

In School | Michael Winerip

A photocopier salesman does his job too well,
and the taxpayers foot the bill.

Photocopier companies have been getting lots of bad publicity lately, both here and abroad.

In England, a scandal has been simmering for four years, and it's not unusual to pick up a British newspaper and see headlines about "COPY CHEATS!" "LEASING SHARKS!" "DODGY DEALERS!" A recent investigation by the British Office of Fair Trading found numerous "excesses and malpractices," warning that "schools, social groups and small firms have often made onerous deals as a result of hard-selling, commission-paid salesmen using contracts with misleading terms."

In Texas last December, the Xerox Corporation agreed to a \$225 million settlement of a class-action suit that asserted that the price of its copy machines was inflated by monopolistic practices, like refusing to give independent repairmen access to Xerox replacement parts for copiers. A similar suit has been filed against the Eastman Kodak Company in California.

And last month, came "The Force" by David Dorsey (Random House), a nonfiction portrait of the hard-driving sales team in Xerox's Cleveland office. Like the real-estate salesmen in "Glengarry Glen Ross" and the aluminum-siding salesmen in "Tin Men," the copy machine sellers are portrayed as men and women who will do almost anything for a commission. Their dream in "The Force": sell enough big machines to make the Xerox President's Club and win a trip to Palm Springs, Calif.

And therein lies a cautionary tale for schools in this era of tight budgets: Buyer beware when the copier salesman comes knocking.

Dr. Gena Cone had been principal of P. S. 40 on East 19th Street in Manhattan for five years, then took a leave in 1989 to finish her doctorate at Harvard. In the spring of 1990, Beatrice Ramirez-Epstein was the acting principal of P. S. 40 when a top Xerox salesman, Michael Brancale, a veteran President's Club-er, came knocking.

At the time, P. S. 40 had 550 students and leased one Xerox machine, a model 1040 with a capacity of about 40,000 copies a month. The acting principal decided to add two, a model 1050 (capable of 65,000 copies a month) and a top-of-the-line 1075 (200,000 copies).

Suddenly P. S. 40 had enough capacity to serve five schools. (For example, Dallas officials advise their principals that for 500 students, they need about 60,000 copies per month.)

P. S. 40's basic monthly Xerox bill rared from \$137 a month to \$1,116; with supplies and volume fees added, the monthly total at times reached \$1,800.

Did a sharp salesman sell P. S. 40 more than it needed? Charles Alexander, a Xerox counsel, says Mr. Brancale was just doing his job and the decision was P. S. 40's. Ms. Ramirez-Epstein did not return calls, but in a letter two years ago, she defended leasing the machines because of a new program that was planned for the school, a "professional developmental lab" that would have made P. S. 40 a mentoring center for teachers.

But the program was never put in the place, and even if it had been, the principal on leave, Dr. Cone, said she would never have ordered the big copier. "Absolutely not," she said recently. "We didn't need a copier that size. It was a gigantic thing. It took up a whole room!"

The two new machines arrived in June 1990, but the big one couldn't be hooked up because a special electrical outlet was required. Normally Xerox doesn't bill until a copier is operating, but as Ms. Ramirez-Epstein explained in her letter, she requested that P. S. 40 be charged immediately because school money had to be committed by the end of the fiscal year, June 30.

The big copier was not hooked up until December, despite repeated requests from the school to the Board of Education for an electrician. For those six months P. S. 40 paid \$770 a month to Xerox for an unplugged machine.

During the next nine months, from January 1991, until the start of the new school year, often two of the copiers — and a few times all three — broke down and weren't repaired because P. S. 40 fell behind in its monthly bills, said parents and Dr. Cone. At one point the Parents Association bailed out the school with a check to Xerox for \$2,308 to pay for three months on the big copier's lease. Sam Bishop, a member of the parents' board at the time, says, "Teachers were sending home things to be copied by parents at their offices because none of the school machines were working."

When Dr. Cone returned from Harvard in August 1991, she says she found piles of unpaid Xerox bills and two machines that didn't work. "I quickly came to the realization: no way I could afford all those machines," she said.

At first Dr. Cone says she had trouble getting Xerox to respond. "I dealt with one person, then another person," she said. By then the salesman who had made the deal had shifted territories. "I reached the point of exasperation and decided there was just one thing to do: get that big machine out," she said. Parents recall her kicking a Xerox salesman out of the school, though she says she can't remember for sure now. "I was very upset," she said.

Dr. Cone says that once she insisted on dealing with a Xerox manager rather than a salesman, "everything went a little smoother." School District 2 gave P. S. 40 extra money to pay off the overdue bills. Xerox agreed to let P. S. 40 out of the last three years of the lease and took back two of the three copiers, including the big one.

Xerox did not reimburse the school for the times the two machines were broken down or the six months the big machine was unplugged. "Oh, no," said Mr. Alexander, the Xerox counsel. "If you lease a new car and decide to park it in your driveway for six months, that's your decision."

The bottom line: Taxpayers paid for two machines that everyone now agrees P. S. 40 didn't need at a cost of more than \$1,000 per month for 16 months.

After a parent complained, in October 1991 the Board of Education's Office of Special Investigations began an inquiry into the P. S. 40 case. Its findings were completed last fall. It found absolutely no one to be at fault, concluding, "Xerox had not intended to defraud the school" and the matter was "addressed adequately" by school officials.

Ms. Ramirez-Epstein is now the principal of P. S. 40. Dr. Cone, who has since left the New York City schools, says there's a lesson in the P. S. 40 case.

"I can't tell you if Xerox used high-pressure tactics — I wasn't there," she said. "My guess is all companies do that. I'm a firm believer: 'You're the buyer; you must be aware of what you're doing.' Xerox is a business. They're out to sell copiers. They're not looking out for the health and well-being of the buyer."

Indeed, Dallas school officials came to the same realization recently. In 1990 Xerox won a bid for the exclusive copier contract for the Dallas schools. However, principals subsequently felt that the Xerox prices were too high.

So last week Dallas changed its system to allow its schools to choose from many companies. "This time we got excellent prices from several companies," said Emily Hester, Dallas's director of technology. "Including Xerox."