

WHY DID SPI DIE?

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Recently on the Usenet there have been a lot of discussions going on about Simulations Publications Inc. (or SPI) and what led to its collapse as the largest and most prolific publisher of board wargames in the world. The following is an account of the circumstances surrounding the final days of SPI as told by **Redmond Simonsen** in a 1988 from a post he left in the Wargaming topic of the Games Roundtable on the **GENie** Network. Today **Redmond** can be found in the games discussion group of the Byte Information Exchange Network.

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Hi guys, this is **Redmond Simonsen**, former Creative Director of SPI, telecommunicating with you through the courtesy of Gordon Walton.

First of all, I'd like to thank everyone for the kind remarks relative to my work at SPI. One of the great things about that environment was the terrific rapport and communication we had with our readers/gamers. It was really more like being a member of a large, chummy club rather than a customer/seller relationship. Losing contact with the many thousands of regular readers of the three magazines was one of my biggest personal losses in the death of SPI. I really appreciate that you remember my work and that you miss it. I miss you all.

I'll take this opportunity to answer a few of the questions you raised:

1. WHY DID SPI DIE ?

There were several reasons, not the least of which was the lack of real business expertise on the part of any of the managers (including this writer). Strategically, SPI croaked because it was profoundly undercapitalized. This was OK so long as the magazines and the game market was growing; it began to squeak when things plateaued in the late 70's. At the same time, SPI was moving into traditional distribution in a big way (i.e., selling through stores rather than direct mail). This greatly exacerbated the cash problem since we would then have to WAIT 30 to 180 days to get paid rather than to get paid 10 or 20 days in ADVANCE when a game was sold. In the financial downturn of the early 80's, many dealers were hard hit and stretched out their payments bigtime.

SPI never had the financing to go wholesale. In addition, management did not properly control costs and pricing in the days of Jimmy Carter's inflation: SPI games and S&T were radically UNDERpriced in the late 70's. We lost money on a lot of our titles. And we had too many titles in print at once; i.e., we had too much cash tied up in inventory. SPI did NOT die because of sf or RPG games. Most of the titles we did in that area were quite successful and lucrative.

Tactically, SPI died because of an enormous cash flow problem. When SPI changed presidents in 1980 (Chris Wagner replaced Jim Dunnigan), the company was more than a half-million in the hole. Around the middle of \*his\* tenure at SPI, Wagner managed to get a venture capital company to put about \$300K into SPI even though it was at a point in it's life where it was ever more seriously in the red (1981). This money got burned up pretty quickly given SPI's debt situation and the venture guys quickly lost their willingness to venture any further. They put a great deal of pressure on SPI to either instantly turn into a highly profitable computer game company or to sell out to a competitor.

In this pressureful situation, Avalon Hill at first seemed like a White Knight based on some encouraging noises they made when we sought them out. Time was running short, but we felt relieved because we felt that help was on the way. About 10 days went by and suddenly Chris Wagner was called to a meeting in Baltimore where he was informed that Avalon Hill had changed its thinking about its involvement with SPI and instead would make a flat offer for most of SPI's game properties. From the SPI side of the table, the offer and its conditions were grossly unacceptable and unrealistic from the point of view of saving SPI. So now we were really up against it. Time had just about run out. Creditors and the venture capital guys were about to turn the screws the final time. Parallel to the AH talks, a contact was made with TSR. Hurried meetings took place. TSR agreed to lend us over 400k against our assets and intellectual properties (most of this loan went directly to the "venture" capitalists who walked away unscathed, check in hand). The loan had lots of conditions attached to it, but we had few other options, so we went along in hopes of at least preserving the position of the subscribers. TSR officers (by the way, \*not\* the present management of TSR) took positions on SPI's board and were in fact the principal officers of SPI itself for a brief time.

Within about two weeks of making the loan to SPI, TSR called the note and in essence, foreclosed on SPI.

We were dead. End of a great era in wargaming.

It would have been cleaner and less humiliating, to simply file bankruptcy and be done with it. The whole end-phase of SPI's existence was very unpleasant and melancholy. And in addition to the emotional pain, I lost almost 50 thousand dollars of my own money in unrecovered loans to the company and lost back pay. Brad Hessel, another of the last captains on the burning deck lost a similar amount. Brad deserves a lot of credit for making herculean efforts to save SPI in its last desperate days; unfortunately the wargaming community hardly knows of it. Other people at SPI also lost significant amounts of money as the company vaporized.

History should note that none of the principals and stockholders of SPI came out on the positive side of the ledger.

<sigh>

2. WHERE ARE THEY NOW?

SPI people have been scattered about throughout and outside of the wargaming "industry". Avalon Hill sucked up a good number of the design staff as SPI was dying. They established themselves as Victory Games, a New York branch of AH. Just about all the original SPI component of the staff of Victory is now elsewhere. A bunch of them are in Washington, D.C. working in defense consulting. Some of the staff went to West End games but has since left there as well. For a few years I was doing computer game consulting and freelance writing for computer magazines. In late 85 I came down to Greater Dallas to participate as the marketing weasel for an electronics start-up (we make Amiga peripherals).

### 3. WHITHER WARGAMING?

Paper Wargaming (as distinguished from RPG stuff etc) is pretty much plateaued as an industry. It will never grow much larger and may be shrinking (because of competition from other media and because of literacy requirements). I think it'll always be around in some form but it will never again have the energy and scope that it had in the 1970's.

Computer wargaming has some promise, but it's got a ways to go. Mostly, computer wargaming has to "find itself" i.e., its own forms of expression and organization. But it too will remain a special interest area of computer gaming (but computer wargame publishing can at least be done on a profitable basis).

### 4. WILL I EVER DO SOMETHING IN WARGAMING AGAIN?

Well, in a modest way I'm still in gaming: I'm the co-Moderator of the GAMES conference on BIX --and I hope some of you folks will sign up on bix and join the conference. As to design: if I can get the time, I'd like to do some computer game consulting. I'm only an amateur level programmer but I have no trouble organizing computer game designs to be implemented by others. Unfortunately, the industry is not set up to accommodate game designers who are not really programmers (although the reverse certainly seems to be true in many cases!). As to paper game graphics: someone would have to pay me an awful load of money to get into it again (although I do have the design for a computerized game counter production system that I wish I had back in the 70's). By the way, I use an Amiga; a Mac II; and an MSDOS AT clone at work. I've got a PC6300 at home and a boxed up Apple II+.

The odds are, that if you once again see my name connected with a game, it'll be a computer game.

### 5. MISCELLANEOUS NOTES:

Thanks for the appreciation of CITYFIGHT (that was a b\*tch to do!). As to DALLAS: we didn't print 250,000 of them. More like 80,000 (in two runs). That was about 79,999 more than anyone wanted. DALLAS didn't kill SPI, but it didn't save it either (as some had vainly hoped). Essentially, anyone who is wired on DALLAS (the TV show) is not also wired on games.

We proved that pretty well. Gee, I sure hope WWW \*really\* didn't pay a quarter of a mill for S&T ! S&T was certainly moribund by the time they took it over and not worth that much cash. The magazine that I feel was a real lost opportunity was ARES --it was just coming together when it got zapped along with SPI. I was always surprised that TSR did so little re-issuing of the properties they took over. I doubt that they came out very well in their takeover of SPI's properties. A lot of great games have been allowed to go out of print. Some day I have to go through my storage and sell off some of these mint condition SPI games I have, ya know?

I extend my personal best wishes to all you who were with us in the halcyon days of SPI gaming. It's really good to communicate with you again.

--Redmond Simonsen