

MICHIGAN BUSINESS

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Borders lays off more workers at its headquarters

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Borders Group continues to downsize and eliminated an unspecified number of employees at its Ann Arbor headquarters this week.

The bookseller confirmed Friday that it had reduced its workforce, but would not elaborate.

The layoff follows a January reduction of more than 160 employees, including 124 corporate jobs.

Borders spokeswoman Mary Davis released this statement: "As we aggressively work to restore the financial health of the company, we have reorganized core areas of our business to ensure that we have the necessary resources in place to support our strategic initiatives. As part of this process, we have made changes to our staffing levels ... "

Ken Dalto, a Farmington Hills-based turnaround expert, said the difficulty in operating a brick-and-mortar book chain today is highlighted by Borders' problems and Barnes & Noble putting itself up for sale last week.

Borders has shed nearly half of its corporate headquarters employees in the past two years as it has floundered with a turnaround effort in the face of daunting competition from Amazon.com, Barnes & Noble, Wal-Mart and others. It now employs fewer than 650 people at its headquarters, compared with 1,232 in 2008.

Activist investor Bennett LeBow became the largest shareholder of Borders Group with a \$25-million investment in May and took over as chairman. In June, he became the CEO. LeBow, chairman of Miami-based Vector Group, is best known for his investments in the tobacco industry.

"Borders continues to lose money and play catch-up with the digital book world," Dalto said. "LeBow is trying to right the ship. He has put money up and has a good reputation (for) doing the right things but I think the problem is mammoth, the timing is bad, and the market remains soft."

Borders Group shares closed down a penny at \$1.19 Friday on the New York Stock Exchange.