tilley Family Group’ (Minutes, 21/5/69). It was noted that Bill Layh has ‘played an important role in bringing about a satisfactory conclusion to the negotiations’ with Norm Tilley and Ida Birchall moving that he be paid a fee for this service. The schedule of transfer of shares was finally tabled in a Board meeting in June. Previously the Birchalls and Thomases held about 64,000 ordinary shares with
the Tilleys holding about 52,000 and slightly less than 1,000 being held by non-family employees. The transfer saw all the Birchalls’ ordinary shares transferred with slightly over 40,000 going to Stan Tilley, 23,000 going to other Tilley family members and a further 500 going to non-family employees (Minutes, 10/4/69; 14/7/69; 17/9/69; 15/10/69). While this did not bring more capital into the company it did remove the problem of the Birchalls acting as a break on management initiative and it did increase the number of shareholders with over a dozen Tilley family members and half that number of employees now holding shares. Immediate liquidity problems were addressed by revaluing and re-mortgaging that part of the property rented to Woolworths. This brought in an addition $20,000 (Minutes, 16/7/69), which had been committed in part to renovations to establish a ‘cash and wrap centre’ in the Toy and Library area and extend the storage available in the backyard (Minutes, 18/6/69).

At the same time as addressing these operational issues Ray Tilley was embedding his philosophy of retailing in a series of policy documents. He recalls that many of these ideas arose from his April 1968 tour of the US and Europe. The US leg had been organised by the RTA and National Cash Register. At this time NCR was vigorously promoting the use of its machines in self-service type operations. Ray added Scandanavia and Germany to his tour because ‘they had a lot of Malls there and also design studios’ he also adds that ‘the skiing was pretty good’ (Interview, 16/12/06). His conclusion is reflected in the documents which he produced at this time but also rested on a long held belief that the ‘champions of retail in Australia had often failed to continue to innovate after the founders of their companies moved on’ (Interview, 16/12/06).

Whatever the source of the ideas, the attention to detail and planning in these company documents from the late 1960s, reveals is interesting because small businesses typically neglect such strategic matters being narrowly focused on day-to-day operational realities and the task of surviving. An undated document, of this period, setting out Birchalls buying policies is indicative of the relationship Ray saw between high level strategic thinking and operational detail. This documents set out ‘the policy of this Store to cater chiefly for the “middle section” of the public; mothers, children, teenagers, families, teachers and schools’ (Tilley, n.d.d). In other
words Birchalls was not to be focused at the top end of the market where a small number of erudite readers had, in Ray’s view, attracted more than their share of attention from the book trade. This focus on the mass market was, however, not to be at the expense of quality and the policy noted that ‘irregular and second grade merchandise may only be carried with the approval of the Merchandise Controller’ who was the General Manager. In addition to the market focus the policy called for attention to long-term partnerships with suppliers mandating that ‘this Store will be ethical in its dealings with suppliers in just the same way as it is with customers’ (Tilley, n.d.d).

While such strategies arguably added to reputation and lay foundations for long-term activity, the operational issue, which continued to loom over the future of Birchalls was that without substantial expansion it faced an uncertain future. There was a move early in the year to investigate Osbourne House in Burnie as a possible site for a new outlet (Minutes, 15/1/69). Nothing immediate came of this but in the middle of the year discussions with the Launceston Teachers College resulted in a verbal assurance that they would be accepting Birchalls’ tender to trade on the campus as the ‘College Book Room’ (Minutes, 16/7/69). This was registered as a separate business name and with a rent of $1,000 per year, the College Book Room commenced trading on August 12th, 1969 (Minutes, 13/8/69). The Annual Report presented this as a most significant development, not only because it represented an additional venue but because of the opportunity this opened for a ‘close liaison with this “Cradle of Teaching” [which] will have many wide-ranging long term benefits’ (Annual Report, 1969). This represented a real opportunity for expansion because it brought the bookstore onto the Teachers’ College campus and into daily contact with both the staff and the trainee teachers. The latter were particularly significant for the future market opportunities they represented. They would complete their training and go to schools throughout the State and elsewhere, taking with them experience of Birchalls as a supplier of their own and their students’ reading and other educational needs.

Following this success, William Layh also suggested that a subsidiary company be formed to pursue possibilities in Hobart and in the same month Ray was given authority to negotiate with Jackson’s Bookshop at 142 Liverpool Street for an option to purchase. His initial estimate of the cost of stock, fixtures and goodwill was ‘about
$40,000’ (Minutes, 13/8/69). While this business eventually went to another purchaser the Board continued to discuss options for an entry to the Hobart market and also canvassed the possibility of partnerships with existing businesses in smaller towns like Deloraine where the size of the market meant that entry as a sole trader was unattractive (Minutes, 17/9/69). At the same time the retirement of R.J. Whitmore, who had managed the Devonport store for several years, created an opportunity for change there. At Ray’s urging, the Board appointed a long-serving Launceston employee and new shareholder, Mr. W. Anderson, as the new Devonport manager.

Revitalising the CBD and computerising the store
In addition to the long awaited move of the Birchalls family shareholders out of the company, 1969 saw the beginning of two developments that were to have profound impacts on how the company did business. The first was that Launceston City Council began developing a long-term plan for the city. For CBD retailers such as Birchalls, the rise of suburban retailing posed a serious threat with the development of suburban shopping malls having led to serious declines in the volume of CBD retail trade internationally and in other Australian cities. Being among the most established CBD retailers and now with its ownership and management better aligned in terms of ideas about the future of the company, Birchalls was in a good position to have an impact on these crucial developments. The second new opportunity was the introduction of computer based business operations. Despite Ray Tilley’s long-term interest in the potential of computers in the book trade, the technology up to this time had made their use in day to day operations impractical. This was about to change.

Issues regarding the difficulties of trading in the CDB had been part of Birchalls existence for many years. At the level of the Brisbane Street property itself, the company had been engaged in disputes with neighbouring businesses and the Launceston City Council over issues of access and car parking. At the level of the broader CBD there was a more systemic planning issue. The well-preserved nineteenth century facades, narrow streets and lack of parking did little for twentieth century style retailing. In 1968, the Launceston Area Transportation Study had been released suggesting that through traffic be concentrated in Brisbane and York Streets to handle the estimated 26,800 vehicles per day, which would be using the new Gorge
bridge. The result would be to make the CDB a more efficient thoroughfare but a less rather than more attractive place for customers with fewer car parking spaces and a less pleasant pedestrian environment.

In January 1969, Ray began approaching other CBD property owners and the LCC with ideas about a multi-story car park (Minutes, 15/1/69). He also approached the solicitor R.M. Green, who, in his role as a financier, was a significant figure for many of the small CBD retailers, including Birchalls. These discussions resulted in an open letter on Birchalls letterhead arguing that a systematic re-evaluation of the relationship between access and retail operations was required (Open Letter, Ray Tilley, 12/3/69). The principles were summarised in terms of ‘distance and environment’: there had to be parking within ‘300 feet [100 meters] of the shops’ and ‘the areas around the shops should be designed as a PLEASANT PLACE for PEOPLE WALKING’ (Open Letter, 12/3/69). Arguing the example of the Hobart City Council’s construction of the Argyle Street multi-story carpark, Ray pointed to a current opportunity in that ‘within the next few days a large area of land in Paterson Street, Nos 41 to 47 …. will be offered for sale’. He also identified several other suitable properties likely to come on the market. Ray was especially focused on those Paterson Street properties, which backed onto the Brisbane Street retail stores, including Birchalls.

Ray anticipated the claim that ‘as a Retailer interested in Profit I have an “axe to grind”’, with the argument that ‘Profit should not be a “dirty word”’ and that profitability of the CBD retailing enterprises was a better measure of the efficiency of the city than the number and speed of vehicles which could be moved through it. He called for four immediate actions:

- That the Chamber of Commerce co-ordinate a meeting of retailers to adopt policies of the city centre;
- That the Transportation Study be explained at a public meeting in terms which ‘laymen’ can understand;
- That if this explanation does not include adequate CBD parking the City Council be requested to resume land for this purpose; and
- That a multi-story car park be designed for Paterson Street. (Open Letter, 12/3/69)
The letter was sent to all CBD retailers with immediate results in terms of creating a public discussion. In response to this and other public initiatives around the Transportation Plan, Launceston City Council was developing its own scheme for the re-development of the CBD. By November this was attracting public comment and Ray spoke strongly to the Board about the need for businesses to engage with this discussion because ‘our future depends on it’ (Minutes 12/11/69).

The second issue, which came before the Board of Birchalls during 1969 and was to have an on-going impact, concerned the relationship between improving technology and the potential for using computing capacity in the day to day running of the business. One of the Board’s last actions of the 1960s was to agree to the purchase of a Burroughs E3553 Accounting Machine with its ‘30 line memory capacity’ (Minutes, 17/12/69). The capital cost of $15,073 and the maintenance cost of $887.10 per year were such major items of expenditure that a full Board meeting was dedicated to discussing the ways in which this machine would enable the company to improve its business operations.

There was a considerable background to this strategic decision. Ray Tilley had long been convinced that there was great potential for the application of computers in bookselling. In particular he had been promoting the idea that they could be used to address one of the industry’s major bottlenecks in storing and retrieving information about books. He saw computing as providing ‘new ways of listing authors, titles and publishers, as well as customers, which can give us information quickly’ (Interview, Ray Tilley, 10/2/06). He had began putting these ideas forward in the Australian Booksellers Association from the 1950s ‘but the others all thought I was a kid without much experience and that was true’ (Interview, Ray Tilley, 1/4/05). The two sides of the equation were the conservatism of bookselling as an industry with its consequent resistance to new technology and the fact that ideas about what computers would eventually be able to do were well ahead of the practical reality of currently available machines. In Ray’s view, Birchalls had been particularly bad at moving with the times and in his first year as Managing Director he had been busy looking into what the available technology could do. What he had found was that some accounting machines had the capacity for simple functions, which could improve efficiency in the bookselling trade. The Burroughs machine seemed to have this potential, but as will
be explained in the next chapter, it was still a long way from fulfilling the promise of a computer age of bookselling and much work had to be done to apply it to the actual practice of bookselling.

Birchalls ended 1969 in an ambivalent position. Ray Tilley’s accession to the position of Managing Director brought a greater attention to opportunities for growth and improved ways of doing business. It also brought attention to problems which others might have been content to sweep under the carpet. The annual report focused on the difficulties posed by lack of liquidity and under capitalisation and announced ‘a policy to restrict capital expenditure unless external sources of long term finance are available’ (Annual Report, 1969). The company’s heavy dependence on its overdraft and credit from suppliers within the trade for its working capital were identified as serious weaknesses. With the Birchall family interest no longer dominating decision making the annual general meeting of shareholders accepted a more conservative dividend of 8% on ordinary shares while maintaining the normal 6% on preference shares (Minutes, 12/11/69). This had been foreshadowed in forecasts provided to the October Board meeting. At that time Ray had suggested that there would need to be a conservative dividend and that the bonuses of working Directors, that is Norm Tilley and himself, be limited to 2% of nett profit. The Minutes of this meeting record that ‘Mr. N.C. Tilley spoke strongly in opposition to the recommendation’ but that it was carried on the motion moved by Stan Tilley and Ida Birchall (Minutes, 15/10/69). A month later at the AGM, however, Norm Tilley remained silent on both bonuses and dividends. What he did speak out strongly on was the need to further increase the number of shareholders so that in the event of his being elected to parliament he would not have to resign. The key number here was 31, being the point at which regulators deemed a company to be no longer a family concern. The total number of Birchalls shareholders, despite the six new employee shareholders, was still only just over 20. Norm indicated that in view of this situation he wished to spread his shareholding among his non-adult children.

The AGM also saw the resignation from the Board of Ida Birchall. Dr. Birchall was also retiring from her full-time medical practice. She had received an OBE in the New Years honours list in 1969 and was widely acknowledged as a local philanthropist. Her contribution at Birchalls was less self-evidently valuable and the
Birchalls’ family holdings in the company had long been an impediment to the progress of the business. Nonetheless her 20 years on the Board was marked with some ceremony. Ida’s resignation had been foreshadowed and Ray had proposed John Tilley as her replacement. Tellingly he listed John’s qualifications in terms of being ‘a specialist accountant [having] a progressive and positive outlook …[and understanding of] new concepts in retailing’ (Annual Report, 1969). The contrast between this emphasis on a modern business oriented approach and the role Ida and the other Birchall family shareholders had played on the Board must have been obvious to many. John was duly elected at the annual general meeting and Birchalls seemed to have taken another step away from its past and towards its future.

Bichalls at the end of the 1960s

By the end of the 1960s then the transition of Birchalls Pty Ltd to a Tilley family company was complete. William Layh was the only non-Tilley family member on the Board and he along with a few employees, all with small holdings, were the only non-Tilley family shareholders. With this change in ownership had gone the development of a more up-to-date approach to running the company. This may best be described as the implementation of the principles of modern business practice. It showed how far the company had moved from the days in which the personal and business activities of Jack and Laurestina Birchall had been inseparable. Now Birchalls was operating as a business independent of the social standing of its principals with the aim of making profit and expanding its share of the market. The positive and negative impacts of this orientation are the major theme of the company’s next decade of operation.

To characterise the company’s situation entirely in terms of change and the innovations, which enabled the company to adapt to it, would not, however, be completely accurate. During the decade there had also been plenty of evidence that Birchalls traditions were valued and being continued. That the company was aware of its historical and community roles and the fact that these were integral parts of its retailing strategy was illustrated by two more specific activities in the late 1960s. In mid-1967 an historic plaque was unveiled by the Mayor of Launceston, Clarence G. Pryor and Dr Ida Birchall. The plaque bore the inscription that ‘Knowledge, Art and Culture have been disseminated from this site since 1844’. The fact that the company
took its role in non-commercial, community oriented activities seriously was further demonstrated by the financial guarantee it provided for the visit to Launceston of the Sydney Symphony Orchestra (Minutes, 20/7/67). Myers, one of Australia’s most successful national retailers, was also involved in support for classical music, and the occasion of the orchestra’s visit saw Jim Martin, a Myer Director and manager of their Adelaide operation, visit Birchalls. He told the Birchalls Board that in his view it had ‘the best store of its kind he had seen anywhere in the world, and that if Myers, Launceston, could make any impression [selling] any of the similar merchandise that Birchalls carried they would be doing a very good job’ (Minutes, 19/7/67). Despite the reservations held privately about the need to grow in order to survive and the under-capitalisation, which was limiting growth it seems a fair assessment of the public face of the company at the end of the decade.
Chapter 6: Expansion in the 1970s

For the book-trade in Australia the period dealt with in this chapter saw a significant move from a dependence on Britain to a more open market. This mirrored changes in social attitudes as the legacy of the British Empire became less important and relations with the USA more significant in political and economic life. Traditionally bookselling in Australia had been treated as part of the British market. This was embedded in policy, practice and law. The *Statement of Terms and Conditions for the Sale in Australia of New Books Published in Australia or in the UK* imposed regulations on booksellers which severely restricted the sources of books available to retailers and imposed a retail price maintenance regime under which discounting was limited. The *Copyright Act 1968* specifically prohibited the importation of US editions of books, which had British or Australian editions. Even British wholesalers were excluded from dealing directly with the Australian public (Zifcak, 2006: 203-4).

It was not until the Whitlam Government reformed these arrangements in 1972 that the protected market began to crumble. This created both opportunities and challenges for an established bookseller such as Birchalls. On one hand it made for a more open market in terms of both sources of publications, which could be retailed, and enabled more freedom in fixing prices and discounts. On the other it allowed entry into the previously protected market of discounters.

In the 1960s Birchalls had taken on the look of modern retailing with its open displays, self-service and payment-at-exit systems. These changes were facilitated by the shift in ownership from the Birchalls to the Tilleys and by the transfer of operational leadership from Stan to Ray Tilley. The 1970s saw this focus on progressive policies taken further, especially with respect to the use of computer technology. Ownership moved increasingly into the hands of those directly involved in the business and Norm Tilley’s immediate family, in particular, began to take more active roles. It also saw Ray embed his search for an innovative approach to book retailing in the operational systems of the company enabling it to achieve long held ambitions for expansion signalled by the opening of the sales outlet at the Launceston Teachers College in 1969.
The 1970s began with Birchalls making a move to a greater accountability in the managerial structure, which saw Norm Tilley, now appointed as General Manager, given specific responsibility for cost controls, including regular reporting, and for the creation of separate operations and merchandising divisions. The latter aimed in particular to focus the attention of staff in this area on maximising sales without the distractions of having simultaneous responsibility for company administration (Minutes, 18/2/70). In the division of managerial responsibility, which followed this, Norm Tilley’s control of merchandising, in his role as General Manager, would have considerable impact on the company as he moved members of his immediate family into management positions reporting directly to himself.

**New Technology**

Of equal significance in personnel terms was the employment of David Harvey as Birchalls’ accountant. John Tilley, who had been in this position for some years is said to have concluded that the company did not have much future. In any case he followed opportunities opening up in this profession and accepted a job in Canberra. David Harvey was to make a huge impact on the company in terms of its capacity to use new computer technology. This was, however, not the simple task of buying a machine at a local retailer and downloading software off the world wide web which it would become later. In the early 1970s, the technology was in its very early stages of development and there was no suitable software for even the simplest data storage and retrieval functions, which were to become central to efficiency in the book-trade.

A second barrier to innovation was the culture of bookselling. The trade was conservative and had done little to investigate the potential of computing for streamlining its operations. Ray Tilley had been an enthusiastic advocate of the use of computers from at least the late 1950s and early 1960s when as Vice President of the Australian Booksellers Association he had advocated their general use and had used his position to promote then radical ideas, like ‘we should be putting a number in every book so that when the computer industry does take off books will be able to be identified by that number’ (Interview, 24/2/05). His view was ‘that computers are coming anyway and we needed to take advantage of that’ (Interview, 24/2/05) but what he saw as proof positive of greater efficiency was not well received at the Booksellers Association. He recalls that ‘in fact they laughed at us. Their view was
that a good bookseller knows all his authors and publishers and can quote them back from memory’ (Interview, 24/2/05). Not only had Ray’s been a lonely voice in the ABA urging greater attention to the potential of computers but to this point the Board of Birchalls had not been keen to take his ideas up.

One problem, which all Ray Tilley’s enthusiasm for information technology could not disguise, was that the potential of computers to be of practical value to small scale retailing had yet to be realised. The concepts, for both retailing and accounting operations, looked exciting but the technology to make them practical lagged behind. The prospect that a small, regionally-based retailer such as Birchalls would pioneer such new and radical ideas carried considerable risk and the Board under Stan’s leadership had not been prepared to take that risk. Continued technical progress meant, however, that by the early 1970s Ray finally saw the opportunity to turn his enthusiasm for computing into commercial advantage. Ray recalls that he and Norm had started to work on uses of computing capacity to improve service when Norm had been Manager of Birchalls’ Education Department:

Norm was much cleverer than me, especially at mathematical and mechanical things. However he and my father were hard to persuade that computers could retrieve and match authors, titles and publishers to customers at a much faster rate and more reliably than if this information was committed to memory. However, David Harvey, our accountant, was familiar with a Burroughs Accounting machine, which had a memory. I said to him, ‘If we were to put book titles, authors and customers into it, the computer would serve them back up to us in an instant. Then items on order could be recalled by author, title, publisher or even date.’ He and I worked together using the Burroughs machine, putting book titles into it and doing our orders through it. Lo and behold we got it to work for us doing some of the things computers do today. (Interview, 1/4/05)

Such a summary makes it all seem such an obvious development but Birchalls’ company records show it was an expensive experiment fraught with risk of failure in which gains were slowly and painfully realised. As we have seen, the initial decision to purchase the Burroughs machine had been made in late 1969 at what was then the alarming cost of over $15,000, almost double the Managing Director’s annual salary. Six months later the machine was finally installed (Minutes, 22/6/70). The long delay was attributed by the suppliers to ‘electrical problems’ (Minutes, 17/7/70). In the following month, however, ‘machine failures were occurring daily disrupting output
and creating difficulties’ for sales and administrative staff, not to mention customers (Minutes, 17/8/70). Ten months after the decision to purchase was made, it looked very much as though the expense and effort would be wasted and the whole idea looked impractical. Ray complained bitterly to both Burroughs and FLA Learning, the company which was training purchasers in the use of the new technology. Their response was a promise to ‘do their utmost to bring it up to standard’ and to send an expert from Sydney to see how the machine was working at Birchalls (Minutes, 17/8/70). A month later this seemed to have fixed the problem and Ray was reporting to the Board that the machine was now operating satisfactorily (Minutes, 23/9/70).

It proved to be an overly optimistic assessment. Despite the considerable expenditure and apparently co-operative attitude of Burroughs and FLA Learning, it took years to develop really effective operational systems integrating the technological change of increased computing capacity into the day-to-day work of the store. When David Harvey joined Birchalls as the company accountant, in February 1971 the Burroughs system was, in his recollection, ‘partly installed’. From the accountant’s point of view, it had proven to be ‘a technical failure, which made accounting almost impossible and had necessitated a return to manual ledger cards for the General Ledger’ (Interview, 2/5/08). In mid May 1971 a list of faults with the Burroughs machine was compiled ahead of a meeting with Burroughs’ State Manager (Minutes, 19/5/71). This list was the basis of a demand by Birchalls that the warranty be extended, which was agreed after some negotiation (Minutes, 14/7/71). The exchanges between the supplier and Birchalls show the determination of Birchalls management and particular of Ray Tilley to work these problems through so that computing became a normal part of the day-to-day operation of the store. In any case the company had made such a huge investment in it, that making the new technology work for both merchandising and administrative operations may have seemed the only option. In terms of Ray’s growing reputation for introducing innovative change, the challenges of operationalising the new technology had both a personal and an organisational edge.

The Managing Director was determined, however, and found an enthusiastic supporter in David Harvey, who increasingly took on the task of resolving the practical problems involved. Part of the solution was to move towards greater use of
new Hewlett Packard hardware. David recalls that Birchalls had been successfully selling Hewlett Packard calculators, while still using mechanical cash registers. So it was a logical step to use Hewlett Packard machines at the cash register. A further logical step was to move away from dependence on the failed Burroughs machine but there really wasn’t a ready-made alternative in terms of software suitable for merchandising or accounting operations. Determined to teach himself how to make these new technologies work, David Harvey enrolled in a Launceston College of Advanced Education computer course in program making. His aim was a straightforward accounting one: to gain the capacity to track sales and purchases by being able to produce daily and monthly reports which allowed comparisons over time. Later he went on to develop his own programs working after hours on a Birchalls’ computer at home to build the software, which made it possible to integrate the new technology into many levels of the booksellers’ operations.

David Harvey characterises Birchalls’ entry into the computer age as ‘tiptoeing’. It may seem timid but it provided a sustainable approach to fundamental technical and operational innovation. By contrast, he recalls that other retailers rushed in with big purchases which sent them broke. Birchalls learned from the Burroughs experience that things had to be taken one step at a time and we really had to teach ourselves. (Interview, 2/5/08)

The status of these learning activities as central to the future of the company was confirmed during 1971 when David Harvey’s contribution was recognised by his first being included as an observer at Board of Directors meetings and then being elected to the Board as a Director in his own right (Minutes, 18/2/71, 14/7/71). This was significant because he was the only non-Tilley family member to be a working Director. He also became a minor shareholder. He recalls that he took great personal satisfaction from the innovation process and provides a key to understanding the motivation, which drives innovators by adding ‘if I didn’t try these new things I would have been really bored’ (Interview, 2/5/08).

*Financing and Shareholding Arrangements*

By comparison with the excitement of innovating and experimenting with the use of the new technology other issues facing the company in the early 1970s seem pretty ordinary. One at least, however, had the potential to seriously impact on Birchalls’
viability as a business. This was the continuing lack of liquidity and the attempts to construct financial arrangements to address this. A new overdraft limit of $40,000 was negotiated with the Bank of NSW to provide funding for the peak stock purchasing period leading up to Christmas as well as paying John Tilley’s considerable termination entitlements (Minutes, 19/11/70, 17/12/70). With the re-valuing of 118 Brisbane Street, however, it was possible to reduce the overall debt burden. A new mortgage of $60,000 from St Lukes Medical Benefit Fund at 8% interest was used to repay the $60,000 mortgage from the former owner Marjorie Atkins at the less favourable interest rate of 8.5% (Minutes, 23/9/70, 15/10/70). These arrangements meant that it was possible to make a nett annual profit of $14,894 in Launceston. The Devonport store, however, continued to trade at a small loss ($478) (Minutes 19/11/70). An additional benefit of moving the mortgage to a local but substantial lender was evident the following year when it was possible to extend the mortgage with St Lukes by an addition $10,000 when it became clear that the need for increased liquidity continued beyond the Christmas and back-to-school peak periods (Minutes, 18/2/71).

The big financial news for the company was that the 1970 AGM of shareholders finally approved an increase in authorised capital to $200,000. This was made up of 30,000 preference shares and 170,000 ordinary shares notionally valued at $1 each. The small number of preference shares tied the company into a modest commitment to an annual dividend of 6%. The large number of ordinary shares, however, attracted dividends depending on annual performance providing greater financial flexibility. In view of the liquidity problems the ordinary dividend was fixed at 5% while the working Directors received modest 2% bonuses (Minutes, 17/12/70). The flexibility created by the new arrangements was evident in the early 1970s, when it was possible to trade off profits and therefore dividends against opportunities to expand the business. So when 1971 ended with an improved nett profit of $16,579, the ordinary share dividend was kept to the previous year’s modest level of 5% (Annual Report, 1971). In 1972, however, when new ventures ate into profits it was possible to convince the Board that no ordinary dividend should be declared (Minutes, 16/11/72).

The expansion of authorised capital and the consequent growth in investment in the company revealed a policy problem around the issue of how to reward new types of
investor. When the largest shareholding had been with Birchall family members who had little interest in the operation of the company, preference shares with a guaranteed income had been supported by the Board because they were desirable for these shareholders. Such shares did not, however, give their holders, including those on the Board, any interest in expanding market share or increasing productivity, especially where there were risks and costs involved. In fact the guaranteed return acted as a block on the introduction of more innovative practices. Not only were innovations costly, but the benefits were much less obvious to those directors who were not engaged in the day to day operations of the company. This was embedded in what Stan Tilley had called ‘the conservative dividend policy’ (Minutes, 19/7/72). This had been renegotiated in 1965 specifically to protect the interests of the Birchall family shareholders as the Tilleys took operational control of the company. After the new share issue, largely taken up by the Tilleys, the company had a majority of shareholders with direct interests in the operations side of the business, but faced a problem of how to both pay dividends and reinvest profits in the business. So the ‘conservative dividend policy’ became a problem because, while it was conservative in protecting shareholders’ dividends, it was also conservative in placing a break on change, which might benefit the operation of the business itself.

Ray Tilley identified this problem for the Board in terms of the different interests of four groupings of shareholders (Minutes, 19/7/72). The first were Stan and Elsie Tilley, who held the largest portion of shares, and although they weren’t directly involved in the business on a day-to-day basis had an abiding loyalty to the company and a personal knowledge of retailing. The second were the working directors and their immediate families, who held most of the remainder of the shares, and whose interests were intimately tied to the performance of the business. The third group were outside shareholders who were remnants of the era in which the company was seen as a vehicle for distributing profits to Birchalls family members. The fourth were employees, whose share ownership, while never great, was seen by the Managing Director as strategically significant because of the commitment to the business it demonstrated.

Ray proposed a scheme under which investors could be compensated when profits were low by means other than dividends (Minutes, 19/7/72). For Stan and Elsie he
suggested a pension of up to $4,000 per annum. For the working directors and their families and the employee shareholders he suggested an annual bonus. The third group of outside shareholders he saw as bringing little value to the company and suggested that the working directors should buy them out. These suggestions were accepted by the Board along with the proposition that only annual profit above $10,000 be allocated for the payment of the bonuses. This put Stan and Elsie’s compensation into the company books as an annual cost and quarantined $10,000 per year for re-investment. The latter was to prove a constant bone of contention with Ray’s view that money needed to be set aside for re-investment running into resistance from other Directors, especially Norm Tilley, who felt that rewarding working Directors and other family members who were large shareholders should take priority. Typically a compromise was arrived at. In 1973 the Board passed a motion ‘that amounts of net profit in excess of $8,500 before tax be allocated to the working Directors as a bonus’ (Minutes, 11/7/73). Elements of the compromise may have been the $1,000 increase in Ray’s salary and giving him control over how the bonuses were distributed.

A side light in the company’s activities at this time were attempts to extract Ray from being the employer representative on the Wages Board. Norm first raised the issue in June saying that the company had done enough and that the workload on Ray had been onerous. Ray’s feeling at the time was that other employers might lack experience and might not be as sensitive to either the book-trade or northern Tasmanian regional factors. The Board resolved that it would try to find ‘a new representative who was interested both in the Book Trade and in Launceston’ (Minutes, 13/6/73). Ray also responded to the pressure from his Board by informing the Retail Traders Association that he’d like to resign from the Wages Board (Minutes, 22/8/73). The RTA found it difficult to find a suitable replacement and asked Ray to find someone but he was no more successful in this. In the meantime, one Wages Board issue of immediate concern for Birchalls was the union demand to discuss ‘equal pay’. Ray seems to have had some ambivalence about this. Women employees accounted for the largest part of Birchalls’ staff and their commitment to the company had been a central factor in its operation for years. The employers in general, however, seemed likely to oppose equal pay demands. Ray reported to the
Board that ‘Birchalls had been asked to attend [equal pay] discussions but he was endeavouring to avoid becoming involved and had refused’ (Minutes, 26/9/73).

*Keeping it in the Family*

Norm Tilley, in his role as General Manager, also launched several initiatives at this time. He took a particular interest in the possibility of purchasing newsagencies which he felt would give Birchalls a foothold in new markets based on an already viable business in an associated area. In January 1971 he was investigating the possibility of purchasing a newsagency in Scottsdale and in July the company took a two-year lease on the Southern Outlet Newsgency and Milkbar at 126 Wellington Street, Launceston (Minutes, 21/1/71; 16/6/71). The latter seems an odd choice as it was less than a kilometre from the Brisbane Street store and seems unlikely to have represented a new market for Birchalls. Both seem to have been dead-ends with no action being taken on the Scottsdale prospect and the Wellington Street newsagency running into difficulties within a few months resulting in a proposal to terminate the partnership with the operators in April 1972 (Minutes, 24/5/72). Norm also made an around the world trip in 1971, to gather new ideas about bookselling attending meetings of the American Booksellers Association and the British Book Development Council as well as spending time in Canada. On return he reported ‘that the Study Trip was well worthwhile and of great value to Birchalls’ (Minutes, 20/10/71). Direct suggestions for improvements were not, however, included in his report.

With the newsagency avenue to expansion seemingly a false hope, Birchalls attention turned to its core business of supplying educational books and materials. As we have seen the State Government Supply and Tender Department had for some time held the view that the commercial booksellers were making unreasonable profits from supplying schools. By mid 1972 this view had hardened into a policy of encouraging schools and colleges to establish their own retail outlets. As a result Birchalls’ credit sales to schools had declined and representations to government seemed to indicate that there was little chance of this policy changing (Annual Report, 1972).

This policy pressure did, however, also create a potential opportunity for booksellers particularly with respect to higher education, where the Department’s influence was less direct. When a tender to operate a book room at the Hobart College of Advanced
Education was let Birchalls were quick to seize the opportunity. Ray and Norm Tilley seem to have shared the initiative and visited the Mt Nelson site together before making a recommendation to the Board of Directors. Norm’s report concluded that an annual profit in the region of $3,000 could be expected from a CAE operation but he also urged the Board to consider gaining a presence in the Hobart CBD (Minutes, 21/6/72). The tender was successful, with Norm negotiating a price of $10,000 for existing stock, the Book Room began operating on an *ad hoc* basis almost immediately (Minutes, 19/7/72). In the following months an Art Room was added because of the opportunity created by J.Walsh and Son having closed their Hobart CBD operation in this area and Norm announced that his son, Marcus, ‘had been appointed acting Manager of the Mt Nelson operation’ (Minutes, 16/8/72; 20/9/72). Marcus had no experience of either the book-trade or other retailing. His lack of experience, however, was off set by enthusiasm and his father’s support.

If the vagueness of Marcus’s initial valuation of existing and newly purchased stock at ‘$20 - $30,000’ worried the Board, there is no reflection of any lack of confidence in the General Manager’s eldest son in the minutes, and the employment of three additional staff members gave him the resources to make the new venture work (Minutes, 24/1/73). The consolidation of the operation included a considerable effort to revitalise the physical appearance of the premises. Ray and Yvonne Tilley spent several weekends working at the Mt Nelson campus ‘to get the shop in shape ready for opening’ (Minutes 20/2/73). By the time of the formal opening ceremony at the start of the 1973 academic year the confidence seemed to be being rewarded with the Board noting that performance ‘had exceeded all expectations’ (Minutes, 14/3/73). The initial day’s turn over alone totalled $4,500 and with an increase in CAE enrolment expected to follow State Government initiatives in teacher education and training, Marcus was formally appointed Manager and authorised to increase his stock.

The model of using the higher education institutions as both a location and a market with Tilley family members managing outlets in them, is also evident in the development of the Bookroom at the Launceston CAE with which Birchalls had first signalled its intention to expand. Given its location, a few kilometres from the Brisbane Street store, it was less of a risk than the Mt Nelson operation. The
appointment, in 1972, of Rita A. Tilley to manage the bookroom was unusual because she had not worked in the Brisbane Street store before this. She was however a shareholder, having purchased 400 shares in mid 1972 when the additional shares had been offered (Minutes, 4/8/72). She was also Norm Tilley’s wife and it seems likely that it was the family relationship and the General Manager’s trust rather than her personal experience, which gained her the position.

In the lead up to the 1973 academic year it was noted that the size of the Bookroom was proving inadequate particularly with the need to store large numbers of textbooks (Minutes, 20/2/73). This pointed to a particular set of problems involved in selling in this market. Neither students in their purchasing nor lecturers in their ordering proved predictable. Typically lecturers would finalise their courses late in the year for teaching which began the following February or March. Student numbers in particular courses would, however, not be clear until around the time those courses began. This meant that the booksellers ordered and paid for their educational books in December, without really knowing the numbers required, but didn’t start selling them until students returned to campuses two months later. Because students would sometimes wait for courses to start to decide if they really needed a particular textbook sales might not really pick up until well into March. The cost of purchasing and holding the often bulky text books had to be factored into accounting practices. The unpredictability was compounded by lecturers, who changed their textbook prescriptions without working out how the bookstore or indeed the students would obtain the new texts. The on-campus locations of the new ventures, in the heart of the higher education market, however, had advantages. Initial turnover was high with the promise of an almost captive market if effective business and operational models could be established.

By contrast the Devonport store continued to perform badly. Norm Tilley told the Board at the beginning of 1973 that he felt it necessary to take a more active role ‘to increase the efficiency and profitability of the Branch’ (Minutes, 24/1/73). He was concerned with the performance of the manager, Mr. W. Anderson, and was providing him with monthly budgets in an effort to help him achieve cost reduction targets. Norm also suggested that Barry Bracken from the Launceston store ought to step into the manager role in Devonport for a period of time to enable Anderson to get
some more training in Launceston (Minutes, 20/2/73). Anderson resigned shortly after this and Bracken was offered the position. Both were shareholding employees with a considerable length of service in the company and it seems to have been felt that this would bring an enhanced level of commitment to the position. Bracken, however, declined and Norm suggested the company ‘ask other staff and then advertise’ (Minutes, 14/3/73).

The immediate up shot was that Miss Josie McCarthy, from the Launceston store, took on the acting manager role and the position was advertised. The Board recorded its appreciation of the fact that Josie ‘filled in at short notice’ and presumably some personal inconvenience until Mrs. H. Gove was appointed to the position (Minutes, 16/5/73). The Board recognised that this was ‘a departure from the Company’s usual policy “to promote from within”’ (Minutes, 16/5/73). As we have seen in the case of the Launceston and Mt Nelson CAEs ‘within’ had come to include not only employees of the company but also Norm Tilley’s immediate family. In the Devonport case, however, there seems to have been no choice of either an existing employee or a family member. Perhaps the fact that the Devonport operation had been difficult to manage successfully for many years made it unlikely that either existing staff or a family member would have been willing to relocate for such a dubious prospect. In any case it was decided that care would be required to create additional interaction between the stores and particularly to ensure that practice in Devonport conformed with the policies and procedures working successfully in Launceston. To this end the Board noted that ‘extra supervision for the next year [was] needed’ (Minutes, 16/5/73).

Norm Tilley as General Manager was charged with particular responsibility in this area. When the store recorded a net loss of $9,016 for 1972-3, however, the Board accepted the recommendation that it be sold fixing a price of $36,000 for stock and goodwill (Minutes, 26/9/73). The sale was rapidly concluded with a Mr R.F. Turner purchasing at ‘$36,000 plus stock at valuation’ and the right to trade using Birchalls name for six months (Minutes, 24/10/73). Unlike the new operations at the higher education campuses, the Devonport store had never been managed by a member of the Tilley family and its failure, especially when compared with the Board’s enthusiasm for the Mt Nelson and Newnham outlets, may have been seen by some as
proof that ‘keeping it in the family’ worked. The actual trading and profit outcomes for those sites managed by inexperienced family members were, however, to provide their own disappointments over time.

Several other unrelated actions during the early 1970s provide further evidence of the Tilley family focus being adopted within the company. When John Tilley resigned from the Board at the beginning of the year he was replaced immediately by S.R.C. Tilley (Minutes, 28/2/72). Norm staked a more personal ground for increased influence with the argument that ‘Birchalls were losing their image as a top Bookseller’ because he was attending too few national and international trade meetings (Minutes, 26/4/72). By the end of 1973 the Tilley family focus in the company had shifted with Ray, as Managing Director being in overall control and having direct control of the Operations Division. In this he was supported by David Harvey, who was also a Director and as Accountant and Company Secretary, had direct charge of financial and administrative functions. The actual sales aspects of the company had, however, passed into the hands of Norm Tilley and his immediate relatives. Norm himself was General Manager and a Director, with direct responsibility for the Merchandising Division. He had shown initiative in this regard in taking Birchalls into the Southern Outlet Newsagency and pushing for the establishment of outlets in the CAEs. His wife Rita was Manager of the College Bookroom at the Newnham campus of the Launceston CAE and his eldest son Marcus was Manager of the College Bookshop at the Mt Nelson Campus of the Hobart CAE.

Had all of these arrangements been producing profitable outcomes there would be little to remark other than that a family business was likely to employ family members. In 1973, however, the College Bookroom in Launceston had a loss of $763 and the newsagency a loss of $2,059 (Minutes, 26/9/73). When Marcus Tilley produced a rather late budget for the Hobart College Bookshop aiming for a very modest $211 profit Ray Tilley and David Harvey found it too much to take and the Board minutes noted that ‘it should be pointed out to the Manager that his first responsibility was to produce a satisfactory profit’ (Minutes, 24/10/73). Perhaps it was especially irritating in view of Norm’s estimate at the start of the year that an annual profit of $3,000 was achievable. While a revised budget projected a profit of
$3,283 (Minutes, 14/11/73), some damage seems to have been done to Marcus’ credibility in the eyes of Board members other than his father. The problem was not that the College operations were not achieving high turnovers – the Launceston College Bookroom had had to be doubled in size again in mid 1973 (Minutes 22/8/73). Rather it was that the business model seemed focused on creating employment for family rather than producing a profit. That this may have been a deliberate strategy on Norm Tilley’s part is indicated in his appointment of his wife and eldest son, both without experience in the business or related areas, to manage the new undertakings. That it was a strategy, which did not sit well with the other working Directors (Ray Tilley and David Harvey) is also clear. Their objection was that Norm was creating a focus on family wellbeing rather than on the overall efficiency of the business operations of the company.

The trading result of these divergent approaches was evident in 1973 when, despite a $14,847 net profit in the Brisbane Street store, Birchalls overall net profit was only $2,518 (Annual Report, 1973). The largest loss was in Devonport and this was being remedied by the store’s sale. The promise of the campus bookstores was, however, not being realised. Dividends were paid on preference but not on ordinary shares and no Directors bonuses were allocated. The working Directors did, however, purchase the shares of the outside shareholders, with Ray Tilley being the largest purchaser, once again putting his own money into the company in which he had such faith. Ida Birchall remained the largest single shareholder and had retired in mid 1973 from her practice as a gynaecologist after 35 years. She had been a pioneer as a woman in medical practice - one of only four women in her year at the University of Sydney and had been awarded an MBE for her contribution to the Queen Victoria Hospital, Launceston. Locally she was honoured for having ‘devoted much time and energy to the cause of Self-Help and care for the physically and mentally handicapped’ including her own brother (The Examiner, 6/7/73).

CBD Re-development
Looming over all of these activities within the company was the issue of Launceston CBD planning. Not only did the Brisbane Street properties represent Birchalls’ greatest physical asset and the mortgages on them its best source of finance but the performance of the Brisbane Street store was Birchalls’ only assured source of
consistent profit. In short the future of the Launceston CBD was vital to the company. Property in the CDB was, however, only ‘like gold’, as Stan Tilley had told his sons, if the CBD itself was producing a rich vein of retailing activity. In the early 1970s there were good reasons to believe that the city centre was in decline.

The issue of planning and redevelopment of the retail centre already had a considerable history in Launceston. In 1970 the City Council town planner, C.J. Taylor had drawn up a plan based on moving traffic through the centre of the city more efficiently, while meeting the demands of various property owners. This had been approved by Council but rejected by the Town and Country Planning Commissioner, N.G. Abercrombie on the ground that ‘it was too complex and inflexible’ (The Examiner, 20/11/73). It seems to have promised too much to too many conflicting interests. Taylor’s plan also conflicted with the Launceston Area Transportation Study and the City Council had the assistant city engineer, J.L. Watson, draw up ‘a compromise plan’ (The Examiner, 14/11/73). This re-designing of Taylor’s plan saw ‘the main problem as congestion caused by defective traffic control and conflict of land use’ (The Examiner, 14/11/73). By the time of the 1973 council election little had been achieved, although comments made by the Mayor indicated that Taylor’s plan was now back in favour. It was, he said somewhat confusingly, a ‘good plan [which] needed time to evolve’ (The Examiner, 20/11/73).

For Birchalls’ Board this evolution had begun to look like an endless bureaucratic and political process. It had seemed to move forward in September 1973 when the Launceston City redevelopment plan had been released. This included the carpark for which Ray Tilley had been agitating and took the pedestrian friendly approach to a logical conclusion in proposing that Brisbane Street should be made into a mall. This provoked some stormy sessions of the City Council with many sectional interests and individual property owners pressing aldermen to consider alterations from which their businesses would gain particular advantages.

There was considerable public support for a re-invention of the CBD with The Examiner running feature articles and editorials canvassing a range of progressive ideas. The regional daily editorialised that ‘the changed face of once gracious Brisbane Street … is a sad example of how lack of policy control can lead sadly but
surely to a situation never contemplated by council let alone the public’ (The Examiner, 26/9/73). The implication was that the majority of councillors had overridden planning guidelines and established policy to approve particular developments, which had no coherence and were producing a mess. Local opinion leaders were also actively urging city residents to think more broadly about the future shape of the CDB. Vivienne Ellis, for instance, the exhibitions officer at the Northern Regional Library in Launceston, suggested that ‘towns need a living centre’ (The Examiner, 28/9/73). She had just returned from an extended tour of Europe and thought that Launcestonians should ‘think Italian’ and develop ‘piazza’ on the model common in Italy. She also saw the timing of the discussion of the city’s future as fortuitous pointing out that this presented a good opportunity to ‘think ahead’. She urged readers to consider ‘where will you be standing to welcome in the new century?’ (The Examiner, 28/9/73).

In October 1973, the Launceston City Council responded to such public discussion announcing that it would ‘start work soon on a $1.6 million scheme to turn the Quadrant and part of Brisbane Street into pedestrian malls. This plan also included the widening of footpaths in other areas of Brisbane and Charles Streets. Most of the cost was, however, for the construction of new carparks (The Examiner, 9/10/73). In fact this was the proposal which had been raised months earlier but upon which progress had apparently been slow.

The Board of Birchalls viewed this ‘will start work soon’ announcement with alarm taking it as a sign of prevarication and fearing that the proposal would be bogged down in council. As we have seen Birchalls and Ray Tilley in particular had been involved in the public debate on the future of the CBD from its beginning. Now that involvement took a big step with Ray nominating for election to the City Council. In October 1973 the Board resolved to support its Chairman’s candidacy (Minutes, 24/10/73). Ray set out the formal thinking behind this in the Annual Report noting that:

Directors are very aware that the properties owned in Launceston represent the Company’s most valuable asset and in view of the risks involved in the proposed “City Development Plan” under which Brisbane Street will be made into a Mall, it is decided that every effort should be made to ensure that the Retailing Centre of Launceston remains healthy and viable, and at the
recommendation of the Board of Directors I have agreed to nominate for the Launceston City Council. (Annual Report, 1973)

The public argument Ray mounted followed the views he’d been articulating since the issue first surfaced – that the CBD plan needed to give people easy and pleasant access to retail outlets or it would die as a shopping centre. In practical terms this meant car parks and walkways rather than through roads. His vision was of a CBD into which and around which people living in the suburbs could get quickly and through which they could enjoy walking. Ray saw the passing trade this would create as central to the future of the bookstore and CDB retailing in general. The opposing view had a vision of car parking on the periphery of the CBD so that the city centre would have a fringe of carparks and there would be no need for major change in the centre itself. This was certainly a cheaper option and had the advantage for risk averse councillors and retailers of minimal change to existing businesses. Ray, however, saw this as naïve and flying in the face of international evidence about what made a CBD a good place to be and to shop. When *The Examiner* concluded its account of the plan by noting that ‘experts’ had queried the need for car parks in the centre of the city rather than at its edge Ray had a platform for his argument. Such views he said:

> Reveal a complete lack of understanding of the principles involved in the provision of car parking for shoppers and the fundamental rule that the financial heart of any city keeps beating only with the lifeblood in the form of the rates paid by occupiers of premises in a successful shopping and business centre. (*The Examiner*, 26/10/72)

The idea ‘that car parks for shoppers must be within four hundred feet of the shops’ was one he’d raised early in the public discussion and it had been included in the City Plan. Now Ray marshalled a raft of proponents of this view quoting national, US and British urban planning practitioners as well as a series of planning textbooks. *The Examiner* ran Ray’s views and evidence for them at some length and his campaign for council was well and truly launched.

It was not only those opposed to progressive change, who spoke against the proposals. Some, who favoured the pedestrian focused concept, saw any carparks as likely to blight the CDB landscape. Mayor Fisher responded that ‘new off-street car-parks will be fully landscaped and beautified’ and would in any case ‘be hidden as much as possible’ (*The Examiner*, 20/10/73). Ray was also quoted on this issue pointing out
that Retail Traders’ Association policy called for ‘properly planned car parks …[which] should include public conveniences, rest areas and covered ways to shops’ (*The Examiner*, 20/10/73).

Sharpening the point that the city ran the danger of being behind the times in its retail area development *The Examiner* run a report admiring the progress which, neighbouring and rival city, Devonport had made on planning its Rooke Street Mall. This would provide a pedestrian friendly centre to the city’s retail area and, the report implied, would put the smaller coastal town ahead of its larger neighbour. In contrast to the paper’s view of the Launceston City Council’s approach to planning and public consultation, the Devonport City Council was complimented for its initiative in testing public opinion by conducting a trial of the mall concept in the lead up to Christmas shopping (*The Examiner*, 6/11/73). In the strongly parochial political landscape of northern Tasmania the contrast would have been a dismaying one for *The Examiner*’s Launcestonian readership.

Being at the centre of the public debate certainly positioned Ray well for the City Council election. The opposition he faced, however, was formidable with two sitting members re-nominating and only three places available for the full three year term it would take to see the Mall proposals implemented. The tide of public opinion was clearly running in favour of the proponents of change, with the Council taking the extraordinary step of announcing, three days before the election, that it had ‘provisionally approved the city’s new comprehensive planning scheme’ (*The Examiner*, 20/11/73). The problem the councillors were facing in demonstrating that they were acting quickly was evident even as this announcement was made because it was accompanied with the caveat that there was a considerable process yet to be negotiated before work could begin. The plan still had to go to the Town and Country Planning Commissioner and then back for public discussion before a final submission to the Commissioner and final City Council approval. Voters do not seem to have been impressed returning three new councillors: K.A. Finney with 2984 votes; T.D. Room with 2683 and R.F. Tilley with 2600 votes (*The Examiner*, 23/11/73). All received the maximum three year term. Ray’s contribution to the public debate ended the year on the radical note of calling for ‘provision for bicycles’ in the CBD
including separate tracks and white lines to mark bicycle lanes on existing roads (*The Examiner*, 11/12/73).

Early in 1974 Ray was reporting that his election to the Council had had an immediate impact on the CBD planning process. In particular that ‘the priorities in relation to the City Development Plan had been altered and that the Brisbane Street Mall was now number 1 priority’ (Minutes, 31/1/74). He was also pleased to take credit for the fact that the City Council had purchased land at the rear of Birchalls store ‘for a short term car park’ (Minutes, 31/1/74). That the Council was now serious about moving quickly on providing carparking close to Brisbane Street is indicated by the fact that they had given tenants of these properties one month to vacate them. The traders themselves required more convincing.

Ray became a conduit between the council to the Brisbane Street traders and in April 1974 had a significant input into a memorandum to the Town Clerk summarizing the view of each of the traders most directly affected. For the Birchalls’ properties he reported that, after discussions with his architect an agreement had been reached between the tenants (Roger David and Beverley Lee) and Birchalls ‘proving an approved means of access through these shops to the Mall and improvements to the rear of the premises fronting the Car Park’ (Memo to Town Clerk, 11/4/1974).

While this small car park was an immediate benefit to Birchalls, it did not address the larger issue of making the CBD accessible to shoppers. In part this was addressed later in the year with Ray succeeding in having the initial size of the carpark increased substantially by the purchase of adjacent properties (Minutes, 8/5/74). He remained, however, committed to the broader agenda of ensuring access to the CBD in general and making the retail precinct a pleasant and pedestrian friendly shopping environment. In strategic terms this had potentially greater long-term benefit to the business, as well as delivering a range of public good outcomes. Many other local businesses did not take such a strategic view. While the idea of mall based retail development became normal in later years, it seemed to many in Launceston in the mid-1970s that it was a costly innovation with no clear benefit. Ray pointed out to the Birchalls Board that much of his time was being taken up with discussions and meetings because of the ‘need to convince Retailers in Brisbane Street of the
advantages of a Mall’ (Minutes, 20/3/74). In these discussions he constantly reiterated the lessons he had drawn from international experience, particularly in the USA. Some of his fellow retailers, however, were resistant to the idea that things, which worked elsewhere, would also work in their town.

The Council created a Sub-Committee for the Pedestrian Mall, with Ray as Chairman. By July he was able to report that ‘the shop keepers have been approached and are generally in agreement’ with the Mall proposal. A specific issue was the changes owners would need to make to ensure a consistent overall outcome. The sub-committee recommended that all shop keepers whose premises backed onto the Paterson Street Car ‘be requested to renovate and alter the rear of their shops… to provide access through the shops to Brisbane Street Mall’ (Minutes, Sub-Committee for the Pedestrian Mall, 2/7/74). For Birchalls there was never any doubt about the benefits and the carpark has proven an absolute bonus providing a permanent Council car park literally at the back door. In 1974, however, the initial intention that this would be short-term solution only and even in its expanded form would provide only 44 car spaces.

When the battle to create the mall was finally won and it opened in 1975 it did so to acclaim from both the business and general community. The opening of the Paterson Street car park as part of the Mall development was a particular opportunity for Birchalls. A new shop front, at what had been the rear of the store provided an additional 500 square feet of marketing space as well as an additional entrance. Advertisements pointed to the possibility of going ‘through Birchalls to the Mall via the Paterson Street Car Park’ (The Examiner, 10/6/1975). While Birchalls embraced the opportunity for increased traffic through its premises, this was still not the case with all local businesses and Ray told the media that ‘he hoped other stores with premises adjoining present and future city car parks would follow his company’s lead’ (The Examiner, 10/6/1975). The parking area proved popular and shortly after its opening, both Birchalls and the city council were reporting that it was generally full by 10.30 a.m. (The Examiner, 10/6/75). Even after the Mall opened, however, there was a continuing campaign, in which Ray played a leading role, to educate traders to the need to keep it clear of traffic servicing their businesses by providing alternative access. In October 1975, following complaints from Ray about
unauthorised vehicles using the Mall, the Town Planner recommended that Council
develop a policy permitting only essential access of vehicles to the Mall itself
(Memorandum for Town Clerk, 29/10/1975).

Throughout the Mall development, Birchalls’ strategy had been that the more people
spending time in the CBD the better for the bookshop and indeed all retailers. It was
an extension of Stan Tilley’s aphorism that the Brisbane Street location was ‘like
gold’ for the company. It was, however, Ray who had seized the opportunity of
injecting this view into the public debate with great success. Of course his was not
the only voice raised in favour of a CBD re-development but it was a significant one
and was entirely consistent with Birchalls’ strategy of positioning its bookshop at the
centre of the community.

Re-organisation and Family Tensions
Organisational efficiency also attracted some strategic interest in Board meetings at
this time with the Launceston store being re-organised into nine departments for
books, stationary, toys, gifts, newspapers, education, pens, sports and the library
(Minutes, 13/2/74). While the shift of ownership to the working directors continued
with Stan giving 2,272 of his shares to both Ray and Norm (Minutes, 26/6/74).

At Mt Nelson, Marcus Tilley was taking steps to identify gaps between performance
and customer demand. He distributed a questionnaire to staff and students seeking
feedback but like many surveys of this type when asked what could be better people
replied ‘everything’. Marcus reported that ‘the overall results of the survey were not
particularly good from Birchalls point of view’ (Minutes, 10/7/74). In particular there
were complaints that staff were not knowledgeable and the Board ‘agreed that there
was a need for greater staff training’ (Minutes, 10/7/74). Norm also took a direct
hand in seeking feedback and addressed the Board of the College in August 1974. He
also reported a lack of success and puzzled over the feeling ‘that he was unable to get
through’ to this audience of higher education administrators (Minutes, 19/8/74). He
reported explaining the difficulties of operating a bookshop in a higher education
environment but did not report specifics of what he had learned from listening to the
leaders of the College community. One potentially positive outcome was that the
College Board had resolved to establish a Bookshop Advisory Committee (Minutes, 19/8/74).

That the operation continued to struggle was clear in its poor net trading profit of a mere $105 (Minutes, 18/9/74). This weak result was not reflected in the view of the operation presented to the Board by either Marcus as Manager or Norm as his supervisor. Despite criticism received through the survey and during meetings, as well as the poor profit outcome, Norm moved that the Board congratulate Marcus noting ‘that despite reports of short comings at the Bookshop, the Manager was doing a superb job’ (Minutes, 18/9/74).

The results at the Newnham Bookroom were absorbed into the Launceston store accounts, which showed a profit of $21,635 (Minutes, 18/9/74). The sale of the Devonport store made it possible for the company to make a very substantial overall profit of $59,795. In the light of the windfall nature of this profit the Board resolved that ‘Mrs. Ray and Mrs. Norm Tilley’ would split the profits ‘for tax purposes’ (Minutes, 18/9/74). This situation raised an issue, which had potential to disrupt the operation of the company. With ownership increasingly split between Ray and his family, and Norm and his family, it was not only the relationship and differences between the brothers’ approaches which might create tensions. Behind each of them now stood a series of other interested parties, including their wives and their adult children with their own views and demands. In 1974, however, these issues did not come to a head and the brothers continued to manage the division of authority in the company and the division of profits amicably.

A contemporary account of Birchalls’ Brisbane Street operation is provided in a study by University of Tasmania graduate students. They described the store’s displays in the following terms;

arranged in subject categories .[including a] well stocked Tasmanian collection … display stands of Golden and Instant Books plus tables of best sellers and new releases …it is a browsable collection and relatively easy to find what is wanted. This is helped by what appears to be an abundance of assistants! (Bond and Fitzpatrick, 1974: 46)
With their focus on public access to reading and educational material these student researchers noted particularly that Birchalls operated ‘one of the few remaining subscription libraries in the State’ charging 15¢ per book per week, with no time limit and some discounts available to heavy borrowers. They recorded that they were ‘surprised to see this small library so well patronised’. Bond and Fitzpatrick also refer to the ‘supporting literature’ for CAE and Technical College courses and the staff training to ‘assist both teachers and students with special needs.’ Their key impression was of the sheer size – over 200,000 volumes – and high standard of service of this ‘efficient and well organized business’ (Bond and Fitzpatrick, 1974:47).

The year ended with Norm recommending a trial use of an Olivetti Automatic Memory Retrieval and Typing System Machine (Minutes, 20/11/74). The all up cost would be $7,000 but rather than purchase immediately a rent for trial agreement was reached. By early 1975 Norm was reporting that he had ‘designed and successfully implemented’ a book ordering system using the new machine (Minutes, 22/1/75). On this basis the Board agreed to its purchase. It seems that this specifically designed system was a better IT option for the merchandise side of the company than the Burroughs machine was for the organisational accounting tasks. By March, David Harvey had all but given up on the Burroughs machine reporting that it was ‘still giving trouble’ and recommending that Birchalls ‘pressurize Burroughs to either make the machine work or for them to buy it back’ (Minutes, 5/3/75). The eventual solution was to sell the Burroughs machine and purchase an Olivetti machine to replace it (Minutes, 9/4/75).

Issues of financing also continued to engage the Board’s attention. Early in 1975 St Lukes Medical and Hospital Benefits Association, which was Birchalls’ major lender, advised that it may need ‘to call on its reserves at short notice’ (Minutes, 22/1/75). Given Birchalls’ $60,000 mortgage with St Lukes (on 118 Brisbane Street), Ray’s advice was that the company needed to look for alternative sources of finance. With interest rates rising, the Bank of New South Wales was then offering 14% over ten years, and shopping around seemed advisable. Norm, however, saw this as an opportunity, not to reduce costs but to increase liquidity, and argued that what the Board should be considering was expanding its level of debt by looking for between
$80 and $85,000 in credit. In the upshot St Lukes didn’t need to call on their reserves but Birchalls continued the search for new and additional funding anyway. The second large mortgage, with the solicitor R.M. Green ($60,000 on 122-4 Brisbane Street) was due to expire at the end of September and an approach was made early in the year to see if a renegotiation could lead to an increased amount (Minutes 5/3/75). Greens were in no hurry to reply and Norm reported that Harold Bushby of another local law firm, Harold Bushby and Partners, was prepared to offer up to $100,000 at 12.5% for five years (Minutes, 9/4/75). The Board thought this a good offer and instructed Norm to follow it up. Norm duly reported that Bushbys were offering ‘the best deal available’ but that they would only offer it over 3 years (Minutes, 14/5/75).

Progress was also made on issues of ownership and the complex relationships, which were developing between Ray and Norm’s families’ interconnected interests in the company. Yvonne Tilley, who was a major shareholder in her own right but not an employee of the company, used the May Board of Directors meeting to raise the issue of the low salaries being paid to working Directors and to question whether they ought not to be receiving a more direct share of profits at the end of each year (Minutes, 14/5/75). The meeting concluded that there were two issues, which needed to be faced. One was that ‘there were again shareholders who could only be compensated by way of a dividend’ and the other was ‘that salaries of working Directors should be increased to a more realistic base figure’ (Minutes, 14/5/75). The second issue was the easier to resolve and the salaries being paid to both Ray, as Managing Director, and Norm, as General Manager, were increased to $20,000 per year.

The issue of fairly compensating non-employee shareholders was less simple. The 1972 alterations to the conservative dividend policy were considered to have given shareholders a ‘fair return although not necessarily by way of dividend’ and had at the same time ‘enabled the company to retain a greater proportion of profit … to improve liquidity’ (Minutes, 20/6/75). The death of Mrs. E.C. Tilley, however, had seen her shareholding distributed among the younger generation of the family, who were not all working in the business. Going back to a policy of distributing profits via dividends would have impacted badly on liquidity. It would also have had problematic taxation implications for the larger shareholders. In addition there was
an issue of perceptions of equity between Ray, Yvonne and their children on one hand and Norm, Rita and their children on the other. Ray’s focus was on the long-term future of the company and how to realise his vision for it. He kept involvement of his immediate family to a minimum although Yvonne seems to have played an increasingly important advisory role as a major shareholder. The pressure from Norm’s immediate family was more focused on ensuring an increased share of profits, and management positions for family members. This divergence of interests was an issue, which would come to haunt the company.

In the mid-1970s however, the injection of younger Tilley family members into the shareholdership through their being beneficiaries of Mrs E.C. Tilley’s will seems to have brought the issue of generational change to the attention of the board. In June 1975, Ray used one of his periodic reports to point out that the membership of the Board was aging and that the ability of these older members to identify market trends was diminishing. The Board, he concluded, ‘needs alternative members with younger thoughts’ (Minutes, 20/6/75). Just what he had in mind may not have been clear to other Board members as his initial suggestion was met with suspicion.

Norm pointed out that there was a danger of the Board’s becoming too large to operate effectively. Less obvious was the objection that an even number of Board members could create problems of decision making. This seems somewhat strange in light of the fact that issues on which there was a difference of opinion were rarely decided by vote but were talked through until a compromise could be achieved. It is also strange in light of the fact that the current Board had six members: Ray, Norm, Stan and S.R.C. Tilley plus William Layh and David Harvey. In any case the objections seemed to vanish when Ray suggested that an immediate addition should be Marcus Tilley, who was an observer rather than a full member of the Board at this stage. In any case the articles of association specified the members of the Board and would have to be changed. A later Board meeting discussed whether this had to wait for the AGM or could properly be the subject of a Special General Meeting of Shareholders (Minutes, 18/7/75). It was decided to follow the latter course with an additional compromise being that the articles be altered to allow the appointment of associated members without voting rights.
In the meantime, Birchalls faced a new round of problems in the area in which ‘younger thoughts’ were most likely to be useful – the higher education market. Norm informed the Board that he had heard that the CAEs were thinking of using the ‘desperation clause’ in their leases to re-open the tendering process (Minutes, 20/6/75). This puzzled him as there had been no formal suggestion to Birchalls that either the Mt Nelson or Launceston CAE operations were unsatisfactory from the Colleges’ points of view. It seems that some academics used to the University Co-operative Bookstore, which operated on many mainland Australian campuses, were suspicious of a private sector, for profit operator on the Tasmanian campuses. Ray reported that ‘Miss Jean Martin [the] Manageress of the Sydney University Co-op Bookroom had spoken at both’ campuses and that he had also taken the opportunity to speak to both groups of academics (Minutes, 18/7/75).

Up to this point, on the evidence of the company documents, if these operations were proving unsatisfactory for anyone it was for Birchalls. They had now been operating for five years in Launceston and three years at Mt Nelson and were yet to make a real profit. Revised profit estimates in mid-year, however, were for the Launceston College Bookroom to make its first profit of $498 and for the Mt Nelson Bookshop to make its first substantial return of $2,538 (Minutes, 20/6/75). In August, the now combined management of the Tasmanian Colleges of Advanced Education let the new tenders, for the following three years, and Birchalls were successful in both. The decision to stick with these operations received justification when both did even better than expected in financial terms. The Launceston College Bookroom increased sales by 50% over its previous year’s figure and the Mt Nelson College Bookshop achieved a profit of $5,799 (Minutes, 16/10/75). It seemed Norm’s faith in selling in this market and his trust of family members as managers may not have been misplaced afterall.

*New Thoughts and New Outlets*
Certainly the confidence with which Norm and Marcus Tilley approached the possibility of new ventures was a characteristic of Birchalls’ decision making in this period. One example was their achievement of the longheld ambition of having a retail outlet in the Hobart CBD. When David Harvey cautiously suggested that a breakeven annual turnover figure for such a venture was $60,000 father and son were
quick to assure the Board that ‘these sales would easily be exceeded’ (Minutes, 20/6/75). Their view was that the success of the Mt Nelson operation had introduced Birchalls as a presence in the south of the State and that the time was ripe for ‘opening a bookshop to take advantage of the blossoming Educational and School Library Sales’ in that region (Minutes, 20/6/75).

The property they had in mind was at 152 Elizabeth Street, Hobart. This was secured on the understanding that it would be given a 12 month trial and in July 1975 Mr. Phillip Turnbull became the ‘the first employee in the Hobart Bookshop’ (Minutes, 18/7/75). Marcus took on the management of both Mt Nelson and Hobart operations and reported first month sales of $933 increasing rapidly to $3,168 for the first half of August (Minutes, 21/8/75). Once the first full month figures were in Norm pronounced them better than expected at $6,482 (Minutes, 18/9/75).

A further Hobart based opportunity was in the offing with the news that the new University of Tasmania Union Building would house a bookshop and that this would be operated on a contract basis. In October, Marcus brought a letter from the President of the University Union to a Board meeting asking that Birchalls operate ‘a bookshop at the University Union Building on a contract basis’ (Minutes 16/10/75). S.R.C. Tilley, the next youngest attendee at the Board meeting strongly supported the idea pointing out that ‘with the new building being completed this was an excellent time to take over running the University Bookshop’ (Minutes, 16/10/75). David Harvey, ever the realist, indicated that he thought it would only be worth the investment if a five year lease could be agreed.

The year ended with strong merchandising indicators, problematic financial figures and several indications of generational change. Net profit of $9,637, on total sales of $1,372,000, compared favourably with the previous year’s figure of $6,993 (Annual Report, 1975). It did not, however, leave much to be reinvested or to be paid to ordinary shareholders with dividends determined at 1.6%. In terms of the changing ownership profile Stan proposed to transfer 67,756 of his shares to Ray (Minutes, 18/7/75) but then seems to have changed his mind and transferred 20,000 to Norm and the residue to Ray (Minutes 16/10/75). Further generational changed was evident in Marcus’ election to the Board as an associate director. Technological change was
also significant with the $9,000 spent on purchasing an AMRATS machine and software, finally overcoming the technical problems of the accounting system. The strategic advance this represented is evident in Ray’s observation, that this ‘made it possible for a small operation to use ideas from overseas’ (Annual Report, 1975).

While the company’s efforts to move with changing times, was opening up new opportunities it was also creating financial problems. Ray’s annual report pointed to ‘a severe rundown in Working Capital’ adding that ‘at a time when survival in business depends more upon liquidity than profitability, this may be considered imprudent’ (Annual Report, 1975). The increased calls on liquidity, however, related to the new opportunities of which the company was anxious to take advantage. This applied both to the changes in the Launceston’s store’s physical profile as a result of the re-organisation of the CDB and to the new areas of retailing. The Patterson Street car park was certainly a bonus for the Brisbane Street store but providing suitable access through a customer rear entrance had been more expensive than anticipated. Similarly increasing custom from secondary and higher education markets required both longterm credit, where the customer was an institution, and large stockholdings, where the customers were tertiary students.

The combination of younger thoughts and international ideas may have been a potent one for the company’s future, issues of how to implement the new ideas, however, remained a significant challenge. In January 1976 Marcus Tilley reported to the Board ‘that he had been disappointed with the Christmas sales at the Hobart Bookshop but put this down to the location of the shop’ (Minutes 8/1/76). While Birchalls’ presence in the higher education book retail market was better established it was now proving difficult to sustain. The nature of the customer base and perhaps the optimism of the outlets’ managers had seen credit extended to an unsustainable level. This increased turnover and market share but did little for profit and those on the Board who saw themselves as more realistic pointed to the ‘need to tighten credit at the College Bookshop’ (Minutes, 8/1/76). Marcus’ undertaking to attend to this ‘in the future’ seems a bit lukewarm but fits with the view, that he was doing an excellent job in difficult circumstances. This kind of approach is also evident in his response that it was the location of the Hobart store, which prevented his estimates of
Christmas turnover being realised. The fact that it was he and Norm, who had convinced the Board that the location was appropriate, did not rate a mention.

Perhaps all it needed was more time. This seemed to be confirmed when the first eight months of the Hobart store returned a net loss of $320 (Minutes, 29/4/76). By contrast the Mt Nelson College outlet made a profit of $3,045 in the same period. Clearly perseverance as well as initial enthusiasm was called for. This was certainly the case with the suggestion that an outlet be opened on the University of Tasmania’s Sandy Bay campus. Although the initial approach here had come from the President of the University Union and had not been a product of Marcus and Norm’s enthusiasm for new undertakings in the south of the State it was proving difficult to move to the next step. In April, Marcus reported that ‘despite many phone calls [he had] no response from the University Students Union’ (Minutes, 29/4/76).

In the meantime the tensions between the interests of the two branches of the Tilley family was dealt with by the creation of a Unit Trust. At one level this was an instrument to reduce Company tax, at another it created a new way of sharing profits. The company’s accountants, Layh, Hart, Room and Hyland, were responsible for the formal mechanism of creating the trust. The basis they proposed for doing this was, that ‘unit trust shares be proportional to Company shares’. The unit trust to be known as ‘Birchalls’ would have as its purpose ‘to conduct the trading activities of the Company’ while the ‘distribution of profits from trading was [to be] in the hands of the trustees’ who would be appointed by the Board. A small matter broke the surface of this otherwise calm process. It was the mild enough observation by the company’s accountants that the trustees ‘may need to be “at arms length”’. Otherwise the Unit Trust was presented as having the benefit of reducing company tax and as reflecting ‘normal practice’ at the time. With this view placed before it, the Board duly ‘resolved to create a Unit Trust called Birchalls’ (Minutes, 24/6/76).

What this apparently normal process did not reflect was the reality of the increasing division between the Tilleys. This may have been exacerbated by Yvonne Tilley’s acquisition of the small parcels of shares, which had been left to various family members as beneficiaries of the will of Mrs. Elsie Tilley. In April 1976, 4916 shares previously held by S.R.C Tilley, J.C. Tilley, Mrs. Gwendoline R. Wales and Mrs.
Shirley Foster were transferred to Yvonne Tilley (Minutes, 29/4/76). In the total of Birchalls’ 132,186 shares it was not a large amount. But Ray and Yvonne were now more than ever implementing Ray’s long held policy of ‘buying Birchalls shares whenever they became available’ (Interview, 10/2/06). At one level they were simply putting their money into something they believed in. At another, however, their expanding ownership profile may have made Norm and his immediate family nervous of their longterm intentions. Marcus was also extending his own small shareholding with the transfer of 2600 shares from Mrs. B.L. Tilley (Minutes 24/6/76).

In any case the Board’s resolution was sufficient mandate for action and from 1 July 1976, the start of the new financial year, receipts from cash sales were paid to the Unit Trust account. The intent of binding the trust closely to the interests of the family, which held almost all the Birchalls’ shares, was evident when Ray set up this Bank of New South Wales account under the temporary title of ‘Tilley’ (Minutes 15/7/76). This provided a way of receiving income until such time as the shareholders met and approved the name ‘Birchalls’. An additional formality was a change of company name from ‘Birchalls Pty Ltd’ to ‘A.W. Birchalls and Sons Pty Ltd’ (Minutes, 29/7/76). In fact this was a revision to an earlier company name. Its effect was to open the way for the Unit Trust and its accounts to be called simply ‘Birchalls’. A complication arose, however, when ‘Tilley’ proved unacceptable as an account name to the Registrar of Companies and the temporary title ‘Bookway’ was adopted instead (Minutes, 12/8/76). Birchalls’ lawyer had been assured by the Registrar that a subsequent change to ‘Birchalls’ would be acceptable, but needed to be approved by a meeting of existing Birchalls’ shareholders.

Ray’s attempts to draw the operations of Birchalls under Tilley family control seem to have aroused some suspicions within the family itself, especially from Norm and Marcus. It appears possible that they saw their success in establishing operations in the South of the State as a vehicle for distancing themselves from Ray’s control and perhaps even for splitting the company. At the July Board meeting, which agreed to the establishment of the Unit Trust, both Marcus and Norm spoke on the need to have an image for the Hobart bookshop, which differentiated it from Birchalls of Launceston. Their suggestions for alternative names, ‘Way of Life’ and ‘Third World’, seem idiosyncratic to say the least. Ray’s response is indicative of the
tensions and agendas behind these suggestions. He agreed that ‘each department or branch would reflect the personality and tastes of the person running it’ but added that the opportunity to establish in Hobart and particularly the invitations from the higher education institutions came to the company because of the reputation of Birchalls’ Launceston operation (Minutes, 15/7/76). In his view it would have been foolish to forego the market recognition, which went with the name.

Perhaps to mitigate this growing division and maintain his vision of longterm viability and growth of the company, Ray seems to have made an extraordinary arrangement with Norm. David Harvey, who, as the company accountant knew the details of the arrangements, recalls that

The Unit Trust, set up for tax purposes, was split between the R.F. and N.C. Tilley families. Ray was over-fair in the split, giving Norm’s family equal ownership with his own, despite the fact that he and his wife had put much more money and effort into the company over the years. Other family members thought the division was unfair in other ways. (Interview, 2/5/08)

Company documents show that the formalities of the arrangement for sharing the ownership, control and benefits of the Unit Trust had three components. The first was that Ray and Norm themselves would hold no shares in it. The second was that their families would hold an equal number of shares although it was recognised that Ray’s family currently owned the greater number of Birchalls’ shares. The third part was that in compensation Ray for going the greater share of the Unit Trust, to which he would have been entitled under normal circumstances, Ray would be paid an annual amount of $2,000 (Minutes, 12/8/76).

The business reality, which underpinned this drama was a substantial increase in overall net profit to the end of financial year. While the Launceston Bookshop (including the College Bookroom) made a healthy profit of $57,007, the picture in the South of the State was less positive. The College Bookshop profit was down 35% to $3,767 while the Hobart Bookshop made a loss of $5,956 in its first full year of trading (Minutes, 23/9/76). Liquidity had also been increased, by raising the mortgage on the Brisbane Street property from $70,000 to $100,000 (Annual Report, 1976). The overall picture of prosperity was confirmed with a return to substantial dividends with 10% being paid on ordinary shares (Minutes, 27/10/76).
An interesting indicator of confidence was the presence at a Board meeting in October of Mr. P.D. Dunkin as ‘an observer purchasing shares in the company’ (Minutes, 27/10/76). Marcus remained upbeat about the prospects and his preparedness to put more into the company was signalled by the transfer of 3,000 ordinary shares to him from S.R.C. Tilley. His persistence with the Students Union seemed to have achieved success in October and he reported to the Board that agreement had been reached with the previously elusive University Union President, Mr. Michael Munday, for Birchalls to operate a Bookshop at the University of Tasmania (Minutes, 27/10/76).

The year ended with the final touches being put to arrangements for the operation of the Unit Trust and the financial arrangements for the University Bookshop being put in place (Minutes, 18/11/76). The former was simple enough and saw Ray, Norm and Mr. J. Curtis (of Green’s lawyers) appointed as trustees of Birchalls Holdings Pty Ltd, as the unit trust was formally known. At about the same time both Ray and Norm moved their shareholdings into personalised companies with Ray’s 60,303 shares going into the newly established R.F. Tilley Pty Ltd and Norm’s 34,451 shares going into N.C. Tilley Pty Ltd (Minutes, 3/12/76). At the same time Ray’s contribution to modernising Tasmanian industry was recognised with the annual Premier’s award for innovation ideas, which Ray won for the development of the new computer-based book ordering system (The Examiner, 18/12/76).

Consideration of the University Bookshop proposal was much more complex. One way of managing it was to purchase the existing Sandy Bay University Bookshop. This was investigated with an initial stocktake provided for the Directors by an accountant appointed by the existing management seen as too high. A request to allow Birchalls staff to check it was made. The owners were, however, prepared to accept payment for stock in two installments of 50% in January and July 1977 (Minutes, 3/12/76). There were also concerns about the costs of fitting out the entirely new venue at the now completed University Union building and about the high rent being asked by the Union (Minutes 18/11/76). These concerns were echoed in the advice received from the Bank of NSW manager who was being asked for a $100,000 overdraft to facilitate establishment of the new venture. Sounding like a truly conservative banker he concluded, ‘that the estimated profit of $9,600 was very
low figure for such a risky venture’ especially as the customers, university students
and staff, were such ‘unreliable and transient people’ (Minutes, 3/12/76). These
views were shared by Stan Tilley and William Layh, the oldest members of the
Board, who both voted against the proposal. The younger members were, however,
enthusiastic and Ray explained that the risk was worthwhile because the new venture
would mark Birchalls as ‘a leader in the field [and would] protect Mt Nelson and
Newnham operations’ (Minutes, 18/11/76). The latter point was a reference both to
the likely competition these CAE campus shops would face from a rival bookshop at
the University of Tasmania and the likelihood of a merger of the three higher
education institutions which had been on the public agenda from earlier in the year.
Under this circumstance the possibility of rationalisation and especially of merging
the Hobart operations at the two campuses and in the CBD would be an attractive
business option.

November 1976 also saw Ray Tilley up for re-election to the Launceston City
Council. Asked the previous month to describe the time he typically spent on civic
affairs he estimated that preparation for and attending monthly Council meetings took
between 8 and 10 hours per month in addition to which he responded to between three
and five calls per day on Council matters spending several hours a week researching
citizens’ issues (The Examiner, 18/10/76). His most recent foray into public
controversy had been his opposition to the demolition of the Metropol Hotel’s
Georgian façade, which he described as ‘an act of vandalism’ (The Examiner,
11/10/76). Initially his view had sufficient support in Council to delay demolition.
With a Council elections imminent, however, that was about to change. The
Examiner reported concerns that the voter turnout would be low and complained that
this reflected poorly on democracy in one of Australia’s oldest cities. Ray does not
seem to have campaigned strongly during the election period and he was certainly
much less in the public eye than had been the case three years earlier. Then, however,
the issue of CBD planning had created greater than usual interest in local politics.

In the 1976 election Ray’s vote fell from 2600 to 1825, with only 20% of the eligible
voters bothering to cast a ballot (The Examiner, 26/11/76). Ray was defeated by
Jeffrey Bennell by 301 votes. Bennell was a well known local chartered accountant
who at age 65 had plans to retire and ‘to devote up to 30 hours a week to Council
affairs’ (The Examiner, 26/11/76). Local media presented Ray as graceful in defeat quoting him as congratulating his successful opponent and expressing his admiration for those who were prepared to work on the Council in a voluntary capacity to serve the interests of their community. In terms of the election he ‘said he felt that he had not done enough electioneering’ and accepted that he had ‘no-one to blame for his loss but himself’ (The Examiner, 26/11/76). The public position that he had found his City Council ‘term rewarding and satisfying’ (The Examiner, 26/11/76), was perhaps even more true for Birchalls, with the creation of the Brisbane Street Mall having been accomplished with the Managing Director playing a leading part in the development which meant so much to the bookstore’s future. David Harvey’s comment that ‘Ray was largely responsible for the Brisbane Street Mall’ (Interview, 2/5/08) sums up the Company’s view of this contribution to the longterm development of the CBD retail area.

A postscript to Ray’s period as a Councillor was provided by The Examiner commentary that Ray’s position on the council had been undermined following his opposition to the development of the Metropol Hotel site. Lobbying of the new Council by the developers was credited with achieving a change in the voting pattern and approval was given (The Examiner, 2/12/76).

Growth in a Changing Sector

In the meantime the trading position of all operations were improving. Monthly sales early in 1977 were up in Launceston by 18%, in Hobart by 48% and at the College Bookshop by 48% (Minutes, 15/2/77). These numbers continued to improve with April’s data showing sales up by 19% in Launceston, 91% at the College Bookroom, 143% in Hobart and 81% at the College Bookshop (Minutes, 23/4/77). The sales figures were encouraging in themselves but did not necessarily reflect profit margins and some Board members felt there were dangers in too rapid an expansion of operations.

The urge to expand and chase market opportunities, however, seems to have well and truly taken hold of the Company. When the Board’s most conservative member, William Layh, complained that the University Bookshop had begun operating without the agreed financial backing, S.R.C. Tilley responded that Marcus Tilley, now styled
‘Southern Regional Manager’, had to act quickly to catch the market at the start of the academic year (Minutes, 15/2/77). This was subsequently explained by Ray in his Annual Report with the acknowledgement of how big a risk the University operation posed for the Company. It necessitated ‘Cross guarantees between the Company and the Trading Operation and a second mortgage over the property at 118-120 Brisbane Street’ (Annual Report, 1977). Ray’s view that the risk was worthwhile was supported by the fact that Birchalls’ entry into the Hobart market seemed to have panicked rival bookshops with both Fullers and O.B.M requesting that they be brought out by Birchalls rather than face the newly competitive situation (Minutes, 23/4/77; 19/5/77).

A further expansion in this area also seemed possible when the President of the University Union, Michael Munday, offered to sell the University Mixed Shop to Birchalls. The Board had agreed to operate the existing store ‘on consignment’ but may have been alarmed to hear Munday telling the media that ‘the sale of stock [from the University Shop] largely financed the establishment of the union bar’ (Mercury, 7/3/77). When Marcus reported that he had agreed that Munday himself should operate the store for Birchalls, some Board members seemed to have felt that there was more to the arrangement than originally suggested and the Board advised greater caution in dealing with the Students Union in general and its President in particular (Minutes, 19/5/77). Marcus revised his view suggesting that the stationary and confectionary areas of the store might well be incorporated into Birchalls’ Sandy Bay campus operation (Minutes, 16/6/77). Ray signalled his approval for the work that was being undertaken in Hobart by advising that Marcus was ‘doing a good job [and] … should be appointed as a Director in his own right’ (Minutes 8/9/77).

One potential problem continued to be the high level of stock required to operate in education and especially higher education markets. At the end of the 1976-7 financial year stock holdings were $367,970 in Launceston, $35,303 at the College Bookshop and $24,888 at the Hobart store (Minutes 27/10/77). This in turn made the company's perennial liquidity problems worse. The precarious nature of this market in a small State was also evident in the nervousness expressed by the Board in response to rumours that the various College and University campuses were about to experience falling enrolments (Minutes, 8/9/77). The optimists, however, had the evidence that
the Company was doing better than ever with operating and after tax profits for 1976-77 strong at $31,451 and $19,304 respectively (Minutes, 27/10/77). This enabled the payment of a 7% dividend on ordinary shares in addition to the mandatory 6% on preference shares. With an overall balance sheet (assets less liabilities) standing at a healthy $596,155, Birchalls’ Annual General Meeting of shareholders increased the Directors’ annual remuneration to $6,000 (AGM, 24/11/77).

A major change in retail culture in Tasmania occurred in mid-1977 when Coles announced that its new K-Mart store, due to open in two weeks would adopt extended trading hours including both Friday evenings and Saturday mornings (The Examiner, 8/7/77). This prompted rival proposals for government regulation extending or further restricting retail trading hours. Local retailers were reported as ‘reluctant to extend hours. However many believe they will be forced into it to preserve their share of trade’. In early July a meeting was organized between the city council and ‘proprietors of prominent business organisations’ at which the Mayor, Sid Room, welcomed the ‘barons of Brisbane Street AND Charles Street’ thus, as The Examiner pointed out extending the membership of ‘one of Launceston’s most exclusive clubs’ (The Examiner, 8/7/77).

Later in the month, ‘a section of the RTA’ approached the State Government suggesting that shops be closed on Saturday afternoons and Sundays (The Examiner, 20/7/77). In Launceston a meeting of ‘over 100 retailers ‘rejected Friday night shopping’ (The Examiner, 21/7/77). The motive seems to have been that some traders felt they would be unable to compete in a more open market, especially if this involved trading hours which would mean the payment of penalty rates to employees. In particular the RTA’s submission sought the enactment of a Shop Act which would prevent shops employing more than three people from trading on weekends in order to ‘protect the existing pattern of trading’ under which small stores did not have to face competition from the large retailers in these periods (The Examiner, 3/8/77). This position was supported by the State Branch of the Shop Distributive and Allied Employees Association, which feared ‘an extension of the present 43 hour week for shop staff work’ (The Examiner, 6/7/77). Neither view cut much ice with the Minister for Industrial Relations, Doug Lowe, who rejected the proposal telling the media that
‘arbitrary restriction of retail trading hours was not in the best interests of future economic development of the State’ (The Examiner, 20/7/77).

Coles’ State Manager sought to calm the disquiet stating that the retail giant had no intention of ‘opening on Saturday afternoon or Sundays’ (The Examiner, 21/7/77). He also pointed out, that no permanent staff member would be forced to work on weekends and that those who did would be paid overtime on both Friday nights and Saturday mornings. Public and media opinion seemed to be on side, with letters complaining of the double standards of employers who only wanted a free market when it suited them and substantial coverage for the views of small family owned supermarkets which favoured extended hours (The Examiner, 28/7/77). A particularly telling point was that de-regulation had already been extended to liquor sales. Public sentiment that this had increased drinking related anti-social behaviour now lined up with the view that other retailers were being unfairly restricted. The RTA, for its part, seemed to blame the media for the Government decision. Mr. C.L. Jeffrey, RTA President stressed he was expressing a personal view before launching a vitriolic attack saying the decision was the result of uniformed, sensational presentation of one aspect of the problem by the Examiner, followed by equally uninformed comments by politicians eager to reap any political publicity that might come their way. (The Examiner, 21/7/77)

Possibly the President of the RTA felt that a strong assertion of personal opinion would lead media commentators and public decision makers to change their views. It didn’t but did result in the RTA being attacked for being hypocritical, behind the times and captured by a cartel of traders who were unrepresentative of the industry and careless of the interests of the public (The Examiner, 28/7/77).

The union, however, indicated that, regardless of public opinion, it would be taking action to protect members, especially where penalty rates were threatened (The Examiner, 22/7/77). The SDA had no record of industrial militancy and even in the late 1970s when several unions in Launceston had the capacity to disrupt work, the SDA’s action was limited to discussions and demands. Finally, Coles indicated that they would be opening K-mart until 6 p.m. Monday to Thursday, until 9 p.m. on Friday and on Saturday mornings whether agreement had been reached on penalty
rates or not. The day before the opening 16 pages of The Examiner were taken up with advertorials suggesting a wide range of benefits and pointing to the 30 Kmart operating extended trading hours elsewhere in Australia and the one already open in Hobart (The Examiner, 25/7/77). The union continued to escalate its rhetoric using the prospect of a transport workers ban on deliveries and the political prestige of its former State Secretary, Senator Brian Harradine, to pressure the company (The Examiner, 28/7/77; 30/7/77). The Launceston Trades and Labour Council’s (LTLC) did impose a ban at the request of the SDA but it was lifted by the LTLC disputes’ committee before it had any impact when Coles sought a conference with the Minister for Industrial Relations (The Examiner, 3/8/77).

While most similar sized retailers clearly saw the changes looming over the sector as a threat, Birchalls’ position was more complex. Ray Tilley’s initial reaction was to report to the Board that this was more of an opportunity than a threat. He suggested that ‘he had always been in favour of keeping the city centre alive by Friday night trading’ but had initially advised that Birchalls should ‘wait and see the Union reaction before making a decision’ about whether the bookstore should follow K-mart’s lead (Minutes, 8/9/77). Within a few days it became clear that the union position was mostly bluff and when the SDA indicated a willingness to negotiate the bookstore was quick to announce it would be trading until 9 p.m. on Fridays under the slogan ‘It’s better at Birchalls … your friendly Tasmanian-owned store’ (The Examiner, 29/9/77).

A couple of minor changes, which took place within Birchalls in 1977, are also worth noting. Both involved the relationship between the Company and the two sides of the Tilley family. First an extraordinary meeting of shareholders in July agreed to ‘change the name of the Company from Birchalls Pty Ltd back to the original name A.W. Birchalls & Sons Pty Ltd in order to free the name of Birchalls for the Trading Entity’ (Annual Report, 1977). Behind the Trading Entity, however, now stood the Trustee Company whose purpose was to minimise Company Tax and secure the rights of the Tilleys as Birchalls’ major shareholders. This body also saw a change of Directors with the accountants, Mr. Booth and Mr. Curtin, replaced by Yvonne and Rita Tilley, the wives of Ray and Norm. The influence of Norm’s immediate family over the burgeoning Birchalls operation in the south of the State was further
confirmed when, his second son, Norm junior, replaced Phillip Turnbull as manager of the Hobart store (Minutes, 24/11/77). Norm and S.R.C. Tilley also tried at this time to have the University Bookshop become the focal point for the Company’s whole education market, even suggesting that the Hobart store be amalgamated with the University bookshop as part of a re-organisation. They were sternly opposed in the Board by Stan, who wanted to keep the operations separate so that their performance could be monitored (Minutes, 24/11/77). The other major voice for a conservative approach on the Board, William Layh resigned at the end of the year. He noted that while he had ‘not always been in agreement’ with the majority of board members he had found both the Board and Company ‘quite unique’ (Minutes, 24/11/77).

In 1978 the incipient tensions between the two sides of the Tilley family became more obvious in the operation of the company. There was nothing secretive about this. Norm Tilley, in particular, was quite open in his promotion of his immediate relatives’ interests and was frequently accompanied by Marcus on occasions such as the 1978 ABA Conference (Minutes, 19/4/78). Conversely Ray had been quite reluctant to employ the members of his immediate family having specifically told his sons, ‘don’t come to me looking for a job’ (Interview, G.Tilley, 19/3/10). The imbalance this created was that Norm’s family, with a smaller investment through shares in the company was benefiting by way of employment, while Ray’s family benefited only through his salary and bonuses and the dividends on their more substantial shareholding. In June Ray brought this directly to the attention of the Board saying that

he had encouraged his sons to establish their own careers and gain experience outside Birchalls, but in view of his family’s total financial commitment as major shareholders he felt it was most appropriate that one of them become involved as a member of this Board. (Minutes, 14/6/78)

Ray’s sensitivity about this was evident in his approach of telling the Board before actually discussing it with his sons and also in his expressed view that his object on this issue was to have one of his sons stand ‘for election to the Board in his own right as a Shareholder’ (Minutes, 14/6/78). This was followed up at the annual general meeting of shareholders in November when Stan Tilley withdrew his nomination as a
Director. Martin J. Tilley, son of Ray and Yvonne, was the only nominee for the vacancy this created (Minutes, AGM, 30/11/78).

The balance between the two sides of the Tilley family was at risk from other factors as well. The disparity in shareholding meant that any substantial profit would accrue more to the benefit of Ray’s side of the family through their greater ownership of ordinary shares. In a situation of lower profits this would no longer be the case. The financial year ending 30 June 1978 brought the issue into sharper relief with profit falling to $3,188 (Annual Report, 1978), which resulted in no dividend on ordinary shares being declared (Minutes, AGM, 30/11/78). One of the contributing issues to this poorer performance was the Library. In the Bookstore’s history this had been a significant component, especially in the days when people could not afford to buy books. By the late 1970s, however, it was no longer paying its way and was occupying a position on the balance sheet as an asset only. The decision to sell off the library stock made business sense but the sale fell $10,000 short of the stated asset value. Nonetheless assets exceeded liabilities by $582,090 at the end of the year (Minutes, AGM, 30/11/78).

Liquidity and physical facilities issues continued to constrain the Company. The former was addressed by increasing the mortgage with Ritchie, Parker, Alfred, Green and Company from $60,000 to $100,000 (Minutes, 30/11/78). This was made possible by continuing inflation in property values, which caused an appreciation in the value of the Brisbane Street properties. A downside of this appreciation was that pressure on space in Brisbane Street became more acute. For some time the bookstore had been relying on having a rear access. This came under legal challenge from neighbouring property owners who felt it threatened their own amenity (Minutes, 30/11/78). The City Council also had plans for the area at the rear of the store earmarking it for a multi-story carpark. In one version of this proposal Birchalls would be subject to pressure to sell part of their property to provide a ‘walk-through’ from Brisbane Street to the proposed carpark.

While this remained only a proposal it indicated an alarming insecurity of access for a retailer who relied on regular delivery and dispatch functions as well as ease of customer access and passing trade. A partial solution was the location of some
functions elsewhere. In late 1978, the Receiving, Dispatch and Accounts sections were moved to North Street with Norm Tilley in charge (Minutes, 30/11/78). This was found to create some ‘inefficiencies’ and Norm moved back to the main office with Barry Bracken taking over at North Street. The venue, however, proved too large and Norm Tilley reported that, while Bracken and David Lewis were operating it ‘quite satisfactorily’ it really only needed half the space (Minutes, 28/3/79). This operation was subsequently moved to premises at 54 Cameron Street, which continued to house the Receiving and Accounts Payable Departments (Annual Report, 1978).

By 1979 it was clear that several issues, which had been irritants in the Company’s financial position, would need to be dealt with. These were addressed early in the year by a restructuring of the financial arrangements intended to ‘1. Provide further liquid funds, 2. Improve the ratio of shareholders or owners’ equity, 3. Remove the risk to the business in having shareholders’ deposits [and/or] trust beneficiary funds withdrawn without notice’ (Minutes, 28/3/79). In part this was made possible by the continued inflation in CBD property values. A revaluation of the Brisbane Street properties, which were now written into the company books as assets valued at $900,000, allowed an increase in the mortgages of $100,000. An interesting note in the Board of Directors minutes early in 1979 was Ray Tilley’s urging existing shareholders to take up the remaining unissued shares (Minutes, 28/3/79). This was presumably directed at other members of the Tilley family who had not been as keen as Ray and Yvonne to put their own money into the business. It may have been coincidence but this meeting was also given notice of Marcus Tilley’s resignation and appointed Andrew Emmett as Birchalls’ Southern Manager. Andrew had worked for the University of Tasmania when they ran the campus bookshop directly but had left when Marcus was appointed. Among Andrew’s first appointments was an 18 year old, Dean Shegog, who was to play a significant role in both Birchalls and later the Cooperative Bookshop’s operations at the University. Shegog recalls that he owed his appointment to his ownership of a Holden station wagon. With the University Bookshop being used as the receiving point for all Birchalls’ southern operations this large vehicle became an important tool of his trade (Interview, 10/6/2010).
The liquidity issue had been a recurring one and was to some extent a product of the nature of the book-trade and particularly of the education textbook aspects of it, which required Birchalls to spend a lot on stock and hold it for extended periods. In the 1970s, this had been exacerbated by an inflationary economic environment, which saw costs rising rapidly and to which there appeared to be no end in sight. This inflationary economy also meant, however, that the value of the Company’s properties was rising. Increasing the mortgages to take advantage of this was an obvious way to raise funds. At this point this approach was given a more substantial footing by having a revaluation written into the Company’s books. This allowed a further increase of $50,000 to both mortgages to be presented as prudent as it brought the total borrowings to $300,000 – only a third of the asset value. The increased mortgages, both with the legal firm of R.M.Green, A.J. Green and T.J. Whyte, also allowed the Company to discharge all its other borrowings so its debt situation was much neater.

As we have seen, the issues of shareholders’ equity and deposits related to the stake of the various members of the Tilley family in the company and how they were rewarded for both investment and effort. Birchalls Holdings Pty Ltd had been formed to provide an avenue for organising these relationships at arms length from the trading operation of A.W. Birchalls and Sons. The Holdings Company controlled the trading company directly because it held all the Tilley family shares, which accounted for over 90% of the total shareholding. The remaining 10% consisted of the small number of shares held by longterm employees.

The decade ended with Birchalls trade increasing in most locations. Annual turnover was up: 15% in the Brisbane Street store; 30% at the Newnham campus College Bookroom (largely thanks to the custom of the nursing students at Launceston General Hospital); 60% at the bookshop in Elizabeth Street, Hobart; and 30% at the University Bookshop at the Sandy Bay campus. The only location, which recorded a drop in turnover was the Mt Nelson College Bookshop which operated at 58% of the previous year’s turnover (Minutes, 23/8/79).

The battle for better shopping facilities in the Launceston CBD continued to occupy the Board with the final meeting of the decade recording two particular facets of this.
The first was that R.M. Green, the company’s solicitor and financier, was suing the Launceston City Council for access to his premises adjacent to the rear of Birchalls’ Brisbane Street shops. The second was that Ray Tilley was continuing his public agitation against the Council’s attitude to development this time focusing on the proposed Forum, which would clear old buildings of no architectural merit and provide another public meeting space. Ray reported that he had told the council that they should regard the project as one which is important to the City and consequently should take the courage to resume properties in order to square up the area and eliminate the plumbers workshops, dairy and other old buildings which it contains. (Minutes, 15/11/79)

Training a modern retail workforce

Staff loyalty and dedication had always been valued by Birchalls. This is not only evident in the recollection of longterm employees but had also been an aspect of management strategy associated with the changes in technology and business environment. By the 1970s this had become an established part of the company culture. There is little in the public or officials documentation to show how this was done or indeed how embedded in management practice it was. An insight into the content of staff training has been preserved on a flip chart dating from the 1970s. Predating powerpoint or overhead transparency technology this consists of sheets of butchers paper clamped together at the top in a simple wooden frame and suspended by twine. The sheets are handwritten in thick felt pen using various colours for emphasis. The content is a summary of the company retailing philosophy as it was conveyed to managers and staff.

The first presentation addressed itself to those in management positions and begins with the proposition that ‘management is the management of people (not systems, not procedures, not finance etc etc)’. The discussion points under this heading stressed the need for activist management directed at getting staff to operate effectively. So being clear about what was required, how the necessary action should be taken and when it should be completed were complemented by the instruction that managers needed to check that actions had been carried out. The basis for this was described in four points ‘1. Observe 2. Organise 3. Delegate 4. Supervise’. Interestingly, role of the manager was described in terms of teaching both through example and by ‘explanation, demonstration, participation and questions’. A further the instruction
was that they must ‘teach on the job constantly’. This was supported by a discussion of leadership in which the roles of direction, consultation, interaction and delegation were raised.

The most detailed material for management training, however, related to the instruction that ‘leaders must develop people’ and a discussion of the details of what this meant at both a company level and in the day to day operation of the enterprises. In terms of the former the issues of ‘fair compensation, job security, safeguards to health, opportunity for self-improvement, pleasant working relationships, economic security and periodic evaluation of performance’ were covered. While it was senior management’s role to attract and select ‘good people’, attention was directed to the role of line managers in ‘holding good people’. In order to do this the training presentation argued that supervisors ‘must show respect, courtesy and sympathy’.

The four key points to the ‘developing people’ mantra were:

1. create a climate of trust
2. encourage self improvement
3. establish goals
4. give responsibility

About half of the training presentation sheets were obviously designed for staff other than managers. These range from the simplest instructions such as ‘greet the customer’ to quite complex material on the relationship between sales’ staff behavior and enterprise performance. At the mundane level the presentation for junior and new staff on ‘our friends and our enemies’ instructed them to be on the alert to give service and identify shoplifters. The key time period in both cases was identified as five seconds. So ‘our friendly looking customer needs to be approached within 5 seconds or he becomes unhappy with our service’ and ‘shoplifters not approached in 5 seconds know it will be easy to steal from us’. In both cases the instruction was to approach shoppers and ask ‘Did you find what you were looking for?’ The response would then help the staff member decide how to make a sale or to alter a senior member of staff to a possible problem. Hints on how to encourage a customer to buy and to buy more than one item included ‘carry the goods to the checkout’ so the customer can continue shopping and ask about interest in other associated product lines.
In addition to such basic instruction, a systematic approach to salesmanship was also given attention in staff training. This ran a gamut of advice starting with smiling at customers and giving them ‘all your attention’. It then went on to stress the need to learn about the merchandise by asking and observing with specific suggestions for how to find out what the customer wants. Sales staff were also told how to plan their presentation to customers and advised to practice. The final instruction and the one given the most emphasis on the presentation sheet was ‘send your customer away HAPPY’.

A more sophisticated presentation related to the connection between the takings on the average sale and the wellbeing of the enterprise, which was in turn specifically related to dividends, bonuses and jobs. In particular the advantage of ‘multi item sales’ was discussed. The issue of grouping associated lines was seen as partly mechanical so physically conducting customers to areas of interest was seen as important. But most points in this part of the training material focused on how to help customers get what they came into the store for and how to engage customers so that they became interested in other items they may not have initially intended purchasing.

The question of customer selection of goods was seen are the first ‘bottleneck in every sale’ and it was addressed by open display and open staff. It was stated that this selection bottleneck typically took up 15% of the time required to secure a purchase. The remaining 85% had traditionally been taken up by the recording of a sale. With the check out system eliminating much of this, attention could be focused on the apparent contradiction of ‘serving “self service” customers’. While the mechanical issues of open display and grouping of associated lines was seen as going some way to addressing the remaining issues of customer selection the training material stressed the point that ‘service is still required’. It sought to clearly establish the need for active salesmanship with staff called upon to invite customers to complete or extend a purchase with ‘all your skill’.

None of the material in these training presentations is unique, in fact by the period in which it was in use at Birchalls much of it could be found in management and sales textbooks. The care taken in adapting the general prescriptions to the specifics of the business and the suggestions about how individual employees could implement the
ideas, however, represented a serious commitment to training and staff development not always found in small and medium enterprises.

Surviving a Decade of Change

During the 1970s Birchalls had achieved a strong financial and trading position. From their base in Brisbane Street Launceston the company had expanded its operations into the higher education campuses at Newnham, Mt Nelson and Sandy Bay and they had also established themselves in the Hobart CBD. Internally the move to computer based accounting and stock control was a significant change in the way the company went about its business. Both the technological innovation and the training of staff this involved took Birchalls into unchartered waters and marked the company as a leader in modernising the book trade.

Some insight into Birchalls operating culture can be gained from reflecting on surviving training materials used by Birchalls in this period. This certainly involved making use of international ideas but far from being a thoughtless replication of US or UK practice shows how the company’s own culture of service and personnel management were being adapted to what was seen as the needs of a modern retailer. Materials used in training department managers illustrate how the company was building a management philosophy based on a set of values. For a start the role of manager was described in terms of leadership rather than authority. Headed ‘leaders must develop people’, one set of training material spelt out seven points of principle in dealing with personnel issues. They were:

1. Fair compensation
2. Job security
3. Safeguards for health
4. Opportunities for self improvement
5. Pleasant working relationships
6. Economic security
7. Periodic evaluation of employment.

Detailed material on each of these points stressed that service could not be maintained unless staff were motivated and that this meant that Birchalls ‘must be known as “a good place to work”’. The role of leaders in this was to ‘show respect, courtesy and sympathy’ towards those they were supervising. This would ‘create a climate of trust’ and ‘encourage self-improvement’ among staff to the overall benefit of the
Training materials on salesmanship, for new staff members, adopted a similarly people focused approach. These called on staff to:

1. Smile
2. Tune in – give the customer all of your attention
3. Know your merchandise
4. Find out what the customer wants
5. Plan your presentation
6. Increase your average sale
7. Send your customer away happy

Each of these steps was then dealt with separately with new staff being given suggestions about what to say and how to defuse difficult situations – including where they identified a possibility of shoplifting. Given later developments in mass retailing in which employees have faced reducing levels pay, benefits and security of employment and customers service is measured largely in terms of efficiency, it seems a very old fashioned approach. It was, however, consistent with Birchalls tradition of valuing its staff and customers.

In terms of control of the company and its direction, whereas the 1960s saw the Tilley family take over from the Birchalls as both owners and managers, the 1970s saw the emergence of serious differences between the Tilley’s themselves. The three Tilley brothers, Ray, Norm and John took different approaches and this produced some conflict.

John Tilley who had been the company accountant, resigned in 1971 to pursue an accounting career in Canberra. It seems that he left feeling that Birchalls did not have much future and that his personal interests would be better served by pursuing a career in the Commonwealth public service. Once he left Launceston he played no further role in the company.

Norm Tilley’s role in urging expansion of the company to new locations and using new technology was a recurrent theme of company discussions and activities in the 1970s. This was underpinned by an approach, which emphasised that the company should operate in ways which were of direct benefit to members of his family. This involved the provision of jobs to close relatives, regardless of their industry
experience and suggestions that in the distribution of profits shareholders’ desires should take priority over business considerations.

Ray Tilley’s vision was more focused on the company itself. His close interest in the development of the Launceston CBD provides an insight into this. He saw the Brisbane Street properties as central to long-term company viability and therefore the re-development of this location as a modern shopping centre was of vital interest to him. Similarly his relatively cautious approach to new technology, opening new stores and employing family members reveal an awareness of the risk these might represent to the company.

By the end of the 1970s it was Ray’s view of how the company should operate which was dominant. His policy of buying shares whenever they were available saw the holdings of his immediate family grow relative to all other shareholders. Some members of Norm’s family were bitter about this feeling that they were being eased out of the company. Norm had, however, spent the whole decade as General Manager and had been as well placed as Ray to take a leading role in the company. Indeed his role in urging expansion into new locations was a major influence on Birchalls’ development. Nonetheless by 1979, not only were Ray and his immediate family the major shareholders but Ray’s approach to doing business had been embedded in the detailed operation of the company.
Chapter 7: A State-wide Retailer in the 1980s

If the 1970s can be thought of as a decade in which the ambition of Birchalls was to become a statewide book retailer, then the 1980s might be seen as the period in which this ambition was achieved and made sustainable. This was done in a difficult market environment in which the Company’s operation was not made easier by on-going tensions between its major shareholders.

The rapid expansion of the 1970s, with the establishment of new bookstores on the Launceston CAE campus at Newnham, on the Mt Nelson CAE campus, in the Hobart CBD and on the University of Tasmania campus in Sandy Bay, had two long-term strategic impacts. First it ensured that Birchalls became the major supplier of textbooks to the Tasmanian higher education market and second it established a significant presence for the company, until then so strongly associated with Launceston, in the south of the State.

Given the strength of parochial rivalries between North and South of Tasmania the latter was not only a significant departure from previous practice but carried additional risks of operating in unfamiliar, and possibly hostile, terrain. As the narrative detailed in the previous chapter shows, there was also a chance that the geographical division would be replicated in the company. Norm Tilley had championed the expansion strategy and had a personal interest in the operations outside the Brisbane Street store through the jobs, which were held by the members of his immediate family. The growing distance between his and his family’s views of how the company should operate and those of Ray Tilley had begun to run in parallel with the growing interests of Norm and Marcus in the operations in the south of the State. At the same time such rapid expansion was likely to be a challenge to any small company and the multiplication of Birchalls’ stores proved no exception. Through the 1960s and ‘70s systems of control, especially of stock and credit, and of staff training had been carefully established at Brisbane Street. These built on the accounting reforms introduced by Stan Tilley and the long tradition of staff loyalty in a town in which working at Birchalls had a status not shared by all retail employment. The reforms to business practice and investments in staff had been central to an operating culture, which made the Launceston store consistently successful in terms
of growth of both turnover and profit. To replicate this hard won success in new stores would require a lot of attention to detail and finding the managers and staff capable and willing to provide this was not easy.

The difficulties of establishing outlets in new locations also faced Birchalls in expanding its operation into the higher education market. Many staff and students in universities and colleges saw themselves as part of national and international academic networks. With these customers, the fact that Birchalls was an established bookseller in the Launceston CBD would not necessarily have been an advantage. The tensions which had begun to emerge in the late 1970s with an evident lack of shared understanding between Birchalls and the academic community over the purpose and operation of a campus bookstore would need to be diffused if the higher education outlets were to be sustainable.

*Family tensions come to a head*

Some of these difficulties were evident at Birchalls Board meetings. As we have seen the Hobart store had not been anything like as successful as Norm Tilley had originally predicted and in late 1979 the Board had discussed its future, concluding that as it was now in profit it should keep trading until the end of the first quarter of 1980 when a stocktake was due (Minutes, 15/11/79). The fragility of the southern operation was revealed starkly during the ordering period for the new school year. Norm reported that telephone orders had been ‘immense’ and that the local ‘staff had not been able to cope’ (Minutes, 20/3/80). The immediate solution had been to deal with the school ordering from Launceston where the well-established processes and the trained and experienced staff overcame the crisis. There the use of a reserve of experienced and loyal former employees willing to return for the peak trading period was also a well-established practice which enabled the store to overcome issues of seasonal high demand. One approach to a longer-term solution is evident in Norm's report to the Board that the Mt Nelson CAE and the Hobart bookshops had been ‘coupled together for management purposes’ (Minutes, 20/3/80).

The distance between the standards of operation which had been painstakingly established and maintained in the Brisbane Street store and what was seen as acceptable in other bookshops was also seen as a problem for operations in the south
of the State. Norm’s observation that the university bookshop ‘was neat and tidy, but the Manager was making no great efforts to go after extra sales’ shows one aspect of the difficulty of moving into markets with established norms which did not match Birchalls’ operating culture (Minutes, 20/3/80). What worked in the location and market of the Launceston CDB was unlikely to work on a university campus even if management and staff were able to replicate the processes and operational culture in place in the Brisbane Street store. A small example of the gap in expectations may be seen in the Board’s surprise when the dismissal of a dishonest employee in Hobart had been regarded as harsh by local opinion. The Brisbane Street store had operated on a zero tolerance policy in respect of theft for years and it seems to have come as a shock to the Board to hear Marcus Tilley’s explanation that elsewhere in the industry this was not the accepted standard. The Board was further surprised that theft at the University bookshop appeared to be accepted as a normal risk of trading. In noting ‘that the police were unco-operative when the matters were reported to them’ the Board was also indicating disappointment that management had taken no action of its own to solve the problem (Minutes, 25/6/80). The concern that the managers in the south of the State did not take the issue seriously was seen, by some Board members, as another indication that they were not committed to following the successful model of the Brisbane Street operation but wanted to forge their own path.

Back in Launceston the move of ancillary functions from the unnecessarily large premises at North Street to Cameron Street was completed creating a rental saving of $4,000 per annum. The proximity of Cameron Street also allowed some additional functions to be moved out of the Brisbane Street property making a larger selling area available (Annual Report, 30/6/80). The cost of alterations at Cameron Street to accommodate the additional functions were seen as being offset by the increase in selling space this allowed at Brisbane Street (Minutes, 29/10/80).

While the main store continued to be the company’s most profitable operation, 1980 was a watershed year in that all branches traded profitably. Better results were reported from all of the southern operations. At Elizabeth Street, Hobart, the previous year’s loss of $16,727 had been turned into a profit of $24,981. The University bookstore’s modest 1979 profit of $1,121 increased to $6,476 in 1980 (Annual Report, 30/6/80). A complicating factor in the profit picture was the role of Birchalls
Holdings. This ownership company had been formed as the means by which the two sides of the Tilley family could divide profits of the trading enterprise (A.W.B. Birchall and Sons) in a tax effective manner. Because of the equality of ownership between Ray and Norm Tilley and their families in the holding company, it also served the purpose of increasing the income of Norm’s family who were minority shareholders in A.W.B. Birchalls and Sons and therefore benefitted less than Ray’s family from dividend payments. In any case between 1979 and 1980 Birchalls Holdings increased its management charges to the trading enterprise from $183,760 to $247,000 that is by approximately one third. With an additional rental charge of $39,400, on the Brisbane Street properties, which it owned, the holding company charges wiped out the trading profit. Ray’s ambivalence in respect of this result is barely masked in his annual report comment that the drop in trading profit was ‘entirely due to the increase in management charges made by the Associated Company’ (Annual Report, 30/6/80). The not so hidden message was that the family ownership structure, while it facilitated the extraction of value from the business, had in this case at least, created the fiction that the business was unprofitable.

There had also been some continued pessimism in the Annual Report related to the perennial problem of lack of liquidity. Here also the problem was that the extraction of money through the ownership structure had left little in the business for reinvestment. Ray associated this with the risk of falling behind in technological terms. He reported that,

> it is essential for the future growth of the Company to find ways and means of increasing [capital] retentions and/or infusing new funds so that we can update our technical equipment and maintain the leadership which we are now enjoying in our field. (Annual Report, 30/6/80)

Once again the inflation in property values came to the rescue in the short term with mortgages being increased to $150,000 and $200,000 on 122-4 and 118-120 Brisbane Street respectively. The strength of the trading enterprise was able to overcome this mid-year gloom and end of year profits enabled the payment of a 15.3% dividend on ordinary shares in addition to the 6% on preference shares (Minutes, 18/11/80). Directors fees were set at a healthy $2,000 for the year (Minutes, 11/12/80). Despite Government cut backs in education and consequent decreased higher education enrollments, Birchalls’ Board ended the year approving the proposition that the
company take over the bookshop at Don College in Burnie (Minutes, 11/12/80). Solving the problems of access to the Brisbane Street store was also seen as a bonus with TV advertisements now telling Launcestonians that ‘Birchalls is open and there is plenty of parking’.

A significant change in terms of Tilley family involvement in the day-to-day operation of the company, which occurred in 1980, was that Phillip Tilley, Ray and Yvonne’s eldest son, join the Launceston store as book department manager. His work experience was mixed but had several elements, which were to be significant for the contribution he would make at Birchalls. The first of these was the four years he had spent in a Hobart advertising agency as an assistant production manager. In practice this meant being the office ‘gofer’ doing whatever tasks more senior staff required. It did, however, give him a lasting interest in how advertising was used to attract customers. In the mid-1970s, with little chance of promotion from this position, he took up a Coles management traineeship back in Launceston. He recalls the period as ‘very hard …[but] a fabulous experience’ (Interview, 11/2/14). In particular he ‘learnt a lot from experienced managers’ and was able to see in practice how systematic management processes worked. The advantage of the rigid systems was that managers and staff had clear guidelines to follow in most of their tasks. The disadvantage was that ‘Coles was really a dictatorship’. One effect of this was that practice was inflexible and the company was slow to update. For instance, when Phillip was involved in the introduction of self-service in Coles’ new K-mart store in Hobart he was able to reflect that by then ‘Birchalls had had self-service for 10 years’.

At a more personal level the extremely hierarchical character of Coles’ management was reflected in an attitude that ‘you’ve got to put the Company first’ (Interview, 11/2/14). This became a sharp issue for Phillip when one of his co-workers wanting to attend the birth of his first child was told that he’d never get anywhere in the company if he ‘put his family before the job’. Phillip’s conclusion was that ‘I didn’t want to work for people who had that attitude’.

Ian Drinkwater, then running the OBM bookstore in Hobart offered him a job, which he took. Phillip recalls the OBM operational style as a ‘seat of the pants’ approach. The contrast between the inflexible but systematic management at Coles and the
chaotic lack of systems at OBM was stark. When, after he’d been at OBM for a couple of years, Ray Tilley told him, ‘we need a Book Department manager’ Phillip recalls that he was taken aback (Interview, 11/2/14). He was aware of the tensions between Ray and Norm in the management of Birchalls and ‘didn’t want to end up getting between them’. On the other hand he felt that he was not learning anything at OBM and accepted the Birchalls position, once more moving back to Launceston. Within a couple of years Phillip was the manager of the Brisbane Street store. First, however, he recalls that he learnt a very significant lesson from an existing Birchalls staff member, Julie Foley. She had been in the Book Department for a number of years at the time of Phillip’s appointment and in his view, ‘probably should have become manager’. Instead Phillip was brought in with a couple of years in the book trade at OBM and the more substantive Coles traineeship behind him. Phillip recalls:

I learnt a lot from Julie. Together we changed the Book Department and I learned that as a manager I had more fun and more success when I looked at what other people wanted to do than when I just did what I wanted. (Interview, 11/2/14)

This experience captured in a practical way what Ken Blanchard described in his popular *The One Minute Manager* series of books as the paradox at the heart of management practice. Phillip was to make good use of both the practice and the theory of this paradox in his career at Birchalls and afterwards as a small business consultant and management trainer.

Ray Tilley began 1981 at the American National Retail Merchants Association (NRMA) conference in New York. This organization had a specific booksellers section and Ray’s interest in it rather than the narrower book trade conferences Birchalls’ management had traditionally attended, indicates his developing view that the company had to see itself as a retailer rather than simply as a bookseller. He recommended that Birchalls pay more attention to what was happening in international retailing pointing particularly to the operational ‘systems of the [NRMA's] Book Industries Standards Advisory Committee’ (Minutes, 30/6/81). He also used the broader retail sector focus of the conference to direct the Board’s attention to more strategic issues. His time in the USA and a subsequent period of four weeks in Europe confirmed his view that there was much to learn from international practice, which had been moving rapidly to embrace new retail
technologies and practices. It was particularly evident to Ray that retailers in the US and Europe were achieving higher turnover with fewer staff through the use of a combination of new technology and management systems.

For those on the Board whose view of the role of the company was closely tied to its capacity to create jobs – especially for family members – the more professional approach to selection and training cannot have been a welcome insight. When Ray described the wages being paid at the College Bookshop as ‘a disaster’ and identified an urgent need to reduce hours of work at the non-Brisbane Street stores the conflict in views became sharper (Minutes, 6/4/81). That Norm and his family remained committed to the view that Birchalls should serve family members was confirmed in late 1980 when Norm and Rita’s younger son, N.T. (Norm junior) Tilley, had been appointed to the Board, in place of Marcus, who had resigned. Norm jr. had also become manager of the Hobart store (Minutes, 18/11/80). Norm Tilley sr. himself conceded that the southern stores were trading badly but he, Marcus and Norm jr. put this down to inadequacies in terms of staff and space and consistently urged expansion and increased expenditure as the remedy (Minutes, 15/6/81).

In the 1981 Annual Report a record trading year was contrasted with a modest after tax profit of $18,716 (Annual Report, 30/6/81). On this occasion management fees charged by the holding company could not be blamed as these had been reduced by around 40%. The real problem was that some areas continually traded at a loss, despite high turnover, because their costs were so high. One instance of this was addressed when a re-organisation of Higher Education in Tasmania saw the gradual, incorporation of the Mt Nelson College of Advanced Education into the University of Tasmania. Subsequently the Launceston-based Tasmanian College of Advanced Education at Newnham was also to become part of the University. The Mt Nelson changes meant that some teaching was transferred to the University’s Sandy Bay campus. The lack of certainty about what areas would remain at Mt Nelson created a difficulty for the bookshop. The initial consequence was that Birchalls wound up its Mt Nelson outlet and increased the size of the university campus bookshop (Annual Report, 30/6/81). The Annual Report noted that the Mt Nelson outlet had been operating at a loss for some time but that it had been decided to continue so that
negotiations with the University for a secure lease at the Sandy Bay campus were not prejudiced.

The contrast with the locational benefits of the Launceston store were being underlined by the collective efforts of the Launceston CBD retailers to bring more people into the Mall. One example was the ‘mid-winter madness’ sales which boosted turnover during a normally quite trading period in July by extending the number of stores open late on Friday. While Birchalls and Myers were regular Friday night traders other retailers had been reluctant to embrace longer opening hours. Now Phillip Tilley in his role as Chairman of the Central City Promotions Committee was arguing that:

During the day few working men have the opportunity to go shopping with their wives and Saturday mornings are taken up with sporting commitments. So Friday night is the idea time for family shopping. (*The Examiner*, 12/6/1981)

*The Examiner* reported that other ‘retailers have jumped at the idea’ and indicated that Ambroses, Monaghans, Ezywalkin, Susan’s, Venture, Duncans and Katies had all indicated they would take part (*The Examiner*, 12/6/1981). There were also plans for entertainment in the Mall itself to help draw a crowd. This activity illustrates Birchalls’ continued role as a leader in retail practice. Phillip was also to use the City Promotions Committee to develop a well-promoted ‘courtesy award’ with shoppers invited to vote for the most courteous shop assistant (*The Examiner*, 2/4/82).

Meanwhile, Ray Tilley had spent several months producing a more detailed report for the Board under the unambiguous, if prolix, title of ‘Profits and Losses Review of 1980-81 and Recommendations for the Urgent need to re-establish a formula for profit in those sections which have been operating at a loss’. This was tabled and discussed at a special general meeting of the Boards of both A.W.B. Birchalls and Birchalls Holdings (Minutes, 14/10/81). The general proposition upon which it was based derived from the US management guru Peter Drucker who was quoted as concluding that ‘results are obtained by exploiting opportunities and allocating resources to their development, not by solving problems’. Ray noted that this was the same quote with which he had begun a similar overview in 1970 but that in the intervening decade ‘we have made the mistake … of applying our resources to all
kinds of “problem” areas rather than capitalizing on our “opportunities”” (Minutes, 14/10/81). The key issue in the Managing Director’s view was to re-establish a ‘formula for profit’ based upon limiting expenses and particularly on having a specific target for the ratio of wages to turn over. From his research on international practices and Birchalls’ performance Ray had concluded that reducing wages to 6% of turnover would produce the optimal business outcome. His general view was that a focus on ‘department by department and store by store’ performance would draw staff and management attention to what was and was not working at the point of sale and within their areas of responsibility.

At the level of operational detail the report looked at each area of Birchalls’ operation in terms of its current performance and potential. It broke the Brisbane Street store into departments concluding that on the basis of 1980-1 performance:

- The Book Department was a ‘good opportunity’ for growth with a $35,000 profit and historically strong performance despite having ‘had few resources applied to it’;
- The Stationery Department was also a good opportunity for growth with a profit of $19,000 and considerable potential for investment;
- The Toy Department was identified as an ‘opportunity’ showing a $30,000 profit but facing a lot of new local competition;
- The Pen Department was also ‘an opportunity’ with an $11,000 profit despite (or possibly because of) employing only one junior sales person;
- The News Department was ‘a problem’ with a $23,000 loss and the comment that ‘historically this Department has always performed poorly and this year the gross profit percentage is lower than in the past’;
- The Education Department was also ‘a problem’ with a $56,000 loss and the comment that this area was ‘rarely profitable but is important because of its contribution’ to the company’s market standing. It was also noted that this area used an ‘immense volume of resources’.

In terms of the non-Brisbane Street operations the report was even more brutal. The College Bookroom, at the Launceston TCEA campus, with its $14,700 loss was seen as a ‘problem capable of solution’ if management could take the simple step of reducing wages. The University Bookshop, because of the newness of its operation and despite its $15,000 loss was also seen as a temporary problem, which could be solved if turnover could be lifted by 10%. The Hobart Bookshop, while its loss was
modest at $5,000, was seen as ‘a problem four years out of five’ with wages costs once again being the major issue. The College Bookshop at Mt Nelson was now making a substantial annual loss of $23,000 and was identified as a possibly ‘insoluble problem’.

Ray’s report had concluded that ‘wages to turnover percentages needed to be reduced considerably’ in the Education Department, at the University, Hobart and College Bookshops (Minutes, 14/10/81). These were precisely the areas in which Norm Tilley and his immediate family members had managerial responsibility. Norm’s response was to argue for the ‘flexibility’ created by current practice with different stores operating in different ways and to call for the company to ‘open new shops focusing in areas which were profitable’ (Minutes, 14/10/81). He also suggested that a better way to look at performance than the wages to turnover ratio was to look at profit ‘margins on specific lines on an hour by hour basis’ (Minutes, 14/10/81). The company auditor’s advice on performance and suggestions for improvement did not make reference to this cumbersome suggestion and were close to Ray’s view. The auditor suggested that areas, which were making a loss, should not be simply closed down but that the long-term issues of their contribution to the Company needed to be considered. On this basis the auditor advised the general business proposition ‘that wages to turnover percentages be ignored at our peril’ held good for Birchalls. The Board concluded that in future ‘managers should be judged on profit performance and not on sales’ (Minutes, 14/10/81). This message should also have been clear in the Company’s annual data, which show that despite a record sales figure of $3,664,914 profit was down (Annual Report 30/6/81).

The Board’s discussion of its Chairman’s report is interesting in that it consisted of a list of issues raised by Norm and Norm jn. about what could not be done. This particularly focused on the practice of discounting prices to key customers – especially schools. Their arguments were that discounts were traditional, that other suppliers were offering discounts and that without discounts the big institutional customers, like schools, would take their business elsewhere at great loss to Birchalls. The alternative view, put by Ray and those Board members who supported his view of the business, was that ‘business was not worth chasing if it was not profitable’ (Minutes, 14/10/81). The problem was that the costs involved in chasing the
education market were not being justified by the money to be made in it. In particular, as Phillip Tilley recalls it, ‘the Education Department was providing jobs for the family’ (Interview, 11/2/14). In some ways the argument revisited the differences in approach, which had defined the partnership between Jack Birchall and Stan Tilley in the middle decades of the century. Jack had seen the primary purpose of the business as being to maintain the company’s standing and to support his family. Stan had seen this as the road to ruin and stressed a business model in which profit was the primary goal.

When the auditors recommended that loss making areas, which made other contributions, needed to improve their business practices, one area they no doubt had in mind was the Education Department, which had been both a big contributor to the company’s market standing and a consistent loss maker. Norm Tilley, who had responsibility for this area, followed this up at a December Board meeting reporting that possible steps to improve the business performance of the Education Department included increasing margins and reducing discounts. He had been informing schools through visits and reported that ‘eight Bursars had been taken to dinner and the subject very discreetly raised’ (Minutes, 15/12/81). On the basis of feedback from teachers and bursars, he warned that schools would react badly to the removal of discounts. This led to a sharp exchange with Yvonne Tilley who pointed out that the state of the economy had led other retailers to cease giving discounts and that their markets were accepting this. Norm jr. supported his father’s view arguing that schools might be inclined to go directly to publishers to get better prices if discounts were discontinued (Minutes, 15/12/81). If there was any doubt on the Board that there were performance issues that needed to be addressed it ought to have been dispelled when, at the end of 1981, the Board recommended the most modest dividend for some time of 3.94% on ordinary shares (Minutes 15/12/81).

By contrast 1982 opened on an optimistic note with discussions regarding taking over the operation of the Hobart Technical College Bookshop. The nature of the market meant that the provision of textbooks was a virtual monopoly and the 65% mark up on publishers’ prices currently charged by the bookshop was a substantial factor in the Board's decision-making process (Minutes, 23/3/82). The more general Hobart market and Birchalls’ role in it also became the focus of a tug-of-war between the two
sides of the Tilley family. As mentioned above Norm and his immediate family had been strong advocates of expansion as well as direct beneficiaries through their roles in managing new outlets. The record of Board meetings shows that they had frequently over-estimated the profits to be made from particular new ventures and when these were not realized had suggested a range of reasons, which deflected criticism from any particular store’s management. When the Birchalls Hobart CBD bookstore was established other local booksellers, specifically Fullers and OBM, had requested that Birchalls buy them out but the Board stood by its decision to establish a new enterprise rather than buy into existing ones.

An interesting sidelight on this is that OBM was then being run by a former Birchalls employee, Ian Drinkwater. He was one of a number of Birchalls staff who went on to establish their own book-selling enterprises. The company’s role in this is one of which Ray Tilley was particularly proud recalling that, ‘a lot of the people who made contributions to the book trade in their own right got their training as employees and managers at Birchalls’ (Interview, 2/5/08). Drinkwater had run the Mary Fisher Bookshop and been on the Board at OBM, as well as running its book department in the late 1970s. In November 1979 he and his wife had bought OBM. At Birchalls’ annual general meeting of shareholders in 1980 Ray had reported that Drinkwater had indicated a willingness to sell this operation to Birchalls (Minutes, 18/11/80). His total asking price amounted to almost $350,000 and he claimed that the store was making a profit of around $50,000 per year. Ray took pains to research the issues and tabled a substantial report before the board. He informed the Board that his estimation of book-trade practice was that sales were typically around 250% of profit (Report, 31/12/79). So on his estimate the OBM proposition was overpriced and the Board took no action.

Two years later, however, OBM was purchased by the huge national bookseller, Angus and Robertson. Ian Drinkwater had in the meantime bought Fullers Bookshop, which he wanted to sell to concentrate on his other business ventures – notable Checkers Restaurant. In mid-1982, a combined meeting of the Board of the trading and holding companies was called to discuss the possibility of buying Fullers Bookshop (Minutes, 15/9/82). Both Ray and Norm Tilley had reasons for wanting to do something about the company’s Hobart situation. Ray had reported in his findings
on future profitability that the Hobart store was ‘a problem four years out of five’ largely because of over-staffing leading to high wage costs. On the other hand, Norm and his sons, Marcus and Norm jr, who had managed it, had seen its location and local competition as reasons for its lack of success.

Norm Tilley was, however, dismissive of the proposition to purchase Fullers suggesting that Drinkwater was really a liquidator and implying that there was little trading value left in bookshop. The shop, he told the Board, ‘had a history of losses’ and in any case in the CBD store being run by Norm jr., Birchalls ‘had a lot of potential of our own’ (Minutes, 15/9/82). The recent annual report had congratulated Norm jr. on operating the Elizabeth Street store ‘with very little assistance from Birchalls Launceston’ and also reported that the store had been expanded to double its original size (Annual Report, 30/6/82). Norm jr. said ‘he had never been very impressed by Fullers Bookshop’. Stan Tilley's comment that ‘we would be absolute mugs to buy from Drinkwater’ indicated a personal edge to the animosity towards the proposition. Ray, however, denied that Drinkwater could be regarded as a liquidator and argued that the real issue was weighing

the advantages of either moving into a new shop with no customers, as against paying Goodwill for the reasonable chance that Fullers’ customers would continue to patronise that store and the price that it was worth paying for that reasonably assured patronage. (Minutes, 15/9/82)

In the growing pattern of arguments in which Norm and his family and Ray and his family found themselves on opposite sides, Phillip Tilley, argued that the problem was not that management was not seeing the potential in Fuller’s site and reputation, he thought those advantages were obvious. What ‘the proposition depended on’, he claimed in a clear dig at present and past Hobart managers, was ‘whether we had the desire and enthusiasm to make it work’. Yvonne also added her influence as a significant shareholder arguing that if Fullers ‘had plenty of customers despite being very poorly managed’ it would worth buying and managing properly. With such a lack of agreement between the major shareholders and Board members no decision was arrived at. Late in the year the Board’s minute that it decided not to go ahead with the purchase of Fullers ‘in view of the current economic climate’ may indicate that it had been impossible to find a satisfactory compromise (Minutes, 24/11/82).
Better news was from the higher education outlets in Hobart with Norm Tilley jr. reporting to the Board that ‘the Bookshop at the Technical College was operating very satisfactorily and turnover was above that budgeted’ and that the University Bookshop had attracted favourable comment from both the new Vice Chancellor and the Bursar (Minutes, 15/9/82; 24/11/82). The issues around operating a commercial bookshop in this market continued, however, to present operational problems. The issue of a lease to operate the university bookshop appeared to have been solved when a legal document was signed between Birchalls and the Students Union. The University however had taken the view that only it – and not the Students Union – should be the party to the lease (Minutes, 23/3/82). Birchalls' solicitors were of the view that the University did not have this right and the issue remained unresolved. Nonetheless the bookshop was operating on the basis of the lease with the Students Union, which the company regarded as binding.

There was also uncertainty about the TCAE bookshop at Newnham at this time. Some of this arose because the institutional arrangements under which CAEs were being incorporated into the University were being worked out. Others were personnel issues. Rita Tilley had resigned as manager and replacing her did not prove simple. In the meantime, the Board decided to keep the Newnham bookshop in operation with limited opening hours of 9 a.m. to 2 p.m.. An underpinning issue remained the gap in understanding between the organizational focus of the higher education institutions and the business operations of the company. The university bookstore, for instance, had only one telephone line and Norm Tilley complained to the Board that no-one at the university understood that this was simply not sufficient for a business in which orders were taken over the phone. The different needs of the two organizations impacted right down to the level of how books were displayed on the shelves. The University handbook listed texts according to courses, with names and numbers specific to University needs. The Birchalls staff were used to quite a different system of display. The result Norm told the Board was books were ‘difficult to find … and …this was losing the Company sales’ (Minutes, 23/3/82).

The focus on costs which Ray had made so much of in his quest to establish a formula for profit seems to have been bearing fruit with increases in expenses being kept to 5.87% which the Managing Director pointed out ‘must be considered very
satisfactory’ (Annual Report, 30/6/82). Some of this was due to David Harvey’s increasingly successful adaptation of software to cover functions such as ordering, costing, stock transfers, stocktaking and purchases all of which, the Managing Director reported ‘have proved traditionally to be difficult to control’ (Annual Report, 30/6/82). Sales had risen 11.4% and net profit was $52,882, up from the 1981 figure of $18,716. An annual dividend of 12.58% on ordinary shares was paid (Minutes, AGM, 24/11/82).

The emergence of data contradicting the optimism of those responsible for management of the Birchalls’ operations in the south of the state and the relatively opaque profit situation of areas of the company under the direct control of Norm Tilley sharpened the differences within the Tilley family in 1983. Annual Reports, for both the operating company, A.W. Birchalls & Sons, and the holding company, Birchalls Holdings, revealed an alarming contrast between the main bookstore and the southern operations. Sales in Launceston had risen 4% with costs rising 0.6%. In the south of the State sales rose 15.3% and costs rose 14%. In particular salary costs in the south had risen by almost 30%. So despite the fact that each of the stores succeeded in increasing turnover, Elizabeth Street by 15.7%, the University by 10% and the Technical College by 43.8%, these gains were almost completely undone by lack of control of costs. The upshot was a dividend of only 1.77% on ordinary shares (Annual Reports, 30/6/83).

Board members who were not members of Norm Tilley’s immediate family were becoming more direct in their demands for explanations of what they saw as poor management. David Harvey reported difficulty in getting accurate figures from the managers of the problematical areas when he was preparing the draft profit statements by department and store. In October, for instance, he advised the Boards ‘that sales budgets have been completed but a difficulty existed in the production of a profit producing sales budget from the Education Department’ (Minutes, 26/10/83). The sales figures were transparent because of the computerised records of sales. The cost budgets, however, were not so easily recorded and there was considerable discretion given to Department and Store managers in how they spent and recorded spending. In his role as company accountant, Harvey now raised this directly with the Board and ‘requested some assistance from the General Manager (Norm Tilley) in arriving at a
realistic figure’ for costs (Minutes, 26/10/83). Ray and Yvonne Tilley’s son, Martin, was more direct saying ‘that the Company had “sat on its laurels” and that it was necessary to act aggressively in order to survive’. Of the current managers of particular areas, his view was that ‘if they were not capable of achieving profitable results they should be replaced’ (Minutes, 26/10/83).

Ray’s annual report had noted that part of the problem was a rapid increase in competition in Hobart. That the company was happy to keep investing in Hobart was evident in its leasing of the premises next door to the Elizabeth Street shop to allow the expansion and improvements in the presentation of the shop front needed to raise the standard of the store. It was also evident in leasing of separate premises, at 22 Watchorn Street, to house receiving and accounting operations. Ray’s annual report not only reiterated the mantra of controlling costs but also pointed to the need for a more strategic style of management than was evidently in place in some areas of the company’s operations. In particular he stressed that, especially in the face of increased competition, successful management requires

not only the active seeking of increased sales, a stringent control of expenses and the protection of gross profit margins, but also the continuous monitoring of performance, and teaching and training in all sections and at every level to ensure that people know how to achieve the efficiency required to establish a “formula for profit”. (Annual Report, 30/6/83)

Ray followed these concerns up in early 1984 with a report to the Board ‘on a further new site for the southern operation’ (Minutes, 22/2/84). This noted the possibility of renting a store in Harrington Street owned by John and Graeme Wignall, which had operated successfully for five generations as Wignalls Toy Store. Having been established in 1838 it was reputed to be ‘Australia’s oldest toystore’ (The Examiner, 12/5/84).

Perhaps this was seen by Norm and his family as a way to move them out of managerial positions and the proposal was not immediately taken up. Ray wrote a further undated memorandum to Board members providing ‘a further report on the southern operations’ which proposed splitting the company’s operations more completely along north-south lines. Given the long standing differences in the family such a split may have offered a solution with the potential it had for giving Norm and
his family an autonomous status in the south of the State. Ray’s report took pains to
acknowledge Norm Tilley jr. as ‘a dedicated, enthusiastic and entrepreneurial’ person
and also noted the role of Norm sr. in providing ‘regular leadership and supervision’.
Nonetheless the lack of profitability was a fact, which the Board had to face. Ray
then conducted a formal inspection of the Hobart store. Once again his report is
undated but the criticism of management failures is clearer. Of the Southern Manager
(Marcus), for instance, Ray concluded that ‘it is painfully apparent that he has not
been acquainted with many of the matters that affect his area’ of responsibility. Since
the division of responsibility between Ray as Managing Director and Norm as
General Manager, the southern outlets and general operations both fell within Norm’s
bailiwick and Ray’s criticism must have been directed at Norm’s failure to train those
working under his supervision.

Far from seeking to remedy the operational deficiencies, or taking advantage of Ray’s
proposal to split the operations, under which Norm and his family members may have
gained greater control, they simply sought to deflect criticism from themselves. At
the following Board meeting Norm jn. resigned as an employee saying that ‘he found
it difficult to be a Member of the Board of Directors and an employee of the
Company responsible to the Southern Regional Manager’ (Minutes 27/2/84). Norm
sn. then recommended that the position of Southern Regional Manager, which had
initially given Marcus overview of all the Hobart operations, be discontinued. The
Board accepted this as a good idea but it does not seem to have been acted upon.

Ray continued to pressure Norm on issues of managerial style, which were having an
impact on organisational effectiveness. In May he reported to the Board that Norm
seemed unable to hear the criticism of him or change his managerial approach.
Despite the fact that Ray

had pointed out on numerous occasions to the General Manager that the
number of persons reporting directly to him was unworkably large, that it
destroyed the authority of his Executives, divided responsibility and was a
major cause of staff unrest, he had not taken effective action to overcome the
problem. (Minutes, 14/5/84)

Ray reported that he had then given his brother an ultimatum that ‘he would not
continue in that office [as General Manager] unless he produced a workable
organizational chart’, in which lines of authority were clear and did not all lead back
to the General Manager. Norm apparently decided to call Ray’s bluff and Ray terminated his employment (Minutes, 14/5/84). Norm does not seem to have had anything to say about this at Board meetings but did take care to defend his attendance at national marketing fairs and noted that he would accept direction from the Board. Perhaps as a gesture of reconciliation Yvonne proposed and the Board approved the purchase of a new company car to replace Norm’s current vehicle.

*Back from the brink*

The company now found itself in a precarious position. Its ownership had become overly complex as the structure of a family company was increasingly stretched to accommodate a third generation of Tilleys along with the residual Birchall family interests. Two months after Norm’s dismissal the Directors of the operating company met alone rather than, as had become normal practice, with the owners of the Holding Company, and offered Norm re-employment as General Manager ‘on a monthly basis’ (Minutes, 11/7/84). He accepted the condition that his authority would be defined by a new organisational chart drawn up in his absence ‘which showed three persons reporting to the General Manager – Mr. Andrew Emmett, as Southern Manager. Mr. Phillip Tilley as Birchalls Launceston Manager. Mr. Neil Gray as College Bookroom Manager’ (Minutes, 11/7/84).

At the same meeting the influence of Norm Tilley’s immediate family was further reduced with the appointments of non-family managers in two southern operations: Dean Shegog at the University; and Diane Heard at the Technical College. The Hobart CBD operations had already been rationalised with Birchalls taking the first steps to a take over of Wignalls’ 93 Harrington Street premises in May. This involved moving the stationery store from Elizabeth Street into Wignalls’ basement. Ray commented publicly that to this point Birchalls’ ‘operation in Hobart has been very much education oriented with bookshops at the University and the CAE’ but now the opportunity existed to expand with the aim of replicating the range of offerings from Birchalls Launceston (*The Examiner*, 12/5/84). Store manager Andrew Emmett told the media in addition to the previous focus Birchalls had had on educational books and materials in their Hobart operation, the other services ‘for which Birchalls is famous have been added’ (*The Tasmanian Mail Magazine*, 9/10/1984). By the end of the year Phillip, much more the showman than either his
father or the store manager, was somewhat cheekily informing the public that, through the new store, ‘the firm is now offering Launceston type service to its Hobart customers’ (The Examiner, 20/11/84).

In July Birchalls’ Board also cleared up a number of anomalies in its membership. Marcus Tilley had been failing to meet the obligation of Directors to attend one meeting per year and it was agreed to ask for his resignation. Other changes in personnel and shareholding had also resulted in the need for the Directors to alter entitlements. Several employee shareholders were no longer working for Birchalls, partly as a result of issues with Norm’s management style, and under the company’s articles of association their shareholdings needed to be sold to eligible shareholders at a value fixed by the auditors. Ray and Yvonne purchased the relatively small number of shares involved. Stan had also disposed of his remaining shareholdings to his sons and was therefore no longer eligible for his pension under the Shareholders Compensation Scheme.

Ray’s determination to take control of the situation had been made clear but the considerable mess in which the company found itself would take some time to sort out. Despite the reservations, which other Board members had about Ian Drinkwater, and which have been reported above, Ray had asked him to write an independent report on Birchalls’ Hobart store. This concluded that the store was ‘greatly overstaffed’ creating a situation of trading at a high level of turnover but failing to make a profit (Minutes, 25/8/84). Ray made a point of congratulating Norm on what he had achieved in the south but clearly had no intention of allowing him to regain control of any operational aspects of the company (Minutes, 25/8/84). Identifying the extent of the problem for a combined meeting of the two Boards Ray reported that the ‘alarming losses suffered in both the Education Department in Launceston and the Hobart Bookshop [were] leading to a loss on all operations’ (Minutes, 25/9/84). Overall ‘wages to turnover percentages were even worse than at this time last year’ (Minutes, 25/9/84). In contrast he noted that Angus and Robertson were experiencing outstanding success with OBM’s old Hobart store.

A wide ranging discussion followed in which Norm detailed the difficulties of trading in the education market, pointed to a number of examples of mainland book sellers
who were experiencing similar problems, and asked for the advice of the Board on how to achieve profits in this area. A seven point ‘formula for profit’ was agreed. Under it the company would:

- Increase staff training to achieve a professional Bookseller standard.
- Train buyers to be more selective.
- Increase gross margin by judiciously increasing mark ups and reducing discounts.
- Reduce the present emphasis on library material and concentrate on the major prescribed text book type of selling.
- Reduce the number of vehicles and traveling expenses.
- Increase the communications [with the sector] … by more visits… telephone calls .. and … mailings.
- Recoup the costs wherever possible on freights and special orders. (Minutes, 25/9/84)

Norm Tilley’s public approach of accepting whatever the Board decided while proffering excuses in respect of his own responsibility for poor performance had not been able to hide the fact that lack of success in areas of company operation over which he had direct control was threatening Birchalls viability. Ray’s exasperation was evident at the December Board meeting when he reported that 3 months after agreement had been reached for improving the performance of the Education Department, there was no indication that Norm was going to act on it (Minutes, 20/12/84). An additional employee had been put on despite concerns about costs. Phillip Tilley, as Launceston Manager, pointed out that ‘whereas he had saved wages costs in other areas, he was concerned that expenses in the Education Department had not been reduced’ (Minutes, 20/12/84).

Given that Norm and his immediate family were major shareholders and that the company was a family business built on agreement rather than confrontation, the problem of what to do with non-performing senior employees was complex. Ray’s long-term solutions to the situation in the southern operations was to prepare the ground for a move into a more central location by leasing the Wignalls property in Harrington Street and to appoint his son Philip to oversee this. Philip was at this time Birchalls’ Launceston Manager and had a considerable background in retailing
outside the company having worked and been trained as a manager in the more
general retail environment at Coles and having recently acquired the Monica Hays
shoe store in his own right. He had also been on the Board of both operating and
holding companies for some years. Other immediate actions were programs of
training for Hobart staff in both selling and buying, a focus on stocking prescribed
texts at the higher education outlets, a reduction in the number of employees using
company cars and in the traveling costs born by the company and an increase in visits
to schools in the Hobart region (Minutes, 20/12/84).

At the same time as the struggle for influence between the Tilley brothers was being
played out the role of the Birchall family in the operations of the company was
coming to a sad end. Andrew Birchall Thomas, grandson of Jack Birchall and son of
Doreen Thomas, had come to work at Birchalls in Launceston during the early 1980s.
He married Pixie Scott, who also had an association with Birchalls from her days as
host of the television children’s library show in the 1960s and 1970s. In November
1984, Pixie was murdered and Andrew was charged (The Examiner, 25/11/84;
26/11/84). There was no doubt that Andrew had committed the act, nor was there
any public surprise when he was found ‘not guilty by reason of insanity’. He had
been, said the judge, subject to ‘irresistible impulses caused by a delusion that the
world was about to end’ and had killed his wife to save her from the ordeal he thought
this would entail (The Examiner, 26/6/85).

The major personnel problem for the company, however, continued to be Norm
Tilley’s involvement. He was once again in a senior management role and although
his managerial authority had been limited, he was still a Board member and a major
shareholder. Early in 1985 when the combined Boards met ‘to look at the problems
being experienced by the Education Department’, Ray Tilley’s exasperation over
Norm’s performance was both evident and directly expressed. He recalled that he had
asked his brother many times ‘to establish a “Formula for Profit” in the Education
Department, but this had not been done’(Minutes, 15/1/85). Nor had Norm conducted
the oversight of his sons’ management in the southern stores with, what Ray saw as,
due care and concern for the company’s profitability. Board meetings the previous
September and December had discussed these issues but, Ray reported, ‘the problems
were getting more serious and had not been dealt with’. Norm had been relieved of
duties and then re-employed, with reduced autonomy, but that of itself didn’t solve
the problem, he was still a major shareholder who demanded a senior role in the
company but whose management activities ran against the approach Ray, as
Managing Director and Chairman of the Board, demanded. Now Ray indicated ‘that
he was considering relieving him of all other duties for 6 months so that he could
concentrate all his attention on the Education Department’ (Minutes, 15/1/85).

Ray’s list of what needed to be done to ensure Birchalls’ survival involved basic
activities, which ought to have been in place. The fact that they were not being done
reveals how chaotic Norm’s approach, as General Manager with responsibility for
operational detail, had been. In the view of the Chairman of the Board, Birchalls’
survival required attention to eight points:

- Stock should be turned over in three months, or be returned to suppliers;
- Buyers need to consult selling staff before ordering;
- Products need to be promoted;
- Lower prices needed to be used to draw customers into the store;
- Senior management needed to involve itself directly in helping Department
  and Store managers control costs;
- Experienced staff needed to be retained;
- Weekly staff training sessions needed to be conducted in all areas;
- School libraries had to be targeted as direct customers. (Minutes, 15/1/85)

Stan Tilley jn. pointed out that many of the experienced staff who had left, had been
in the Education Department and had taken with them the personal contacts in the
schools which were vital to success in this sector (Minutes, 15/1/85). Given that
some of these disgruntled former employees were now working for Birchalls
competitors and others had established their own bookshops the potential damage to
Birchalls was severe. Norm’s previous policy of not selling directly to libraries but
relying on personal contact with teachers was no longer workable.

Norm was asked to make direct suggestions. His reaction showed a surprising lack of
interest in the company. His first response was that ‘he was not prepared to make
practical recommendations as in the event that they did not work he would not want to
be held responsible’. Subsequently, however, he agreed that he should ‘take control of education’ but warned the Board that it was a different area to any other in which the company operated and that its particular difficulties meant that reversing the trend would take time (Minutes, 15/1/85). This view seems very strange given that he had in fact had overview of the Education Department for many years in his role as General Manager with responsibility for operations and given his own direct role as manager of the Education Department for many years before that.

The general air of pessimism cannot have been helped by the death of Stan Tilley in March 1985. He had been sequentially, accountant, General Manager and Managing Director for 40 years and had then served on the Board during a very active retirement. The partnership he developed with Jack Birchall was instrumental in the transfer of ownership and leadership, which enabled the company to survive through the twentieth century. *The Examiner* obituary described him as ‘businessman, sportsman and musician’ and noted his contributions to the town as including ‘Ogilvie Park sports ground which was set up in the 1930s on his suggestion’ (*The Examiner*, 27/3/1985). This involved the use of railway land at Inversek and was the start of a long-term development of the area as a public space in the heart of the city. Stan was 86 at the time of his death.

The depth of dissatisfaction in the bookstore was also seen in the resignations of a number of key personnel at this time. In the early part of 1985 the Brisbane Street store’s manager of stationery resigned to set up his own competing wholesale business taking his salesman with him (Minutes, 22/3/85). Despite considerable effort to train existing staff, Norm reported that the loss would be difficult to make up. He also criticised the company’s approach to finance claiming that the existence of overdrafts were a risk because they increased the personal liability of the Directors, including himself. He wanted instead to increase the mortgages on the properties. Ray Tilley countered this by arguing that the overdraft was a more flexible instrument and that financial flexibility was required by the nature of the business (Minutes, 22/3/85). Subsequently an opinion was requested from the local Westpac Bank Manager and this ‘agreed with the method being used to finance operations at present’ (Minutes, 15/5/85). Norm kept up his criticism of how the company was being run and when the manager of the Toy Department resigned he pointed out that these
losses of personnel also meant that the personal contacts they had in the industry were being lost and that it was becoming difficult ‘to obtain the terms received from suppliers in the past’ (Minutes, 15/5/85). Norm was also pessimistic about reviving the Education Department, which he said was now understaffed and was suffering due to ‘the lack of travelers and …. needed more coverage and communication with customers’ (Minutes, 15/5/85).

Ray Tilley’s annual report rejected the pessimism. It also displayed the very different approaches being followed by the brothers. Whereas Norm bemoaned the difficulties and called for more staff to address them, Ray reported that in 1985, in order to reverse the losses of the previous year, it was necessary to call upon Directors, Management and Staff for increased effort, longer hours and bigger workloads. Some failed to respond and are no longer with us. Others, in particular the younger members of staff, stepped into the breach and responded magnificently and generally succeeded in producing a profitable result for their segment of the operations. (Annual Report, 30/6/85)

In particular the Education Department, which had recorded a series of poor annual results and had lost its most senior staff, ‘contributed $91,444 to the company’ in 1984-5 (Minutes, 26/11/85). Ray attributed this to a combination of ‘efforts to reduce wages and increase efficiency’.

These themes of structuring finance to ensure flexibility and improving the company’s capacity to survive in the increasingly competitive environment dominated the meetings of Birchalls Board of Directors during the mid-1980s. One of the implications of an increasingly finance dependent operation was greater involvement from the company’s financiers and investors. In early 1986, for instance, the local manager of Westpac agreed to increase the overdraft to $250,000, but advised that it would be sensible for the owners to put more money into the company by increasing the number of shares and having existing owners purchase them (Minutes, 15/3/86). With bank interest rates at historic highs of 17.5% the Board also discussed the possibility of borrowing in the international market (Minutes, 15/3/86). While the liquidity problem continued to worry Ray and was a theme in his reports to the Board (Minutes, 1/6/86), increased borrowings continued to be made locally with the Launceston lawyers. In this case Green, Whyte and Green, increasing their mortgage by $50,000 at 16% (Minutes, 18/12/86).
Investor finance also continued to change with ownership moving surely in the direction of Ray and Yvonne Tilley. In 1986, Ray bought some small shareholdings of retiring and resigning, employees and Yvonne agreed to finance the purchase of a new computer system. At over $50,000 it was a significant investment but this IBM Data 3 system finally gave the company the capacity to run book-search, purchasing control and point of sales transactions through a single system. In mid-year Ray had been concerned about how staff would cope with adapting their operations to the new system (Minutes, 1/6/86). By the end of the year his Annual Report was noting that the new system had ‘thrown tremendous responsibility on to Mr. David Harvey’ over and above his actual job of overseeing the Company’s ‘accounting functions’. These additional tasks had, however, been ‘cheerfully shouldered’ and, more importantly for the company’s future, successfully carried out (Annual Report, 1986).

The financial mechanics of the purchase of the new equipment were that the system was purchased by R.F. Tilley Pty Ltd (i.e. Yvonne and Ray) and then leased by Birchalls. Ray and Yvonne’s family company was also active in buying larger share parcels which became available at this time as the remaining Birchalls shareholders disposed of their preference shares. In 1986 this included some 12,000 preference shares previously held by Lauestina Birchall, Ida Birchall, Mrs. L.D. Thomas and Richard Thomas (Minutes, 18/12/86). Ray’s continually increasing role in the company had been recognized early in the year when the Board had increased his Managing Director salary by 15% (Minutes, 25/3/86).

The Annual Report showed a pre-tax profit of $131,246 with sales up 15% and cost increases kept to 6% (Annual Report, 1986). Given inflation especially in wage and finance costs it was a strong result. Within the divisions of the company, however, the profit continued to depend heavily upon the Launceston store, which made $123,500. By contrast the Hobart operation lost $114,300. Dividends of 6.33% were paid on ordinary and the requisite 6% on preferences shares (Minutes, 18/12/86). One difference seems to have been the careful control it was possible to exercise in Launceston where Ray reported ‘the instruction to buy only what can be turned into cash within 2 months is resulting in less receiving, less accounts and no apparent hardship in the inventory’ (Minutes, 1/6/86).
While the Board’s discussions were very much taken up with a focus on the business and particularly the finance side of the business, the company also retained a commitment to the promotion of knowledge. In mid-1986 it re-entered the publishing market and showed its support for local scholarship by publishing and promoting *Hagley: a short history of the early days of the village and the district*, which detailed the settlement of a pastoral and agricultural area south-west of Launceston. It also continued to develop its direct relationship with school age customers through sponsoring events such as the ‘Birchalls Holiday Kit Building Competition’ run during the September school holidays (*The Examiner*, 23/9/85) and the Puffin School Readathon, in which various local schools contributed teams of readers with prizes being significant donations of books to the school libraries (*The Examiner*, 19/3/86). Both served the purpose of bringing young readers, their parents and teachers into the book store.

Birchalls’ line management also continued to use the advantages of location in the Mall and sought to promote the Mall itself at every opportunity. Phillip Tilley’s role in the City Promotions Committee had seen him playing a central part in the organizing of Market Days in the Mall from the early 1980s. These allowed retailers not located in the Mall itself to set up stalls and benefit from passing trade in the busier location. In October 1985 an ‘international malls conference’ was held in Launceston’s Albert Hall with guest speakers from the Downtown Research and Development Centre in New York and various other Australian regional cities which had embarked on central city development projects (*The Examiner*, 29/10/85). The Australian Minister for Urban and Regional Development, Tom Uren, also spoke emphasizing the need for central retail area growth as a key to regional economic health. Phillip Tilley participated in the conference and continued the company’s approach of promoting CBD retailing as fundamental to Birchalls’ business model. By late-1986 Birchalls was playing its part in attracting more shoppers to the Mall by opening Thursday and Friday nights as well as Saturday mornings and Phillip was describing the Mall as ‘something to be proud of’ (*The Examiner*, 18/11/86). The advantage that ‘everything is centralized for the consumers benefit’ meant that smaller retailers benefitted from location close to the large stores with their greater capacity to attract people.

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At the start of 1987 it appeared as though the Tilleys might capitalize on their success in building Birchalls business when the Board received a well-developed proposal from prospective purchasers ‘Messrs Burberry and O’Brien’ (Minutes 16/2/87). The proposal was ‘to buy all of the shares in A.W.Birchalls & Sons Pty Ltd and continue to operate the business as a going concern’ (Minutes, 16/2/87). As Managing Director Ray had made an initial response valuing the property at $1.7 million and goodwill at $600,000. He admitted to the Board that he thought the latter figure was rather high and that $300,000 might be more realistic but clearly wanted to take a high price line into any negotiations. The Board agreed that for a payment of $10,000 they would grant a six-week option to purchase to allow time for negotiations (Minutes, 16/2/87). A month later an option agreement had been drawn up between the operating and holding companies of Birchalls and Geoffrey Frederick O’Brien (Minutes, 19/3/87). This valued the freehold of the properties and the company’s goodwill at $2,300,000 but included stock and fittings valued at $1,750,000. The agreement allowed three months for the completion of the purchase. O’Brien, however, decided not to pursue the matter and the option lapsed.

This market test established some measures of company value, which were clearly contradicted by the shareholding profile of the company with its 200,000 shares valued at $1 each. The ownership structures of the company had also become very complex – partly as a result of responses to taxation requirements but also because of the increased complexity of the Birchall and Tilley family relationships. There were now an operating company, which ran the shops, a holding company which owned the properties and three trust companies, one in the name of the Birchall family and two for the different sides of the Tilley family. An extraordinary meeting of shareholders in June decided to increase the shareholding in A.W. Birchalls & Sons to 2 million shares (Minutes, 11/6/87). With each having a value of $1 and being allocated in proportion to existing shareholdings, the effect was to give the shareholdings a value, which more closely approximated market realities. The following month, Boards of the operating and holding companies also took this opportunity to tighten the Birchalls ownership situation. Meeting together, as they often did, the Boards ‘resolved that the trading operations of Birchalls Holdings Pty Ltd as trustee for
Birchalls Trust, be sold to A.W. Birchalls & Sons Pty Ltd’. The price was to be determined on the completion of financial statements for the year (Minutes, 13/7/87).

This dealt with the ordinary share situation and brought it up to date with the realities of both market value and the way in which the company was operating. The situation of preference shares, which had increasingly passed into the hands of R.F. Tilley Pty Ltd, as the Birchalls sold off their remaining holdings, was also updated by increasing the share dividend rate from 6% to 12%. This was achieved within the Birchalls articles of association by a simple vote of the preference shareholders themselves (Annual Report, 1987). Subsequently Ray offered to buy all remaining preference shares (Minutes 24/8/87).

1987 also saw the final sorting out of the issues between the three ‘Birchalls’ entities under which the company had operated for some years. These were the trading company, the holding company and the trusts. As described above this complex arrangement had been developed to serve two purposes. One was the taxation advantages derived from having a trust operating alongside a largely family owned company. Not only were there issues here of the lower rates of taxation applying to trusts and to the income of beneficiaries under trusts but there were also more mundane issues such as fringe benefits, capital gains and dividend imputations. With the taxation legislation and rules under it altering constantly the point had been reached at which the benefits were marginal. The other issue was the balance of company benefits between the families of Ray and Norm Tilley. The advantage the latter had gained from an agreed arrangement in which their smaller shareholding was transformed into an equal ownership of the holding company was seen by non-family directors as an attempt to maintain unity of purpose (Interview, Harvey, 20/7/10). It may be that the demonstration that this would not be possible anyway removed this motive. In any case, by the 1987 Annual Report recorded the fact that

the business previously operated by the Unit Trust of which Birchalls Holdings Pty Ltd is the Trustee has been sold and reverts to A.W. Birchall and Sons Pty Ltd. Birchalls Holdings Pty Ltd is therefore inactive and the Trust is dormant (Annual Report, 1987).

This somewhat clumsy arrangement in which all ownership of Birchalls assets were deemed to have ‘reverted’ to the trading company and the holding company and trust
continued to exist but were ‘dormant’ was explained in terms of the difficulties of liquidation processes. Not only would these have been time consuming and expensive but they would also have involved public notices, which given the similarity in names between the three entities might have led to public perceptions that the trading company itself was in trouble. That the old arrangements had served the purpose of equalizing income between the two parts of the family, despite the disparity in shareholding, was evident in the report that in its years of operation the holding company had paid $150,888 to Ray’s family and $150,878 to Norm’s. This represented an annual per annum returns on their actual shareholding of 19% and 29% respectively (Annual Report, 1987).

The Annual Report also revealed that the problems of how to make a profit in Hobart continued to be the biggest drag on the company. While the Launceston operation returned a profit of $238,030, the Hobart store could only manage a loss of $130,510 (Annual Report, 1987). Both the Managing Director and the Board were puzzled. Budget outcomes in terms of turn over had been achieved but the store continued to perform below Board expectations. A September Board meeting reviewed the operation. Discussion included mention of the loyalty and diligence of the Hobart staff. The Board concluded that while the Hobart store was operating well in terms of its capital, volume of trade, location and competitive position it seemed to lack the vision, profit orientation and inspiration which would enable it to get out of the rut of underperformance. The Board identified a need to ‘research the problems and make practical recommendations’ (Minutes, 1/9/87). Phillip Tilley put it more baldly ‘the problem in Hobart’, he said, ‘was bad management’ (Minutes, 1/9/87). The consistent losses occurred at the same time as consistent sales increases. The additional revenue must have been going somewhere but it clearly wasn’t going into company profits. In fact towards the end of the year it appeared that the Hobart store was performing better with a 48% increase on monthly sales over November of the previous year being reported (Minutes, 17/12/87).

Norm Tilley’s departure
The underperformance of the Hobart operation was not simply a business issue. It had also become a major bone of contention between the two sides of the Tilley family as Norm and his family had been so closely associated with it and Norm junior
had managed the Elizabeth Street bookstore for several years. Norm also continued to play a contentious role on the Board including resistance to minor reinvestment in the Brisbane Street business. At the end of 1987, for instance, almost an entire meeting was taken up with Norm’s objection to Ray’s intention to buy a third fax machine (Minutes, 17/12/87). This is all the more inexplicable because no objection to the purchase of additional computing capacity placed before the same board meeting was raised. A more substantial difference between Norm’s and Ray’s families emerged over an alteration Ray proposed in how preference shares were dealt with. Although he was on record as regarding them as serving no useful purpose in the company ownership structure, Ray and Yvonne had in fact acquired a substantial proportion of these shares as the Birchalls and their relatives sold them. In late 1987 Ray proposed that the distinction between the two types of shares be abolished. Norm opposed this. At the annual general meeting of shareholders the proposal was put to the vote. Norm, his relatives and some of the employee shareholders voted against it and it was lost by a margin of 5-7 with 3 abstentions. Once the number of shares held was taken into account, however, the vote was passed by the substantial majority of 718,894 to 491,607 ordinary shares and 14,416 to 200 preference shares (Minutes, 17/12/87). Norm asked that it be minuted ‘that although he had voted against the resolution he did not wish to cause any division or acrimony’. He appears, however, to have done exactly that and the incident may well have convinced Ray and his family that the company would be better off with a more united group of shareholders.

Norm’s approach to the business was seen by at least some others as cavalier. Long-term employees remember Ray as a serious and somewhat intense manager, while Norm is recalled as charming and affable rather than focused on the business. One way in which this was perceived is that, ‘Ray was very straight but Norm wanted to be noticed and to have control. Norm was very engaging and some staff loved him but Ray had the ideas and in the end the brothers just couldn’t work together’ (Interview, McCarthy, 30/5/08). Norm was putting a considerable amount of time into his interests in the sport of pistol shooting where he is remembered as one of the ‘characters’ of a formative period in the sport’s history. He made himself available as a judge in national, regional and international competitions sometimes combining the travel this involved with visits to book fairs. A pistol shooters web site recalls him as
giving generously of his time and effort. It recalls that few officials ‘enjoyed hosting dinners as much’ and that

he rarely travelled without one of his violins – the opportunity for an impromptu recital could arise at any time, and delays to an airport departure could see all in the transit lounge entertained. ²

By the late 1980s, Norm’s attention to the company and his work in it seems to have become inconsistent. In 1988 the Board consisted of Ray, Yvonne and their son Phillip along with Norm and his son Marcus as well as David Harvey. That Norm did not see the arguments of the previous year as serious or entrenching a division was evident in the fact that it was he who moved for the re-election of Yvonne and Phillip (Minutes, 9/2/88). As David Harvey saw it, the divisions among the shareholders were entrenched because they were reflective of different business approaches:

Norm and Ray had different agendas. For Ray the issue was always the company itself, its survival and growth, whereas Norm was consistently saying that the company should and could provide more for the shareholding families. (Interview, Harvey, 20/7/10)

At the same time Harvey recalls that the residual Birchall shareholders were increasingly bitter about their treatment and in particular, ‘the Thomas family felt that Ray and Norm were milking the company’.

As we have seen, Norm’s role had been reduced and he had been re-employed by a somewhat reluctant Board, initially on a temporary basis. By mid-1988 he had been reinstated to the status of ‘State Manager’, although quite what this meant was not spelt out formally (Minutes, 15/6/88). This may have been an arrangement which was expected to bring Norm back into a management role in the company but it does not appear to have worked out well and it seems to have come as no surprise when at the final Board meeting of 1988 he announced that he would be ‘retiring as State Manager and from employment with the company’ from the end of January 1989. Board minutes record no discussion of this or the resignation itself. Instead there was a vote of thanks proposed by Ray and Yvonne Tilley and the acceptance of their suggestion that Norm be given his company car in recognition of his service (Minutes, 22/12/88). Norm Tilley and his family retained their shareholdings but no longer played a role in the day to day operations of the company.

Re-focusing on the business

Norm’s decision to leave the company was accompanied by bitterness, which continued to be expressed by his immediate family who felt they had been pushed out of the company. On the other hand, Phillip Tilley’s recollection is that Ray was ‘deeply affected by the continual disagreements with Norm’ (Interview, 11/2/14). At the same time as the company had been dealing with the increasing tension between the brothers, two offers to purchase Birchalls had been received. Ray rejected them and turned his attention to re-focusing on innovation in the business and on the details of its operation (Minutes, 14/9/88).

One example was that at the time of Norm’s departure, the capacity of information technology was finally being realized. The wisdom of the forward planning in the purchasing of additional computing capacity had been evident in preparations for the university student peak buying period in 1988. For the first time it was possible to enter University Bookshop titles into the system with 10,000 being listed at the University of Tasmania bookshop and more at the TSIT (Institute) bookstore. The usefulness of the investment in additional computing capacity was underlined by the fact that the old computer had broken down under this pressure and the new machines had come into their own (Minutes, 9/2/88). The new computing capacity also facilitated the creation of new debtor and ordering systems. With 13,000 debtor accounts on file, manual handling had become so cumbersome that little progress on these accounts was possible. Similarly the 4,000 orders a month, which were now being received created the risk that manual filing would not meet the demand. In May 1988, the Board heard that both systems had been introduced with only minor problems ‘due to lack of communication between the selling staff and the computer staff” (Minutes, 11/5/88). The push to make greater use of computerization continued with the acceptance of a quote from Hopwoods Business Equipment to supply a textbook ordering system for the Institute and University Bookshops (Minutes, 12/6/88).

The departmentalizing of operations, as part of Birchalls’ business strategy has been mentioned above. During the 1980s the practice of reporting performance by department and store had become normal and the role of department and store
managers had been enhanced. In earlier days many of these appointments had been nepotic but they had become increasingly professionalized. Dean Shegog, as manager of the University Bookshop on the University of Tasmania’s Sandy Bay campus, was a case in point.

Dean Shegog had started at the University Bookshop as an 18 year old in 1979. Four years later he was, at 22, a very young manager of the store and the following year he was appointed Southern Manager. This was seen by Ray Tilley as part of a strategy of bringing ‘young ideas to a young clientelle’ (Minutes, 11/4/83). As we have seen the University Bookshop had been a difficult place to make a profit. Turnovers were consistently high but the business model that Norm and Marcus Tilley implemented in the Hobart operations rarely resulted in profits. In part this was because they relied heavily on the Birchalls brand, which simply didn’t work in the Hobart CBD, where the reputation gained in Launceston could not overcome the established market position of competitors. At the university, however, it was a different story and by the late 1980s Shegog was being commended by Marcus at Board meetings for ‘doing an excellent job under difficult circumstances’ (Minutes, 11/5/88). Shegog, however, reported that the major difficulty was that the Students’ Union was ‘being a law unto themselves’ to the point where the store’s security of tenure was threatened by this idiosyncratic landlord (Minutes, 11/5/88). In this particular instance, the Union was of the view that Birchalls was making a lot of money out of their members and they had therefore moved to unilaterally increase the rent paid to them by the bookshop. In the past Norm, Marcus and Ray Tilley had all tried to reach shared understandings with the university community about how a commercial bookseller could operate in an academic environment. Despite considerable effort, this had not been satisfactorily resolved.

By the late 1980s, while incidents such as the rent issue surfaced occasionally, there was sufficient acceptance of Birchalls’ on-campus operations to facilitate most operational arrangements. Shegog’s management of the University Bookshop was well regarded by the Board and in mid-1988 he was appointed Southern Manager as well as maintaining his position as manager at the University campus (Minutes, 14/9/88). The substantive basis for his reputation was that the ‘store by store’ record of performance showed that the University operation had become viable at last
By contrast Ray had been worried that the Hobart branch had been slow to change and the Board was told by Yvonne Tilley that the Hobart store ‘appears to have $70,000 [worth] of old stock’ (Minutes, 12/6/88). A rapidly organised clearance sale, managed by Shegog, considerably reduced this and recorded $20,000 in sales (Minutes, 15/6/88).

In Launceston a more aggressive approach to marketing was also evident. The introduction of an additional sales period – first known as the ‘Mid Year Massacre’ this ran over three days in July (The Examiner, 30/7/87) and potentially offered some balance to the December-January Christmas and back to school peaks. A ‘re-designed educational department under the watchful eye of new manager, Kate Henderson’ was also advertised (The Examiner, 16/5/88), while, throughout 1988 the new Book Department manager, Maria Coppe, featured in frequent advertisements focusing on descriptions of newly released books. An interesting joint venture with the local horse breeding fraternity was the Arabian Riders and Breeders Calendar, 1989. To advertise this, Birchalls had an Arabian stallion and rider ‘looking like something out of an Arabian Knights movie’ stationed outside the store in the Mall for 3 hours one Saturday morning (The Examiner 19/9/88).

In October 1988, Phillip Tilley hosted a ‘Back to Birchalls’ function, which honoured long-term employees. One guest of honour was Thora Ford of Burnie, who having worked in the store during the early 1930s was believed to the company’s oldest surviving former employee. The other was Ray Tilley who had now worked for Birchalls for 50 years. Over 100 attended the reunion, which was held at the South Launceston Football Club rooms. Pat McCarthy made a speech in ‘tribute to Birchalls’ and Josie McCarthy cut a commemorative cake and made a presentation to Ray Tilley on his ‘golden jubilee’ (The Examiner, 7/11/88). The occasion was also marked by a ‘Back to Birchalls’ sale featuring classics of Australian literature (The Examiner, 17/10/88).

Enormous pressure at the end of a decade

The 1980s were the period in which Birchalls achieved its long held ambition of becoming a statewide trader. It did so in a complex retail industry context. This was a time of considerable market instability with inflation and historically high interests
rates impacting across the economy. Increased competition and the expanded span of retail trading hours meant that wage costs and thinly spread staff created additional management problems. In his Annual Report for 1987-8 Ray Tilley told shareholders that ‘the pressures on management and staff this year have been enormous’ (Annual Report, 30/6/88). He could have been summarising the decade as a whole.

A couple of facts from late in the decade reveal the instability of the period and the ways, in which the company reacted to it. In terms of finance, the continuing balancing act between assets and liabilities in a stock intensive enterprise was evident in early 1989 when a further mortgage increase to $250,000 was achieved but at 15.5% interest while the company’s $250,000 overdraft attracted an astronomical interest rate of 19.5% (Minutes, 10/4/89). In terms of performance at the point of sale, results fluctuated wildly. Trading results for 1987-8 showed sales up by 6% but gross profits were down by 1.33%. Particularly alarming were a downturn in turnover at the Brisbane Street store of $80,000 and major losses in Education and Toy Departments. In fact Education had been an on-going problem but toys had historically been a good profit maker for the company (Annual Report, 30/6/88). The following years, however, saw a complete recovery with gross profit increasing 32% by mid-1989 (Annual Report, 30/6/89). Part of the reason for the remarkable recovery was the removal of the complication of Birchalls Holdings, which had ceased operations by mid 1988. Its assets and liabilities were transferred to A.W.B. Birchalls, which resumed its role as both owner and operator of the trading enterprise (Annual Report, 30/6/88).

The 1980s ended with Ray Tilley and his immediate family firmly in control of the operation of the company. Two sons, Phillip and Graeme, worked in the business. Yvonne Tilley was a powerful presence on the Board and she and Ray were the majority shareholders. Norm and his family still, however, owned large parcels of shares and were not happy with the company. There were also continuing issues with the holding company, which now existed only on paper, but from which Norm and his immediate family felt they were owed further payment.
Chapter 8: the 1990s

The 1980s had seen Birchalls achieve its ambition of becoming a state-wide retailer. This had involved a gradual increase in the number of stores and the development of operating systems under which some functions were centralized and others were left to the discretion of local and departmental managers. Many of the ideas behind it had, derived from Ray Tilley’s thinking about international retail practice and reading of management literature. In operational terms, however, it was a system which had been arrived at by trial and error. One result was that performance was uneven both between stores and across departments within the Brisbane Street store. In general, developments had followed Ray Tilley’s vision of Birchalls becoming a bookseller, which operated as far as possible as a mass retailer. This meant taking note of successful international and local trends in contemporary retailing and deriving models of operation from them. The adaptation of these models to bookselling and the local market was a major focus of Birchalls’ innovative activity in this period.

It was also a period in which Ray Tilley’s side of the family moved into more complete control of the company. The contest between Ray and Norm Tilley over how the company should operate and what its relationship with the family shareholders would be had gradually been resolved in favour of Ray’s view. In summary this was that family shareholders should play an active part in the operations of the company only to the extent that they could make a genuine contribution to its profitability. Two of Ray and Yvonne’s sons, Phillip and Graham, came into Birchalls and into managerial roles on this understanding. Norm Tilley and members of his family who did not accept this approach gradually gave up or lost their managerial positions in Birchalls.

Simplifying the ownership structure

At the start of the decade the situation remained complicated by the large shareholding in the hands of Norm and his family and by the legal hangovers of the complex ownership arrangements, which had been operating until the late 1980s. Norm and his family continued to feel that they had been badly treated and issues left over from these arrangements dominated discussion at Birchalls’ Board meetings in
the early 1990s. Although the complex legal and personal relationships involved absorbed the interest of the directors they were by now tangential to the operation of the company, with effective leadership very much in Ray Tilley’s hands. Nonetheless a labyrinth of technical and emotional detail had to be negotiated to reach a final solution.

The financial situation between the shareholders was the subject of a lengthy report prepared at the end of 1990 by Launceston accountants Millar Seymour. Tony Seymour had been attending board meetings of the holding company as an observer and his report presented a picture of the operation of the company and unit trust and their relationship to trading company shareholdings. He observed that the balance of ownership in the trading company – that is the 65% shareholding of Ray’s family and the 35% of Norm’s - had been translated into a 50/50 split in the unit trust ‘as a matter of goodwill without either discussion or thought as to any long term legal consequences’ (Seymour-Birchalls, 22/5/90). Norm’s family had used Board meetings to complain that they had not received fair payment in the arrangements for winding up the holding company. Norm had also made a particular case to Seymour that the goodwill created in the years in which the holding company and unit trust owned the trading company had not been taken into account in simply transferring the assets back to the trading company. In this view, Norm and his family’s half share of the associated companies had not been recompensed because the assets and goodwill, generated during the operation of the three-tiered arrangements, were now largely owned by Ray and his immediate family through their greater shareholding in the trading company.

There was also a specific technicality involved on which this case could be argued. Norm pointed out that in the transfer arrangements this goodwill had been valued at $420,000 and was listed as a ‘loan’ to the trading company in the holding company’s accounts. Norm argued that if this was indeed a loan then it should attract interest 50% of which should be paid to his family reflecting their half-share in the holding company. Seymour’s report worked through Birchalls’ responses to the taxation changes, which motivated the formation of the holding company and unit trust, explaining the pragmatic nature of Birchalls’ complex ownership arrangements. His view was that these actions had been wholly about increasing beneficiaries’ incomes
and reducing their tax liabilities. In his view these arrangements were never intended to change the ownership profile. In conclusion he advised that: Norm and his family had benefitted from these arrangements; there was no deficit from an accounting viewpoint in the process that had been followed in the reversion of all assets to the trading company; and that any legal action against the reversion process was likely to fail (Seymour-Birchalls, 22/5/90).

The issue, however, was kept alive and at the Annual General Meeting of shareholders of the holding company in November 1990 Norm asked that his objection to the seeking of accounting and legal advice be noted (Minutes, 15/11/90). The holding company had not been active during the year but continued to exist on paper and a Birchalls’ shareholders meeting now sought to arrive at a resolution of the dispute. Tony Seymour once again presented a detailed account of the history of the Unit Trust and holding companies. The meeting was adjourned until January to allow shareholders to have access to further documentation. The key sticking point was Norm’s request that his family be paid interest on the value placed on the goodwill transferred to the trading company and listed in the accounts as a loan. While both legal and accounting advice had established ‘that the Claim for the $420,000 [of goodwill] is no longer valid’ Ray Tilley told the meeting that ‘it may be necessary …. for public relations reasons’ for the trading company to pay more money to the holding company (Minutes, 16/1/91). There was clearly a sensitivity to the possible impact the increasingly bitter argument between the two sides of the Tilley family might have on the company’s reputation and this discussion opened the way for a further financial settlement. Finally in July 1991 the much adjourned meeting of shareholders was able to accept amended accounts in which the value of goodwill was no longer shown as a loan with the minutes acknowledging that it ought never to have been accounted for in this way (Minutes, 19/7/91). This meeting also accepted the minutes of the AGMs of shareholders in 1989 and 1990, which had remained unsigned during the dispute. At the regular AGM of shareholders in December, Yvonne and Rita Tilley moved the acceptance of the accounts. Norm abstained from voting on the acceptance of the accounts saying that ‘he believed that Bichalls Holdings Pty Ltd as trustee of the Unit Holders did not look after the interests of the unit holders but was acing in the interests of A.W. Birchalls and Sons Pty Ltd’ (Minutes, 19/12/91). Other members of Norm’s family voted in favour of accepting
the accounts. Birchalls Holdings was inactive in the following years and was de-
registered in 1995.

In the meantime A.W. Birchall and Sons continued to prosper despite the
disagreements among the Tilley family owners. Record turnovers in 1991 of
$9,341,405 and 1992 of $9,739,332 were achieved. In both years dividends were 2%
on ordinary shares and 12% on preference shares. Profits continued to be lowered by
the poor performance of the Hobart store but all other areas were in profit and the
college, university and Brisbane Street stores were trading strongly (Annual Report,
1992). Managerial focus was on extending those operating systems, which were
identified as successful in some parts of the company, across all of its outlets. Book
ordering for all stores was now centralized in Launceston and all departments and
stores had computerised their point of sale operations.

In 1992, the ownership divisions in the company came to an end when after 30 years
on the Board Norm Tilley resigned and ‘offered his entire family interests [in the
company] for sale’ (Annual Report 1992). Graeme Tilley was elected to replace him
as a Director. In fact Norm and his sons continued to be shareholders but played little
role in the operation of the company. A clue to Norm’s priorities came in 1995 when
he was awarded the Medal of the Order of Australia ‘for services to pistol shooting
and to the Australian Booksellers Association (Tasmania)’ (The Age, 26/1/95).

The difficulties of resolving the issues of family ownership and relationships had been
in the background and sometimes the foreground of Birchalls’ Board meetings for
years. They had often impeded the smooth operation of the business and had at times
threatened its viability. The remained of the decade saw the company operating
effectively without leadership or ownership distractions. There were a number of
developments, which are worth noting in terms of the impact they had on how
Birchalls operated.

With the changes in ownership, much of the capital in the company was now owned
by Ray and Yvonne Tilley. Ray was also central to its operation because of Birchalls
reliance on his reputation in several key areas of its operation including negotiating
loans, overdrafts, leases and contracts. He was, however, nearing his seventieth
birthday and had health issues, which indicated that keeping up his current workload was not advisable. In early 1993, Ray Tilley indicated that he wanted to reduce the amount of time he was spending at work and brought a proposal for a 5-year plan to ensure an effective changeover in ownership and management to the Board. His proposal was that he would continue as Chairman of Directors but work 3 days a week, later reducing this to 2, with a commensurate reduction in salary. He undertook to continue staff training one day a week and to take charge of negotiations where his reputation as a businessman was of benefit to the company. He also undertook not to withdraw large amounts of capital from the company without due notice and suggested that a share saving plan be established to enable other Birchalls Executives to increase their own shareholdings over time (Minutes, 14/1/93).

Operational innovation continued but was now in the hands of the next generation of Tilleys, with Phillip and Graeme playing leading roles. In late 1992, Sunday trading was introduced in the lead up to Christmas with the Brisbane Street store opening from 10 am to 4 pm from November 8th and the Harrington Street, Hobart store doing the same the following week. The initial results were encouraging with Brisbane Street making $2,700 worth of sales on its first trading Sunday (Annual Report, 1992). After several weeks of Sunday trading a pattern of sales emerged with the Launceston store taking between $3,000 and $5,000 and Hobart between $500 and $1,000. The key to operating successfully in this new trading environment was, according to Birchalls General Manager, Phillip Tilley, having the right number of staff on duty to strike a suitable balance between service and cost (Minutes, 4/1/93).

There were some tensions between Phillip’s desire for change and Ray’s instinct to maintain control and Phillip recalls that he often ‘found it hard to change father’s mindset’ (Interview, 11/2/14). His comments that this was a case of ‘history repeats itself’ shows that generational change had been recognized in the company as a recurring problem.

Issues at this time in relation to the Hobart Technical College Bookshop show how the younger and older generations of leadership could work together. After some years of trading very profitably this outlet had become less profitable in the early 1990s. Phillip Tilley, in his role as General Manager, had looked at the reasons for
this and concluded that its location, in an obscure area of the College, might be part of the problem. He also suggested that a general refit to present a better public image could be undertaken at the same time as a move to a more prominent site on the campus. In 1990 Birchalls raised the possibility of moving to a ground floor location, which it was felt would attract more customers. This had been referred, by College management, to the Department of Environment and Planning but two years later no action had been taken (Annual Report, 1992). Ray had then taken the issue up with the Department of Education but in January 1993 was informed that a new site would require negotiating a lease with the Department of Environment and Planning. Phillip thought that this might be too difficult as it had been suggested to him that ‘the College may decide not to continue with the operation of the Bookshop if there were too many problems’ (Minutes, 14/1/93).

He then suggested that a direct approach from Ray, as Birchalls’ Chairman and a highly respected figure in the Tasmanian business community, to the responsible Ministers might have more impact. The following month Ray reported no success with the Minister for Education adding that he did not expect any better outcome from the Minister for Environment and Planning (Minutes, 25/2/93). Issues of cost and delay were discussed but it was decided to go ahead arranging a move with the College regardless of the lease situation with the Departments. Phillip was, however, able to negotiate a way through the maze, with the assistance of Dean Shegog – now Southern Manager. Some creative thinking enabled them to achieve a new 10-year lease on a more conveniently located area of the College. The Annual Report noted the existence of ‘a fine new bookshop has been very economically built in the former fernery at street level’ (Annual Report, 1993). There were no objections from the relevant Departments.

The continuing growth in value of the Launceston store site was confirmed in March 1993, when Birchalls received an offer from property developers of $4.1 million for the Brisbane Street properties (Minutes, 1/4/93). Phillip had advised the developers that the company was not interested but had been buoyed in his estimate of the value of the location and was negotiating a new lease with Katies on the basis of $400 per square metres. Given the Board’s long term commitment to maintaining the buildings in good commercial condition the Board had no difficulty approving Katies’ request
for further improvements to the building including improved rear access as a condition of the new lease (Minutes, 11/5/93).

The year also saw some long-term management level staff leave. Bill Bracken’s shares were divided and purchased by Philip, Martin and Graeme Tilley (Minutes, 24/8/93), and they along with their parents, Ray and Yvonne Tilley, plus David Harvey formed the Board of Directors. Pat McCarthy was another notable departure, retiring ‘after a virtual lifetime of loyal service’ (Annual Report, 1993). In trading terms sales were up 6% enabling increases in dividend payments. The company’s 1,218,714 ordinary shares paid a dividend of 12% dividend, while its 15,466 preference shares paid 2% (Minutes, 9/11/93). These dividend levels continued through the decade. In view of Ray’s stated intention to take a less active role a key development was the decision to conduct ‘a review of the direction of the company and its policies’ (Annual Report, 1993).

A major issue continued to be the Hobart store, which traded badly through the early 1990s. The Board thought several times of closing it altogether and in early 1995 took it in a new direction. This coincided with Dean Shegog’s being appointed Manager of Birchalls’ difficult Education Department. The new approach in Hobart had a dual focus. As Phillip explained it to the Board, one was to ‘decrease depth of stock and promote ourselves as a place for goods at bargain prices’ (Minutes, 10/1/95). The other was ‘to move Education upstairs but run it as a separate division’. In this scenario Phillip said ‘we use Education as it is a major part of our image and helps draw customers into our store’.

In the meantime Graeme Tilley had moved from being a member of the Board who was not on Birchalls staff to playing a direct role in management. As a school student, he had worked in the bookstore during his holidays and recalls that ‘I always wanted to have a job in Birchalls but Raymond said “don’t come to me for a job”’ (Interview, 19/3/10). It was not until 1992 that he came into the company as a full-time employee, after working in personnel administration at Telecom’s Launceston office. Rationalisation saw many of Telecom’s regional offices close and faced with declining moral in the workforce he was administering, Graeme took an offer of redundancy. His initial role at Birchalls was as assistant shop manager in Launceston
where he recalls the ‘advantage of being exposed to all areas of the business’ (Interview, 19/3/10). In mid-1994 he became State Retail Manager with an overview role of making the retail systems work throughout the company. His reports to the Board were fully of details of telephone systems; monthly department and store review sheets; assessments of staff numbers in particular stores; staff uniforms and heating (Minutes 26/5/95). He visited all branches to construct detailed ‘sales and wages budgets with managers’ and turned these into spreadsheets to help managers operationalize them. Special sales initiatives including ‘midnight madness’ at the Launceston store and clearance sales in Hobart helped increase net profit 17% in 1995.

In mid-year Birchalls lost another longer term and vital member of staff when David Harvey retired after 24 years. His contribution to operations management through computerising accounting and sales functions was a landmark in a career that included 20 years on the Board where he had been one of the few non-family voices. He is recalled by other long-term staff as ‘a very good man’ and ‘very honest in how he deal with staff’ (Interview, Maisey Stubbs, 9/8/07). His real contribution to the company was, in the words of Pat McCarthy, that ‘he really made all the computer systems work’ (Interview, 30/5/08). For readers used to effective IT systems it may be easy to overlook what a huge contribution this was. Current Managing Director, Graeme Tilley recalls that at a time when ‘no-one else in bookshops was utilizing computers for stock control … it took years of effort to get it right … but the benefits have been great’ (Interview, 19/3/10).

Further changes in Tilley family involvement in direct management took place in the mid-1990s. While Phillip Tilley had made many suggestions for improvements he was not as successful in having these implemented as he hoped to be. Not only were there tensions between the eldest son and father in terms of the pace of change, but Phillip’s sporting interests, especially in his MGB racing car and the annual Targa Car Rally, were consuming increasing amounts of his energy. On the other hand, Phillip felt that Ray should have been prepared to step aside and allow leadership to pass to the next generation especially because Ray now ‘needed to rest more instead of being at work all the time’ (Interview, 11/2/14).
At the end of 1995 Ray had demanded that a date be set for finalizing the changes in Hobart where there seemed to him to have been little action to implement Board resolutions (Minutes, 14/12/95). Early in 1996 Ray was noting a decline in the company’s performance in Launceston and dramatized his concerns by demanding as Chairman of the Board that the ‘rescue of our headquarters … be given top priority’ (Minutes, 13/2/96). Phillip was moved to the position of ‘Launceston State Manager’ to enable him to focus on this but at the same time it was noted that he had suffered a ‘stress-related decline in health’ (Minutes, 13/2/96). It was decided that Phillip should take his accumulated long service and sick leave – a total of 42 weeks – during which time Graeme Tilley would manage his own as well as Phillip’s work.

Within a few weeks the Harrington Street store in Hobart had been shut down and the store in its current location in Bathurst Street, focusing more narrowly on education, was open with Graeme there regularly to train staff and encourage them to set and achieve targets. Ray was complimenting Graeme ‘on his efforts with staff morale’ (Minutes, 1/4/96) and Graeme was reporting to the Board in May that the ‘staff has set the target of $1,000 a day’ in sales for the new store (Minutes, 20/5/96). In addition to Phillip’s health situation there were differences in the approaches of the brothers. At this point Ray called on them ‘to present their respective ideas in regards to a one year and five year plan for the company’ (Minutes, 20/5/96).

Phillip does not seem to have taken advantage of his full leave entitlement but was back in the Brisbane Street store overseeing repairs after flood damage in July and promoting his vision of the company as a more fully fledged discounter (Minutes, 21/6/96). He did not see partial efforts in this direction as being of any use and argued against the continuation of the ‘Midnight Madness’ sales. He was subsequently criticized at a Board meeting for refusing to discount stock enough to make special sales work (Minutes, 24/7/96). His larger agenda was put before the Board in August with the proposal to open an additional operation in Launceston. This was to be a ‘Bargain Paradise’ discount store, located next to the new Post Office a couple of blocks from the Brisbane Street store. Graeme took particular umbrage because this proposal looked very much like the operational plan for ‘Midnight Madness’, which Phillip now saw as a halfhearted attempt at low price marketing. The new proposal had the disadvantage of involving additional overheads...
from the use of new premises and extra staff (Minutes, 30/8/96). Graeme’s own plan for the future was less ambitious and involved spending a week in each Branch ‘to determine staffing and workloads’ and check on stock control. The end of the financial year showed that this close attention to costs was much needed with the Launceston store recording a loss of over $200,000. It was the Brisbane Street store’s first loss for a generation and was attributed by the annual financial report to loss of control over costs (Minutes, 30/8/96).

In the spirit of compromise traditional in Tilley family business relations, Phillip did open Bargain Paradise using it to sell old stock from Brisbane Street at cost. He went further in proposing that there was little future for the Brisbane Street store in its current form and requested the Board develop a plan for closing it and renting the property (Minutes, 24/10/96). The Annual Report noted the particularly difficult trading climate including a major decline in pedestrian traffic in the Mall. Far from recommending closure, however, the Report saw the solution in further investment especially refurbishing Brisbane Street ‘from sewers to roof’ (Annual Report, 1996). Graeme had developed a detailed plan of how this could be done and had met with Phillip and the company accountant to test its feasibility (Minutes, 24/1/97). There appears to have been no agreement between the brothers. A solution to the stalemate was found early in 1997 when Ray, as Chairman of the Board, recommended that at least one senior management position be cut. His report to the Board showed the sensitivities involved in balancing the management of relationships within a family business:

The Chairman reported that due to cost cutting measures one senior management position had been made redundant. He stated that after offering a redundancy package to both senior managers, Mr. P.R.Tilley, had accepted the package. (Minutes, 4/4/97)

Some staff members saw this as a repeat of the tensions between a much younger Ray and Norm where one brother was highly focused on the mundane issues of operations and the future of the company and the other had a more relaxed management style. The Annual Report recorded that Phillip ‘after giving 18 years of loyal service to the Company has opened his own business’ and would continue as a Director of Birchalls. More candidly Ray felt that the year had seen the Board ‘facing up to several unpalatable situations realistically’ (Annual Report, 1997).
Reflecting on his role at Birchalls many years later Phillip saw it in terms of a contribution to training staff and building the capacity of area managers. He recalls that, ‘I probably wasn’t a really good manager myself but I put a lot of effort into training staff’ (Interview, 11/2/14). These training efforts were especially focused on the managers of departments in the Launceston store where he thought there had been too much top down control under the management styles of Ray and Stan. Phillip characterised his approach to departmental managers in terms of ‘you do it your way as long as you make the sales’. This style of retail management formed the basis of work he went on to as a consultant and trainer for Tasmanian small businesses. He recalls that he ‘learnt a lot at Birchalls and really built on father’s fundamental retail philosophy’ but felt frustrated that Ray ‘didn’t give up control’ of the company or its operations.

Whatever the personality issues, from the company point of view the period was a very difficult one. Phillip’s proposals for change were a reaction to what he saw as a crisis situation in which new directions were needed. Performance in 1997 seemed to confirm this with all trading areas record lower turnovers. Graeme’s first months at General Manager focused on cost cutting and repaying loans to reduce interest payments. The savings he achieved, annualised as $240,000 in wages and $120,000 in interest, were just enough to enable to company to pay its customary dividends of 12% on ordinary shares and 2% on preference shares and make a small profit (Annual Report, 1997). A considerable amount of relief is evident in Ray’s record of these events but his characterisation of Graeme’s effort in terms of ‘total dedication to the most demanding and important role of General Manager’ and the positive example this set in the company is an indication of what was required for Birchalls to survive in a hostile trading environment.

This then was the situation as Birchalls reached the last years of the twentieth century. The leadership, which had been exercised by Ray Tilley for many years had passed into the hands of his youngest son, Graeme. Ray himself was set on retirement, which was formalised in 2000. Graeme was in undisputed control of day-to-day operations and the Board, now entirely comprised of members of the family, had expressed their faith in the future he had outlined. In the late 1990s Graeme’s wife, Denise Tilley, had also joined the company. Initially she worked on updating
Looking back
Capturing, in a few words, the character of 170 years of the bookshop in Brisbane Street, Launceston, is tricky. From Samuel Tegg’s establishment in 1844 to Ray Tilley’s retirement in 2000, however, one theme which stands out, is of that family ownership with all the familial disagreement and inter-generational tensions this involves. Certainly in terms of explaining how a small business located in a regional city and trading in a global industry survived the parts played by the Tegg, Birchall and Tilley families were vital. This question of how the business survived was the point from which this book started. The answer lies in the details of family ownership and management around which the book has been written. In the simplest terms the company has traded most successfully when that ownership and management have been united. The history of Birchalls as a family owned business illustrates many ways in which such unity of purpose may be challenged by inter- and intra-generational pressures.

The history of the bookshop could be seen as the story the succession of owner-managers from three families two of which had numerous sons, enough of whom took an interest in the business to keep it going. This would feature Samuel Tegg as founding the store, Andrew Birchall as making its operation sustainable, Jack Birchall as overseeing its operation as a going concern, Stan Tilley as introducing a business orientation to the company, Ray Tilley as introducing modern retail practices and Graeme Tilley as consolidating its operations in an increasingly challenging retail environment. All faced and overcome difficulties inherent in their industry and location but all also had to contend with balancing issues of family ownership, and the pressures this involved, with effective business practice. Birchalls’ history also demonstrates the limits of this model of the dominant owner/manager, especially clear in the case of the malaise which gradually settled on the company during the long tenure of Jack Birchall.
A reiteration of how the contributions of Birchalls’ leaders, seen with the benefit of hindsight, illuminates this point. Andrew Birchall ran the company from 1856 to 1893. He came into an enterprise, which was barely surviving and turned it into an institution in the community and, by meeting the changing needs of a growing regional centre, established a reputation for reliability. His sons Frank (1893-1907) and Jack (1907-1957) followed Andrew’s lead in embedding Birchalls in many aspects of local life, from sponsoring sporting and cultural activities to supporting the spread of reading and educational services. So as Launceston grew the business grew with it. Stan Tilley’s brought business-like accounting practices into the company and provided operational management as Jack Birchall became focused more on family than on company concerns. Ray Tilley acquired and applied knowledge drawn from international experience to complete Birchalls’ transformation into a modern retail company. His vision of a retailer constantly adapting to circumstances was unusual in the book trade but survived the test of time. Phillip Tilley consolidated the approach, bridging the period in which Ray’s charismatic leadership dimmed and his ability to maintain control over operational minutia diminished. At the time of writing, Graeme Tilley continues this tradition of adaptation to changing needs in an environment, in which the future of book selling and indeed books face unprecedented challenges. In 2006 he summed up the company’s history in an interview with The Examiner saying, ‘We’ve changed, we’ve grown, we’ve adapted to times, but we’re still here’ (The Examiner, 28/3/06).

An understanding of how survival was accomplished in times of crisis might also illuminate the question of how Birchalls longevity has been sustained. In these situations it has not been the grand gesture or charismatic leader who has emerged to solve the company’s problems – although in both Birchall and Tilley families there have been several who could have be cast in this role. Rather the most successful of Birchalls’ managers have been those who focused on the mundane details of improving business practice and maintaining a standing in the community. It must also be said that the attention to detail has involved some lucky breaks. Ray Tilley came closest to balancing the two extremes, at times providing exuberant leadership and at others doing the hard grind of attention to details of cost and profit.
The sources drawn on for this book have added to its narrow focus on the internal workings of the company. In this sense this history may be regarded as an attempt to tell the story of A.W. Birchalls and Sons from the point of view of the company itself. Even within this limited scope the history is incomplete as it has focused on the actions and views of the company’s leadership. Surely, however, the final words in a history of the book selling enterprise at 118-120 Brisbane Street, Launceston, must go to the small plaque unobtrusively attached to the storefront which proclaims that ‘Culture and Education have been disseminated from this site since 1844’. Isn’t that something?
Bibliography

Interviews: During the research for this book, a number of former staff of A.W. Birchalls were very generous with their time and agreed to interviews and in some cases to several interviews. These have been referred to in the text by the name of the interviewee and the date of the interview.

Documents: Many of the documents referred to are held privately by A.W. Birchalls and Sons in their Launceston office. Others are from the private holdings of key individuals in the company. Conventions for referencing this type of source can be very detailed and cumbersome. Efforts have been made to avoid this but at the same time to be clear about what the sources of information and views are. Where it is appropriate explanations have been provided in the text to enable references to be as simple as possible. So, for instance, letters are referred to by the name of the author, the name of the recipient and the date. Minutes of Birchalls’ Board of Directors meetings are referred to as ‘Minutes’ with the date of the meeting. Other internal company documents have been used from the same privately held company files as contain the Minutes. These include policy statements, training notes, instructions to staff and notes of addresses given on behalf of the company. These are referred to by the name of the author, where this is known, or the company where it is not. Where these documents are undated the month and year in which they were written has been approximated from their position in the file.

Newspapers: A number of local and State newspapers are referred to in the text. They are readily available at both the State Library of Tasmania and the National Library of Australia. Newspapers are referred to simply by their name and date of publication. The NLA’s search engine Trove has been an invaluable assistant in searching publications to the mid-1950s.

In the early 1800s local newspapers in northern Tasmania included *Tasmanian and Port Dalrymple Advertiser* and the *Cornwall Chronicle*. Between 1842 and 1899 the major Launceston daily was called the *Launceston Examiner*. Its name was then changed to *The Examiner*. To save confusion this publication is referred to throughout as *The Examiner*.

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