Barnes & Noble CEO William Lynch resigns

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In this Oct. 20, 2009 file photo, William Lynch, then president of Barnes & Noble.com, unveils the "nook" electronic-book reader during a news conference in New York. Barnes & Noble Inc. on Monday, July 8, 2013 said that Lynch has stepped down as CEO, effective immediately, just weeks after the book retailer announced weak sales, big losses and the declining popularity of its Nook e-readers. (AP Photo/Mary Altaffer, File)

Barnes & Noble Inc. said Monday that William Lynch has stepped down as CEO, effective immediately, just weeks after the book retailer

announced weak sales, big losses and the declining popularity of its Nook e-readers.

Lynch's resignation comes after just three years in the role. No successor was named, but the New York-based company said that it is reviewing its strategic plan and will provide an update "when appropriate." Shares fell nearly 5 percent in after-hours trading on the news.

In the wake of his departure, Chief Financial Officer Michael Huseby will become president of the company and CEO of its Nook Media unit. Controller Allen Lindstrom will succeed Huseby as CFO. Huseby and Mitchell Klipper, CEO of Barnes & Noble Retail Group, will report directly to Leonard Riggio, the company's chairman and largest shareholder with a nearly 30 percent stake.

Riggio declined an interview through a company spokeswoman.

The news didn't surprise some analysts.

"The board lost confidence in Lynch. Investors lost confidence," Belus Capital Markets analyst Brian Sozzi said Monday. He said that Lynch didn't have a definitive plan at the last earnings call, after Barnes & Noble posted a larger quarterly loss and said sales plunged in the three months ended April 30. Revenue at stores open at least a year dropped 8.8 percent and overall retail sales, which include Barnes & Noble bookstores and online sales, tumbled 10 percent, in part because of store closings.

Moreover, the company announced that it would stop making its own Nook color touchscreen tablets because they failed to keep up with competitors.

Barnes & Noble has been struggling to find its place as more readers

have shifted to electronic books and competition has grown from discount stores and online competitors. The company, which has 675 bookstores in 50 states and 686 college bookstores, has been trying to avoid the fate of its former rival Borders Group, which did not adapt to the growing threat of the Internet and e-books and went out of business in 2011.

So, Barnes & Noble had been pouring money into developing its Nook devices to keep up with changing reading habits and beat back competition from retailers such as Amazon.com Inc., which makes the popular Kindle readers, and Apple Inc.'s iPad.

The company hired Lynch from the home shopping network HSN Inc. as president of its online business in February 2009. There, he expanded the company's digital offerings and helped launch the Nook. Lynch, who had worked as an executive at Palm Inc., became CEO of Barnes & Noble in March 2010.

Last month, the company said it was going to continue to make its more basic, black-and-white e-readers, but will farm out the tablet manufacturing to a third-party. Lynch hadn't offered specifics of how a tablet partnership would work, but said at the time that the company was in discussions with "a lot of interested parties." Some speculated that Microsoft Corp., which has a 6.8 percent stake in the Nook unit, could offer to buy it outright.

The bad results troubled investors, who sent the shares down sharply. The stock had recovered a bit since then, closing Monday at $17.66.