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Leveraging the Library Series

LEVERAGING **BUDGET** IN THE LIBRARY

AND ADAPTING TO CHALLENGING ECONOMIC TIMES

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INTRODUCTION

With a shift in the economic landscape, librarians have been forced to reevaluate traditional services and their relevance to their academic institutions. This FreeBook thus provides library practitioners and students of Library and Information Science (LIS) with advice on how to find new ways of offering services, in light of tighter constraints on budgets, via adapting entrepreneurial techniques to build capital, while raising the library's profile to increase awareness of services to protect needed funding.

This FreeBook features contributions from experts in their field, including:

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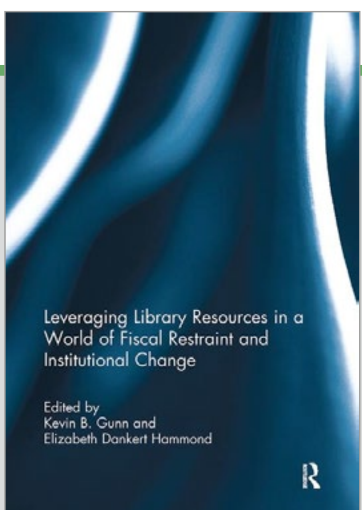
Note to readers: As you read through this FreeBook, you will notice that some excerpts reference other chapters in the book – please note that these are references to the original text and not the FreeBook. Footnotes and other references are not included. For a fully referenced version of each text, please see the published title.

CHAPTER

1

OTHER PEOPLE'S MONEY:

ADAPTING ENTREPRENEURIAL TECHNIQUES TO BUILD CAPITAL IN CHALLENGING ECONOMIC TIMES



This chapter is excerpted from

Leveraging Library Resources in a World of Fiscal Restraint and Institutional Change

edited by Kevin B. Gunn, Elizabeth Dankert Hammond.

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Drawing on the "predator" model of entrepreneurship put forward by Villette and Vuillermot in their 2009 book "From Predators to Icons," this article argues that challenging economic times reveal that self-funded, collaborative information literacy models have in many cases unsustainably overstretched staff and budgets. In such circumstances, it is necessary for librarians to shift to an entrepreneurial approach that seeks profitable opportunities funded by parties other than the library in order to build capital for current and future instructional services. Following Villette and Vuillermot, the article seeks to refute a cultural myth that sees the entrepreneur as someone who is first and foremost a "do-gooder" or marketer of helpful products, and it also advocates that librarians adopt a view of the entrepreneur as one who preys on unexploited, low-cost/high-profit opportunities to leverage "other people's money" to build capital for later innovation. The article considers the economics of information literacy and library instruction programs, provides historical context for what has come to be known as the "collaborative imperative," points to the economic short-sightedness of many collaborative and "embedded librarian" partnerships, and details six examples from information literacy programs that model successful entrepreneurship of the sort argued for.

In line with the general goals of all information literacy (IL) programs, recent literature on college and university IL services has emphasized models of collaborative and embedded librarianship as ways of expanding instructional offerings and learning opportunities to as comprehensive a group of students as possible (Mounce 2010). A "collaborative imperative" has been recognized and responded to by college libraries due to a number of historical factors leading to a necessary increase in IL services. Iannuzzi's well-cited 1998 article, "Faculty Development and Information Literacy: Establishing Campus Partnerships," in which she promotes strategies for creating partnerships on college campuses that extend IL instruction into the disciplines and various other programs such as college writing centres, early college initiatives, etc., is characteristic of this push toward academic library collaboration. More recently, Shumaker et al.'s work to popularize the concept of embedded librarianship has become central to many models of IL instruction (2007, 2010). More and more libraries are dedicating more and more time to disciplinary instruction, often working with individual courses as much as the disciplinary faculty paid to teach those credit hours.

These approaches have helped move IL from the library into the curriculum. They reflect an admirable educational impulse. But they have also created a tension within libraries between the objective of increasing student learning opportunities and the financial and temporal realities that face our instructional programs, especially in challenging economic times. We have seemed to push aside the fact that current forms of innovative partnership rely on a high initial outlay of resources—what we might think of as capital, both financial and human—on the part of libraries, typically in the form of staff or faculty time and the transfer of resources from one service area to another.

In short, we haven't asked a simple question: How can we sustain our growing financial commitments to IL programs over the long term? How do we pay for it? In many respects, we've created a large number of unfunded mandates for ourselves, programs that during flush times are manageable but that become unsustainable when the economy falters, budgets shrink, and finite librarian work hours have to be stretched to cover noninstructional services. One thinks here of libraries that have had to lay off adjunct reference or instruction librarians or other contingent labour, shifting workloads and responsibilities to already maxed-out full-time staff. There will, of course, be those who believe that our IL mandates are not "unfunded" but are simply new responsibilities that should be paid for by increasing librarian "productivity," that is to say, by doing more in the same amount of time and for the same amount of money. To a point, this is true, and productivity can be improved. However, given the real increase in instructional workload and the very real complaints about the quantity of teaching in which librarians are engaged, it is a fact that many IL programs have become overstretched due to poor financial planning and the extension of instructional services without the resources needed to sustainably do so.

Shumaker's column in *Reference and User Services Quarterly* touches on this fact, noting that the "resource effects" involved in developing and sustaining embedded librarian projects can be "substantial" (2009, 242). In challenging economic times, Shumaker's suggestions for mitigating resource effects—dropping activities to save money, requesting funds from administration, asking the customer to pay directly for embedded services they may have received for free, that is to say, on the library's

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dime—can be difficult if not impossible. What then are instruction programs and the librarians who manage them to do?

Drawing on the "predator" model of entrepreneurship put forward by Villette and Vuillermot in their 2009 book *From Predators to Icons*, this article will argue that challenging economic times require a shift to an interim entrepreneurial approach that seeks profitable opportunities funded by parties other than the library in order to build capital for future expenditure. While many librarians have attempted to adopt entrepreneurial approaches in the area of IL program development, they tend to see the entrepreneur as someone who is fundamentally an innovator, someone who looks for opportunities to introduce and expand needed or desired services in order, like Preston Tucker and his "car of the future," to benefit human kind (Tucker 2000). In short, we have bought into a myth that sees the entrepreneur as someone who is first and foremost a "do-gooder." From this standpoint, the entrepreneur is simply a marketer of sorts who gets people to want some great, good thing he's manufactured at his own expense.

Contrary to this myth, Villette and Vuillermot argue, entrepreneurs are not big risk takers willing to gamble their own resources for the sake of doing good in the world. Rather, they are risk averse and engage in what they call "predation." Entrepreneurs aim for the "sure thing," as Gladwell notes in his recent review of their book (2010, 24). They look for unexploited, low-cost/high-profit opportunities, and they find ways to use other people's money to build capital for their own later innovation. In libraries, new collaborative services should be thought of as innovations. Innovations, the authors argue, are "collective" endeavours that require partners. But more importantly, the authors remind us, collaborative work—innovation—is a "luxury you have to be able to afford" (Villette and Vuillermot, 84). The true entrepreneur knows that he first needs capital if he is to undertake new ventures or introduce new services.

Villette and Vuillermot's argument is simple: "one grows rich through innovating only on condition of having previously acquired the means of controlling the innovation and of being able to resist subsequent uncertainties," such as difficult economic times. "Mastery of innovation presupposes the control of sufficient financial resources and of a network of alliances enabling the distribution of expense and risk" (84). Translated into the world of academic libraries, Villette and Vuillermot's thesis tells us that libraries must adopt a truly entrepreneurial attitude if instructional services are to become more economically sustainable and if we are to weather recessionary

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periods. We must look to build the needed capital and distribute financial risk (both in the form of money and time) among partners outside the library before introducing innovative collaborative services. And if we have already over-extended ourselves, we must attempt to increase our capital to cover current services and put ourselves in a position to continue growing our services in more viable ways going forward. Again, innovation is a luxury you have to be able to afford. For too long, libraries have ignored this fact and they are now faced with cutting instructional services or asking already overburdened librarians to teach more as others are pulled in different directions or let go for budgetary reasons.

There are several historical and institutional reasons that have led us to heed the collaborative imperative without heeding the need to prudently build capital. I'll begin by considering these factors. I'll then clarify Villette and Vuillermot's portrait of the entrepreneur as predator and outline the steps of successful predation. In so doing, three projects recently undertaken in lieu of expanding existing collaborative relationships at Lehman College (City University of New York), projects that have avoided costs while maximizing "capital" accumulation, will be presented as examples of successful predation. Along with these projects, I will present several examples from other academic libraries. I'll conclude with a consideration of the social and psychological factors that may hinder librarians from adopting this needed predatory approach.

WHY COLLABORATE? "THE COLLABORATIVE IMPERATIVE"

To begin, let us state that the "collaborative imperative," the perceived need for librarians to work with faculty across disciplines to ensure that students are able to locate, evaluate, and use information intelligently, is a real imperative. I've adopted this phrase from the title of Raspa and Ward's *The Collaborative Imperative: Librarians and Faculty Working Together in the Information Universe* (2000) as much for its truth as for the sense of frantic urgency its title and much of its contents convey. As IL professionals, we know that our instruction is important if students are to succeed in the academic world as well as in the larger world outside the academy. Yet, what is it about this imperative that has led librarians to rush into collaborative relationships without first securing the necessary resources to do so? What has led us to initiate, in what retrospectively seems an almost headlong way, so many unfunded IL mandates? While the real needs of students have driven the growth of IL services, the haste in which it has been accomplished and the correlate lack of financial forethought can be seen as a result of a kind of felt "existential

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threat" to the profession as a whole and the need to make our services tangibly and immediately relevant.

Between the late-1980s and mid-1990s, a variety of pressures began pushing librarians to rethink traditional models of bibliographic instruction. First, with the rise of new information technologies and the seeming ubiquity of information, teaching students how to utilize the physical spaces and resources of libraries through a single or small number of "one-shot" lessons no longer seemed adequate (Association of College and Research Libraries 1989). At the same time as this technological shift was occurring, college accreditors began emphasizing IL as a core learning objective across disciplines, introducing additional external pressures (Commission on Higher Education 1994; Ratteray 2002; Thompson 2002).

Third, following in the footsteps of John Dewey and other educational theorists, higher education in general began to shift to what has come to be called a "learner cantered" model of instruction. Often cited as a seminal article in this area is Barr and Tagg's 1995 piece in *Change*, "From Teaching to Learning," in which the authors contrast the traditional "instruction paradigm" with what they called a "learner paradigm": college instruction that views the professor as an "inter-actor," someone who seeks to "elici[t] students' discovery and construction of knowledge" rather than simply someone who transfers his or her own knowledge to students (16). Shortly after the publication of Barr and Tagg's article, the influential report *Reinventing Undergraduate Education*, more commonly known as the *Boyer Report* (1998), was published. The report strongly advocated for a renewed attention to inquiry-based learning. While the Boyer Report only mentions libraries in passing, many librarians used the report and the general trend of the period as an opportunity to advance new inquiry-based initiatives requiring cross campus collaborations (Hensley 2006, 56 57; Thompson 2002; Watts 2008, 1).

Finally, after many years of cross-institutional conversation, the Association of College and Research Libraries issued its *Information Literacy Competency Standards for Higher Education* (2000), which set the bar for what students graduating from institutions of higher education ought to know and be able to do after completing their courses of study. Those accrediting agencies that hadn't yet issued formal guidelines for student IL performance did so shortly thereafter.

In response to these historical and institutional pressures, librarians began advocating for increased cooperation and collaboration across the disciplines and across the campus in order to give students the learning opportunities needed to meet these new perceived and mandated IL learning objectives. By 2000, Cook (2000) counted over four hundred articles published on the topic of librarian/disciplinary faculty collaborations and collaborations between various administrative and support service units and librarians. Iannuzzi's article was not the first to describe how to create successful, large-scale IL collaborations, but its emphasis on strategies aimed at influencing cultural changes favourable for IL initiatives in colleges and universities embodied a trend that seemed to reach a kind of critical mass at the time, while also exemplifying some of Rader's work from the period (1999). To this day, the topic remains important (Cochrane and Goodman 2009; Mackey and Jacobson 2005; Watts 2008).

These are real trends, and the pressures on libraries to supplement disciplinary instruction to help students become productive, independent inquirers have pushed librarians to expand IL services. However, an underlying fifth factor needs to be acknowledged. Unmentioned in the prevailing story of the rapid expansion of instructional services is the latent fear that new information technologies may in some way put librarians in the position of becoming obsolete, a fear that I believe has contributed to the haste and lack of financial forethought when it comes to IL program planning.

Two articles in the January 1996 issue of the *Journal of Academic Librarianship* seem to point to this worry. Wegner's brief op-ed, "Is it True What They Say?: The Library on a Credit Card," aims to refute a notion the author states in two concise sentences: "By the year 2000, books will be obsolete and the whole library will be accessible on a credit card! Library use will be entirely self-directed, with no librarian intervention necessary!" (51) Her conclusion is that libraries will continue to be needed because "librarianship … is about making appropriate choices of resources and organizing that material into an intellectual whole. This requires space and persons. Because more and more, librarianship is about teaching, guiding, and interpreting" (52). Teaching students to be information literate is, in a sense, the thing that's going to keep librarians employed. Rider's article, "Developing New Roles for Paraprofessionals in Cataloguing," is fascinating as a companion piece to Wegner's, for it seems to provide the historical context for the fears of reference and instruction librarians at the time. Rider's piece points to the ways automation and technological innovations led libraries to downsize or completely eliminate professional cataloguing positions in favour of paraprofessional labour or altogether outsourcing cataloguing activities. The trend Rider points to is one that began in the 1960s and has been discussed in the literature since then (Preston 1984).

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Fears about librarian obsolescence are not unique to the mid-1990s, but a look at the literature does reveal those fears to be quite prevalent. Librarians continue to feel the pressure of justifying their jobs in the face of new technologies (Bivens-Tatum 2010; Huwe 2004). The rapid expansion of instructional services has, whether consciously or unconsciously, been one of the means to do so.

ENTREPRENEURIAL ADVICE?

As a result of these factors—the real needs of students, the pressures of accreditation and formalization of IL standards, and the real fear of what might happen if we did not justify our presence on college campuses—librarians were encouraged to adopt an "entrepreneurial" approach in order to expand IL services. Booth and Fabian (2002) advise librarians "to adopt a strategic, forward-looking, entrepreneurial approach for integrating the library agenda into institutional documents and for making IL a centrepiece of university success measures." (139) For them, the IL "entrepreneur" would seem to be someone capable of identifying unexploited markets and IL "needs" in order to thereby create new policies or services that give shape to those markets or fulfil those needs. Librarians in this scenario are encouraged to be creative "innovators," similar to those in the for-profit business world who identify new needs and demands and thereby invent products or services that bring profit to inventors and market innovators.

By "entrepreneurial," Booth and Fabian certainly do not mean the kind of external entrepreneurship advocated for by Neal in his 2001 article documenting the many "for-profit" business ventures established by the Johns Hopkins University Libraries. Rather, Booth and Fabian seem to equate entrepreneurship with a kind of marketing. In other words, they see entrepreneurship as an activity that seeks to promote and extend current services rather than an activity that is aimed at generating profits. This equation of entrepreneurship and marketing in the context of collaboration seems to be a common line of thought in academic librarian discourse (e.g., Bell 2009; Currie and Eodice 2005, 45).

In our efforts to respond quickly and comprehensively to the collaborative imperative, in our efforts to expand the scope of our instructional services, we've forgotten to ask how we intend to pay for these services, and, perhaps more importantly, how we will sustain and continue to grow them when budgets shrink. When it comes to finding the funds to pay for library services, ACRL (2006) advises that librarians frame to those holding the purse-strings how bad things will be and what various stakeholders will lose out on if funding is not provided for various services. The document does not address ways of developing programs that are profitable and self-sustaining. Its primary objective seems to be to make librarians into effective marketers of library services. However, this proves ineffective when campus budgets are cut across the board.

Academic libraries simply have not addressed the issue of funding IL services. A recent study of strategic IL planning in higher education analyses documentation from a number of major universities for "key themes of information literacy strategy" (Corrall 2008, 31). While themes such as "Embed [IL] in curricula," "Work with others," and "Raise awareness [of IL services]" are readily identifiable, the author does not present evidence of strategic thinking in the area of resource acquisition. The financial costs of expanding IL services do not seem to be included in library planning and correlatedly have not been addressed in the literature.

Shumaker's (2009) suggestions for embedded library programs to cope with challenging economic times also belie an initial lack of strategic forethought. His advice to "charge-back" departments for already existing services is likely unfeasible for most academic libraries and to attempt to introduce it would perhaps even be politically damaging. Shumaker and Tyler note in 2007 that funding is a "challenge" for academic librarian embedded collaboration (7), and he points out that, unlike corporate or other special libraries, academic embedded services are not "funded by the customer" but rather "centrally managed and centrally funded" by the libraries themselves (21). His 2009 article's warning about "failing to allocate adequate funding and staff resources ..., inadequate attention to workload levelling..., and overlooking the threats to library staff cohesion" (242), seems to be retrospective advice and leaves those planning future collaborative relationships with little practical guidance on avoiding the pitfalls of which he warns. In the absence of corporate-like funding models, academic librarians don't need to have the obvious consequences of overstretching library budgets and staff pointed out to them. We see this every day. Rather, we need strategic plans for figuring out how to fund embedded and collaborative relationships.

The first strategic step is to recognize that such collaborations may ultimately lead to deficits in difficult economic times. One must know that this is a possibility ahead of time, think about the collaborative relationship in terms of its long-range impact, and look for ways to carry the costs of those services that cannot be abandoned either for educational or political reasons. Too often collaborations are undertaken under

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the sway of immediate exigencies and for the sake of short-term "profits," such as meeting pressing accreditation demands, with little regard for their cost over the long run. The second step is for libraries to truly become entrepreneurial rather than simply creating more and more demand for their finite instructional supply, that is to say, librarian work hours. We must therefore have a clear conception of what characterizes entrepreneurial behaviour. Entrepreneurship is not marketing. It is predation.

PREDATORS VS. DO-GOODERS

Villette and Vuillermot show that a myth has been built up around the notion of the "entrepreneur," blinding us to what entrepreneurs, or businessmen as the authors more prosaically choose to refer to them, really do. From the standpoint of the mythic conception of the entrepreneur, the "successful businessm[a]n" is typically seen as "not only ... a hero but as someone who sacrifices himself for the common good, at the risk of his life and fortune" (2). The word "entrepreneur," the authors point out, has connoted this myth among English speakers since it was first "introduced into economics by John Stuart Mill in 1848," who used it to refer to someone who "achieved something [or] accomplished a task": someone "through whom come prosperity and progress for the entire community" (19).

In other words, the myth is that the entrepreneur sees a need in society more clearly than others, sees the way to satisfy that social need, and then introduces innovative products or services, thereby transforming the world for the better. The entrepreneur is seen as a kind of noble "do-gooder," willing to risk his own capital or that of those who believe in his idea, for the sake of some social good.

For Villette and Vuillermot, the problem with this myth is that it has obscured how extremely successful business people, those who are known for their entrepreneurial spirit and for introducing socially beneficial innovations into the marketplace, positioned themselves to do so. Super-successful entrepreneurs start out not as heroes, but as risk-averse predators: ruthless business people whose sole aim is to accumulate as much capital as possible in the safest manner possible. Innovation only occurs after this phase of capital accumulation. This "successful businessman" is "constantly and almost exclusively on the lookout for opportunities to make profits higher than the cost of the capital he is using" (120). "In all stories of innovation," the author's write, "it is necessary to pay close attention to chronology: innovation occurs not at the beginning of prosperous business affairs but during them. Innovation follows other business deals that make it possible because they provide the outlet, the resources, and the funds. It is also because of these prior and preparatory business dealings that the businessman is able to grasp the full advantage of the inventions made by others, appreciate their potential value and, if possible, acquire them at low cost before that value has become known" (90).

By buying into the cultural myth of the entrepreneur, librarians have prioritized innovation and service growth while overlooking the need to first acquire the capital needed to implement such growth. Successful entrepreneurs may become "do-gooders" later in their lives or careers, but they usually don't start out as such. We must therefore rethink our conception of the entrepreneur if we are to regain our fiscal balance. The predator is someone who positions himself "'between' (*entre*) in order to 'take' (*prendre*)" (111).

HOW THE PREDATOR PREYS

Villette and Vuillermot follow many other theorists of entrepreneurship when they point out that successful entrepreneurs are typically those who have "made the most of unforeseen circumstances," (4), those who have "cleverly exploited exceptionally favourable business opportunities" (5). But the successful entrepreneur does not simply happen upon such opportunities, in their view. Rather, the "decisive operations" by which fortunes are made "chiefly ai[m] at recognizing, exploiting, creating or provoking market anomalies, momentary sources of large localized profits. In other words, ... [it is] essentially political work ..." (103).

The authors continue to say that the predaceous entrepreneur is always looking for undervalued commodities or businesses, things he can cheaply acquire and quickly turn over for the potential profit he perceives. He is looking for companies in distress that he believes he can acquire and turn around for his own gain. He is looking for deals in which he will be the stronger player in the position of reaping the most reward while risking the least out of those involved. As Villette and Vuillermot write, the skilled entrepreneur has an informed "view of the current and potential value of activities of which they have direct knowledge and which they have the means to influence." By "market anomalies" the authors mean inefficiencies in the marketplace: areas of the market in which things are either over- or undervalued, the perception of which requires superior knowledge and insight.

In the following section, I will detail three IL ventures undertaken by the library for which I work. Each of these ventures required both aspects of successful predation outlined above: spotting a market anomaly ripe for exploitation and looking for ways to use other people's money, "capital" in the broad sense as we've defined it, to fund the venture. Three additional ventures from other libraries will serve to further illustrate the principles of predation Villette and Vuillermot describe.

To be clear, the "exploitation" here is not the kind of exploitation characteristic of the larger market place. No individuals unduly profited from these ventures in personal ways. Rather, the ventures yielded "profit" to the libraries in that they have positioned them to continue or expand these ventures or related ventures at little to no cost to the libraries. And if we wish to take this line of thinking farther, we can say that those who ultimately profited from these ventures are the students who received more extensive IL instruction than otherwise would have been available.

SEEING WHAT'S THERE 1: PREYING ON AN EXISTING COURSE

When first hired as the Coordinator of Information Literacy at Lehman College, the author examined the current course offerings throughout the various departments. Like all IL coordinators, the author found himself having to respond to the "collaborative imperative" and was looking for ways to extend our current IL reach, primarily through building relationships that would result in more course-embedded research sessions requested by disciplinary faculty. The author also came across an "introduction to college"-type course with a focus on online research listed under the Adult and Continuing Education Division. It had evidently been created many years prior by the division's Adult Degree Program, which offers a BA for non-traditional students returning to college. The course had ceased being offered.

Our library had never offered a for-credit IL course and we did not, at the time, seem to possess the kind of social capital needed to introduce such a course into the traditional BA program. However, it did seem feasible to set up a meeting with the Divisional Dean who oversaw the Adult Degree Program to discuss the possibility of the library reviving and reconceiving the course as a potentially useful class for new students to the program. When I approached the Chief Librarian, a position on our campus roughly equivalent to dean, with this idea, he suggested that the present moment might not be the best time to meet with the Divisional Dean. The Divisional Dean had been in his position for many decades and was due to retire in the coming year.

If we consider the two aspects that allow for successful predation, we can see that the library was positioned with an opportunity to do something that would be paid for by another campus entity. Since the course was offered through a department in a division separate from the library, whoever taught the course would be hired as an adjunct to teach the course at no cost to the library. In other words, here was an opportunity to undertake a venture, using someone else's money, which we would otherwise have thought of undertaking using our own money had circumstances and fiscal conditions allowed. Due to the Chief Librarian's insight into the current campus conditions, we also possessed information that allowed us to predict an impending anomaly in the "market." In our conversation, we recognized that the transition to the new dean would create an opportunity for us. That is to say, it would introduce a situation that we might be able to exploit rather than one requiring us to enter into a discussion with someone who had no incentive to innovate. Changes in corporate or institutional leadership often lead to shifts in corporate direction, shifts in strategy, and an openness to new ideas.

We therefore waited for the current dean to retire and approached the new dean with our proposal shortly after she received her appointment. Our strategy worked, and, with the guidance and input of the division and Adult Degree Program, we were able to retool the existing course on the books into something that would benefit the students of that department and give us a foot in the world of for-credit IL courses.

Consequently, the library gained a significant amount of profit, primarily in the form of social and political capital on campus. The success of creating a three-credit course that resulted in positive student outcomes has allowed us to be seen in a new light as an academic department capable of developing new curricula. We were able to see what was on the books and turn it into an opportunity.

SEEING WHAT'S THERE 2: PREYING ON A STRUCTURAL ANOMALY

LaGuardia Community College is a large urban institution located in Queens, New York, and is a part of the City University of New York. Over the past year, the library there was able to spot a structural anomaly in the course requirements for a number of majors and options (what most colleges would call "concentrations") that resulted from a change in the way science courses are offered at the college. By seeing what was already there, librarians created a two-credit course and obtained the funds to run the course; they are now in a position to guarantee student enrolment in their course while keeping their expenditure of human capital, in the form of work hours devoted to advertising the course, to a minimum. The librarians approached the campus Office of Institutional Research, which determined that over three thousand students were affected by the change. This became one of the main rationales by which they justified the creation of a new two-credit liberal arts IL course. Like other departments that create new courses, the library will receive a budgetary increase to pay for the instructor hired to teach the course. While the course constitutes a certain amount of "new work" for the library, it is work that is and will continue to be paid for by the college.

LaGuardia's library has long had a one-credit IL course. To sustain enrolment in that course, they developed strong ties with the college's advising department which has, over the years, funnelled into that course students who need a single credit to fulfil a program requirement. They will continue to leverage that relationship in order to ensure enrolment in their new course without having to engage in extensive, time-consuming advertising to students and programs.

OTHER PROGRAMS IN NEED 1: PREYING ON A GROWING DISCIPLINE

As a member of the college's Academic Senate, the author first heard about a new program aimed at providing a crash course in business skills to liberal arts majors in need of practical training that was to be started using funds from a corporate grant. While semiautonomous, the program would be housed within and receive guidance from the college's business department.

A marketing-oriented instruction librarian would have approached the new program with an offer to provide course-based IL instruction or some sort of extracurricular workshops on business research. Neither of these was an option given our already large instructional program. While such offerings may have benefited students in some way, they would have eaten away at what little capital the library currently has by requiring us to invest library faculty time to schedule, plan, organize, and conduct workshops during hours already devoted to other vital tasks.

Rather than take this direction, the author used some of the social capital acquired through our successful (and profitable) collaboration with the Adult Degree Program by proposing to the coordinators of the new business program that the library create a course to support liberal arts students pursuing studies in business late in their college career. The coordinators of the program were intrigued by the idea, and the author drafted a mock course description and outline for a class on "competitive intelligence." After several more conversations with various stakeholders, we received an endorsement from the business department to develop a formal course proposal that could be sent to the college's Undergraduate Curriculum Committee.

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We subsequently did so and received a positive response from the chairperson of that committee who also suggested that the course be cross-listed with the business department itself, rather than offered solely under the aegis of the library, a very positive turn of events that we've since accomplished. By so doing, we believe we will more easily be able to attract students to the course since it will ultimately fit into the elective requirements for the Bachelor's of Business Administration degree rather than a course that has no degree impact, thus cutting down on any costs we may have incurred in time trying to get students to take the course.

Barring any unforeseen circumstances, by the time of this article's publication the course will have made its way through our College Curriculum Committee, and we foresee a positive outcome. Not surprisingly, however, we were initially met with a bit of confusion and scepticism by some of the stakeholders in the process. Since the library had never offered a course before, it took a few minutes for those hearing our proposal to realize that we are, in fact, a full academic department with librarians possessing full faculty status (something that helped us in this situation). It also helped that we could draw on the capital derived from the success of our recent collaboration with the Adult Degree Program to legitimate our venture.

Again, being aware of a change in the college's organization led us to see the initial anomaly we could use to our advantage. Monies for the course will have to be funded by the college budgeting process and will not come out of the library's existing personnel or other-than-personnel budget levels. A librarian will be hired to teach the course on an adjunct basis, which won't tap into existing funds. Just as in the previous case, it is the students who will be ultimate beneficiaries of this course. But we will also profit as well. On top of the additional social capital we hope to accrue for the purpose of continuing to develop new credit-bearing courses, there are other long-term benefits. We will profit down the road from our new relationship with the business department, a department that continues to grow, both in numbers of students and in importance to the college. Over the period of time spent developing the competitive intelligence course, the business department introduced a new graduate program. New changes to our institutional structure may give this department even more prominence than it currently has. What does that give us? With a three-credit business course in our department and additional library attention needed by the growing business department, we may be in a position to lobby for the creation of a business librarian position, someone who can teach the existing course as well as work to provide instruction within our other IL programs. This, in turn, will lessen the instructional load of current faculty, thus increasing the library's capital as understood in terms of faculty time able to be spent on various other projects.

OTHER PROGRAMS IN NEED 2: PREYING ON A NEW MAJOR

Immersion in the details of one's institution has been a common theme in the above examples. At the New York City College of Technology, a college also in the City University system, Information Literacy Librarian Maura Smale built political capital for her library by actively involving herself in campus committees and developing relationships, not solely for the purpose of developing collaborative relationships but also as a means of positioning herself to discover potentially exploitable opportunities. She did this in a number of ways.

When new to the campus, she volunteered to serve as a nonvoting member of her College Council's curriculum committee. Not only was she able to observe the process of new course initiatives from conception to approval, she got to know those serving on the committee in a more personal way, developing a set of personal relationships that could be tapped at some future point if opportunity arose. Second, her library, like most libraries, also has an active liaison program between librarians and academic departments that serves to facilitate collection development and identify departmental IL needs. Through the liaison program, she was able to get to know a variety of programs and the faculty teaching in those programs. Lastly, Maura became very involved in a variety of new technology initiatives, both on campus and within the larger university system, specifically by working on a new social media platform created by the university to facilitate intra- and inter-campus communication and by participating in new cross-campus teaching with technology committees. This latter activity positioned her to develop vocabularies and conceptual frameworks by which to understand and communicate more effectively with the technologically-oriented programs with whom she worked in her capacity as a librarian within her college.

In this case, unlike the previous examples we've considered, Maura did not have to approach an entity outside her library with a proposal, but was rather approached by the creators of a new program in Emerging Media Technologies (offered through a department that she serves as liaison) about the possibility of creating a course for their department. To someone observing this event from outside the circumstances of its engendering, it would appear as if Maura were simply lucky to have been in the right place at the right time. By being known as someone familiar with the needs of new technological programs and as someone with the ability to navigate a new course proposal through the campus approval process, Maura was able to be perceived as someone to whom the Emerging Media Technologies program would naturally turn when the program discovered it needed a new course in research methods for its students. A profitable situation presented itself to her, seemingly by chance. However, her work building the social capital needed to attract the opportunity was acquired deliberately and thereby allowed the opportunity to arise and be effectively exploited.

Like the two-credit course at LaGuardia Community College and the competitive intelligence course at Lehman College, the course at City Tech has a built-in base of students freeing the library from having to spend resources attracting students. Other departments that have seen the effectiveness of the course are now developing distribution models that include the library's research methods course as an elective option, thus allowing the library to expand the number of sections of the course going forward.

OTHER PEOPLE'S MONEY 1: SPOTTING OPPORTUNITY IN A GRANT-FUNDED PROGRAM

Grant writing can be quite labour intensive. It requires a large investment of time and energy that otherwise could be devoted to other projects. Additionally, grant applications are "risky." The odds of a library getting a major grant for an IL project are not high. Not only is there a lot of competition, there is also a lot of variation in funding levels and grant availability from various sources.

One way to minimize one's risk and correlatively maximize one's profit is to "piggy back" on grant applications written by other departments or college administrative units. To do this, one need only be networked with the active grant writers on campus and attuned to the conversations being had in various departments and among your campus grants coordinator or development officer.

Another way to minimize risk is to approach those you know who have recently received grants to see if they may need any services or programming that can be paid for out of their grant-funded coffers. If those who have received grants have worked with you before or know of the work you do and the services you provide, it is not unlikely that they will get in touch to see if you might be able to help them out.

As a result of previous traditional IL collaborations, our library was able to provide two four-day summer workshops for a group of junior high school students enrolled in an early college program run through a combined middle and high school associated with the college. And it did not cost the library a dime in time or money. Like our previous examples, these workshops were of a sort that at one point might have been done "on the clock" as part of a librarian's required duties, thus preventing that librarian from engaging in other activities and consequently impacting the library's productivity. Rather, we were able to have the program pay for our services through the other department's grant monies.

The author had previously provided instruction for this school's students who had enrolled in a college-level course and had the opportunity to get to know the program coordinator who is based on our campus. Over several months the author learned more about the early college program from her and was able to share with her some of the ideas that form the foundations of our IL program. She mentioned, in the course of our conversations, that she was in need of programming during the summer as part of her efforts to keep the junior high school students engaged and help them start thinking about the college-level courses they'd be taking in a few short years. The library was able to offer its services without hesitation, knowing that she would be able to fund any workshops we provided out of her own budget. Again, this saved the library from having to allot time and resources to an additional, unforeseen project. As an added bonus, a campus leader from the college's writing centre was brought in to the project, which resulted in solidifying a budding partnership between her department and the library, a relationship that has since continued to bear fruit.

Like the previous examples, we relied on market knowledge to spot an anomaly ripe for "exploitation." If we had not come to know this program coordinator and been aware of her grant-funded project, or had not been attuned to her program's needs, this opportunity would have never been spotted. Knowing that there was a pool of operating money within the program allowed us to receive direct compensation for planning, as well as teaching, the workshops.

Again, those who profited most were the students who went through these workshops. But the library has accrued additional profits, both short and long term. As a result of undertaking this venture, the library and college writing centre have developed new joint instructional programs. In addition, we recently presented some of our observations about the learning continuum we've seen between junior high and college students at a city-wide teacher librarian conference. The library has also now established a model of collaboration that requires partners to bring capital to the table in order to fund certain kinds of IL services.

OTHER PEOPLE'S MONEY:

ADAPTING ENTREPRENEURIAL TECHNIQUES TO BUILD CAPITAL IN CHALLENGING ECONOMIC TIMES

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OTHER PEOPLE'S MONEY 2: SPOTTING OPPORTUNITY IN CAMPUS INCENTIVES

In addition to grant-funded programs, opportunities to acquire money for library operations can be found by looking for various financial incentives tied to new campus initiatives. Our last example illustrates this technique and demonstrates that libraries can make "the most of unforeseen circumstances," to return to Villette and Vuillermot's phrase, to acquire monies that traditionally may be reserved for academic departments in the disciplines.

Like many institutions, the University of West Georgia (UWG), a school of about 11,500 undergraduate and graduate students, is feeling pressure to move more of its instruction into an online environment. It is a priority at the university as evidenced by the peer-reviewed journal, *The Online Journal of Distance Learning Administration*, published on campus. Anne Barnhart, Head of Instructional Services at the UWG library, and her colleagues discovered that their institution offers departments extra financial incentives to offer online courses. Students within their system pay a unique "e-tuition" rate for online courses, the proceeds of which are split among the distance education program, which receives 40 percent of each enrolled student's tuition, the department, which also receives 40 percent, and the administrative unit of the college, which receives the remaining 20 percent. Because the library is itself an administrative unit and a department, they are able to directly receive 60 percent of every student's tuition, 20 percent more than other departments, money that is designated by the university to enhance online teaching, learning, or other services. The money has been used to purchase hardware, including iPads used for online instruction, and their Libguides subscription.

In 2010, the library discovered that an additional incentive could be obtained by creating more advanced courses for students in the university's "honours" track. A department receives an additional $2500 for each honours course that it offers; these funds can be used for any purpose. The library offered its first section of an honour's IL course in the fall 2010 semester, and it was able to use the funds to increase their travel budget and purchase supplies needed to extend their outreach and promotional activities on campus, producing brochures and customized pens, in order to attract more students to their courses. They now hope to offer an honour's section each year, both in order to exploit the funds being offered and as a way to work with more advanced students and thereby develop their IL curriculum in new directions.

OTHER PEOPLE'S MONEY:

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Robert Farrell

Excerpted from *Leveraging Library Resources in a World of Fiscal Restraint and Institutional Change*

BECOMING A SUCCESSFUL PREDATOR

Librarians are not typically thought of as predators. But if we are to avoid continually collaborating in ways that overstretch our resources, we need to become so. It may be the case that we have seen less of this sort of approach in the non-profit or academic world, primarily because these sorts of careers don't attract this kind of personality type. Those who are "other directed" or who gravitate to the security and sense of purpose that comes from being a part of a large, socially minded institution may not possess by nature the predator instinct needed to build capital and advance the positive educational agenda they value. Librarians are helpful, giving people. When there is a need or problem, we are trained to recognize it. Our instinct is to quickly try to satisfy or solve it. We want to supply the services that will give our "customers" the skills we know will serve them well. We want to expand our services through cross-disciplinary partnerships as quickly and as widely as we can. But we must do so in a calculated way, not hastily due to fears of becoming obsolete or looming accreditation requirements or the need to prove our own worth.

The ability to introduce new "products," develop new methods of service delivery, and integrate services into new markets requires the kind of capital, whether economic or social, needed to "fund" such ventures if those ventures aren't to bankrupt us or leave us without the capital needed to sustain other core services and operations. Researchers in the area of social entrepreneurship are beginning to look seriously at the issue of "profitability" and capital accumulation in order to give leaders in those fields new ways to think about the long-term viability of their services. We must do so, too.

As Villette and Vuillermot note, the successful business person "pursues his egotistical interests, adopts risky behaviour, and speculates on uncertainty" in order to achieve his end of maximizing profits needed to fund current and future ventures (21). If we substitute the words "the students" or "his patrons" for "his egotistical," the above sentence sounds much more in line with our own values, for the personal interests of dedicated librarians truly are the same as those about whose educations we care. What is important to note in Villette and Vuillermot's observation is that it is necessary to operate in what we might call a moral "grey zone" if we are to advance our agenda and respond to the collaborative imperative in a sustainable and profitable way. "The entire difficulty," for the predatory entrepreneur, they conclude, "consists in combining the rapid accumulation of economic capital with the accumulation of symbolic capital—a good reputation in business" (110). But success begets success and positive results very often are remembered while the means by which they were attained forgotten. As Villette and Vuillermot point out, "The authority acquired by successfully accomplishing operation A can be reinvested in the form of a promise of success in a future operation

B. A snowball effect can therefore be observed, success leading to a sort of symbolic credit facilitating the next success" (4).

While approaching collaborative innovation in the Machiavellian way described here may be distasteful to some, the capital that one can accrue by such methods is not acquired for the glory of one's IL program. It is accumulated in order to make our colleagues and ourselves less harried and overstretched. It is accumulated to give us more time to reflect, plan, and prepare. And, it is ultimately for our students who will profit from our renewed and sustained attention. The capital acquired by the predatory developer of IL programs is the source from which future opportunities for student success will be funded. In this way, growth through innovative collaborative partnerships becomes truly sustainable.

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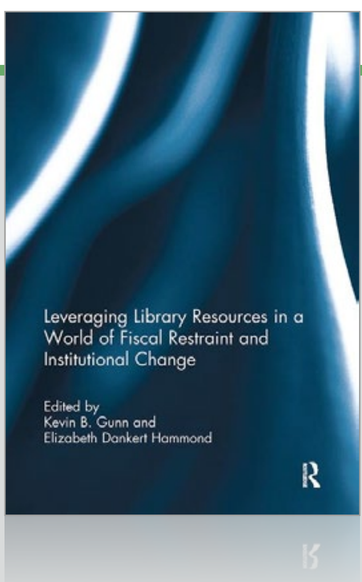
CHAPTER

2

THE THIRD PLACE:

THE LIBRARY AS COLLABORATIVE AND COMMUNITY SPACE IN A TIME OF FISCAL RESTRAINT



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THE THIRD PLACE:

THE LIBRARY AS COLLABORATIVE AND COMMUNITY SPACE IN A TIME OF FISCAL RESTRAINT

Susan E. Montgomery and Jonathan Miller

Excerpted from *Leveraging Library Resources in a World of Fiscal Restraint and Institutional Change*

In a period of fiscal constraint, when assumptions about the library as place are being challenged, administrators question the contribution of every expense to student success. Libraries have been successful in migrating resources and services to a digital environment accessible beyond the library. What is the role of the library as place when users do not need to visit the building to utilize library services and resources? We argue that the college library building's core role is as a space for collaborative learning and community interaction that cannot be jettisoned in the new normal.

The "new normal" is a period of fiscal constraint in which assumptions about the library as place are being challenged. The phrase, in its current sense of a long-term shift from one set of business conditions to another, has been around since the dot.com bust of 2001. The phrase was first used in this current iteration by Roger McNamee, a venture capitalist and something of a guru in the new media and information technology fields (Fast Company 2002). However, the phrase has been used to describe new long-term business conditions or changed circumstances since at least the recession of the early 1990's (Davis 1990; Gwyn 1992). The term generally has connotations of tougher times in which we are exhorted to concentrate on business fundamentals rather than quick profits and visionary schemes. In this sense, it is a useful way to think about librarianship in the second decade of the 21st century. Since the recession of 2007, most academic libraries have found themselves in a period of fiscal constraint as the institutions they serve and that fund them face budget cuts, calls to restrain tuition increases, declining revenues, and lower income from endowments.

There is, however, another sense in which librarianship and libraries find themselves in a new normal. Over the last four decades, academic libraries have been extraordinarily successful in migrating from analogue, or print-based, services and collections toward digital, networked services and collections. We have now reached the point at which most, if not all, academic libraries in the United States are now hybrid operations of both analogue and digital services and collections, and many libraries are beginning to contemplate a purely legacy role for their print collections.

In a hybrid information environment in which the digital dominates, and an economic environment in which institutions face the long-term prospect of tight budgets, administrators question the contribution of every expense to the bottom-line of

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student success. Essentially, the question is—what is the role of the library as a physical place when users do not need to visit a library building to use library services or resources? Administrators are not alone in asking this question. Ironically, in an age in which much of our lives has moved into a digital space, physical space remains the coin of the realm in higher education. Faculty members, if they have not already done so, are eager to recapture space in academic buildings previously devoted to departmental libraries. Main library facilities, often occupying prime real estate at the centre of campus, have also become contested spaces with some faculty members questioning the continuing relevance of such enterprises (Ithaka 2009), and others conducting rear-guard actions against remote storage of print collections by demanding that all books remain on the central campus (Howard 2009).

Students are voting with their feet and conducting their library research from any wired or wireless networked location. The old librarian's lament at seeing a senior enter the library for the first time is no longer relevant. In many cases it is now possible for students to graduate having made full use of the library's digital resources and services from locations outside of the library. Unless librarians create conditions under which the library building is used for something other than information retrieval, students will continue to move elsewhere.

We argue that the core role of the library building in the next decade will not be as a storehouse of collections or as a central point of information service, although in our hybrid environment it will continue to play both those roles. The core role of the library as a place, the new normal for library buildings, is as a place of collaborative learning and community interaction. Further, we argue that this role cannot be jettisoned during a time of fiscal constraint. Librarians must not use the new normal as an excuse for retrenchment. This not only makes practical economic and educational sense, but is also historically grounded in the ancient role of libraries as places of community and collaboration, a history that, in the twentieth century, had been put aside as print collections ballooned during the information explosion of the second half of the twentieth century and the use of library space moved from people to print.

As users increasingly gained the ability to use library services and collections from outside the library building, and as libraries faced increased competition from online information service providers, academic librarians focused on marketing and advocacy as a way to entice users back into the library building. A review of an early bibliography of marketing in libraries and of records in EBSCO's Library, Information Science, and Technology Abstracts (LISTA) database shows an early concern among

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librarians to market innovative online mediated search systems in the 1970's (Norman 1989). As early as 1980 Edinger argued for marketing as a strategy for library survival (1980). And in 1982 Cronin argued that the "electronic information age" required librarians to market their services.

The most prominent example of this marketing trend is the Association of College and Research Libraries' (ACRL) marketing campaign @Your Library (ACRL 2010). That campaign markets the library and seeks to inform people about the continuing importance of librarians in education and research. In addition, it aims to increase the visibility of librarians and promote librarianship as a career. However, from the very branding of the campaign—@Your Library, which plays with a symbol that connotes both digital (e-mail) and place "at"—the physical library is an integral part of the campaign.

However, it is our contention that, in the face of a historic societal trend from print to digital, a trend that continues to transform our sense of community, place, geography, and space throughout our lives, we cannot persuade our users to return to a way that is inconvenient and no longer necessary. Marketing library services that remain relevant to users is important, but simply marketing the library as a worthy place on our campuses will not bring users back into the library building. Instead we must fulfil the continuing needs of our users for information organization, access, instruction, and assistance in new ways that take into account the new realities, and we must do the same with library space. In the traditional sense, we cannot market the importance of the library as place to our users; we must be an important place in their lives. As Brian Matthews, formerly the User Experience Librarian at Georgia Institute of Technology, and now Assistant University Librarian at UC Santa Barbara, put it in his ground-breaking book *Marketing Today's Academic Library*, "We must demonstrate our value through applied relevance, instead of fabricating implied needs. On a grand scale, we need to stop thinking in terms of the user being in the library and instead consider how the library fits into the life of the user" (2009, 2).

The important role for college and undergraduate library spaces, when less space is needed to house collections, the role that our users want us to play in their lives, is as flexible spaces for collaborative work and in which they can be part of a self-created community.

This argument is not entirely new. The changing role of "library as place" has been a growing concern throughout the first decade of the twenty-first century. A 2003 article by Bennett surveyed academic library directors who supervised building

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renovations during the 1990s. In it he characterized the library as a "service place" and as a "learning place." The library as a "service place" is the traditional view of the building where information is held, organized, and managed. The concept of the library as a "learning space" recognizes that the main activity and focus of the library is "facilitating social exchanges through which information is transformed into the knowledge of one person or group of persons" (4). The fundamental change Bennett addressed in his research is the way in which people's use of the library building directly impacts how the space should be designed.

Bennett's research explored the motivating factors guiding the 1990s renovations. The strongest motivating factor, cited by 57 percent of respondents, was the need to accommodate the growing print collection by expanding shelving or designing off-campus storage facilities. Bennett stated that this factor was an example of extrapolative planning exemplifying "traditional library services," which identified the building as a place where information is held. The second strongest motivator, cited by 45 percent of respondents, was the "changing characteristics of student study space needs" (2003, 7). Bennett argued that this motivator indicated a need to use interpolative planning as opposed to extrapolative planning in redesigning space. Interpolative planning involved focusing on "the uses of library space that cannot be simply predicted from past patterns of use" such as the users' need to create their own space for learning. The survey indicated how important it is for libraries to plan for what students may need in the future, needs that may divert resources from traditional library services.

Bennett's survey revealed that academic libraries were becoming interested in creating more space for the user. Library directors repeatedly commented on the need to focus more on the user, group study space, and the need for social spaces in the library. The demand for social spaces in the library, whether it be lounges, cafes, or outdoor seating, illustrated the need to accommodate the user and provide them an environment that they find conducive to their learning. Academic libraries experienced a shift focusing more on their users or learners and their need for space rather than on creating more space for the collection (Bennett 2009).

Demas and Scherer also address the importance of library space and its purpose in the community. In their article "Esprit de Place" (2002), Demas and Scherer state that libraries satisfy an important need for people to be a part of the community. They discuss various uses of space, how these contribute to building community and a sense of a place, and how transcendent and transportive spaces relate to the library building. Transcendent space extends beyond the brick walls of the building to educating the users about ideas and concepts relevant in the community. Transportive space in the library involves design that inspires patrons and enhances their unique experience while in the library. Through the use of transcendent and transportive spaces, libraries give the users the opportunity to connect with the library and community. Such spaces make the library a "serious, welcoming and enjoyable physical destination" (65).

In his book *The Great Good Place* (1999), sociologist Ray Oldenburg posited the concept of the "third place," a place where people choose to go that is outside of their work or home. When considering the role of the library building and the needs of the users, the library can become the "third place" giving them a place to meet and create a sense of community. At first glance, the phrase "third place" is not one American librarians may want to equate with their locus of professional practice. In America's competitive culture, "third place" often evokes an image of doing well enough to gain recognition, but not winning a competition. But Oldenburg's third place is relevant. According to Oldenburg, a "third place" provides people with the space to engage in conversation and build a sense of community. A third place offers a comfortable welcoming environment for informal gathering where people come and go at their leisure and nobody is "required to play host" (22). The relaxed atmosphere of the third place provides users with the chance to be around others where they are not restricted by time, nor are they compelled to be there. The comfortable setting of the third place provides users with a place to relax, feel at home, and be themselves.

The third place also gives people the opportunity to interact with others of different social ranks, philosophies, and interests. The allure of third places is not the beauty of the location, but rather other people in that place. People are stimulated by the fact that third places offer familiar faces but also satisfy their expectation of seeing new ones (Oldenburg 1999). The library as a third place provides faculty members and students a place to comfortably meet others from different economic or social backgrounds, different disciplines, and different areas of the academy. Demas and Scherer highlight the fact that transcendent spaces, like third places, "create opportunities for people who do not necessarily travel in the same disciplinary, social, political, or economic circles to frequently meet and greet each other" (2002, 65). Comfortable third places provide an inclusive environment giving users the opportunity to meet new people with new ideas. Those who spend time at third places also find comfort in seeing familiar strangers. These individuals may not interact, yet spending time at the third place provides a common bond and a familiarity in their relationship. Libraries are, and will continue to be, open spaces for all users to take advantage of and thus are naturally inclusive—third—places.

In these comfortable, welcoming environments, conversation is the main activity. People engage freely with each other discussing topics of interest. In the third place, conversation is valued and the tone is playful and the "mood is light" (Oldenburg 1999). People participating in the discussion are expected to enhance it and not detract from it. Oldenburg states that the diverse makeup of the third place prevents a singular voice from dominating the dialogue. The conversation in a third place gives people the opportunity to share their experiences while learning from other people, and the social engagement that occurs in the third place evolves from that conversation. Thinking about the library as a third place recognizes that conversation contributes to the welcoming and comfortable atmosphere that users seek. Oldenburg is referring to spoken conversation between individuals, but in a very real sense the conversation can also include the scholarly communication through time as people engage with the library's information resources.

The relaxed atmosphere and open conversation of the third place satisfies the user's need for human connection. For many users, the third place provides the opportunity to meet with others and discuss topics of interest. They enjoy the conversation and socialization a third place offers along with the opportunity to interact with familiar faces and meet new ones. For other users, human connection involves being part of the group without necessarily being "in" the group. In many libraries, these users are interested in being around others but at the same time want to maintain their privacy. The social interaction available in libraries is an allure, but users can also choose to be alone in that academic space. Demas emphasizes that a popular draw of academic libraries "is the unique pleasure of being alone, in a quiet place, while simultaneously being in a public place associated with scholarship" (2005, 2).

People who frequent third places create community. The open conversation and relaxed atmosphere engage them and make them the focus of the third place. The conversations generated make them feel like it is their place—a place created for their use. The personal relationships that draw people to the third place, along with the relaxed atmosphere, develop a sense of community. Demas and Scherer state that because it draws people together, the library building is a "vital agent in community-building" (2002, 65). Bennett's study quoted one director regarding the academic library as a community space as stating, "'this is their [the students] community now. They've left home; this is their world'" (Bennett 2003, 24). The library

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as the third place creates a vibrant community, giving users the opportunity to be themselves and take advantage of what the library building provides.

NetGen students, millennials, or digital natives have caused a significant shift in the pedagogy delivered by professors in colleges and universities. College and university instruction now involves more discussion rather than lecture. The focus has shifted to the students engaging with information and with each other and away from the instructor simply providing the information. Learning has become more social and collaborative. In addition, there is greater recognition that much of the learning is occurring outside the classroom, in informal learning spaces where students are comfortable and feel welcomed.

Social learning emphasizes the role of the student in the learning process. As an integral part of the pedagogy, students work together to understand concepts and create knowledge. Brown and Adler define social learning as "based on the premise that our understanding of content is socially constructed through conversations about that content and through grounded interactions especially with others around problems or actions" (2008, 18). In this learning environment, students are expected to participate. They are expected to express their viewpoints and contribute to the conversation. Social learning requires students to have space to gather, converse, and share their knowledge outside the classroom, the dorm room, or home. The space students need has to be a third place where they feel comfortable and welcomed.

Colleges and universities must create third places for their students. According to Oldenburg, higher education administrators need to encourage conversation and learning outside the classroom (Oldenburg 1997). The campus library can provide students with a place for social learning and conversation. In Bennett's survey, library directors overwhelmingly argued for the importance of libraries providing space for the users to meet. One director stated that the library satisfies the "basic human need for comfortable space" (2003, 24). Demas and Scherer remarked that libraries as transportive spaces must include warmth and style in their design, making it an inviting place for the user. Giving students a third place allows them to create connections with each other. These connections create their community, which Oldenburg asserts contributes to personal growth. For a successful third place on campus, Oldenburg sets three parameters. They are that it must

- be easy to get to,
- provide food & drink, and
- have a design that invites students in and allows them to linger. (1997, 93)

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Oldenburg stresses that third places, or hangouts, on campus contribute to learning by allowing students the opportunity to build community. Their community helps them grow and develop outside the classroom. In her article examining the role of the library and NetGen students, Lippincott states that "libraries can promote community by providing comfortable spaces for informal gatherings of students" (2005, 64). But the community in third places is not comprised exclusively of students. Faculty members are also users of third places. They can meet students in these informal learning and social environments, contribute to the conversation, and be active members of the third place community.

For many colleges and universities, the term community is central to their mission. At Rollins College, community is one of the three guiding principles in the college's mission statement (Rollins College 2009). While the focus of community at Rollins is engagement with the community, both global and local, beyond the campus, the concept of community creates a sense of belonging among students, giving them a common bond. In an analysis of mission statements of Canadian universities, researchers found that the value of community ranked fifth out of the twelve core values identified among various institutions (Kreber and Mhina 2007). Within the value of community, institutions emphasized cooperation and collaboration as the focus of community on their campus. The library as a third place provides users the space to learn from each other and build a community of learners. It demonstrates how academic libraries are advancing the mission of the academy by evolving into a place for active learning where students create their community.

As a part of their educational experience, the library as a third place creates among its users a fondness and attachment to that place. The users develop a sense of loyalty, inspiring them to return regularly while enrolled in the institution. More importantly, creating a third place community can evolve into a stronger connection among alumni to their alma mater (Young 2010). The qualities of the users who compose the third place community, making it their own, can extend beyond the present use and into future institutional support. Thus the library's role as a third place in the academic community can contribute to student success, student retention, and alumni support. It is important that academic administrators understand the contribution the library can play in these key institutional goals.

At Rollins' Olin Library, we have taken strides to develop the building into a third place on campus. We revised our mission statement to include the phrase, "a welcoming environment for the Rollins community" (Olin Library 2007). The library

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created a new librarian position whose role is to consciously think about the library as a third place. While one element within this is to reach out to the campus community and coordinate the displays and events, the most important task is to focus on the library as a third place and ensure that we remove as many impediments as possible to the users' taking control of the space to meet their own learning and social needs, while still maintaining exceptional information services and resources. We eliminated our food and drink policy and expanded the offerings and hours of a cafe´ at the centre of the building. We transformed the main floor of the building into an area for open conversation and discussion. Students can meet classmates and discuss material or just chat with one another. Students can also meet in group study spaces located throughout the building. Often faculty members and students meet in the library and discuss issues or interests. Class and meeting rooms, bookable within the campus-wide events scheduling system, encourage students, faculty, and staff to view the library building as a convenient place to meet both formally and informally. We have been so successful that the students affectionately refer to the library as "Club Olin."

Knowing the student's need for a variety of spaces, the library maintains quiet and individual study spaces on separate floors. The challenge we face is to balance the desire for our users to feel welcomed and comfortable while at the same time fulfilling their need for a quiet library that inspires studying and learning. Our library staff members work hard not to be perceived as "the library police." The atmosphere in particular spaces and floors are self-regulated by the people using those spaces. We have also worked to develop partnerships with campus departments and become involved in student activities and events. The library has hosted film showings for the Global Peace Film Festival, election night parties, book discussion groups, and during orientation the entire building is given over to academic advising.

Through these partnerships, the library has dedicated exhibit space in the lobby to promote campus events and issues that are important or of interest to our users. Thus, while in many libraries displays and exhibits are designed to highlight the resources of the library (and, by implication, why someone might want to make more use of those resources), in the Olin Library we actively discourage the addition of books and other library materials to displays and exhibits. Books, unless they are rare or lavishly illustrated, are inherently uninteresting to look at. After all, Ranganathan, in his first law, did not say books are to look at. No, he stated, "books are for use" (Ranganathan 2006). By placing books in displays, often behind glass, and certainly not where users expect to find them, librarians make them less accessible than they might normally be. We also make the implicit statement to our users that the library is there to present materials and ideas to the user, instead of a place in which the library has control. Therefore, at the Olin Library, we seek opportunities to present student art work, class projects, student organization events and issues, and to link to the events and issues important to other elements of the college such as the Winter Park Institute, Winter With the Writers, the Cornell Fine Arts Museum, First Year Explorations, and the Office of Multicultural Affairs. This gives the Rollins community a sense that the library is their space, a space they control and within which they can expect to make statements and initiate conversations that are important to them and of interest to their fellow community members.

During the process of transforming our building into one centred on our users, like most college libraries in the "new normal," the library has not gained any additional funding for remodelling or renovation. Working with an external consultant, we streamlined our book ordering and processing work flow. The new process, combined with a number of staff retirements, provided an opportunity to reduce staff in our Technical Services Department. Those funds were reallocated, enabling the library to hire the new public services librarian mentioned above, with a focus on the user experience and the library's role as a third place. Even with that reallocation we have a lower total FTE (Full-time equivalent) than we had in 2006. That position and its focus on the user experience further demonstrate our commitment to our users and their experience in the library. In our partnership with other groups on campus, the library has seen nominal increases in its food and printing expenses in order to make the events successful. To date, Olin Library has taken intentional steps to reorient the building to serve the user's learning needs. We intend to continue investigating their needs through focus groups, surveys, or observation in order to make the library the "third place" on campus.

As college librarians, we must not let the fiscal constraints of the new normal restrict our imaginations as we seek to partner with our users in creating the college library of the twenty-first century. It is too easy to retreat into more traditional forms of librarianship in the face of tight budgets and reduced staffing. Instead, just as academic administrations are questioning many of the "sacred cows" of twentieth-century college life, we should also continue to investigate and question the role of the library as place in our users' lives. When we look at the library from our users' perspective, it is our contention that the development in the last decade of the user-centric library will turn out to be more valuable and contribute more to the bottom line of student success than some of our more traditional uses of space.

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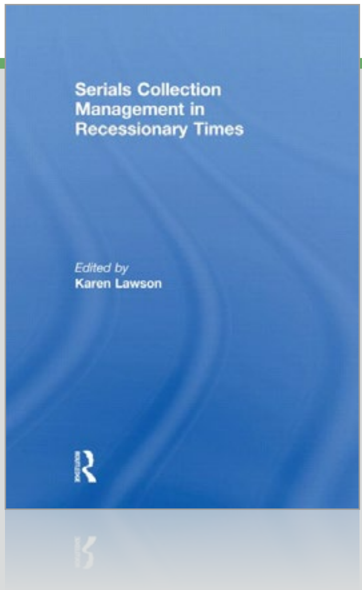
CHAPTER

3

THE GLOBAL ECONOMIC CRISIS:

WHAT LIBRARIES AND PUBLISHERS CAN DO AND ARE DOING



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edited by Karen G. Lawson.

THE GLOBAL ECONOMIC CRISIS:

WHAT LIBRARIES AND PUBLISHERS CAN DO AND ARE DOING

Karen Hunter and Robert Bruning

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Librarians and publishers have a history of working together—and independently—to improve journal access and economics. In the recent period of economic crisis, stakeholders have found innovative ways to reduce pressures and continue joint efforts for the benefit of our shared research and student customers.

A STRONG STARTING POINT

For the past twenty years, libraries and publishers have been engaged in an often uneasy partnership to transform information distribution from paper to electronic. We have, together, been extraordinarily successful, and it is good to start by reminding ourselves of how far we have come.

Twenty years ago, after fifteen years of gradually eroding subscriptions, most journals not supported by society memberships would have been lucky to have 1,000–1,200 copies on library shelves around the world, with 400–700 copies being more typical. More than 85% of those physical copies were located in the United States, Canada, Western Europe, and Japan, and researchers would have to come physically to the library to browse the new issues and read (or photocopy) articles of interest. Usage could not be measured in any reliable way, but the inefficiency of the system was obvious. Ultimately, the print medium greatly limited access and, therefore, inhibited scientific discovery.

In 2009, Elsevier's ScienceDirect service alone passed the 2 billion download mark. It has a current average of over 1.5 million downloaded articles per day, which equates to 64,000 per hour or 35 every two seconds, 24 hours a day, 7 days a week. This service brings journals to the desktops of more than 16 million researchers in 180 countries, either through library subscriptions or library-enabled programs for developing countries such as Research4Life (HINARI, AGORA, OARE).[1] Elsevier is one of many journal publishers that have digitized its full backfile, with the number of articles on ScienceDirect passing 9.5 million—about 25% of the total scientific, technological, and medical (STM) literature. The difference in the breadth of access and the efficiency of search and retrieval and information use that has been achieved in two decades is almost unbelievable. Together, libraries and publishers should be extremely pleased with what they have accomplished to make researchers more productive and research information much more widely accessible.

We also know much more now about what is being used. While scholarly publishers and libraries are not analysing usage at the level or with the sophistication that

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Google, for example, massages its data, and for privacy reasons, neither libraries nor publishers want to collect data that would reveal specifically which articles or book chapters are being used by which individuals, usage figures aggregated on the institutional level still provide important tools to determine the value of the publications in their collections. And we know usage continues to grow. ScienceDirect usage was up about 17% in 2009 over 2008. As a result, in ScienceDirect's first decade Elsevier has seen its average cost per article downloaded drop dramatically.

There is much to feel good about when considering what has been done in moving from paper to electronic. The challenge now is to preserve and expand the access and tools that have made this possible in the face of a very real economic crisis. This is a truly essential task, since scientific advances will no doubt be a key driver to a revitalized economy.

THE CURRENT ECONOMIC CRISIS

These are unique and challenging times for universities worldwide, for their libraries, and for publishers. Universities are facing decreases both in new gifts to endowments and in the return on existing endowments. Students' ability to pay tuition is under pressure. In the United States, decreases in state tax revenues result in state budget deficits that continue to rise sharply, which puts downward pressure on higher education appropriations. Competition for grants from independent or government funding bodies is fierce. And some vendors or agents are going out of business.

According to an April 2009 study done by the Association of Governing Boards of Universities and Colleges, among responding public institutions in the United States:[2]

- 79% experienced FY09 budget cuts of 5% or more
- 68% had further midyear cuts
- 74% face additional budget cuts for FY10

The universities have responded with immediate steps to reduce costs, including:

- Hiring freezes or restrictions
- Travel freezes or restrictions
- Postponing capital spending
- Reducing maintenance
- Making uniform cuts across the institution or campus system

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They have also adopted short- and long-term coping strategies that include the redesign of courses and restructuring of curricula, re-evaluation of tuition levels (or in some countries, introducing student tuition and fees for the first time), and financial aid allocation and reassessment of private giving campaigns.

This is a worldwide problem. Our customers around the globe face different and unique situations. For example:

- Iceland's broad national economic collapse has resulted in a 20–25% cut for libraries.
- Some Hungarian institutions expect a 15% cut.
- In Italy, there has been a national decision to make major cuts in university budgets.

One must add to this the effect of currency fluctuations, which have been devastating—and unpredictable—for many countries (particularly non-Euro countries in Europe):[3]

- The Korean Won decreased 17% in value against the U.S. dollar from October 28 to October 30, 2008, only to rebound in less than a month to 3% higher than the October 28 level.
- The United Kingdom experienced 30% exchange rate losses, far exceeding the 10–12% budget increases some university libraries have been able to get.
- In Poland exchange rate losses ran 40–50% in 2008–9. Sweden has currency losses of 35%.
- The Canadian dollar fell 20% in value through May 2009, while major Canadian government libraries are seeing budget reductions of as much as 70%.

The problems of the current economic crisis must also be viewed against a background of long-term (20+ year) library budget problems. Library budgets have not kept pace with the growth in research. The number of researchers and the papers they publish have continued their century-old pace of 3–3.5% annual growth. Meanwhile, most university libraries have experienced a decrease in their share of their institution's budget. From 1998 to 2007 the library expenditure as a proportion of institutional expenditure has declined from 3.0% to 2.2%. The average library expenditure as a percentage of the average institutional R&D expenditure has also dropped from 2000 to 2007 from 12% to 10%.[4] One can speculate about the reasons for losing budget share, but the result is a decline on a relative basis of funding for libraries within research institutions. The current crisis therefore only adds more problems to an already difficult situation. And it should be noted again that, in spite

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of these budget problems, enormous positive changes have been implemented by libraries and publishers.

WHAT ACADEMIC LIBRARIES AND THEIR UNIVERSITIES ARE DOING

Institutions are using different—and multiple—strategies to try to overcome the situation. Examples include:

- Leveraging long-term financial planning to overcome short-term financial constraints. "We are pleased to report that, thanks in large part to the prudence of our financial management policies and practices, the University is in sound financial shape."—Mary Sue Coleman, President, University of Michigan, October 16, 2008[5]
- Using government stimulus money to help soften the impact of the crisis and enable long-term strategic choices. "Earlier this month, Governor Pawlenty revised his proposed state budget, using temporary federal stimulus dollars to cushion deep and significant cuts to state support for the University of Minnesota."—Robert H. Bruininks, President, University of Minnesota, March 20, 2009[6]
- Demonstrating the value of the library to enable strategic investment in information. "Many of you have read the good news … about the decision of the university to make increased funding available for library support in 2010. This decision follows several months of listening by the administration to the VT community via councils, meetings, forums and letters, as faculty and students talked about their needs and how the Library supports them. In addition to not having a budget cut the Library will see an increase of $300,000 in funding for 2010."—Eileen Hitchingham, Dean of Libraries, Virginia Tech.[7] (This decision followed an initial plan to cut the libraries' budget by nearly $900,000 and the estimated loss of about 700 journal subscriptions.[8])

Library directors have also reached out to existing and potential donors, asking them to help fill the gaps. The need to shore up endowments and to earmark funds specifically for the library has never been greater and the library is in constant competition with other fundraisers on campus and other good charitable causes. Directors of large Association of Research Libraries (ARL) libraries have indicated up to 35% of their time is spent with donors.[9]

Libraries and the groups that represent them have also asked publishers to work with them. In January 2009, the International Coalition of Library Consortia

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(ICOLC) issued its "Statement on the Global Economic Crisis and Its Impact on Consortial Licenses."[10]

Anticipating budget cuts and that "the cuts will be prolonged" and complicated by exchange rates, ICOLC set forth two principles likely to be productive in publisher–library relations and recommended five specific approaches that publishers should adopt. Publishers may not have agreed with everything in the statement (most notably the view that innovation should stop at least temporarily, expressed as "This is not the time for new products"), but there was no question that the statement was a measured step to set the stage for what could otherwise be difficult discussions.

The ICOLC statement was followed in April by the "2009 NERL Budget Letter to Vendors."[11] This model letter from the NorthEast Research Libraries consortium expresses the consortium's sincere concern: "As we now approach renewal season, it is clear that it will not be possible for our consortium members, singly or as a group, to pay for publisher/vendor information products at the same level that has been possible in the past."

Individual institutions or state systems also reached out to publishers. In an "Open Letter to Licensed Content Providers" released on May 26, 2009,[12] the University of California Libraries asked "... all information providers with whom we negotiate content licenses to respond to the major fiscal challenges affecting higher education in California in a spirit of collaboration and mutual problem-solving."

Librarians are also preparing should there be a need to cancel subscriptions. For most that is the last resort, but for some it will be necessary. Usage data provides a factual basis for cancellation assessment and has been cited by virtually all libraries as one primary metric they will use if they have to cancel.

A few libraries have also been successful in getting agreements to have budget deficits. While not common, budget deficits are possible at some institutions, and thus they may be a strategy to pursue.

As noted earlier, libraries and their universities are also lobbying for some of the stimulus money being allocated by national governments. In the United States, the American Recovery and Reinvestment Act (ARRA) of 2009 adds $21.5 billion in extra federal funding for basic research over the next two years, of which 70% ($15 billion) will go to universities to do research. Leading research universities should expect to receive sizable portions of the additional ARRA funding, as many have research projects ready to launch. As UC Berkeley professor Randy Schekman explained in

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February 2009: "We have pipette-ready research, the research equivalent of shovel-ready research."[13] In Peter Aldhous' *New Scientist* article, Rita Colwell, former director of the National Science Foundation and now at the University of Maryland, stated, "It will be important for scientists to understand that it's an opportunity that cannot be wasted."[14]

It has to be acknowledged, however, that more money for research does not necessarily mean more money for the library. Over the slightly longer term, more research also means more published papers, more pressure on library resources by the researching authors, larger or more journals, more expense for libraries, and more pressure on library budgets.

Other strategies libraries and their associations (for example, SPARC [Scholarly Publishing and Academic Resources Coalition]) are pursuing include advocating long-term alternative distribution systems and business models. Libraries provide the infrastructure and support for the posting of accepted manuscripts or final published papers (depending on publisher provisions) in the university's institutional repository. Librarians internationally also promote both voluntary posting systems and mandatory posting requirements at both university and funding-body levels. And many librarians strongly favour open access generally, where articles are freely available on the Web, either immediately upon publication or after an embargo period, with funding for the cost of publication coming at least in part from the author or the author's employer or funding agency. One alternative publishing model can be seen in the SCOAP3 (Sponsoring Consortium for Open Access Publishing in Particle Physics) initiative, in which high-energy physics institutes and libraries intend to use pooled resources to subsidize publication.[15]

There can be no question that in this economic crisis academic librarians are using all of the resources they have available to work through the many difficulties with as little short- or long-term damage as possible to the services they offer.

WHAT PUBLISHERS ARE DOING

The very first response by a good publisher to this crisis is to be sure that the basics of publishing are done correctly. These include:

- Ensuring the quality of the publications and increasing rejection rates wherever necessary to be sure only material that deserves to be published is published. As submission rates increase (and they *have* risen significantly over the last three years), this becomes a more and more costly endeavour.
- Keeping close to customers (both researchers and libraries) by talking with them and involving them in developments.
- Promoting libraries' use of existing purchased services by: making sure what is purchased is being used (which librarians tell us they also are trying to do); providing valid, standardized usage data; offering in-person and on-the-Web training materials and services; and ensuring support at all levels.
- Providing tools and resources to libraries that help articulate and quantify the value of the libraries' investments in publications. This is essential to helping librarians articulate why the university should continue strong library support.
- Continuing to control/reduce costs.
- But also continuing to innovate.

Innovation comes in many forms. At Elsevier, part of the innovation is in finding new ways to provide cost control, including implementing further operational efficiencies (for example, outsourcing or offshoring jobs and "compacting" office space). There have also been senior management salary freezes and incentive compensation reductions. And travel that does not involve customer contact has been severely restricted.

The savings generated are used in many ways:

- To allow for more flexibility in working with customers in this crisis and continue to control prices.
- To continue to fund new product and service development, particularly those products and services that draw on non-library budgets. Our latest suite of products is geared toward those concerned with research funding and university performance analysis. Over the longer term, these initiatives may help remove pressure from libraries.
- To provide a return to shareholders, as well as the society organizations for whom we publish.

The question, then, is: But what about 2010 pricing? What are publishers doing? By the time this article is published, the answer will be history. Viewed from mid-2009, it is clear that it is not business as usual. A small but growing number of publishers—

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almost all smaller publishers—have announced a price freeze for 2010. Most have not yet (in the summer of 2009) announced their intentions.

At Elsevier we spent four months of careful and close analysis to determine what approach would allow us to do the most good for those who need help the most. We fully understood that the current economic downturn impacts the science and health communities that Elsevier serves, but the effects differed significantly from institution to institution. So a "one size fits all" approach was not the best answer. Rather, we believe in working individually with each of our customers to weather the crisis and continue essential access to information resources that are critical to research and education and to advancing science, health, and economic growth.[16]

Research information is a vital part of the engine that contributes to academic research productivity. If current economic circumstances drive institutions to reduce the availability of information to their research faculty, this could slow institutional productivity and undermine long-term economic recovery. A recent study by the U.K.'s Research Information Network stated it thus: "A doubling (100 per cent increase) in downloads, from 1 to 2 million, is statistically associated with dramatic—but not necessarily causal—increases in research productivity: papers up by 207 per cent; PhD awards up 168 per cent; and research grants and contract income up 324 per cent."[17] As downloads increase, the trend is even stronger. Publishers understand this and do not want to decrease access to information.

What else can publishers do? There are a number of things:

- Continue to support Research4Life and other services that provide access to developing countries
- Continue to test and evaluate new business models, including open access options
- Focus on growth in sectors beyond academic libraries so that publishers' markets are more diversified. For example, for Elsevier this means health professionals, government and corporate libraries, and research administrators.

This list is not intended to be comprehensive but merely indicative of the many ways in which publishers can and are approaching the current economic crisis.

WHAT PUBLISHERS AND LIBRARIES CAN DO TOGETHER

The starting point of this article was the tremendous progress that libraries and publishers have made together in moving from paper to electronic. Forward-

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looking libraries have driven access to electronic resources for research. Publishers have invested in stable, reliable, and easily linked platforms and have built online submission systems to speed up the publication process and manage peer review. They have also made large and early investments in the digitization of content, which has created both an enormous digital archive and a significant improvement in research efficiency. The progress we have made together is such that difficulty in obtaining research articles now only ranks 12th as an impediment to research productivity.[18]

There are a number of programs or projects that publishers and librarians have conducted successfully on a co-operative basis. These include:

- COUNTER: a project dating from 2002 that established "standards that facilitate the recording and reporting of online usage statistics in a consistent, credible and compatible way."[19]
- Project Transfer: The Transfer Code of Practice "responds to the expressed needs of the scholarly journal community for consistent guidelines to help publishers ensure that journal content remains easily accessible by librarians and readers when there is a transfer between parties, and to ensure that the transfer process occurs with minimum disruption."[20]
- PEER (Publishing and the Ecology of European Research): an EU project to gather real data on the usage of articles that appear both on publishers' sites and institutional repositories. PEER "will investigate the effects of the large-scale, systematic depositing of authors' final peer-reviewed manuscripts (so called Green Open Access or stage-two research output) on reader access, author visibility ..."[21]
- Portico: a trusted third-party, long-term preservation archive supported jointly by publishers and libraries.[22]
- CLOCKSS: an internationally-distributed, community-managed preservation archive also jointly supported by libraries and publishers.[23]
- Joint committees, such as a newly revived Library Relations Committee sponsored by the International Association of Scientific, Technical and Medical Publishers (STM).[24]

Looking specifically at Elsevier's activities, the history of our working with libraries as electronic development partners is nearly two decades old. Elsevier pioneered in large-scale electronic delivery of journal information in TULIP (The University Licensing Program) from 1991–1995,[25] followed by PEAK (Pricing Electronic Access to

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Knowledge), which was led by Prof. Jeff Mackie-Mason at the University of Michigan and explored different economic models for electronic journal delivery.[26]

Based on this collaborative experimentation and research, ScienceDirect was launched, followed later by Scopus, where the Scopus team worked closely with library development partners (a procedure that is now standard for all Elsevier product development). Elsevier's User-centred Design team is out in the field at development partners, seeking their input and incorporating it into new electronic products. This has also been the process by which new products related to research assessment and research funding, introduced in 2009 under the SciVal umbrella, have been developed.

Elsevier also engages in continuous sophisticated market research, monitoring librarians' views of its performance and working with librarians to improve service. This process is also carried on at a strategic level via its North American and European Library Advisory Boards, which bring together top Elsevier management and leading university library directors. Such advisory boards are widely used within STM publishing and are an important mechanism for getting library feedback and input.

Publishers are also concerned that scholarly communication might be relatively undervalued within research institutions. Therefore, Elsevier has looked for ways to demonstrate the importance of scholarly communication and the added value of e-resources to a university's productivity and ability to attract funding. In 2007 Elsevier collaborated with Paula Kaufman, University Library and Dean of the Libraries at the University of Illinois at Urbana-Champaign (UIUC), on a study of the return on investments in the library. The study concluded that for every $1 invested in the library, the return to the university (measured by grant income) was $4.38.[27] This study is now in a second phase at UIUC and with eight other universities: University of Tennessee, KAIST (Korea Advanced Institute of Science and Technology), Waseda University, University of Hong Kong, Pretoria University, CSIC (Consejo Superior de Investigaciones Científicas) Spain, University of Ottawa, and the University of Adelaide. This is an opportunity for librarians to establish new roles to support fact-driven strategic decision making to increase university productivity and success in its core activities.

Looking forward, what else can publishers do to work with research libraries in their changing campus roles? In many respects libraries are going through a shift in mission that is similar to that which we have undergone at Elsevier. In the past,

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our research mission (not including our activities in the educational and healthcare sectors) was "to contribute to the progress and application of science, by delivering superior information products and tools that build insights and enable advancement in research." That mission statement has been changed to "provide information and workflow solutions that help institutional decision-makers and researchers create significant value by building insights, enabling advancement in research, and improving research-driven returns-on-investment." We are moving from being a supplier of information products to being a partner in research productivity and productivity assessments.

Research productivity metrics are becoming even more important when making strategic decisions, both for institutions and for funders.

- Japanese universities are quickly adopting "quality assessment and assurance activities" and the Japanese government initiated "corporate-style governance into national universities, accompanied by a new evaluation scheme."[28]
- In September 2008, University of California President Mark S. Yudof committed to "comprehensively assess and share the University's progress in meeting key teaching, research and public service goals across its 10 campuses."[29]
- In a statement of February, 2009, the Association of Research Libraries said, "More data will be needed for evaluation/decision making locally to better manage in the economic climate and in response [to] assessment requirements at the national level."[30]
- And in the United States, findings of the Science of Science Policy: A Federal Research Roadmap indicated that "... a nascent community of practice is emerging in the science policy arena that holds enormous potential to provide rigorous and quantitative decision support tools in the near future. Support and development of this emerging community of practice can provide the Federal government with these much-needed decision tools."[31] It is clear that U.S. federal funding bodies will look more and more to quantitative analysis to inform funding decisions. Consequently, universities will need to have more rigorous performance evaluation requirements to remain competitive.

This need for assessment is part of a new role that research libraries can play on campus. As publishers, we understand that libraries are also redefining their place within the academic system. We believe that both libraries and publishers will have as their primary purpose to support the research and educational missions of the academy, so that it can operate in the most efficient and effective way possible. In that context, the publishers' job is to support the library in becoming *the* information solution provider on campus. If both of us are looking to redefine our roles in this manner, that should guide us through the difficult decision-making requirements of the current economic crisis.

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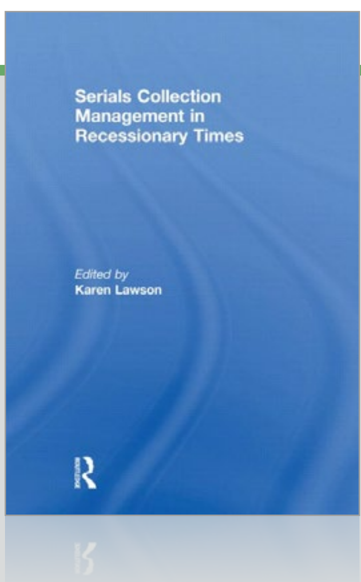
CHAPTER

4

RAISING THE LIBRARY PROFILE TO FIGHT BUDGET CHALLENGES



This chapter is excerpted from
Serials Collection Management in Recessionary Times
edited by Karen G. Lawson.

RAISING THE LIBRARY PROFILE TO FIGHT BUDGET CHALLENGES

Lynda James-Gilboe

Excerpted from *Serials Collection Management in Recessionary Times*

As university budgets tighten, academic libraries are becoming more aggressive and innovative in raising awareness of their services to protect needed funding. In the age of Google, that means marketing collections to both students and faculty as a key component of building a positive, essential profile. ProQuest is completing a study of academic library efforts to build awareness and market the breadth of collections. This article will summarize the results of that study, providing not only raw data on the state of marketing collections, but also: best practice techniques for raising awareness and protecting budgets; emerging models of success; role models for effective marketing; effective vendor support: where to turn for products that conquer barriers between libraries and users; and effective marketing support: where to turn for expert advice.

When Federal Reserve Chairman Ben Bernanke announced the official end of the recession in September 2009, those of us who have worked in and for libraries through a number of economic cycles knew that recovery for our industry would take longer. The lag time for even the mildest of recoveries is especially pronounced in library budgets. And this downturn has been particularly tough: in a survey of sixty-three North American academic libraries conducted by ProQuest in August 2009, 76 percent of respondents reported expected budget cuts of anywhere from 5 to more than 20 percent during the next budget year. Only 11 percent of respondents said their libraries would be unaffected by budget-cutting measures (see Figure 1).

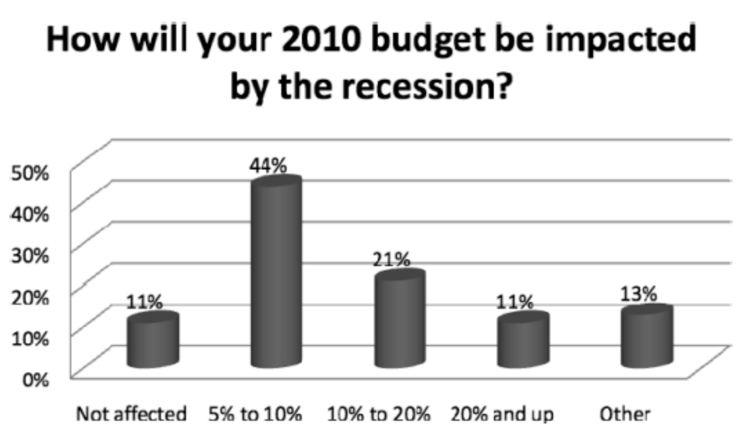


FIGURE 1 • Librarian predictions of upcoming budget cuts.
Source: ProQuest survey of academic libraries, August 2009.

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Chances are that we will continue to struggle under the continued threat of budget cuts for several years. But rather than hunker down and hope for better times, academic libraries are protecting needed funding by becoming more aggressive in marketing and outreach. In fact, 82 percent of libraries surveyed—including those whose budgets will be unaffected by university belt-tightening—report they are taking steps to elevate the library's profile among faculty and students.

WHAT WE ARE UP AGAINST

There is plenty of room for improvement. Understanding of the extent of service available from the library is dismal. Fully 86 percent (see Figure 2) of libraries in the ProQuest survey say that faculty and students do not understand the breadth of their collections and 94 percent (see Figure 3) think the collections—so carefully assembled and funded—are not explored to their fullest.

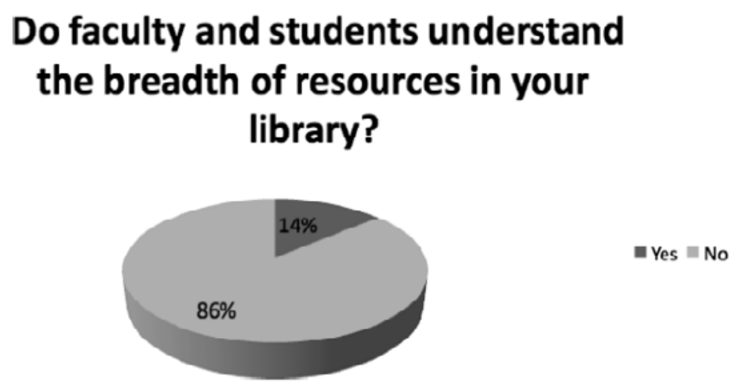

FIGURE 2 • Librarian assessments of student and faculty understanding of collections.
Source: ProQuest survey of academic libraries, August 2009.

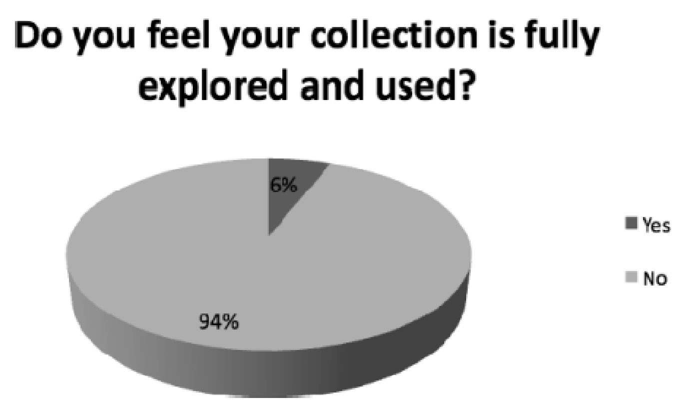

FIGURE 3 • Librarian assessment of student/faculty use of collections.
Source: ProQuest survey of academic libraries, August 2009.

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It's an age-old concern: because of the richness of their resources, libraries have traditionally been a challenge for non-librarians to navigate. Over the past 15 years, as the context for interaction has undergone dramatic change, that complexity has become an even more substantial barrier. The model of student or faculty member entering the physical library and asking for help in finding appropriate materials has changed dramatically. Who can forget the 2001 Pew Study that first confirmed students' preference for the coldness of the Internet versus the human presence of the librarian?

Searchers crave independence.[1] Libraries long ago went 24/7 with their virtual presence to satisfy searchers' online-all-the-time needs, and yet, respondents to the ProQuest survey still found "reluctance [by] students to go beyond Google or take more than one step when searching for materials."

It's not surprising given the comparison points. The allure of open-Web searching is nearly irresistible for this generation of digital natives. In an address to academic librarians at the American Library Association Midwinter Meeting in 2007, John Law, vice president of discovery services at Serials Solutions, identified the issue: "Those users who have grown up using the Web have honed their skills in the major Web applications. So their standards for quality of user experience have been defined by companies like Google™ and Amazon.com."[2]

These open-Web, advertising-driven search tools are astoundingly simple. In fact, Law's research into next-generation students' search behaviour revealed that more than 60 percent of these students found Google to be the easiest place to start research—despite its blind alleys and questionable content (see Figure 4). That's compared to less than 20 percent who find library databases the easiest starting point. Why?

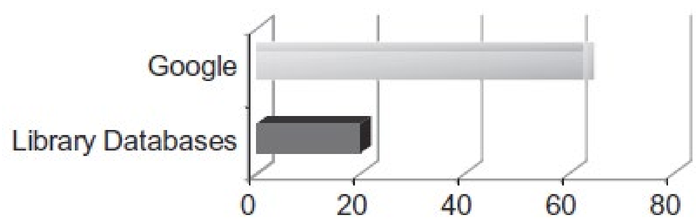

FIGURE 4 The easiest place to start research.
Source: ProQuest survey of student research habits, 2007.

Law's research found three primary barriers to full use of the library:

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1. No clear and compelling starting place for research—Consider the main database page at most academic libraries: there are literally hundreds of potential starting places.
2. Difficulty identifying appropriate resources—Database names are often poor clues to their contents.
3. General lack of awareness of resources.[3]

Items 1 and 2 create an atmosphere of complexity that's—at best—intimidating. Anne Prestamo, Associate Dean for Collection and Technology Services at Oklahoma State University, has determined the impact of that complexity also lowers the quality of research that students are able to conduct. She spent a year analysing searches on her library's traditional Online Public Access Catalogue (OPAC). After backing out staff searches, she found the results "incredibly informative and downright frightening." An extraordinary percentage of searches by lay-users yielded zero or very few results.[4]

While librarians may understand that a bit of tenacity will get students to superior content and, in turn, a superior grade, students are pressed for time. Project Information Literacy, a research project led by Alison Head and Michael Eisenberg at University of Washington's Information School, found that 80 percent of students define themselves as procrastinators: they start their research just days before their assignment is due, leaving little time for exploration.[5] And, as collections continue to grow along with needs for varying types of research, navigation will be a continuing and growing challenge. A respondent to the ProQuest academic library survey described it this way: "[It's] an embarrassment of riches—a wide variety of users, with a wide variety of needs. We've not mastered getting the right person to the right resource, at the moment needed."

RECOGNIZING THE LIBRARY'S COMPETITIVE ADVANTAGE

Is it time to throw in the towel, ceding the library's research role to the open Web? Absolutely not. Libraries and their vast, impressive collections are the essential resource for serious research. These collections are custom-built for their users' needs, contain vetted, authoritative content and are free of advertising distractions. Are libraries recognized for this level of quality? The deliciously refreshing and reassuring answer is "yes." The current generation of undergraduate students has a full appreciation of the limitations of open Web data. The average undergrad was in elementary school when the World Wide Web became a standard for quick

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answers and had plenty of exposure to media specialists who warned students of its questionable accuracy. Law's research found that less than 10 percent of undergrads found the Web to be a superior source of quality, credible content, while 80 percent define the library this way (see Figure 5).[6] Further, nearly 100 percent of students prefer library resources for classroom assignments (see Figure 6).

They *want* to use the library, but they seek simplicity. Project Information Literacy finds that students in the digital age are overwhelmed. Head and Eisenberg note: "In general, students reported being challenged, confused, and frustrated by the research process, despite the convenience, relative ease, or ubiquity of the Internet. Frustrations included the effects of information overload and being inundated with resources. Participants also reported having particular difficulty traversing a vast and ever-changing information landscape. Specifically, participants' greatest challenges were related to finding the materials they desired, knew existed, and needed on a 'just in time' basis."[7]

A number of libraries around the world are making strides in bringing the researcher—faculty and student—back to the library as a first stop. In the ProQuest survey, top answers among libraries who thought their collections were being fully used and explored were investment in discovery and outreach.

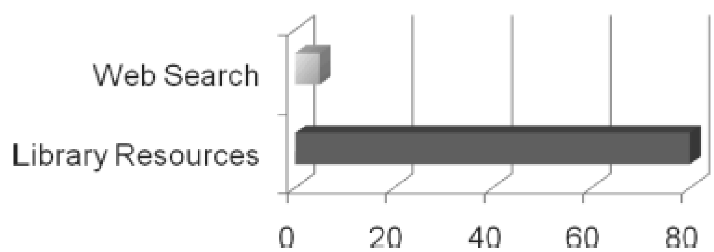

FIGURE 5 • The superior source for quality, credible content.
Source: ProQuest survey of student research habits, 2007.

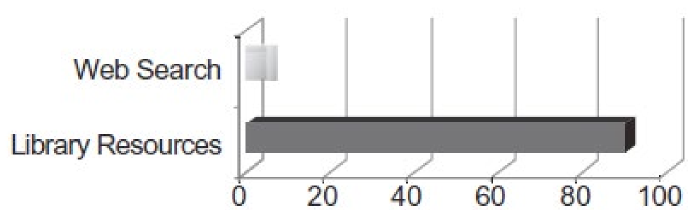

FIGURE 6 Preferred for academic research and course assignment.
Source: ProQuest survey of student research habits, 2007.

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REINFORCING THE BEST "STARTING PLACE" THROUGH BETTER DISCOVERY

The past three years have seen significant advancements in the technology that supports discovery and improves navigation of library collections. Traditional ILS vendors are creating next-generation catalogues that enhance access to local collections, implementing clustering and cloud tools that allow users to iterate to ever-better search results from the library catalogue.

And now, Web-scale discovery is enabling single search box access to the breadth of the library collection in all its formats—books, databases, articles ... even artefacts from library museums. Serials Solutions' new Summon service, the first available tool in this area, mimics the simple searching strategy that users find on the open Web, but confines the search to the library's holdings. It creates a "best of both worlds" scenario: simple, one-step searching paired with the superior content found in the library. The Summon service works by harvesting data in a mega-index, allowing a single search that delivers results almost instantly and in relevancy-ranked order. Because of this, it exposes more of the library's content in precisely the right context, reducing user frustration. At the University of South Australia, the library is replacing Google Scholar with the Summon service in both the student and faculty search portals, driving their users back into the library collection rather than out to the Web.[8]

A variety of libraries are combining next-gen catalogues with Web-scale discovery to serve the multiple needs of their user groups. Since librarians see a very small proportion of their users in face-to-face settings, these intuitive user-friendly technologies level the playing field for novice searchers, ensuring they find relevant, superior content—a feat the open Web has yet to conquer on a consistent basis.

RELATING THE LIBRARY'S STORY

According to Law's research, lack of awareness of library resources is a significant barrier to use, making outreach to both faculty and students a key component of building a positive, essential profile. In the ProQuest survey, libraries consistently cited relationship-building with their communities as their most successful, pivotal marketing tools. One respondent to the survey said her library was more fully explored and used because of the library's efforts to tell its story with faculty: "We've managed to get onto the program for new faculty orientation, and have packets of information about resources, library instruction, et cetera, that we send to new faculty and the first-year faculty."

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That library's focus on faculty is supported by research. Law found faculty to be the most influential factor in the student's selection of resources for classroom assignments. In other words, if the professor tells students to use *ABI/INFORM®* for a project, they will make that their first priority. Further, the faculty recommendation is so powerful that it stands the test of time: students will continue to return to a recommended database semester after semester, even for assignments for which it's not relevant. Savvy libraries are recognizing this power and building stronger relationships with faculty. At Michigan's Grand Valley State University, communication about new resources starts with faculty liaison personnel. These library ambassadors are trained on new resources and armed with talking points that they can rely on in meetings with faculty.[9]

Much of the outreach cited by respondents in the ProQuest survey took on a distinctly fresh, community-building tone. Respondents described "game nights" for students, summer reading programs for the children of faculty members, free printing, quirky contests that utilize student imagination and build personal investment in the library, orientations for incoming students *and* their parents, and presence outside the library. How one respondent described the library's key to success: "Engagement with our audience that includes having a presence at their activities; rather than having them come to us, we come to them."

On the flip-side, leveraging the library's own high-traffic areas for outreach delivers a lot of bang for the effort. Certainly posters placed in gathering points in the library are strategic, but websites are fast becoming the busiest areas in the library - perfect opportunities for spreading the word. For example, animated Web "commercials" (often produced in Adobe Flash) for resources or events can quickly deliver a message to website visitors. ProQuest offers a customizable Flash ad in its free Academic Library Marketing Toolkit (www.proquest.com/go/toolkits) that libraries can download.

Respondents are also citing relationship-building efforts as a critical component of virtual outreach. For example, one respondent cited 24/7 chat on the library website as one of their most popular efforts. Enabling connections between desperate, on-deadline students with information pros (free!) at all hours is a clear signal that the library is unique among information providers because it's dedicated to student success.

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PUTTING IT TOGETHER FOR A ONE-TWO PUNCH

Grand Valley State University (GVSU) Library provides a compelling model of success in raising the library profile campus-wide. The library has paired powerful new discovery of its expansive collections with effective and unique outreach. In July 2009, it decided to deploy the Summon service and by late August it had the service up and running, ready for the fall semester. Now GVSU's single-search-box access to the library's many collections enables users to get quickly to the resources they need, rather than getting tangled in multiple starting points. As the library eliminates complexity, it reduces the allure of general Web searches, and cements its role as the best starting place for research.

As GVSU reached the final stages of implementation of the Summon service, the library began its outreach, focusing on faculty members. Using its team of faculty liaison librarians, the library took its show on the road, hitting faculty meetings with news on how they could use the Summon service to best advantage. For example, they showed faculty how to embed a Summon widget into course pages and syllabi, providing simple step-by-step instructions.[10]

The result: a win-win-win that places the library clearly in the hero role: professors benefit from reduced student complaints of "I can't find anything on this topic"; students get fast access to quality information directly from their course page (and their preferred source for research recommendations), and the library directs usage back into its biggest investment, generating the kind of success metrics that make compelling budget arguments.

WINNING THE HEARTS AND MINDS OF RESEARCHERS

While the open Web may have won some early battles for the attention of users, the war is clearly not over, and libraries' superior content presents a compelling advantage. To be deemed an essential service and to protect essential funding, libraries need to conquer their specific barriers, shaping their systems and service to match the needs of users. This will require a unified effort that also encompasses publishers and all vendors serving libraries. Research on end-users (faculty, student, and otherwise) abounds. It's incumbent on us all to act on this research, understanding that—with multiple options for information access—these users are in the driver's seat. The time to take action is now. There are ideas, resources, and technologies today that can bring researchers back to the library. We just need to take the first step.

RAISING THE LIBRARY PROFILE TO FIGHT BUDGET CHALLENGES

Lynda James-Gilboe

Excerpted from *Serials Collection Management in Recessionary Times*

SUGGESTED RESOURCES

ASSOCIATION MARKETING SUPPORT

- American Library Association. *Advocating in a Tough Economy Toolkit*. American Library Association [database online]. Chicago, IL, 2009, http://www.ala.org/ala/issuesadvocacy/advocacy/advocacyuniversity/toolkit/index.cfm
- Association of College and Research Libraries. *The Power of Personal Persuasion: Advancing the Academic Library Agenda from the Front Lines*. Association of College and Research Libraries [database online]. Chicago, IL, 2009, http://www.ala.org/ala/mgrps/divs/acrl/issues/ marketing/advocacy_toolkit.pdf
- Public Library Association. *Libraries Prosper with Passion, Purpose, and Persuasion*: *A PLA Toolkit for Success*. Public Library Association [database online]. Chicago, IL, 2007, http://www.ala.org/ala/mgrps/divs/pla/plaadvocacy/librariesprospertoolkit/index.cfm

VENDOR RESOURCES

- EBSCO. EBSCO *Publishing Customer Success Centre*. EBSCO [database online]. 2009, http://www.ebscohost.com/customerSuccess/
- Elsevier. *Marketing Library Services to End Users*. Elsevier [database online]. 2009, http:// cogscilibrarian.blogspot.com/ 2008/ 06/ presentation-on- marketing-library.html
- Gale, Cengage Learning. *Market your Library*. Cengage Learning [database online]. 2009, www.gale.cengage.com/power/marketing
- OCLC, and Leo Burnett USA. 2009. www.geekthelibrary.org
- ProQuest. *Marketing your Library: Heroes, Tips and Tools to Promote Libraries and Resources*. American Library Association Annual Conference. 2009, www.proquest.com/go/myl; www.proquest.com/go/mylpres

MORE INSPIRATION FOR LIBRARY MARKETING AND WEBSITES

- Circle, Allison. *The Bubble Room*. Library Journal [database online]. 2009, www.libraryjournal.com/blogs.html
- Dempsey, Kathy. 2009. *The Accidental Library Marketer*. Medford, NJ: Information Today, Inc.
- *Marketing Library Services*. [Online newsletter], http://www.infotoday.com/ MLS/default.shtml

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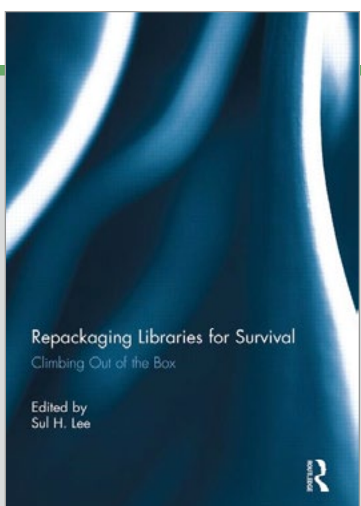
2. John Law, *Observing Student Researchers in Their Native Habitat*. Presentation at American Libraries Association Midwinter Conference. Seattle, WA, 2007.
3. Ibid.
4. Anne Prestamo, *Is Google Winning? Or How I Learned to Stop Worrying and Love the Big Gorilla*, 11. 2009, http://conference.amigos.org/sites/default/files/prestamo_presentation.pdf (accessed September 24, 2009).
5. Alison J. Head and Michael Eisenberg, *Finding Context: What Today's College Students Say about Conducting Research in the Digital Age*. The Information School, University of Washington: Project Information Literacy Progress Report. 2009, http://projectinfolit.org/pdfs/PIL_ProgressReport_2_2009.pdf (accessed September 24, 2009).
6. Law, *Observing Student Researchers in Their Native Habitat*.
7. Head and Eisenberg, *Finding Context*.
8. Beth Dempsey, *South Australian Students and Faculty Now using Summon™ Web-Scale Discovery Service to Speed Research*. Serials Solutions. Seattle, WA, 2009, http://www.serialssolutions.com/ news-detail/michigan-south-australian-students-and-faculty-now-using-summon-web-scale-d/ (accessed September 24, 2009).
9. Ron Berry, *Interview by Beth Dempsey*. Ann Arbor, MI, 2009.
10. Ibid.

CHAPTER

5

TIMES OF CRISIS ACCELERATE INEVITABLE CHANGE



This chapter is excerpted from
Repackaging Libraries for Survival
edited by Sul H. Lee.

TIMES OF CRISIS ACCELERATE INEVITABLE CHANGE

Allen Powell

Excerpted from *Repackaging Libraries for Survival*

Librarians, publishers, and vendors have all experienced a period of assessment, strategic review, and reaction as a result of not only the recent economic downturn but also the continued evolution from an industry that was primarily print-based to one dominated by electronic dissemination of scholarly information. This article addresses some of the important actions taken by vendors, publishers, and librarians as a result of the recent economic situation and the continued migration of scholarly resources to electronic formats. It explores patterns in publisher prices and pricing models, library content selection, and spending trends, as well as vendor strategies and tactics during a time of fiscal challenge and industry change.

The economic crisis of 2009 and resulting recession has had a major impact on institutes of higher learning. The effects of the recession are well documented and there are a number of surveys and studies on the topic. The impact of this crisis on colleges and universities has had a direct and significant negative effect on these institutions' libraries. This negative impact has in turn trickled down to others in the information industry, namely publishers and vendors. Each of these organizations (libraries, publishers, and vendors) has had to react swiftly to the economic downturn to meet budgets and achieve their missions. This article will explore how the economic crisis has impacted academic libraries, publishers and information agents and what measures each have undertaken and are planning to employ to adapt and survive.

LIBRARIES

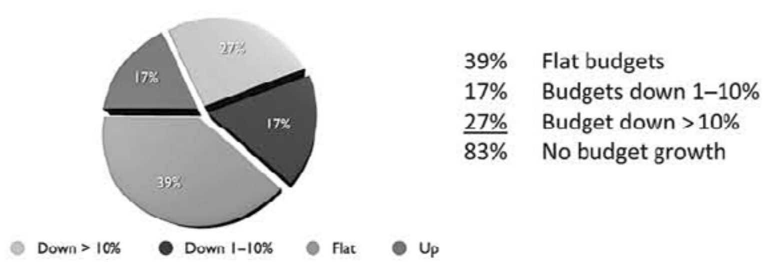


FIGURE 1 • Budgets for 2009–2010 Versus Prior Year.

Several recent surveys seek to frame the significant impact of the financial crisis on libraries. One of these studies, presented at the Charleston Conference in 2009, clearly illustrated the dramatic impact of the economic crisis on library budgets. This survey, which summarized responses from 641 academic libraries from around the world, indicated 83% of academic libraries reported no budget growth for the 2009–2010 fiscal year including 44% reporting actual budget decreases (see **Figure 1**).

The same libraries' expectations for fiscal year 2010–2011 were similar to their experiences of 2009–2010 with 87% expecting no budget growth including 40% anticipating budget decreases (see **Figure 2**).

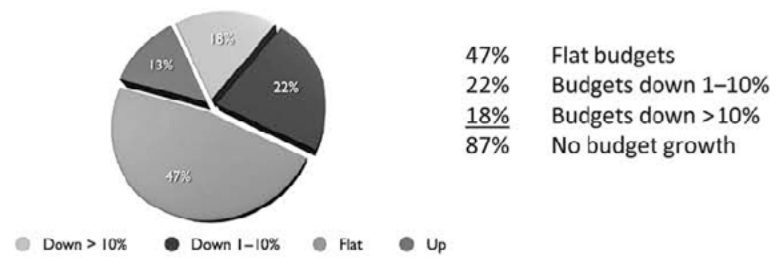


FIGURE 2 • Expected Budgets for 2010–2011.

Finally, the longer-term outlook was not much better with 71% of libraries reporting their 2-year outlook expected no budget growth (CIBER, 2009) (see **Figure 3**).

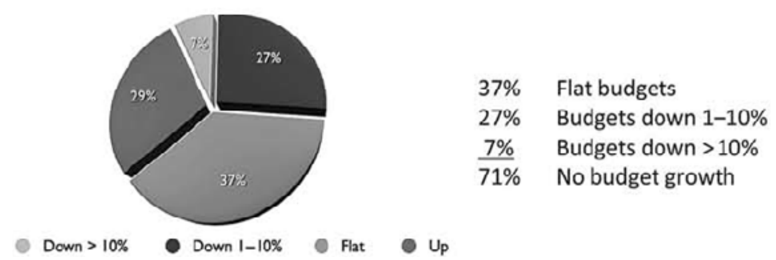


FIGURE 3 • Outlook for Budgets in 2 Years.

ARL libraries reported similar statistics in another survey earlier in 2009, with 70% of respondents indicating budget cuts for their 2009–2010 fiscal year and 60% expecting budget cuts of 5% or more (Anderson, 2009).

In February 2010 EBSCO conducted a survey of our larger customers in the United States and Canada in an effort to not only validate other studies but also to look ahead as we as a company prepare strategic and tactical plans that reflect the reality of what our customers are planning and expecting (see **Figure 4**).

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FIGURE 4 • EBSCO February 2010 Survey of 449 Large Customers in the United States and Canada: Type of Library Responding to EBSCO Survey.

The EBSCO survey, sent to 900 of our largest customers in the United States and Canada, had a response rate of 50%. The results of our study were in line with results from other surveys but with perhaps more pessimism toward the immediate future.

Fifty-three percent of respondents reported decreased budgets for their 2009–2010 fiscal year with another 30% reporting flat budgets for a total of 83% of libraries reporting no budget growth (see **Figure 5**). ARL libraries were especially hard hit with 64% reporting budget decreases.

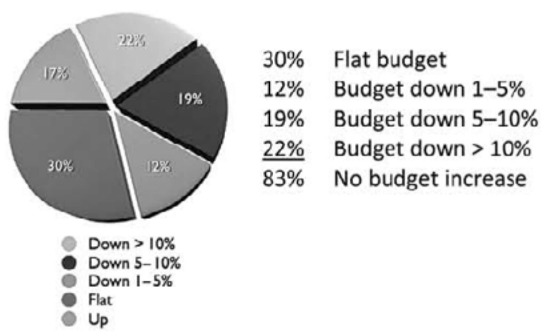

FIGURE 5 • Budgets for 2009–2010 Fiscal Year (% of Libraries Reporting in a Category).

Expectations for fiscal year 2010–2011 were similar with 49% expecting decreased budgets and 36% expecting flat budgets for a total of 85% expecting no budget growth (see **Figure 6**).

The Association of Research Libraries' (ARL) library expectations for fiscal year 2010–2011 were slightly more pessimistic than the average of all library types with 64% expecting decreased budgets and 24% expecting flat budgets for a total of 88% expecting no budget growth (EBSCO, 2010a) (see **Figure 7**).

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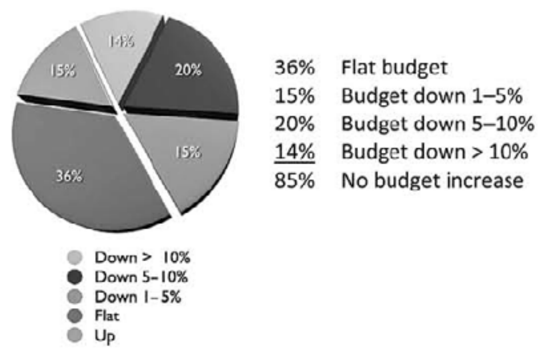

FIGURE 6 • Expectations for Budget Year 2010–2011 (% of Libraries Reporting in a Category).

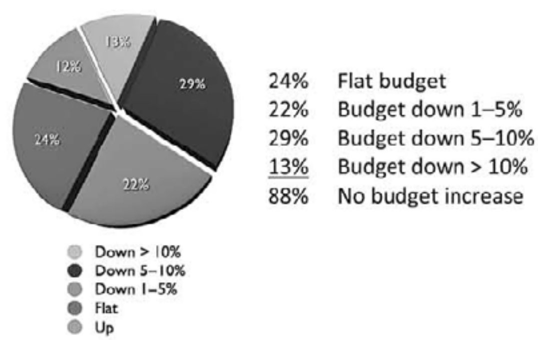

FIGURE 7 • Association of Research Libraries' Library Expectations for Budget Year 2010–2011 (% of Libraries Reporting in a Category).

It is notable that despite the continued rising cost of scholarly information, budgets of the libraries that purchase this information are not rising. The result is the continuation of a significant gap between the cost of scholarly information and the funds to acquire it. This is not new news. The so called "serials crisis" has existed for a very long time as evidenced by the ARL graph in **Figure 8** (Association of Research Libraries, 2009). The only difference today is the magnitude of the crisis or gap between funding and costs.

When I first started in the information business 20 years ago, one of my first jobs at EBSCO was to assist with the annual production of a forecast of publisher pricing increases. Each year we would contact the top scientific, technical, and medical (STM) publishers asking for their estimated average price increases for the upcoming year. We would accumulate this data and then apply their estimated price increases across a significant sample of actual customer purchases to come up with an estimated effective price increase for the "average" customer in one of several

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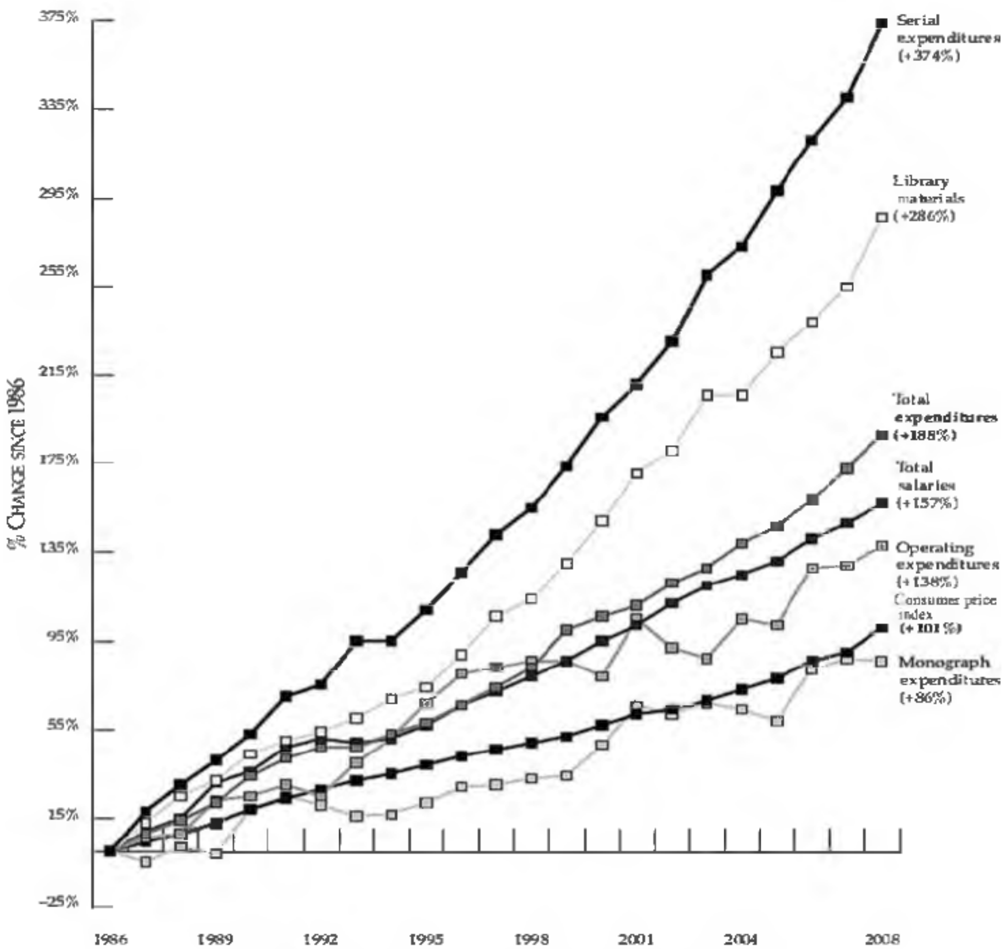
categories (ARL libraries, academic medical libraries, college and universities, junior colleges, etc.). I can remember years in which the average annual publisher price increases would be in excess of 10%. We even experienced years where prices for non-U.S. material could rise up to 15 to 20% depending on what happened with foreign currency markets and the relative strength of the U.S. dollar. During this time I recall many articles focused on the serials crisis, as it was well documented that price increases for scholarly information were generally well ahead of basic inflation. When EBSCO would ask publishers why prices would increase at such a significant rate their responses would generally be to provide a breakdown of several factors that were driving price increases and the relative percentage increase attributable to each. For example, a typical response might be as shown in Table 1.



Source: *ARL Statistics 2007–2008*, Association of Research Libraries, Washington, DC

FIGURE 8 • Expenditure Trends in Association of Research Libraries (ARL) Members, 1986–2008.

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TABLE 1 Example Breakdown of Typical Factors Causing Publisher Price Increases

General inflation	Additional pages/ volumes	Cancellations	Postage increase		Final total increase
3–4%	2–3%	3–4%	1%	=	9–12%

Several observations could be made rather quickly from the publishers' annual responses, with perhaps the most important two being: (a) the assumption that there was a desire on the part of librarians to receive and pay for more scholarly information as publishers continued to publish more articles, more issues, and more volumes in various fields of study; (b) the demand for scholarly information is price inelastic. In other words, an increase in the price of a journal would not be met with the same percentage of decrease in the number of subscriptions purchased. The end result would therefore be more total revenue for the publisher as a result of the price increase. A simple way to think about this is to consider what would happen if the price were to go down as a result of cancellations instead of going up. If the demand for a journal were price elastic, then a reduction in price of that journal should result in at least a proportional increase in the number of units sold of that journal. Obviously this is not the expectation of those who price scholarly content.

EBSCO annually conducts a study of publisher prices. To do this we take the actual annual price increases of publishers and cross reference these increases across the actual purchasing patterns of customers to arrive at an "average annual price increase" for various subsets of customers. As you can see from the chart in Table 2, serials price increases have, over the past 10 years, risen at rates averaging at least 7–9%, outpacing inflation.

TABLE 2 • EBSCO Annual Historical Price Analysis by Library Type (U.S. Libraries)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
ARL	7.0%	7.3%	7.8%	8.7%	9.8%	8.4%	7.6%	8.5%	8.8%	8.8%	5.5%
College and university	9.5%	7.9%	7.9%	8.6%	9.3%	7.9%	7.8%	8.6%	8.8%	9.3%	5.5%
Academic medical	7.3%	8.2%	7.3%	9.0%	9.4%	8.6%	8.3%	8.8%	9.3%	9.9%	4.9%
Consumer price index	2.2%	3.4%	2.9%	1.6%	2.3%	2.7%	3.4%	3.2%	2.9%	3.8%	−0.4%

One notable observation is the significant drop in price increases for 2010. What has caused this drop-in price increase percentage? Is this in response to the economic crisis? Is it a 1-year anomaly or the beginning of a trend? Whatever the longer-term outlook, the data shows the drivers of the effective lower increases fall into two

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categories: (a) lower price increase percentages on individual electronic and print journals. Ostensibly in response to industry requests, many publishers have held prices flat for 2010 or committed to "lower than usual price increases" and this has had an impact on the overall effective price increase percentage; (b) lower price increase caps on large electronic journal package multiyear deals. With such a large percentage of library serial budgets now tied up with large packages, lower price inflation caps are having an impact on the overall effective average price increase percentage.

Although lower percentage price increases are certainly welcome news for librarians this is still little consolation as most libraries experienced decreased budgets for 2009 as compared to the prior year. As a result, the gap between the cost of information and the funding to buy the information has not only continued but widened. The chart in Table 3 which compares average increase percentages for serials prices and library budgets for 2008 and 2010 illustrates this reality.

TABLE 3 • Comparison of Average Serials Price Percentage Increases for 2008 and 2010

2008	2010
Avg. Price Increase 8.8%	Avg.Price Increase 5.5%
Avg. Budget Increase 2.5%	Avg. Budget Decrease (3.0%)
Gap 6.3%	**Gap 8.5%**

Indeed, there remains the question of whether a lower price increase on a journal in a particular field of study from one publisher versus a higher price increase on a journal from another publisher in the same field will actually result in a shifting of purchasing dollars to the publisher with the lower price or price increase. T. Scott Plutchak, director of Lister Hill Library of Health Sciences, University of Alabama at Birmingham, addressed this in a recent blog post, as he pointed to the list of publishers who had agreed to hold prices at 2009 levels for 2010. Plutchak speculated whether this pledge would actually result in a change of buying behaviour: "*Will those publishers be rewarded with a disproportionally smaller number of cancellations from libraries struggling to deal with reduced acquisition budgets? Or as librarians scramble to find the funds to maintain the big packages from publishers they love to hate, will it be the 'good guys' who end up getting screwed?*" (Plutchak, 2010). Plutchak highlighted the struggle of wanting to move to titles of publishers who price material more affordably versus the compulsion to continue to order important content from publishers whose prices are less affordable. He particularly focused on titles which are included in publisher packages and collections.

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At EBSCO, we are still analysing our 2010 ordering data as many e-journal package purchase decisions were made very late by many customers. However, the data reviewed thus far indicates that the "good guys," those publishers listed on the Medical Library Association Web site (http://www.mlanet.org/resources/publish/sc_2010-prices.html) that kept price increases flat or to a minimum, actually saw proportionately more cancellations than other publishers.

One trend we have observed in the 2010 data is an increase in the number of e-packages being "broken up" or not renewed with publishers as compared to prior years. In an EBSCO analysis of orders of 205 libraries whose package orders were complete for 2010 we observed the following:

- *Number of e-packages ordered in 2009: 841*
- *Number of e-packages ordered in 2009 that were cancelled for 2010: 42 = 5% cancellation rate*

This data appears to corroborate anecdotal evidence that the growth of e- package purchases is slowing or even declining.

We believe a key reason for this emerging trend toward breaking up e-packages is the significant impact the purchase of a few packages can have on the overall library's buying power. It is not uncommon to see a few large packages consume much if not most of the library's serials information budget. A 2009 survey published by Jill Taylor-Roe, of Newcastle University in the United Kingdom, documented the impact of e-journal packages on libraries' serials budgets.

As you can see from the summary in **Table 4**, 41.9% of library respondents indicated so called "big deals" consumed 26 to 50% of their library serials budget and 38.7% of libraries said "big deals" consumed more than half of their serials budget. This same study also indicated 50% of respondents were now less happy with these deals and 37% had either cancelled deals altogether or downgraded to smaller subsets of content. It also looks as if this trend will continue with the percentage of those planning on cancelling "big deals" for future years rising 250% (Taylor-Roe, 2009).

TABLE 4 • Percentage of Serials Budget Consumed by Big Deals (% of Libraries Reporting in a Category).

41.9%	26–50% of serials budget
38.7%	>50% of serials budget

The dominance of library budgets by a few publishers who sell their content in packaged bundles can be further seen by the dispersion of worldwide sales for

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Allen Powell

Excerpted from *Repackaging Libraries for Survival*

EBSCO for our fiscal year 2009 as compared to 1994. Assuming that EBSCO's sales roughly represent the buying habits of a large number of libraries, it is clear significant publisher consolidation has occurred within the last 20 years and with this consolidation, a concentration of serials expenditures with a relatively few publishers.

From the charts in **Figure 9** you can see that in 1994, the 10 largest publishers in terms of overall sales revenue with EBSCO represented 19% of EBSCO's total sales revenue dollars as the ordering of serial content was widely dispersed across many publishers. In 2009, the 10 largest publishers accounted for 50% of EBSCO's total sales. This significant shift over the last fifteen years clearly shows the consolidation of the information industry and the concentration of library purchases among a few publishers. This consolidation has occurred over time primarily via publisher acquisition of other publishers' titles or entire publishing operations. As publishers have grown their title portfolios, they have sought various methods to increase the exposure, distribution and sales of their expanded content. A key method has been the bundling of this content into packages and collections.

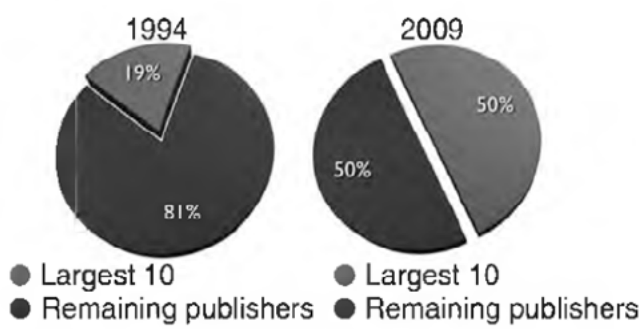

FIGURE 9 • EBSCO Sales Revenue by Publisher.

Initially the purchase of packages and collections was met with enthusiasm within the library community as there was an opportunity to provide more content to users for "pro-rata less." However, as time has passed packages have been met with a more critical view as they consume a larger proportion of library material budgets and their annual price increases become unsustainable, especially in this era of unprecedented budget cuts.

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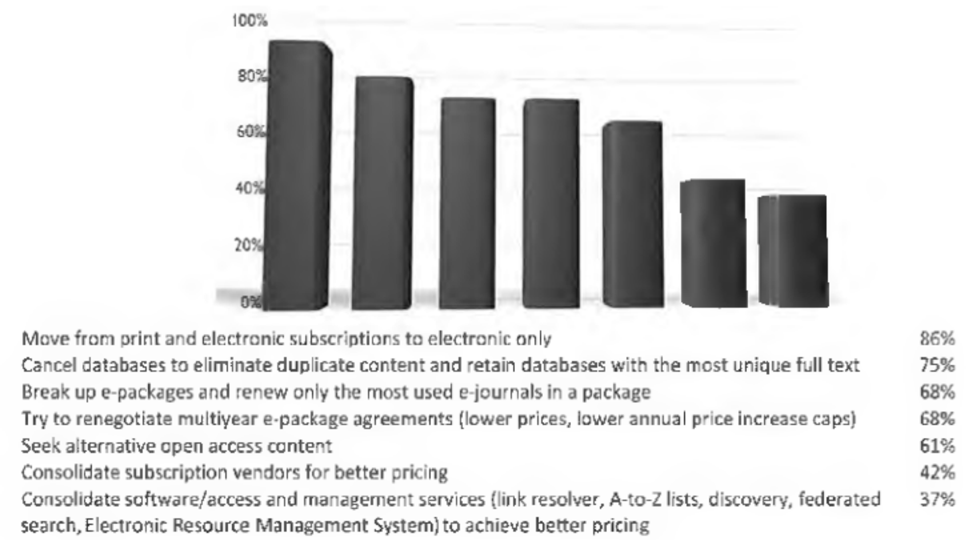

FIGURE 10 • Percentage of Librarians Indicating They Are Very or Somewhat Likely to Employ the Above Strategies.

Another reason for the intense review of large packages is the increasing availability of usage statistics for titles within a package or collection. As online usage statistics become available, librarians are better able to analyse the use of their collections and determine if all of the content within a package is worth the money they are spending. In fact several recent studies have revealed significant gaps between what is purchased and what is used. One such study was presented in February 2010 at the Electronic Resources & Libraries (ER&L) Conference in Austin, Texas. Nisa Bakkabasi, head of electronic collections at Yale University Library, presented a case study which showed that 80% of use was attributable to only 24% of titles in packages and 90% of use was associated with 40% of titles in packages (Bakkabasi, 2010). Statistics such as these understandably lead to questions regarding the viability of these "big deals" and large subject collections for the future.

Evaluating e-packages is not the only strategy that will be used by librarians to bridge budget deficits; in EBSCO's survey, many librarians referenced other content review strategies they plan to pursue. The chart in **Figure 10** provides a snapshot of responses about strategies they plan to implement to bridge the gap and achieve their budget goals.

When looking at the factors which will be most important in making content selection and deselection decisions, the EBSCO survey indicated the data portrayed in **Figure 11**.

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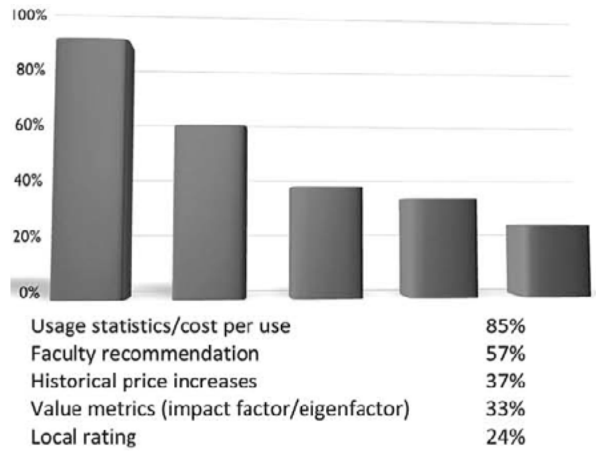

FIGURE 11 • Percent of Librarians Indicating a Metric as “Very Important” When Making Content Acquisition/Deselection Decisions.

The overwhelming selection of usage as very important to most survey respondents could well mean that publishers who are not COUTER compliant and do not provide regular usage statistics could be at great risk of being marginalized.

Librarians are not only rapidly adapting to new methods of content evaluation to address their funding issues, they are also thinking more holistically about the overall costs of achieving their missions. In addition to adjusting materials buying, they are also addressing other costs within their organizations. For 2007–2008, ARL indicated 41% of library budgets were spent on library materials while 45% of budgets were spent on salaries (see **Figure 12**) (Association of Research Libraries, 2009).

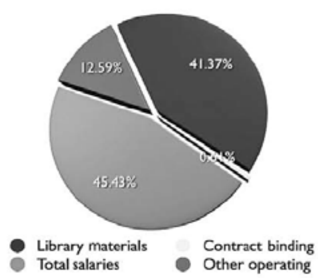

FIGURE 12 • Budget Allocation in Association of Research Libraries.

With the amount of funds spent on personnel being roughly equal to the funds spent on materials, the economic situation has required that librarians also focus on the personnel piece of the budget pie to bridge the economic divide. A trend that seems to be emerging is institutions no longer looking at costs in “silos” or in separate categories but rather managing library expenditures in a more holistic method whereby the costs of staff, materials, infrastructure, and so on are all seen equally as "fair game." Librarians are seeking to find the most effective use of funds, or the expenditures most acceptable to cut, to meet the mission of the library. This has been seen as some libraries have begun to reduce or even eliminate positions once thought indispensable. EBSCO's survey shows this focus on the personnel part of the equation as indicated in Figure 13. Of those reducing staff, librarians reported reductions in several categories of positions as indicated in Figure 14.

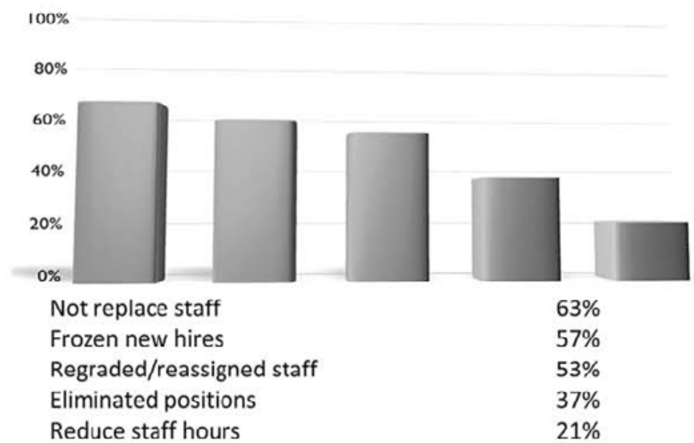

FIGURE 13 Percent of Librarians Indicating the Following Staff Actions.

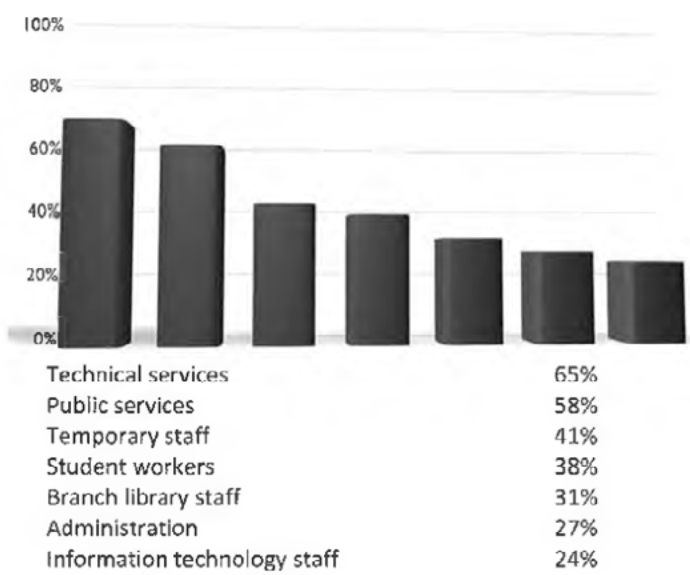

FIGURE 14 • Of Those Reducing Staff, Percent of Librarians Reporting Reductions in the Above Categories.

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Allen Powell

Excerpted from *Repackaging Libraries for Survival*

It is clear the cost of serial information for libraries has risen at a pace that has outstripped library budgets for decades. Cost containment approaches will be keys to survival. However, one wonders, even after we emerge from the current economic crisis, if this long-term problem will have been addressed at all. Will the gap between cost of material and funding continue? Or will the emergence of improved tools to measure key metrics such as cost per use finally break the grip of this long-standing problem?

Like any business or organization, libraries also continue to have issues on the revenue side of the equation. While very modest annual budget increases were not uncommon before the recent economic crisis, such increases are now virtually non-existent. This lack of funding or rather decrease in funding is disheartening but is further troublesome when studies indicate libraries have been receiving a reduced portion of overall university revenue despite the explosion in scholarly information. Figure 15 shows a trend of library expenditures as a percentage of overall university expenditures for 40 ARL libraries. As you can see, libraries have been receiving a smaller piece of the university pie and this trend continues (ARL, 2009).

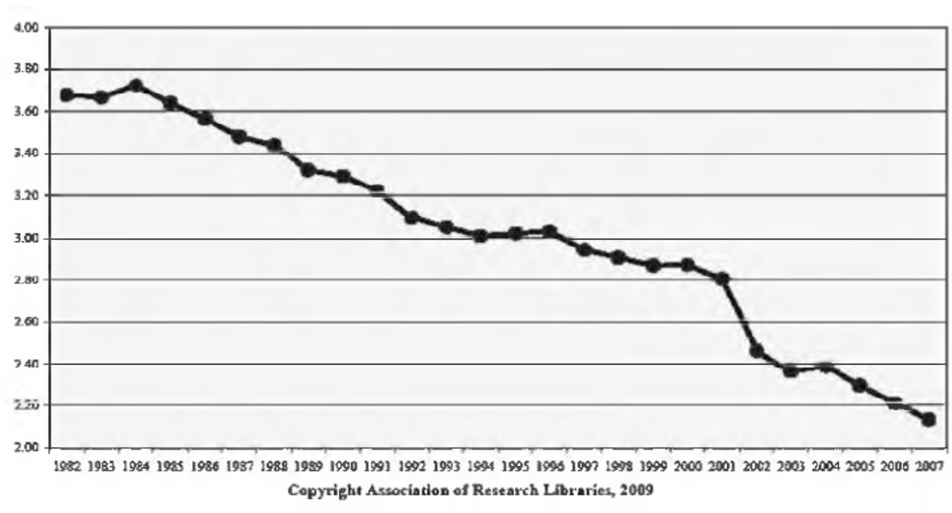

FIGURE 15 • Library Expenditures as a Percent of University Expenditures for 40 Association of Research Libraries Member Libraries, 1982–2007.

Despite this lack of institutional funding, the results of the EBSCO survey indicate only 41% of libraries were already engaging in or increasing development and fundraising activities. Furthermore, only 6% of institutions indicated they currently levy a library fee within their university tuition fee structure. The continued reduction

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in the percentage of university revenue allocated to libraries coupled with the lack of other revenue-producing activities, when taken in concert with continued increases in the cost of information, could well mean the gap between material costs and budgets will continue even after the current economic crisis abates.

Not only have librarians been faced with a continuation of the "serials crisis" but tough economic times coupled with the onset of electronic information have contributed to a migration away from individual libraries as "owners" of serial information they purchase for their patrons. Early in the migration to electronic content, there was an overt concern over the archiving of the information. This was taken into consideration by publisher pricing models that included "electronic free with print." This migrated to a "flipping" of the concept whereby the electronic version of a journal was the primary item purchased and the print version could be purchased at a deeply discounted price (DDP). Now, with severe funding constraints, the notion of retaining print is quickly disappearing as evidenced by 86% of respondents to EBSCO's survey indicating they were likely to utilize the strategy of moving from print and online to the online-only version of a title to save money and meet budget goals.

In addition to the loss of print ownership, much of the remaining electronic information acquired by libraries is purchased under a "lease" model where the current and back content is only available if the institution has a current subscription. As some librarians have pushed back against the lease concept, several publishers have developed models which guarantee libraries perpetual access to certain content. It is notable that many perpetual access models for e-journal packages only guarantee perpetual access to "core subscribed content" which means that if the package is no longer ordered, the content that was considered "additional access" will be lost. Furthermore, many publishers only offer perpetual access at an additional fee. Perhaps the best example of wide adoption of leased access is that of aggregated databases where access to hundreds or even thousands of titles depends completely on the library maintaining a current subscription to the database. Whether a database, an electronic journal package, or an individual e-journal, the current economic reality appears to be a factor which is pushing librarians to accept the notion of increasing the proportion of leased information in their collections.

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PUBLISHERS

Understanding publishers also provides some insight into how the economic crisis may impact libraries. To assess the effect the current economic situation is having on publishers, EBSCO surveyed the largest 100 publishers with whom we do business based on dollar volume. We received responses from 82 of these top 100 publishers. The breakdown of the type of publishers responding to our survey is shown in Figure 16.

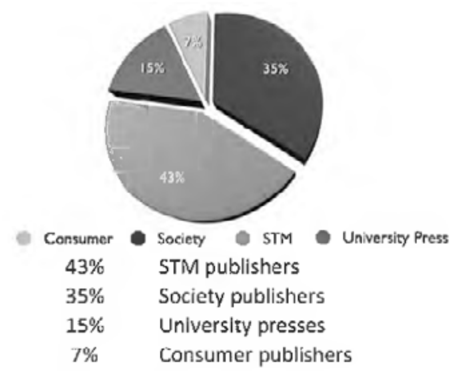

FIGURE 16 • Type of Publishers Responding to EBSCO Survey.

Sixty percent of the publishers responding to our survey indicated the economic downturn had a negative impact on their business for 2009. Of those publishers reporting declines, the percentage of declines is shown in Figure 17.

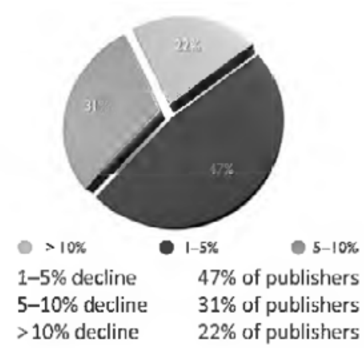

FIGURE 17 • Percent of Publishers Reporting Declines in Revenue.

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It is clear publishers believe the economic downturn has fundamentally changed the way they will do business in the future with 56% of publishers indicating *the downturn had changed the way they do business*.

Title portfolio management continues to be an area of focus for publishers as they look at titles that are not profitable or are marginally profitable with an eye to eliminating these and acquiring new titles that show more promise. Despite the economic downturn many publishers indicated finding new titles to publish was still a key part of their strategy (see Figure 18).

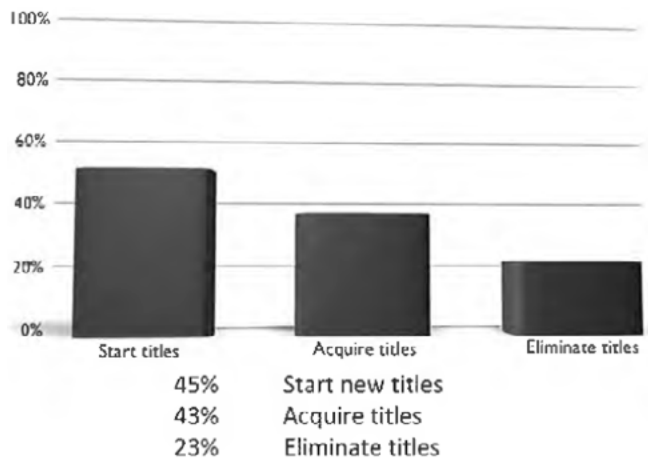

FIGURE 18 • Percent of Publishers Very or Somewhat Likely to Do the Above.

Some publishers appear to recognize the early market trend of customers potentially breaking up packages and have responded by offering smaller sets of e-journals or becoming more flexible in allowing libraries to purchase custom collections ("pick and choose models"), with 49% of publishers likely to engage in these offerings. However, 51% of publishers continue to believe that providing bigger bundles of content at higher prices but with the promise of "more for pro-rata less" is the right strategy, even in the midst of the economic downturn (see Figure 19).

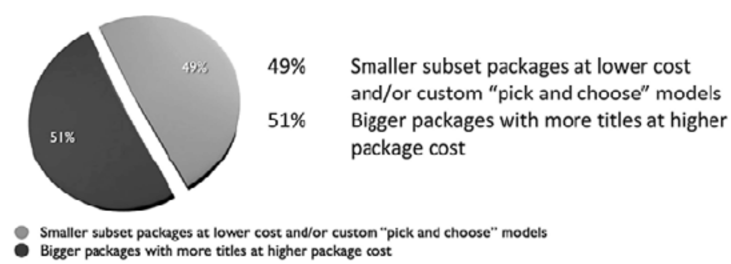

FIGURE 19 • Percent of Publishers Likely to Offer the Above.

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The EBSCO survey further indicates 47% of publishers believe "big deals" will have a secure place going forward while 25% indicated a belief that packages will be unbundled and 28% said they did not yet have a view on what will happen in the near-to-long term (see **Figure 20**).

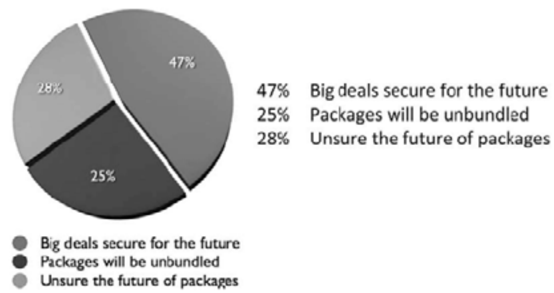

FIGURE 20 • Percent of Publishers Indicating the Above.

Publishers have also made changes to their organizations as a result of the downturn as **Figure 21** illustrates.

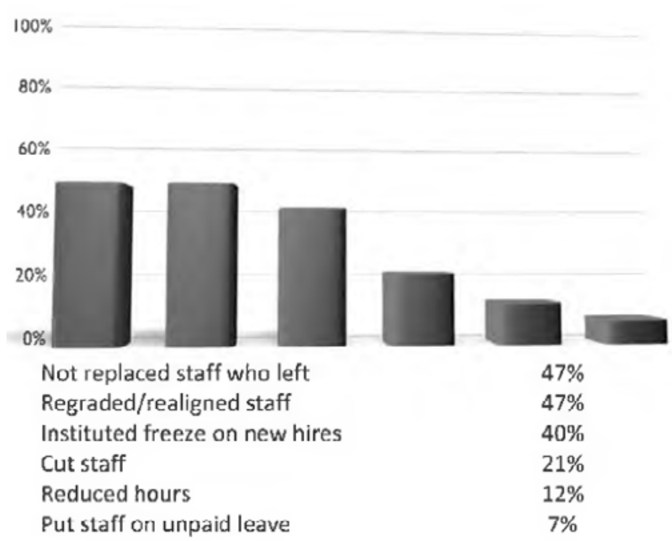

FIGURE 21 • Publisher Staffing Changes in 2009 (% of Publishers Reporting by Category).

The staffing picture for publishers going forward for the next twelve months is somewhat mixed as you can see from the chart in **Figure 22**.

The economic downturn has caused publishers to consider other cost-cutting moves (see **Figure 23**).

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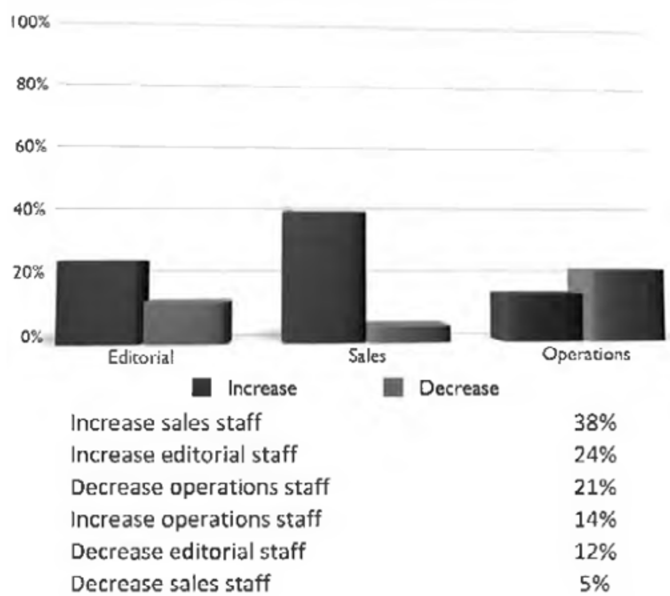

FIGURE 22 • Publisher Staffing Changes Very or Somewhat Likely in 2010 (% of Publishers Reporting by Category).

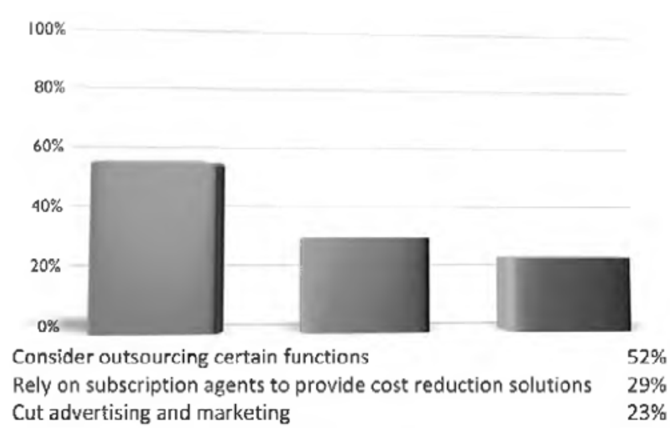

FIGURE 23 • Publisher Actions Very or Somewhat Likely in 2010 (% of Publishers Reporting by Category).

Although publishers are definitely looking at cost control, the majority of publishers appear to be focusing more on the revenue side of the equation in the coming twelve months as evidenced by their responses to the EBSCO survey as illustrated in **Figure 24**.

Clearly these actions indicate a primary focus of publishers this coming year will be on finding ways to increase revenues despite significant negative economic headwinds.

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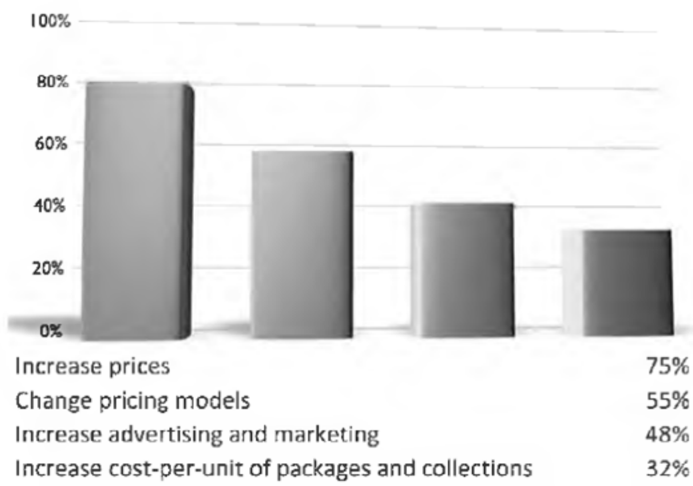

FIGURE 24 • Publisher Actions Very or Somewhat Likely in 2010 (% of Publishers Reporting by Category).

VENDOR (EBSCO)

The economic crisis has also had a negative impact on vendors like EBSCO. Stated simply, as libraries have less money to spend, they spend less with vendors. A decrease in the budgets of EBSCO customers translates into less revenue for EBSCO. Just as our customers have had to make adjustments, EBSCO is also making changes. Through February 2010, EBSCO sales revenues in North America are down 7%. A look behind the numbers indicates that the decrease is not due to lost customers but rather due to customers spending less because of reduced budgets. So many of our customers are spending less that new revenue we are adding as we gain new customers is being consumed by the drop-in spending from existing customers. In contrast with the decrease in North America, EBSCO's sales outside North America are rising, especially in Europe, and this has resulted in EBSCO's overall worldwide sales revenue through February 2010 being down only 0.5%.

From an overall business perspective, EBSCO's sales have remained flat due to the growth in areas outside the United States. However, the reduction in business in the United States this year and the indication from customers that budgets will again be cut next year have caused us to react and adjust for these realities. Just like libraries and publishers, EBSCO has reduced staff in the U.S. as we are handling fewer subscription units. In addition to adjusting to the recent economic downturn and the impact on customer budgets, EBSCO has also had to adjust to a new reality

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brought on by rapid migration from print to electronic dissemination of information. As you can see from the two charts in Figure 25, EBSCO's business has dramatically changed in the last 10 years as scholarly information has moved electronic.

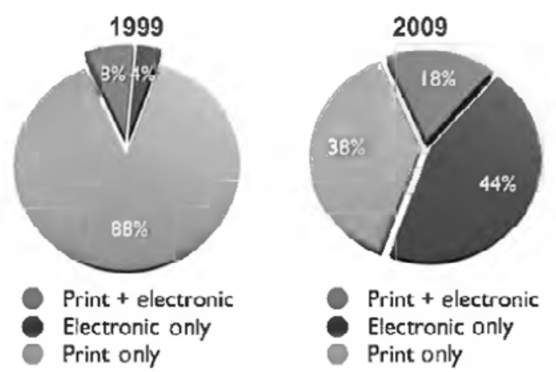

FIGURE 25 • Percentage of EBSCO Sales Revenue by Format.

The graph in Figure 26 displays the increase in EBSCO's sales of "E-only" content over the last ten years. Note the recent acceleration in the purchase of "E-only" as indicated by the relative steepness of the curve over the last five years.

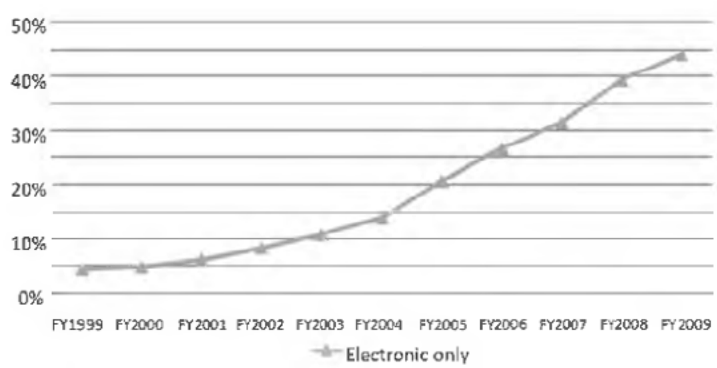

FIGURE 26 • E-only Content as a Percent of Total EBSCO Sales.

Not only has the type of information ordered via EBSCO changed, but the packaging of this information has also changed. From the two charts in Figure 27, you can see how the proportion of EBSCO's sales attributable to electronic journal packages has changed dramatically in the past few years. How has EBSCO responded in the wake of the economic downturn, continued rapid migration to electronic formats of information and packaging of content? First, as indicated previously, we have reduced our cost footprint in the United States. We have eliminated positions to mirror the lower volume orders and continue to retool and reorient the organizational structure of the company to ensure we provide top-level service for our customers' electronic content purchases. Also, now that more business is transacted via the Internet, we have reduced costly duplication by continuing to consolidate our regional office structure. Additionally, we are consolidating certain "back office" functions not visible to customers into a centralized "centre of excellence" at our Headquarters in Birmingham, Alabama, in order to increase economies of scale, improve efficiencies, reduce costs, and improve quality consistency. In Europe, where our business is rapidly expanding, we are adding staff and upgrading our support infrastructure.

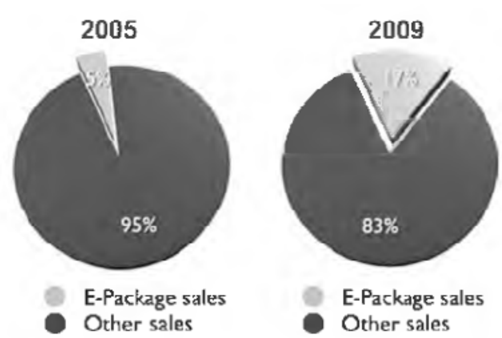

FIGURE 27 • Percentage of EBSCO Sales Revenue From E-packages.

Second, EBSCO continues to seek revenue from new sources. An example of this is our MetaPress division which hosts online content for primary publishers. MetaPress has been steadily growing and now manages content for 155 publisher imprints and hosts more than 3,200 e-journals, 36,000 e-books, 1,000 e-series and over 4.9 million content contributions. Another revenue source for EBSCO is our database division, EBSCO Publishing, which offers via its EBSCO*host*® interface more than 300 online hosted databases, most of these being full-text databases.

Third, we have observed the need to provide more integrated solutions for our library customers to help save them time and improve the overall experience of both librarians and their patrons and we have invested in research and development to enter a "new space" with products that facilitate the discovery of more content, improve access, and provide integration with our existing products and services. In January 2010 we launched two new products, a discovery service and an electronic resource management system (ERMS), rationalized our product offering into the two categories of *Discovery* and *Management* solutions and connected all products with an

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integrated knowledge base. In 2011 we also plan on releasing a usage consolidation product which will allow customers to more easily retrieve and manage usage statistics. A diagram which illustrates these integrated solutions is presented in Figure 28.

FIGURE 28 • EBSCO Integrated Discovery and Management Solutions.

Fourth, we are carefully watching market trends with an eye toward quickly reacting to help librarians and publishers as necessary. For instance, noting the breaking apart of e-packages as a likely emerging trend, we have further enhanced our e-package renewal system for 2011 orders to be prepared to help library customers handle a potential increase in the number of customized packages from a wider array of publishers.

Finally, we have recognized the need to take a more holistic approach to helping librarians both save money and better serve their institution and patrons. In this

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regard, EBSCO's role as a vendor is being morphed into that of an organization that is also in some senses a consultant whose job it is to understand a broad array of issues and to recommend solutions to help our customers achieve their goals. Two recent examples illustrate this:

A. We were approached by a group of libraries seeking to achieve several goals: (a) reduce overall costs; (b) preserve the content of the larger institutions in the group; and (c) expand content of the smaller institutions in the group. We evaluated the subscription lists, databases, and e-access and management products of the members of the group and came back with a proposed solution with several components. First, we offered a reduced subscription service fee for consolidation of all accounts, which allowed us to reduce service fees for the entire group. Second, we identified database content overlap and recommended the elimination of certain databases and the addition of others. Third, we proposed group pricing for an A-to-Z listing service, link resolver, federated search and ERMS. This is an example of the "win–win" concept where EBSCO was able to make price concessions in exchange for additional business in several areas. We see such consultation and collaboration as keys to the future.

B. A second example involved a large customer who desired to rationalize their database collection to reduce costs and free up money for the purchase of a discovery service. We evaluated the customer's database collections and e-access and management products. Our recommended solution included the elimination of certain overlapping databases, the addition of other databases, the purchase of a several e-journals to fill gaps created by the elimination of databases, and the replacement of the A-to-Z product. The result of these actions was a cost reduction of over $40,000, an increase in access to unique peer-reviewed content (an addition of over 3,300 unique journals), a reduction in patron interfaces and improved integration.

STRATEGY OR TACTICAL REACTIONS?

The recent economic crisis, as well as the change in the way scholarly information is disseminated, has had a profound impact on libraries, publishers and vendors. In response, these three parties have all responded in ways they judge best for their organizations and customers. Some responses have been straightforward and some more creative than others. What seems clear is that organizations in all three categories are having to assess and make adjustments more rapidly than they might otherwise. Some actions may even be seen as more reactive or tactical than strategic. In a January 25, 2010, *Wall Street Journal* article entitled "Strategic Plans

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Lose Favour" authors Joann S. Lublin and Dana Mattioli reported that more business leaders now value flexibility and quick decision making over strategic planning and further indicate strategic planning does not always work. In the article, Walt Shill, head of the consulting firm Accenture Limited, is quoted as saying "strategy, as we knew it, is dead" and "corporate clients decided that increased flexibility and accelerated decision making are much more important than simply predicting the future." Lowell Bryan, senior partner for consultants McKinsey and Company, contends "just-in-time" decision making is a tactic that will spread during the economic recovery (Lublin and Mattioli, 2010).

Whether the response to the economic crisis is called tactical reaction, accelerated strategic development, or just-in-time decision making, it is clear that librarians, publishers, and vendors all find themselves in this same situation where nimble and decisive action in the face of severe economic pressure and changing business climate is a required approach. All of us are responding in different ways based on immediate perceptions of the situation at hand and what we believe is best for our organizations and our customers. We are all faced with the prospect of adjusting our cost profiles and personnel; however, libraries and vendors like EBSCO appear to be taking a more aggressive approach in this area. Publishers continue to focus on new ways to generate revenue via title portfolio management, bundling of content, annual price increases and hopefully discovering new markets for their content. And if EBSCO is any indication, vendors are looking for revenue via new products and services which are more integrated as they seek to bring better value to help librarians and publishers do more with less and coming up with more creative offerings where improved pricing can be offered in exchange for more business. This might be subscriptions or electronic access and management tools or content offerings based on overlap analysis projects that pinpoint duplicate content that can be eliminated in favour of additional and valuable new content at the same or a lower price. Librarians appear to be ready to adopt new philosophies and approaches such as in- creased use of "leased" content models; using metrics such as cost-per-use to make tough buying decisions; breaking apart packages to save money on low-use content in the package; and aggressively managing their organization's cost holistically instead of via distinct allocated silos. All of these actions and others no doubt were at some point on the decision continuum and would ultimately have been considered. However, dire economic times and immediate pressures have resulted in these plans being accelerated as organizations seek to survive and fulfil their institutional missions.

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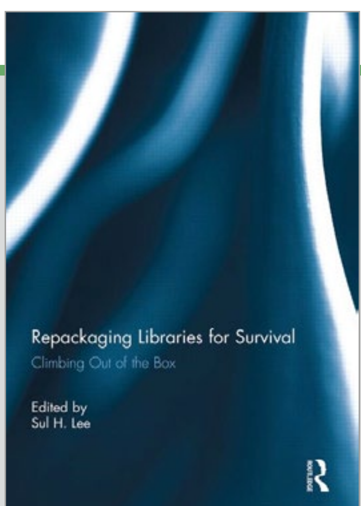
CHAPTER

6

FROM SURVIVING TO THRIVING



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FROM SURVIVING TO THRIVING

Carla J. Stoffle and Cheryl Cuillier

Excerpted from *Repackaging Libraries for Survival*

This article focuses on the need for continual organizational change and new thinking about the work that libraries, librarians, and staff must do to remain key players in the academic world of the future.

Academic libraries are facing a new reality. Even after the current economic crisis abates, no public university will ever be able to entirely recoup the funds that were once available, nor will our libraries. At private universities as well, steep endowment losses have taken their toll on many institutions' financial health (Blumenstyk, 2010). To thrive, libraries will need to use sound business-management practices, align themselves with campus learning and research goals, nimbly apply new technologies to improve service and reduce costs, utilize benchmarks in implementing best-services practices, and provide value-added library services—all while staying true to the guiding principles of librarianship. Although the way we work may change, our values remain the same. It is our responsibility, as the librarians and staff of today, to work together to build the successful libraries of the future.

Over the last 15 years, much has been written about how economics will drive libraries—especially large research libraries—to make organizational, structural, and cultural changes to maintain their roles as vital contributors to teaching and learning in their institutions (Stoffle, 1995; Stoffle, Leeder, & Sykes-Casavant, 2008). In 1996, Stoffle and her co-authors wrote that "the economic and political climate for higher education, especially public education, is more negative than it has ever been" (Stoffle, Renaud, & Veldof, 1996, p. 215). Unfortunately, that climate is even worse today. One only needs to read *The Chronicle of Higher Education* daily to see the financial and political hurdles that colleges and universities face (Blumenstyk, 2010; Hebel, 2010).

Stoffle's earlier articles focused on how library costs—skyrocketing information costs and the expense of introducing new technologies—would make it impossible to maintain the collections of the past, manage the libraries of today, and build the libraries of the future (Stoffle, Allen, Fore, & Mobley, 2000; Stoffle, Renaud, & Veldof, 1996; Stoffle & Weibel, 1995). After Stoffle served on the Project on the Future of Higher Education (2004) from 2001 to 2004, it became clear that libraries and research universities, especially public ones, would soon face an economic crisis that would not only threaten how libraries did business but the traditional way of doing business in the entire academy (Stoffle, Allen, Morden, & Maloney, 2003).

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Stoffle's view of the changes needed to overcome these challenges has evolved over time and been shaped by experiences at the University of Arizona Libraries. Though we have had budget cuts 14 out of the last 18 years, our libraries are on the verge of greater integration into the campus's learning and research programs than ever before. That is not to say that we do not need more money (we lost nearly 20% of our wages/operations budget from fiscal year [FY] 2007–2008 to FY2009–2010) and are not stretched mightily (we are down more than 30 positions in that same period). But we are seen by the campus and our students as a strong, vital, contributing force to the university's excellence (University of Arizona, 2000, pp. 51, 77). Thanks to the sweeping changes we have made at the Libraries, and the hard work of our personnel, we are positioned to move forward with new programs.

We are not alone. Many library leaders—not wanting a serious crisis to go to waste[1]—are using the current economic downturn to make fundamental changes that have long been necessary. These changes will ultimately result in our ability to maintain the vitality of the library and allow our rhetoric to change from how we can *survive* to how we can *thrive* in service to our campuses.

As a preface to the rest of this article, it is important to stress that although the University of Arizona is used to illustrate what can be done, it is but one experience. It is not presented as *the* pathway to success, merely one of many possible paths. Each library must assess its own environment and the needs of its campus community to identify how it should adapt to the challenges. Many of the things done at the University of Arizona are not unique. Many libraries are using similar concepts to achieve similar goals. The University of Arizona has been very good at borrowing ideas from other library leaders (e.g., our colleagues at this conference, and people like Rick Luce and David Lewis; see Luce, 2008; Lewis, 1995, 2007). These University of Oklahoma Libraries conferences and our "Living the Future" (University of Arizona, 2008) conferences also are sources of inspiration. Another influential conference was the Association of Research Libraries/OCLC Strategic Issues Forum for Academic Library Directors in 1999, which resulted in the Keystone Principles (Association of Research Libraries, 1999) that have helped to guide our activities.

It is the totality—the breadth and depth—of our efforts at the University of Arizona that may provide some insights into the magnitude of the work necessary to build the successful library of the future. Our basic approach has been to:

- Stay focused on our customers and their changing needs; and
- Enable the creation of library as service rather than library as collection.

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Our efforts can be broken down into five general categories: organizational/cultural changes, planning and budgeting, new business practices, communication, and collection approaches.

ORGANIZATIONAL STRUCTURE AND CULTURE

Let us begin with organizational structure and culture. At the University of Arizona, our objectives are to:

- Empower librarians and staff by flattening our organization and pushing decisions down to the appropriate level.
- Let go of traditional divisions of work. Rather than maintaining rigid organizational hierarchies and bureaucratic rules, we have a team-based structure and have everyone working at the top of their job classifications, knowledge, skills, and abilities.
- Have staff—not librarians—managing in-building services and facilities. Librarians are involved in some training and assessment of these services, but they are primarily focused on integrating the library into instructional and research programs. Meanwhile, we have created four new job classifications for staff and hire at a higher level (Huff-Eibl, Ray, & Voyles, 2008).
- Optimize staffing resources by placing individuals on the projects and activities that are most important to the future, even at the expense of functional daily work.
- Ensure that people have the technology and resources they need do their work, even if it means there are fewer people.
- Encourage diversity and create a climate that welcomes different viewpoints.
- Reward continual learning and improvement.

In 1993, when we began the task of reinventing ourselves, we decided to begin with our organizational structure and culture. We started there because we felt we could not make fundamental changes in our focus and services using the same old priorities and assumptions, especially those about funding. We realized that we did not have the resources to continue traditional collecting and processing activities, nor could we sustain the resource-intensive bureaucracy that characterized our organization. We decided we had to maximize our human and fiscal resources and that we had to become more nimble and flexible. To get buy-in, we appointed library-wide project teams—ultimately utilizing more than 100 people in the organizational redesign (Bender, 1997)—and introduced the principles of Total Quality Management during the process (Owens, 1999; Phipps, 2001, p. 647; 2004, pp. 90–96). We also experimented with Six Sigma process-improvement techniques (Voyles, Dols, & Knight, 2009), including Balanced Scorecards (Holloway, 2004, pp. 11–16).

Our structural redesign in 1993 moved us from a traditional bureaucratic organizational structure that was focused on processing, managing, and storing *things* to a team-based organization focused on *customers* and providing value-added services (see Appendix A). We have changed our organizational structure four more times since 1993. The most recent structure was implemented in July 2008. It has been tweaked several times already, for example moving our education programs to the Undergraduate Services Team and changing its name to Instructional Services. Our new organization is composed of nine functional teams and six cross functional teams (see Appendixes B and C).

Ultimately, the numbers or names of units in our organizational structure are not important. The point is what our team-based structure has allowed us to accomplish. The 1993 reorganization reduced administrative overhead from four assistant university librarians and 16 department heads to 11 functional team leaders and one assistant university librarian. This streamlining enabled us to lower overhead and reallocate administrative positions to frontline services.

Crossfunctional teams, composed of librarians and staff members from various functional teams, were created with decision-making authority to do strategic long-range planning and annual budgeting (with governance representatives and administrators added for budgeting), and to solve overarching library service problems using process-improvement techniques and data-based decision making. Policy creation, day-to-day management of the strategic plan implementation, and library-wide budget monitoring were delegated to the Library Cabinet. All of these groups learned consensus-based decision making. Over time, most organizational decisions have been made by consensus.

Each time we reorganized, library-wide cross functional teams designed the new structure. Personnel were reassigned to new teams based on their knowledge, skills, and abilities. The daily work of all personnel changed (Diaz & Pintozzi, 1999). Our goal was to place people where they could be the most successful and where the Libraries could most benefit from their talents. In the first restructuring, every team leader but one was a librarian. Today, four out of nine team leaders are not librarians.

In our latest restructuring, services such as chat reference and information desk staffing were moved completely to classified-staff teams. As classified staff have been trained to take on greater responsibilities, librarians' work has shifted to make the best use of their library degrees and expertise—focusing on instruction, creating online credit-bearing courses, integrating the Libraries into the university's learning program through its course management system, providing in-depth research support to faculty and students, managing collections decisions, and creating and implementing new systems to allow access to information not previously available.

Today, librarians are primarily divided among the Instructional Services and Research Support Services teams. Instructional Services is currently charged with reconceiving our educational programs with the goal of integrating the library services and collections into every course on campus as well as creating online credit-bearing courses. Research Support Services is focused on supporting the research and teaching needs of faculty, students, and researchers, especially by providing increased access, assessing the effectiveness of our resources, creating new online resources, and helping the faculty manage content.

Our organizational redesigns were done in order to adapt to changing customer needs and in anticipation of shrinking resources. Our goal was to improve service, but hold costs steady or even reduce them. When planning each redesign, we relied on data and process-improvement techniques. Re-naming teams and services to reinforce a focus on the customer has helped to shift thinking about the role of the library and library personnel, though not without some concern and resistance. This is to be expected. But as Gen. Eric Shinseki, former U.S. Army Chief of Staff, is quoted as saying in *The Rules of Business*: "If you don't like change, you're going to like irrelevance even less" (Fast Company, 2005, p. 7).

Over time, we have introduced a number of new positions with new duties within the Libraries. Early on, we created the position for organizational development, which has now morphed into the director of Project Management and Assessment position. Our Scholarly Communications position is now the director of Copyright and Scholarly Communications. Recently, arising from a need to provide greater direction for our systems and digital library efforts, we created the position of assistant dean for Technology Strategy and established the Technology Architecture Council (see Appendix C) to oversee the Libraries' technology policies, strategies, and directions. Other new positions created include our Director of Marketing & Public Relations, a metadata librarian, and a digital archivist. These represent organizational responses to changing needs and reflect the ability of the organization to respond to new service needs and specialties.

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The most important resource that any library has is its personnel. When employees share the same vision, are empowered to make decisions, have the resources to do their work, and are able to continually learn and grow professionally, that is an environment in which they can thrive.

Despite our frequent budget cuts, the University Libraries have sustained a commitment to maintain funding for training, professional development, research, and the resources and equipment needed to perform the work expected (Amabile & Kramer, 2010). In addition, there has been a commitment to maintain salaries at peer average for librarians and academic professionals, and at midpoint for the classified staff. This has meant eliminating positions where necessary, using process improvement, eliminating work, outsourcing, reassigning work to appropriate levels, and other streamlining. We now have fewer people, but we are trying to provide more support for them and reward them appropriately.

All personnel are expected to work at the top of their classification or rank. They are rewarded for continually learning and applying that learning in service of our customers. People are cross-trained so that essential work is always covered. Core competencies (WebJunction et al., 2010; Holloway, 2003) have been developed for most positions so staff and librarians will constantly know what skills they are expected to possess. All new librarians and staff are hired with the understanding that they may not be in the same position forever. If there is a greater need for their skills and knowledge elsewhere in the Libraries, they could be moved. Staff who continue to learn and develop new skills will not be laid off if their present position is eliminated in a restructuring. This is to keep talent in the Libraries and to enable individuals to exercise creativity and do what is best for our customers rather than worrying about job security.

Each year, we set aside funds for professional development, training, and travel. For 2009–2010, close to $100,000 was available to faculty and staff. Up to 24 days of professional leave a year are granted to both classified staff and appointed personnel for professional development (e.g., conferences, workshops, institutes). We also make available several research grants of up to $2,000 for library faculty.

Diversity has been critical to the success of our Libraries. Competencies for working in a diverse environment have been developed and there are diversity criteria for recruiting all positions. Nearly 29% of our librarians and 37% of staff are from underrepresented groups.[2] In addition, there are individuals from countries all over the world, with different sexual orientations, and in different age groups. A diverse workforce helps to improve our overall decision making. Having different viewpoints based on life experience outside the dominant culture also helps in the creation of services and programs for our increasingly diverse customer base. More than 30% of students at the University of Arizona are ethnic minorities (primarily Hispanic; see Office of Institutional Research and Planning Support, 2009). Minority student enrolment has climbed steadily over the past 25 years (Office of Institutional Research and Planning Support, 2009) and the University expects it to keep increasing, reflecting the growth and diversity of our state (University of Arizona, 2010, p. 28). So diversity is also a customer-based business decision, not just a value we hold.

PLANNING AND BUDGETING

The second area to discuss is planning and budgeting. Our objectives here have been to:

- Align our strategic goals with the university's strategic plan.
- Anticipate and influence change, rather than being incapacitated or suffering wrenching change based on budget cuts or other sudden disruptions. Look 3–5 years down the road, rather than focusing all of our resources on today's services and collections.
- Make data-based decisions based on ongoing assessments, surveys, customer feedback, and other usage and cost statistics.
- Budget to our plan rather than adjusting our plan to match our budget. Reallocate resources based on our highest priorities.
- Have staff-driven planning and budgeting, involving personnel across library teams and job categories.
- Take advantage of new opportunities, such as collaborations and the use of technology, to minimize the impact of shrinking resources.
- Diversify and create new revenue resources to lessen our dependence on state funding.
- Stimulate innovation and creativity among library personnel by providing funding to try new things.

Strategic long-range planning is conducted by a cross functional team made up of faculty and staff members from across the University Libraries. This team starts with the university's strategic plan and, from those goals, assesses the environment: local

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library, campus, national trends, technology developments, and potential areas for collaborations. They identify service lapses, unmet needs, or emerging needs. The planning team then establishes library goals and identifies the critical few strategies that have to be accomplished in the next 3–5 years. Library-wide projects are identified, reviewed by our Project Management Group, and then project teams are appointed from personnel across the libraries. Functional teams then identify team goals and projects that align with the campus and the library goals. All the while, we are concentrating on improving library services and identifying activities, tasks, or services that need to be phased out (the concept of planned abandonment, which will be discussed later in this article).

Library-wide projects have priority over all other projects and functional work in the Libraries. If necessary to achieve our strategic work, team projects are put on hold and individual functional work or tasks are reassigned or dropped for the time being. Continually improving and developing needed new services is our highest priority, even at the expense of some functional daily work. Our approach and philosophy around planning and budgeting is to start with "What does it take to be successful three to five years from now?" then budgeting and working toward those goals. We are not focused on today because we will never have enough resources to do everything today, let alone do that and still build for success in the future.

One of our forward-looking strategies has been to make sure money is available for new opportunities. Regardless of our budget situation, we set aside $500,000 each year (less than 2% of our annual expenditures) to fund strategic projects. We have been doing this since 2006. In 2009–2010, funds enabled us to process and catalogue new items donated to Special Collections, digitize materials for our institutional repository, provide training and buy software to develop new instructional materials, hire a graphic designer and extra graduate assistants for our new online class, buy new electronic resources, and support our Technical Report Archive & Image Library (TRAIL) Project (Greater Western Library Alliance, n.d.) with the Greater Western Library Alliance (GWLA, a consortium of 32 research libraries in the West and Midwest).

In addition to setting aside dollars for strategic projects, we actively seek ways to diversify revenue sources beyond our institutional allocations. The percentage of expenditures that the Libraries get from state dollars has shrunk dramatically, from 91% to 75%, over the past decade.[3]

We also are exploring other revenue sources. Like other libraries, we have invested in staffing for fundraising and grant writing. We have created a café (Arizona Student

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Unions, n.d.) within the Libraries, from which we receive 50% of the profits. We are building up our capacity for generating revenues from selling reproductions and licensing the rights to use some of our materials in Special Collections and the Centre for Creative Photography. The centre also is developing an active loan and traveling exhibition program, which will generate revenue and provide exposure to the collections. The main library also generates revenue from its Express Document Centre (EDC), which offers a full range of printing, copying, and scanning services. It markets its digitization capabilities to other units on campus.

Our most successful revenue generator is the student library fee, which students have been paying since 2006. This fee provided about 3.5% of our total expenditures in FY2009–2010.[4] In April 2010, the Arizona Board of Regents approved an increase in the fee from $30/year to $120/year, so we should be receiving about $3.5 million in fee revenue in FY2010–2011. The process for getting student fees approved is political, very time consuming, and often frustrating, but worth it in the end when fees provide a steady and predictable revenue stream. We use student fee money to buy new electronic resources, upgrade equipment and software, do video streaming, increase network speed, provide loaner laptops, and fund digitization projects. The student fee also finances the extra staffing needed for the growing demand for services such as interlibrary loan (ILL), and to keep our facilities open longer. During the fall and spring semesters, our main library is open 24 hours a day, 5 days a week, with reduced hours on Friday and Saturday nights.

Essential to good budgeting is the ability to reallocate resources to higher-priority or new work. The planning and budgeting process is designed to use cost and usage data to identify work that can be eliminated, streamlined, or outsourced at a lower cost, or assigned to staff in lower pay ranges. To maximize collection resources, we have used leveraged buying (saving $1.6 million and avoiding $6.5 million in expenditures through consortial purchases in FY2008–2009), participated in Centre for Research Libraries programs including cooperative buying with the Shared Purchase Program, and invested in the development of improved resource-sharing programs through GWLA, RapidILL, and the Research Libraries Group's SHARES Program. We agree with Dan Hazen (2010, p. 120) that "Cooperative activities will become increasingly central to library programs and strategies."

It's also important for libraries to calculate their return on investment (ROI). This can be challenging to do, especially for research. We participate in the University of Arizona's MINES (Measuring the Impact of Networked Electronic Services) study

(Association of Research Libraries, n.d.), which examines the usage patterns of electronic information resources and the demographics of users. Results are used to identify the indirect costs of conducting grant-funded research and development. Our campus uses the percentage research use of electronic resources (as measured by MINES) to identify the Libraries' contribution to indirect cost recovery. We are investigating other ways to quantify the Libraries' ROI. Carol Tenopir and Paula Kaufman are conducting a three-phase study of academic libraries' ROI, "Value, Outcomes, and Return on Investment of Academic Libraries" (Lib- Value, n.d.), and we are looking at those findings (Kaufman, 2008; Tenopir et al., 2010).

USING GOOD BUSINESS PRACTICES AND BUSINESS TOOLS

Implementing new business practices is another key. Here, our objectives have been to:

- Focus on continual learning and constant improvement of services. This is done incrementally, rather than waiting for outside economic drivers to force immediate wrenching change or, worse yet, erode our ability to stay relevant.
- Apply new technologies at a faster rate to improve service and reduce costs rather than just increasing capacity.
- Evaluate current services and collections, planning the abandonment of those that will not be needed in 3–5 years.
- Improve our decision making by involving those with the knowledge, skills, and abilities (rather just administrators) in the decision-making processes. This also creates buy-in among employees.
- Increase our flexibility and responsiveness.
- Make customers more self-sufficient in their research and learning activities. Design services with scalability in mind. By scalability, we mean the ability to ramp up these services and serve more people without needing more staff.
- Eliminate silos and look for improvements in systems and processes rather than tasks and individual jobs. This often means looking for partners and solutions outside the walls of the library.
- Assess staff productivity, schedule staff to the work, and reallocate resources to higher-priority work.

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- Only do locally that which MUST be done locally—such as collecting unique items and providing access to these collections. We outsource or give up doing what is already available elsewhere, including at other libraries, even if we have to give up some control.
- Do not let "perfect" get in the way of "good enough." When it comes to service, it is not a choice between "perfect" or "imperfect"—it is a choice between "some" versus "none." We have decided that something is better than nothing at all. Of course, once we get a good service into production, we work to improve it and make it great. But we are not striving for perfection before we implement.

When we embarked on our reengineering adventure, the decision was made to identify and use new management tools and sound business practices to make improvements. We began by adopting Total Quality Management concepts—team-based management, focus on the customer, assessing customer satisfaction, continual learning and improvement, process improvement, and data-based decision making.

Early on, we identified three essential services that were not satisfactory to our customers—re-shelving time, ILL delivery, and reserves processing times. Using process improvement, we reduced re-shelving time from weeks to hours, reduced ILL processing time to less than 24 hours, and reduced reserve processing at the beginning of the semester from three weeks to 48 hours. All of these processes were improved while saving tens of thousands of dollars.

Later, we studied the processes of our Technical Services Team—from acquisitions to cataloguing to book processing—and reduced book order time from 40 hrs to 8 hrs. By using Blackwell's shelf-ready book services and streamlining our other cataloguing processes, we were able to move 11 librarian positions to frontline services and eliminate many staff positions, reducing staffing in Technical Services and Archival Processing over the last 15 years from 46 full-time equivalents (FTE) to 14, which now includes acquisitions and 3 FTE for archival processing. At the same time, we have eliminated cataloguing backlogs (except in Special Collections and the Centre for Creative Photography) and are getting new books from the loading dock to the shelves in less than 24 hrs.

In 2004, we began analysing the types of questions received at our service desks and the levels of skill required to answer those questions. After tracking every question over three 2-week periods, our analysis concluded that students and trained generalists could answer more than 95% of the questions asked at each service site.

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So we trained classified-staff members to take the place of librarians on service desks. When staff get questions that do require a librarian's expertise to answer, they refer customers to librarians for in-depth reference help. By redeploying librarians from service desks to other library work, we were able to reduce our costs while maintaining quality service and increasing our ability to add needed new services (Bracke et al., 2007).

Without a doubt, the use of technology has enabled service improvements and expansion in our libraries. We see technology as an enabler. It is not cheap, however, so we have had to find ways to introduce new technologies while reducing other costs. Customer self-sufficiency is one key to this. For example, we have more than 80% of our circulation going through self-checkout machines, virtually eliminating staff and student workers doing this function. (A side note on our express checkout service: When we called it "self-checkout," it was almost unused. When we renamed it "express checkout," it was suddenly an important service innovation.) Many ILL requests are now unmediated, reducing staff devoted to this function. The reserves function has been eliminated in favour of enabling faculty to link our electronic collections to the course syllabus in the course management system or to have resources scanned that they can then add to the course on their own. Movement to digital collections has reduced space devoted to print runs and time spent re-shelving, while improving access. Ultimately, some jobs have been changed or replaced by technology.

To manage our technology and make sure we are using it effectively, we recently created a Technology Architecture Council. Led by our assistant dean for Technology Strategy, this group is responsible for formulating our technology policies and making sure that technology architecture is consistent throughout the Libraries. A recent example is our "buy, borrow, or build" policy, which says we will buy or license an off-the-shelf software solution whenever possible rather than customizing or building from scratch.

Generating customer feedback and assessing the effectiveness of our services are critical to our ability to manage our budget resources effectively (Stoffle & Phipps, 2003). To gather customer feedback, we use the Association of Research Libraries' LibQUAL survey, have an online feedback form called library report card, conduct usability studies and focus group sessions, log customer feedback at all of our desks using Desk Tracker software, and survey Information Commons users and do a gap analysis of their responses.

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We also measure our performance against quality standards we have set. These standards include:

- The ratio of acquired electronic resources vs. print resources (80% electronic to 20% print by 2012);
- The percentage of holdings open to Web browsers (100% open to most Web browsers by 2012);
- Shelving times (95% of materials shelved within 48 hours); Paging requests (100% paged within 24 hours); and
- ILL processing (90% of all lending requests responded to and/or shipped within 24 hours)

To manage our resources most effectively, we track more than 210 data points and use them to evaluate our operations. This information has helped us make better decisions about services, resource uses, and reallocation possibilities. Usage data—including time of service—allows us to schedule staff to the work, increasing our effectiveness and productivity. For example, we are able to process interlibrary loans virtually 24 hours a day by using the overnight staff at our service desks (Voyles, Dols, & Knight, 2009). From 2:00 a.m. to 6:00 a.m., when there are fewer customers to assist, overnight staff process ILL requests in their spare time.

Recently, we have initiated the use of project management techniques based on training by Ernie Nielsen, managing director of Enterprise Services Portfolio Management at Brigham Young University (Pintozzi, 2008). Since we use so many project teams, we wanted to ensure that the time spent by staff members was optimized. Becoming more efficient and effective in creating new services not only helps us improve more quickly, but has helped us free up resources for other services and work. To date, we have trained more than 115 personnel in project management. Creating and using road maps is an important aspect of project planning for us. These road maps, which will be managed by librarians and high-level staff, provide a detailed 3–5-year plan for the development of all of our products and services.

A fairly controversial practice is the use of planned abandonment (Stoffle, Leeder, & Sykes-Casavant, 2008, pp.19–20)—identifying services and activities for elimination before their use and demand have completely abated. We make these decisions based on use and cost data, as well as customer feedback, rather than waiting until there is no demand or wasting critical resources that could be redirected to reach a broader audience. Recently, we used this technique to phase out print and electronic

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reserves. We still digitize journal articles, book chapters, audio selections, and video for online course access—but now we encourage faculty to add these to the course management system, Desire2Learn (D2L). Student groups had pushed for reserve materials to be consolidated in D2L. Now, face-to-face instruction—the 50-minute library instruction session—is in the process of being eliminated in favour of more scalable instruction activities.

COMMUNICATION

The fourth area to address is communication. Here, our objectives are to:

- Create many opportunities for two-way dialogue inside and outside the library, ensuring that personnel have the information they need to do their work and understand the context of decisions.
- Be actively involved on campus.
- Continually build a jointly shared vision of the libraries.

Good communication—both inside and outside the library—is another key to thriving (Diaz & Pintozzi, 1999). Dean Stoffle stays in frequent contact with the President and Provost, networks with other deans and key administrators, and meets regularly with students. She and other library personnel are involved in key task forces and committees on campus. All of this helps keep us in the information loop, makes the Libraries more visible, and fosters important allies on campus.

When we are considering major changes at the Libraries—such as our recent identification of $976,000 in materials to be cut during spending reductions—we seek faculty and student input. We have found that it is important to stress the *context* of decisions, not just the *outcomes*. For these recent spending reductions, we set up a Web site (University Libraries, 2009) to collect campus wide input and explained in detail why the cuts were needed. We also met with key faculty and administrators several times during the process.

We take advantage of multiple channels of communication to reach students, faculty, and staff. We use Facebook postings, e-newsletters to faculty, campus wide e-mails, advertisements on 14 security monitors scattered throughout the libraries, and librarians' interactions with faculty and students. Now we are working on adding mobile communications to the mix. Internally, we hold monthly all-staff meetings and several Conversations with the Dean each month (informal sessions that allow library personnel to ask the dean questions or share what is on their minds). We also hold Team Report Open Houses. Teams produce three reports a year, detailing their progress on projects, listing accomplishments, describing obstacles they have encountered, and reporting whether they have met their quality standards.

Regular contact with student governance groups, student advisory groups, and the Faculty Senate has been critical to garnering support for our student fee increase. Students say they appreciate our receptiveness to their input (not only asking for their ideas, but acting on them) and our track record of transparency and accountability (such as providing quarterly student fee reports). We have worked very hard to communicate our financial needs to students and provide plenty of data.

COLLECTIONS, DISCOVERABILITY, ACCESS, AND DELIVERY

The last area to explore is collections. We are managing information, not collections. Our objectives are to:

- Move to primarily digital collections and remove duplicate print copies from our stacks;
- Rely more on patron-driven selection of materials;
- Constantly push the library to our customers so they can have anytime–anyplace access to needed information resources, regardless of who owns them or where they are located;
- Put discovery and desktop delivery of information at the top of our priorities;
- Rely on collaborations with other libraries to jointly buy and keep little-used materials rather than trying to maintain large "just-in-case" collections; and
- Support regional and national efforts to create shared print and digital repositories.

In the past, large portions of library budgets went to buying, processing, managing, and storing large print collections. Maintaining this focus is economically unsustainable. Libraries must shift their spending from collections to new services and infrastructures to ensure long-term success. We agree with Lisa Spiro and Geneva Henry that "What makes a library unique today is not the size of its holdings but the quality and innovative nature of its services" (Spiro & Henry, 2010, p. 9). As David W. Lewis predicted in 2007, "Academic libraries must find and articulate their roles in the current and future information ecology. If we cannot or will not do this, our campuses will invest in other priorities, and the library will slowly but surely atrophy and become a little used museum of the book" (Lewis, 2007, p. 419).

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We already have described the reallocation of processing staff that resulted from process improvement and outsourcing. Additional reallocation has recently become possible due to declining purchases overall and a switch from print purchasing to purchasing materials in digital format (91% of our current serials and 34% of our new monographic purchases are digital). A conscious decision has been made to make the digital format the format of choice for purchases, except in Special Collections and the Centre for Creative Photography. We decided in 1999 to no longer purchase both print and digital copies of materials. In 2005 we became the first official "Virtual Federal Depository library" in the United States. We began removing print versions from the collections that duplicated electronic holdings. This freed up space for users and also provided easier access to remaining collections since our shelves were less crammed. We are not maintaining offsite storage facilities for these materials, although some have been sent to the Centre for Research Libraries.

We are working with the University of California Libraries and other regional partners to create the Western Regional Storage Trust (WEST; see California Digital Library, 2010), a shared print repository service. One of our librarians leads the TRAIL Project, mentioned earlier, which is a massive digitization project involving Google, the Centre for Research Libraries, and a number of GWLA academic libraries. For preservation access to the electronic materials we have, we have joined Portico (ITHAKA's digital preservation service; see ITHAKA, n.d.) and Stanford's LOCKSS (Lots of Copies Keep Stuff Safe) Program (Stanford University Libraries, n.d.) rather than building local infrastructure for this purpose.

Having less print requires less storage and management, including binding, repairs, and shelving. While we must admit that electronic book collections are mostly not yet ready for prime time with their usage difficulties, search limitations, and restrictions on number of simultaneous users (and some of our customers are quite unhappy with this option), e-book publishing is improving and gaining a greater market share each year. During 2010, many e-book readers appeared in the marketplace and the release of Apple's iPad had an immediate impact. In July 2010, Amazon.com announced that e-book sales for its Kindle exceeded the sales of hardback books for the first time (Miller, 2010). Academic libraries cannot afford to buy everything so, like many others, we have shifted from a "just-in-case" to a "just-in-time" philosophy (Association of College & Research Libraries Research Planning Committee, 2010, p 286) and are moving resources from diminishing areas (print) to growth areas such as e-books.

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In addition to moving to digital content, we have decided to reduce the staffing going into the selection and purchasing of materials, especially monographs, relying instead on patron-driven acquisitions[5] to determine what will be added to the permanent collection. With the huge increases in the amount of available information, even the largest libraries are struggling to meet users' information needs solely with local collections (Jan, 2010). Digital content from suppliers such as E-book Library (EBL) (E-books Corporation, n.d.), ebrary (n.d.), MyiLibrary (Ingram, n.d.), and NetLibrary (EBSCO, n.d.) can provide our customers with access to thousands more titles than we could purchase. Only items that show multiple uses are added to our permanent collection.

With the improvements made in the supply chain for books, it is now possible to move to patron-driven acquisitions for print as well (Hendrix, 2010, pp. 9–10). Records for available materials are exposed to users through the local catalogue and/or OCLC and then only materials selected by users are purchased. Materials can be delivered to the patron in a short period of time, similar to a users' retail book-buying experience. A local Espresso (On Demand, n.d.) print-on-demand system can provide users with nearly immediate access to print content available on that platform.

We also are engaged in ongoing efforts to make more materials discoverable and accessible to users. Ninety-three percent of our collections are now discoverable via Google and other Web browsers. In January 2009, we made WorldCat Local the default search tool on our Web site. Now, instead of searching our library catalogue first, faculty, staff, and students can search the collections of 72,000 libraries around the world. If customers find an item we do not own, they can request it through ILL with the click of a button. From 2008 to 2009, we saw ILL requests rise more than 50%.[6]

In response to requests for best sellers and other popular materials, which we typically do not buy, we recently began a partnership with our county library system. The public library sends its full-service Bookmobile to campus once a month during the school year, allowing people on campus to check out books, magazines, DVDs, books-on-CD, and other items. The Libraries' only cost is $25/month for Bookmobile parking.

In Special Collections and the Centre for Creative Photography, we are concentrating on adding *unique* images, archival, and rare manuscript materials. We are stressing processing of the collection backlogs and expanding the online availability of finding aids to increase discoverability and access. In addition, projects are under way to digitize these collections and make them available 24/7.

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To make more materials discoverable and accessible, we have begun a process of adding other campus collections to the Libraries' catalogue. By March 2010, our catalogue contained more than 36,000 items from the University of Arizona Poetry Centre collection, 15,700 items from the children's literature collection in the College of Education, and nearly 4,300 media titles held by the School of Media Arts (and now available for video streaming in courses).

Our repository efforts have been all over the map. We have an institutional repository, UAiR (University of Arizona, n.d.f), but have not really concentrated on building the traditional repository. Instead, we have experimented with the "library as publisher" model, creating two electronic journals with faculty (*Journal of Ancient Egyptian Interconnections* [University of Arizona, n.d.b] and Journal of Insect Science)[7], publishing an electronic book (*Latino Politics* [University of Arizona, n.d.d]), digitizing and hosting several campus-produced scholarly journals (such as *Rangelands* [University of Arizona, n.d.e]), building digital libraries (such as the Geotechnical, Rock & Water [GROW] Digital Library) (University of Arizona, n.d.a), creating access to campus-created instructional materials for use in K–12 instruction (LessonLink [University of Arizona Libraries, n.d.c]), and digitizing materials from the Centre for Creative Photography and Special Collections. The money for these activities has come from our collection budget and our strategic opportunities funding. Our goal is to add value to campus research, learning, and outreach programs, and to expand national as well as local access to unique collections. We are currently exploring data curation options.

LIBRARY AS SERVICE

We frequently hear the phrase "library as place" in library discussions. But we want to focus instead on "library as service." Throughout all of the changes we have made at the University of Arizona, the concept of library as service has guided us. Library as service focuses on the customer. It results in everywhere-you-are access—pushing the library into the research and learning environment at the desktop, in the lab, and in the classroom. We are doing what Paula Kaufman predicted in 2007: "In the future, many libraries will choose to integrate information fluency instruction into course management systems, develop mass customized path-finding services pushed to students, and offer an array of classroom support services that integrate class readings, information instruction functions, and access to and delivery of content in all media and expertise into the systems the students and their teachers will be using characteristically" (Kaufman, 2007, p. 20).

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Library as service penetrates deeply into the activities and programs of the campus, becoming an essential partner in achieving campus strategic goals in all arenas, including outreach. Library as service tries to anticipate needs *before* there are demands. It empowers and enables customers to be effective information users and creators.

Library as service not only owns resources, it provides discovery, access, and delivery. It also manages and curate's campus information resources regardless of source or format.

Library as service collaborates to achieve national information objectives, and leverages and extends the resources of each individual library or other collaborator. It makes investments and engages in activities such as open access and system interoperability design that strengthen the national information structure. Library as service supports legislation and the creation and interpretation of information policies that make information available in ways fair to scholarship and education, as well as commercial entities involved in scholarly communication.

Library as service collaborates with other entities such as arXiv (Cornell's e-print repository for physics, math, and computer science; see Cornell University Library, n.d.), regardless of whether there are those who do not pay their share or whether the campus is unlikely to see immediate returns. Library as service shares the philosophy that information is a public good that libraries must protect. Library as service is ultimately an educational entity, teaching not only information discovery, evaluation, and use, but about privacy, intellectual property, information ethics, the cost of information, information politics, etc.

We could go on. Obviously, we do not view library as service as an end in and of itself. It is a special entity on campus closely aligned to the goals of the institution. It is a major player, not just a support service. It is constantly adapting and adjusting to further the goals of the institution. One characteristic of library as service is a commitment to ensuring that core services—those that impact the most people most often—are operating at the maximum quality level. That is why our libraries, after restructuring, focused on improving shelving, reserves, and ILL services. These improvements built confidence in the Libraries and gave us room to make other changes. Learning from this experience, we have made it a practice to improve some aspect of our performance when we move to change or abandon another service. Library as service also creates the physical library as learning and research space, focused on users and their needs rather than storage of large print collections.

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Excerpted from *Repackaging Libraries for Survival*

As we said before, library as service focuses on the customer. Thinking about users' time has encouraged us to:

- Provide desktop delivery of ILL articles;
- Deliver articles and chapters from our print collections within 24 hrs (document delivery);
- Pull requested books from the collections for customer pick-up within 4 hrs (express retrieval);
- Stream videos through the course management system; and
- Integrate campus collections, such as the University of Arizona Poetry Centre's, into our catalogue.

Library as service has permeated our concept of space as well. Library space has moved from an emphasis on storage to an emphasis on creating learning environments. By removing print materials, we are putting space for users back into the library. Our 33,000-square-foot Information Commons, which opened in 2002, was designed to be a large, full-service centre for students, not a computer lab (Stoffle & Cuillier, 2010). It features a centralized information desk, 254 networked computers loaded with software, 180 laptop computers available for checkout, 24 group study rooms, two presentation practice rooms, and an electronic classroom. To facilitate group activities, work areas have plenty of extra seating available. We have replaced some of our study carrels with hexagon-shaped tables to enable students to gather around a single computer and work on group projects.

Our instruction program is taking on new dimensions as well. Our organizational structure reflects this new emphasis with the creation of the Instructional Services Team. This team already has been involved in the development of several new products and services. A recently developed libraries "widget" enables students to access reference services through the university's D2L learning management system. The "widget" is embedded into course pages, giving students easy access to the libraries' Web site and catalogue, online guides listing subject-specific library resources, the student's library account, and our ask-a-librarian service. Duke University has developed similar functions for the Blackboard learning management system (Daly, 2010). Use of our ask-a-librarian service has more than doubled since being added to D2L and being added to every single page of our Web site. Our new Library Resource Organizer helps facilitate the creation of course-specific resource pages and automatically links them to D2L. The online tool guides faculty through a step-by-step process of creating these pages, customized with relevant library

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resources and services. Duke University uses the LibGuides application (Springshare, n.d.) to create course-specific guides and link them within Blackboard (Daly, 2010). In addition, we have taken our traditional support for the English Composition class and morphed the content into a one-credit online course that is under consideration for becoming a requirement in the University of Arizona's general education program.

CONCLUSION

So, how does this all relate to the theme of this conference—"Climbing Out of the Box: Repackaging Libraries for Survival?" What is the take-home message that you can actually apply to your day-to-day work?

We think it is that we must create the library as service, and that doing so is an ongoing, never-ending process. It is very hard work. There is no magic bullet, no shortcut, no easy way out.

We are in uncharted territory. Even though we have made many changes at the University of Arizona, our work is not over by a long shot. There is no way to say, "OK, we're done now." We have to keep refining and improving. We have to stay nimble, flexible, and always customer-focused. The new reality facing libraries is that change is rapid, constant, and unavoidable. As futurist Joe Flower wrote in "The Change Codes": "You can't 'go back to the way things were' any more than you can unscramble eggs" (Flower, n.d.).

Once again, "The choice is clear. Change now and choose our futures. Change later, or not at all, and have no future" (Stoffle, Renaud, & Veldof, 1996, p. 224). It is up to us to do whatever is necessary to thrive—and be prepared to do it over and over again.

NOTES

1. "You never want a serious crisis to go to waste. ... it's an opportunity to do things that you think you could not do before," said Rahm Emanuel, White House chief of staff for President Barack Obama, at the *Wall Street Journal* CEO Council in Washington, DC, on November 19, 2008.
2. Figures are as of end of FY2008–2009.
3. Changes are from FY1998–99 to FY2008–2009.
4. $957,062 in FY2009–2010.

5. *Collection Management* published a special issue on patron-driven acquisitions in 2010, Vol. 35, No. 3/4.
6. ILL requests rose from 38,598 in January–November 2008 to 58,822 in January–November 2009.
7. This journal was originally hosted by the University of Arizona Libraries, but is now published online by the University of Wisconsin Digital Collections Centre and the UW–Madison Libraries' Office of Scholarly Communication and Publishing, http://www.insectscience.org.

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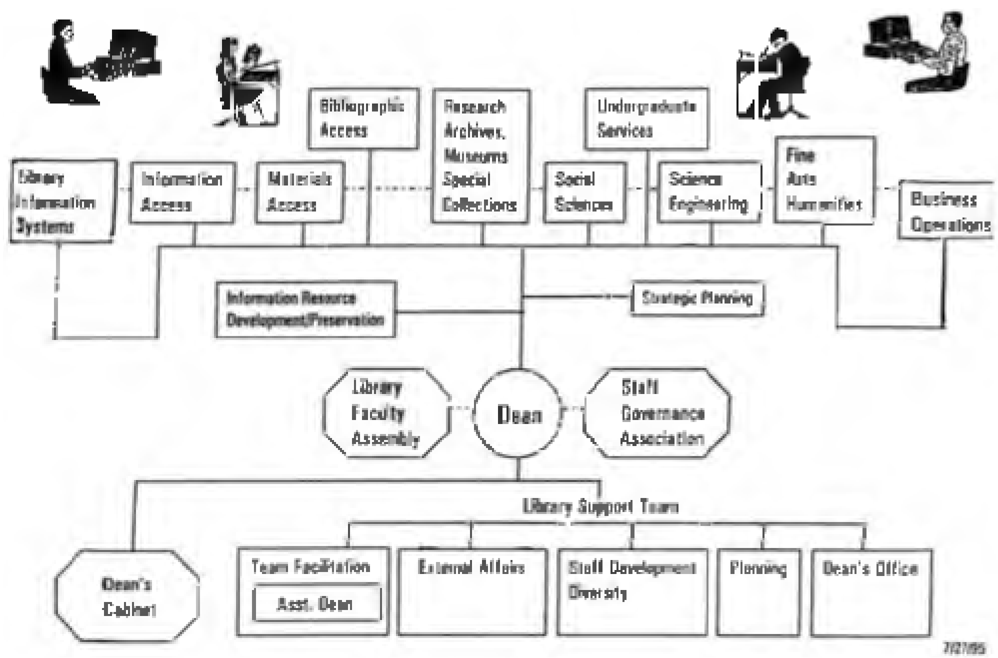
APPENDIX A

THE UNIVERSITY OF ARIZONA LIBRARY ORGANIZATION



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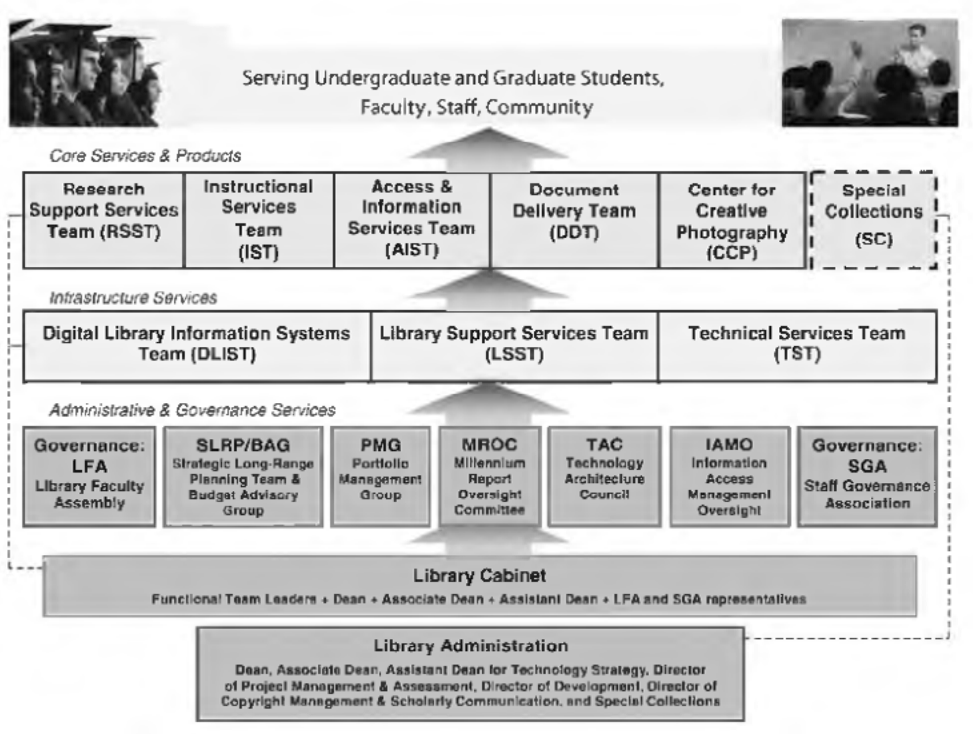
Excerpted from *Repackaging Libraries for Survival*

APPENDIX B

UNIVERSITY LIBRARIES AND CREATIVE PHOTOGRAPHY, UNIVERSITY OF ARIZONA: ORGANIZATIONAL CHART, FEBRUARY 2010



APPENDIX C

UNIVERSITY LIBRARIES, UNIVERSITY OF ARIZONA FUNCTIONAL TEAMS

- **Research Support Services Team (RSST):** Supports research and teaching needs of faculty, students, and researchers. Provides in-depth research assistance, manages collection decisions (evaluating resources and usage data, coordinating deselection and cancellations), and works on digital projects and institutional repository.
- **Instructional Services Team (IST):** Provides information literacy instruction, including credit-based courses. Develops online, learner-centred tools. Also coordinates outreach activities.
- **Access and Information Services Team (AIST):** Responsible for providing user access to Libraries' collections. AIST members house, shelve, and maintain these

collections; provide circulation, basic reference, and billing/fees negotiation at the service sites; and answer queries concerning public service, collection maintenance, and billing/collections issues.

- **Document Delivery Team (DDT):** Provides on- and off-campus users with access to materials. Oversees borrowing and lending of materials (e.g., Interlibrary Loan), physical/electronic delivery of items, and Electronic Document Centre (scanning/printing/photocopy services).
- **Centre for Creative Photography (CCP):** Oversees photographic archives, collections, educational programs, exhibitions, publications, and art appreciation opportunities.
- **Administration and Special Collections:** Admin Team includes Dean, Associate Dean, Assistant Dean for Technology Strategy, Director of Development, Director of Copyright Management & Scholarly Communication, Director of Project Management & Assessment, and Dean's support staff. Associate Dean oversees Special Collections, which maintains collections of rare books and unique archival materials, and organizes exhibitions and programs.
- **Digital Library Information Systems Team (DLIST):** Provides and enhances the Libraries' information technology and information access infrastructure.
- **Library Support Services Team (LSST):** Encompasses accounting, human resources, building security, space planning, facilities maintenance, mail, grants coordination, and marketing.
- **Technical Services Team (TST):** Responsible for acquisitions, receiving, and physical processing of print and non-print materials. Places orders for library materials, renews subscriptions, creates and maintains catalogue records, arranges and describes archival materials, manages commercial binding of journals and monographs, and repairs damaged materials.

CROSSFUNCTIONAL TEAMS

- **Strategic Long-Range Planning (SLRP):** Identifies key directions for next three to five years, enabling Libraries to focus resources and efforts on highest priorities. Creates strategic directions that clearly articulate Libraries' vision, mission, and values.
- **Budget Advisory Group (BAG):** Recommends budget allocations—including budget cuts, increases, onetime investments, or reallocations—to Cabinet yearly. BAG is made up of Strategic Long-Range Planning members, the Dean, Library Business Manager, Library Faculty Assembly chair, and Staff Governance Association member. Led by Library Support Services Team leader.

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- **Portfolio Management Group (PMG):** Oversees day-to-day operations of project management. Prioritizes projects, monitors current status of projects, and makes team leaders aware of barriers facing projects. PMG is responsible for ensuring that programs and projects are strategic in nature, aligned with Libraries' goals, and that resources are allocated to highest-priority programs and projects. Director of Project Management leads group.
- **Millennium Report Oversight Committee (MROC):** Monitors and assesses progress on diversity goals developed by University. Assesses climate of Libraries, identifies problem areas, prioritizes these areas, and advises Dean and Cabinet on possible future actions. Provides educational sessions on diversity issues for Libraries' employees.
- **Technology Architecture Council (TAC):** Provides overall technical direction and strategy, addresses technology-related policies, decides whether Libraries have necessary resources/capacity to implement technology for particular projects, and approves technology decisions. Assistant Dean for Technology Strategy leads group.
- **Information Access Management Oversight (IAMO):** Assesses priorities for information resource spending, recommends allocations for Libraries' Information Access Budget (for books, serials, etc.), oversees expenditure of this budget, and makes recommendations concerning memberships and consortial/cooperative purchases. Materials Budget Procurement and Licensing Librarian leads group.

GOVERNANCE

- **Cabinet:** Provides leadership in establishing direction and vision for Libraries. Members include Dean, Associate Dean, Assistant Dean for Technology Strategy, team leaders, and designated members of Library Faculty Assembly and Staff Governance Association.
- **Library Faculty Assembly (LFA):** Advocacy group for all library faculty, including librarians, archivists, and curators.
- **Staff Governance Association (SGA):** Advocacy group for all classified staff in Libraries.

EFFECTIVE FINANCIAL PLANNING FOR LIBRARY AND INFORMATION SERVICES

- BUDGETING
- COSTING
- FINANCIAL REPORTING AND ACCOUNTING

These chapters are excerpted from
Effective Financial Planning for Library and Information Services
By Duncan McKay

LEARN MORE ›

2. Budgeting

The *Oxford English Dictionary* (5) defines 'budget' as a noun:

> 'A statement of probable revenue and expenditure for the ensuing year, with financial proposals funded thereon, annually submitted by the Chancellor of the Exchequer, on behalf of the Ministry, for the approval of the House of Commons. Sometimes put for the condition of the national finances as disclosed in the ministerial statement. Hence applied to an analogous statement by the finance minister of any foreign country; also to a prospective estimate of receipts and expenditure or a financial scheme, of a public body'.

The Supplement to the *Dictionary* (6) defines the verb as follows: 'to draw up or prepare a budget'.

A more useful definition would be: '...a statement of allocated expenditure and/or revenue, under specific headings, for a chosen period'.

In most organisations it is expected that the budget is not negotiable during the period that it covers.

The simple definitions are applicable to the process of budgeting within library and information units.

McElroy (7) wrote: 'It is as much a part of professional librarianship to fight the library's corner in the resource allocation committee as it is to carry out a literature search".

Stoffle (8) considers that: 'budgeting (the justifying, allocating, raising and managing of library funds) is one of the two essential components in library management, the other being creativity'.

Since Koenig (9) was writing, 21 years ago, that: 'Your budget ... is the ... central planning document...', the overall budgeting process has become more complex. In most library and information units the budgeting process has expanded and now includes all the elements of strategic planning. The process has also evolved from the simple use of line-item budgets, based purely on previous experience and expenditure, to a much more formal planning process.

In library and information unit terms, the overall purpose of a simple budget is to provide an approved framework within which the information manager can operate. As such the budget is purely a financial plan. Talbot (10) defines a budget as the 'statement in monetary terms of the organisational intent concerning the library's programs and priorities'.

It is essential that all concerned with the information unit understand that the overall budget process is also the means of providing political and social interaction between the unit and its organisation and user communities.

The overall planning and budgeting process may be divided into three stages:

- development of objectives for information unit (planning)
- preparation of the budget (budgeting)

- monitoring of performance against budget (financial reporting and accounting, discussed in Chapter 4).

2.1 Planning

Planning should be the first stage in the financial and budgetary process. The final product of the planning process is the strategic plan. Preparation of the plan will require an examination of all aspects of the information unit's mandate in terms of its impact on the organisation.

The processes in the planning process include:

- clarification and agreement of the broad goals and objectives of the organisation
- determination of directions and priorities
- provision of framework for policy and decision-making
- assistance in the effective allocation of resources
- determination of critical issues and constraints.

Amongst the many benefits that derive from the strategic planning process the most significant in terms of the budget process are described by Corall (11) as the 'better financial prospects for the library, as annual budget bids and cases for special funding can be presented with a strategic perspective'.

Detailed discussion of the planning process is outside the terms of this volume and readers are referred to the extensive literature available. Much has been written on the strategic planning process both in general management literature and in specific works for the library and information profession. Corrall (11) provides a basic reference listing.

2.2 Budgeting basics

The fundamentals of a budget are that:

- it is prepared to cover a defined period
- it is approved in advance of the period to which it refers
- the data used in its preparation are documented for future reference
- qualitative, quantitative and fiscal information are all combined in the budget process
- it defines processes that are to be adopted in order to ensure that the organisation's goals are met.

Although there are many ways of defining and discussing the budget process it should be stressed that the 'bottom-line' in the budget process will be a request for funds which will be the same *figure* irrespective of the presentational methods involved.

In terms of terminology budgets may be variously described by their type and method of preparation.

Budgeting based on preparation methods
Ranging from Line-Item to Zero Based Budgeting, there are various ways in which budgets can be prepared and presented.

Budgeting based on type of expenditure
Operating, or revenue, budgets represent the routine day to day budgets which provide the authorisation for general expenditure.

Capital budgets represent funds for major, one-off, purchases for which special rules apply. In most cases these costs are not included in the annual operating budget at full cost in the period of purchasing, but will be provided for over the life of the purchase through provisions for depreciation.

Most information units will normally be concerned only with operating budgets. The organisation's finance department frequently handles capital budgeting.

Budgeting based on management input
Budgets may be directive or participatory:

- directive budgets will be imposed by the information manager's management team
- participatory budgets will require the information unit to undertake the preparation; it is this latter type with which this volume is concerned.

2.3 Budget preparation

Six different budget preparation methods have been recognised, and all have received considerable coverage in the literature. The methods, presented below in increasing level of complexity, are:

- Line-Item Budgeting
- Formula Budgeting
- Programme Budgeting
- Performance Budgeting
- Planning Programming Budgeting System
- Zero Based Budgeting

2.3.1 Line-Item Budgeting

Line-Item Budgeting is the simplest and most familiar form of budgeting used. At its most simplistic, where the department is managed as one component within, for instance, an administration group, the budget would simply comprise a request for a certain sum to be spent on the purchase of publications.

Where the information unit is considered to be, or treated as, a cost centre in its own right, the Line-Item Budget would contain elements for all aspects of direct expenditure together with elements for overheads charged by other functions. The Line-Item Budget is also, of course, the simplest to compile; the data relies heavily on previous years' expenditure that is often increased purely in an incremental fashion.

Figure 1 illustrates a complex Line-Item Budget for the expenses of the fictitious XYZ Company's Information Centre 2002 Budget Proposal.

The budget document comprises four columns.

Column A lists the various components of expenditure under headings: Employee costs, Departmental overhead costs, Business expenses and Allocated overheads. Employee costs include the direct costs of payroll together with fringe benefits, which would include pension costs and such areas as share scheme costs or other activities. In many organisations these figures would be calculated by the finance department concerned based on agreed staffing figures.

In order to convey an indication of the budget provision over time three columns of figures are likely

XYZ Company Limited   Information Centre   Budget preparation 2002

	A	B	C	D
1	Description	2000 Spend	2001 Budget	2002 Proposal
2				
3				
4	Employee Costs	10+4	10+4	9+5
5	Payroll Costs (Permanent Staff)	192000	200000	189000
6	Payroll Costs (Contract Staff)	76800	80000	99750
7	Fringe Benefits	78720	82000	86100
8	Overtime	9600	10000	10500
9	Company NIC	20544	21400	22470
10				
11	Total Employee Costs	377664	393400	407820
12				
13	Departmental Overhead Costs			
14				
15	Books and Monographs	28659	30000	31000
16	Journals	78654	82000	86000
17	Newspapers & Press Cuttings	19762	22000	25000
18	Online Services (call-off)	15643	25000	35000
19	Online Services (current awareness)	0	3500	5000
20	Scouting Services	23000	26000	27500
21	Maps	2450	2400	2500
22	Bibliographic & Indexing Tools	1987	2000	2100
23	Other Services			
24				
25	Total Publications	170155	192900	214100
26				
27	Data Storage Costs	295349	315000	310000
28	Computing Services Recharged	56000	58000	60000
29				
30	Total Departmental Overheads	521504	565900	584100
31				
32	Business Expenses			
33				
34	Professional Fees/consultants	0	4000	2500
35	Travel (Staff)	2500	2550	2700
36	Accommodation & Subsidence (Staff)	1300	1400	1500
37	Entertainment (Non-staff)	300	1000	1000
38	Staff Conferences	2856	3000	3000
39				
40	Total Business Expenses	6956	11950	10700
41				
42	Allocated Overheads - Office Space	60910.2	64116	68924.7
43	Allocated Overheads - Office Services	63612	66960	71982
44	Allocated Overheads - Personnel	10670.4	11232	12074.4
45	Allocated Overheads - Finance	1504.8	1584	1702.8
46				
47	Total Allocated Overheads	136697.4	143892	154683.9
48				
49	Total Cost Centre	1042821.4	1115142	1157303.9

Figure 1: Complex line-item budget

to be presented. In column B the actual expenditure incurred during 2000 is shown. Column C lists the components for 2001, the current year, whilst column D gives the proposal for 2002 – the year for which the budget is being compiled.

The budget presented in Figure 1 is intended to be purely illustrative in nature, as all organisations will have their own methods for describing the budget.

In some organisations it is likely that the 'Total publications' line (line 25) would be the only line in the budget describing publications. For internal purposes the information unit would still require detailed analysis of the various types of publications to be purchased during the year.

In other organisations the information manager may need to be involved in the preparation of a budget which would include costs for office equipment and services used. In our example these would be included in the various 'Allocated overheads' headings.

Although Line-Item Budgets provide basic financial management for the information unit, they provide no information about how expenditure relates to the objectives and programmes of the department. Despite this potentially serious drawback, Line-Item Budgets will always be a significant part of the financial management process as all managers need to be aware of what is being spent on what.

2.3.2 Formula Budgeting

Formula Budgeting is a type of budget system which until the early 1990s was much more common in the

United States than the United Kingdom and Europe. Here the budget allocation is simply calculated by a formula such as:

- the number of students attending particular courses
- the number of faculty members
- the population of the local authority concerned with provision.

The formula may then be used to determine either absolute cash allocations or the percentage of the overall 'cake' that is allocated to each unit.

However, Lovecy (12) notes the need for university librarians to make use of 'book allocations' – effectively a type of formula budget. Lovecy cites internal Edinburgh University papers listing various factors from undergraduate student numbers to the cost of materials, which should be considered during calculation of the formulae for the allocation of the library's book fund to the departments that it will service.

2.3.3 Programme Budgeting

Programme Budgets are the stage beyond the simple Line-Item Budget. Within a Programme Budget the services and activities are emphasised rather than the direct costs themselves. Items of expenditure are allocated to the specific activities for which they will be used, for instance, reference services and loan services. The final product will be seen as an extension of the Line-Item Budget, see Figure 2. The figure shows that Programme Budgeting is an addition to the budget process, supplementing the Line-Item Budget rather than replacing it. This method of budgeting allows budget requests to be matched to the goals and plans of the information unit. Black (13) provides an overview of the process involved in converting from Line-Item to Programme Budgeting, noting that those institutions that do not use Programme Budgeting have, normally, not had the management or staff resources to do so.

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			2002			
2000 Spend	2001 Budget	Description	Library Servi	Information Servi	Data Managemen	Total
10+4	10+4	Employee Costs	1+0.25	2+0.75	6+4	9+5
192000	200000	Payroll Costs (Permanent Staff)	21000	42000	126000	189000
76800	80000	Payroll Costs (Contract Staff)	4987	14963	79800	99750
78720	82000	Fringe Benefits	9566	19135	57399	86100
9600	10000	Overtime	1000	0	9500	10500
20544	21400	Company NIC	2497	4993	14980	22470
377664	393400	Total Employee Costs	39050	81091	287679	407820
		Departmental Overhead Costs				
28659	30000	Books and Monographs	31000			31000
78654	82000	Journals	79000	7000		86000
19762	22000	Newspapers & Press Cuttings	22500	2500		25000
15643	25000	Online Services (call-off)		35000		35000
0	3500	Online Services (current awareness)		5000		5000
23000	26000	Scouting Services		27500		27500
2450	2400	Maps	2500			2500
1987	2000	Bibliographic & Indexing Tools	2100			2100
170155	192900	Total Publications	137100	77000	0	214100
295349	315000	Data Storage Costs			310000	310000
56000	58000	Computing Services Recharged	8000		52000	60000
521504	565900	Total Departmental Overheads	145100	77000	362000	584100
		Business Expenses				
0	4000	Professional Fees/consultants	0	0	2500	2500
2500	2550	Travel (Staff)	0	500	2200	2700
1300	1400	Accommodation & Subsidence (Staff)	133.928571	294.6428571	1071.428571	1500
300	1000	Entertainment (Non-staff)	100	400	500	1000
2856	3000	Staff Conferences	267.857143	589.2857143	2142.857143	3000
6956	11950	Total Business Expenses	501.785714	1783.928571	8414.285714	10700
60910.2	64116	Allocated Overheads - Office Space	6153.99107	13538.78036	49231.92857	68924.7
63612	66960	Allocated Overheads - Office Services	6426.96429	14139.32143	51415.71429	71982
10670.4	11232	Allocated Overheads - Personnel	1078.07143	2371.757143	8624.571429	12074.4
1504.8	1584	Allocated Overheads - Finance	152.035714	334.4785714	1216.285714	1702.8
136697.4	143892	Total Allocated Overheads	13811.0625	30384.3375	110488.5	154683.9
1042821.4	1115142	Total Cost Centre	198462.848	190259.2661	768581.7857	1157303.9

Figure 2: Illustrative Programme budget (Service Groups)

Figure 2 illustrates the principle and extends the data from Figure 1 to show a department with three major programmes of activities.

Columns A to C provide details of the year 2000 expenditure, the 2001 budget and budget components.

Columns D to F list the budget request for each of the programmes:

- library services – the development and maintenance of the basic collection of publications which provide the backbone of any information unit
- information services – the provision of all forms of information services ranging from current awareness to online information retrieval services
- data management services – the provision of administration and storage services for corporate hard copy data services.

Supporting information on the development of each of these programmes might take the following form.

Library services – continuing provision of a broad range of library purchasing services to all divisions of the company. The budget proposal includes allowances for inflation only with a few significant changes in budget as follows:

- Newspapers – increases in newspaper budget are intended to provide coverage in the HQ service of activities in region X together with the direct provision of English papers for region X's office that is due to open in April 2002.

- Information services – continuing provision of a broad range of information services to all divisions of the company.
- Data management services – to manage the archival data of the company with a long-term view of reducing cost in real terms. Reduced costs are expected in view of the significant process made in retention policy development.

Column G presents the total budgets for each line-item. Notice how the total budget is the same as in column D of Figure 1.

This example provides just one method of breaking down the overall expenditure of the information unit.

It would be just as possible to develop a programme budget in which the expenditure was broken down by the departments being served, for instance Exploration, Production, Marketing, Chemicals, Shipping. Figure 3 illustrates both this form of programme budgeting and also the way in which programme budgets can be used as summaries of the information unit's budget, where the headings reflect a consolidation of a lower level Line-Item Budget. The 'bottom line' in both examples will be seen to be the same (£1,157,304).

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			2002					
2000 Spend	2001 Budget	Description	Exploration	Development	Marketing	Chemicals	Shipping	Total
10+4	10+4	Employee Costs	4+1.5	1+1.5	3+1	1+0.5	0+0.5	9+5
199300	200000	Payroll Costs (Permanent Staff)	84000	21000	63000	21000	0	189000
75800	80000	Payroll Costs (Contract Staff)	29650	30000	19650	10000	10000	99750
78720	82000	Fringe Benefits	38270	9568	28638	9566	0	86106
9800	10000	Overtime	6000	500	3500	500		10500
20544	21400	Company NIC	9785	2497	7591	2497		22470
377984	393400	Total Employee Costs	167555	64163	122539	43563	10000	407820
		Departmental Overhead Costs						
29865	30000	Books and Monographs	11000	10000	6000	2000	2000	31000
78654	82000	Journals	35000	38000	7000	3500	2500	86000
18702	22000	Newspapers & Press Cuttings	7500	7500	3300	3300	3300	25000
15843	25000	Online Services (call-off)	15000	10000	5000	2000	2000	35000
0	3500	Online Services (current awareness)	1800	500	2000	500	500	5000
23000	26000	Scouting Services	27500					27500
2460	2400	Maps	2000	250	125	125		2500
1987	2000	Bibliographic & Indexing Tools	750	750	600			2100
170156	192900	Total Publications	100250	67100	25025	11425	10300	214100
293349	315000	Data Storage Costs	150000	149500	5000	2500	3000	310000
58000	58000	Computing Services Recharged	20000	25000	8000	6000	8000	60000
521504	565900	Total Departmental Overheads	310250	198600	38025	19925	19300	584100
		Business Expenses						
0	4000	Professional Fees/consultants	875	445	712.5	267.5	100	2500
2300	2550	Travel (Staff)	1058.4	480.6	776	290	95	2700
1300	1400	Accommodation & Subsistence (Staff)	588	267	427	163	55	1500
300	1000	Entertainment (Non-staff)	380	180	285	110	35	1000
2856	3000	Staff Conferences	1176	534	856	330	105	3000
6956	11950	Total Business Expenses	4187.4	1906.6	3056.5	1160.5	390	10700
60910.2	64116	Allocated Overheads - Office Space	27185	12200	19792	7375	2465	68924.7
63812	66900	Allocated Overheads - Office Services	28287	12800	20750	7675	2510	71082
10870.4	11292	Allocated Overheads - Personnel	4145	2155	3450	1294	436	12074.4
1504.8	1584	Allocated Overheads - Finance	650	290	508	170	60	1702.8
136697.4	143892	Total Allocated Overheads	60967	27446	44383	16514	5465	154683.9
1042921.4	1115142	Total Cost Centre	542899.4	290114.6	207972.5	81162.5	35155	1157303.9

Figure 3 Illustrative Program budget (Divisional Groups)

The literature of library and information science provides numerous examples of Programme Budgeting, of which the following are selected examples.

Robinson and Robinson (14) quote a costing survey in five public libraries in Monterey County, California, and define eight programmes:

- reference/client referral
- interlibrary loan/photocopying for ILL
- circulation/in-house use
- collection management

- public space
- library administration
- in-house programmes
- other programmes (a catch-all).

Stewart (15) shows an analysis of Gloucestershire's library that includes programmes for "Education and Leisure Services for Young Persons and Adults":

- academic and vocational education
- non-vocational study and cultural activity
- youth services
- recreation
- community activities.

Pearson and Yates-Mercer (16a, b) in their survey of charging in corporate information services presented a listing of services that could be charged for, all of which could be considered as programmes. These included:

- lending of publications
- journal circulation
- interlibrary loans
- photocopying services
- current awareness/SDI services
- information searches, both manual, online and CD-ROM
- production of evaluated reports.

Programme Budgeting will be seen to have significant advantages over the simple line-item version in that it provides linkages between the inputs to the information unit and the outputs from it. The technique forces a review of the services provided, whilst at the basic managerial level, proper implementation of a Programme Budget will permit the preparation of better and more convincing budgets.

2.3.4 Performance Budgeting

The Performance Budget depends on the calculation of costs for each individual activity undertaken by the information unit. Once these costs have been calculated then the budget is 'simply' established by multiplying the unit cost by the proposed level of activity.

These budgets do at first glance appear to be scientific but Koenig (9) draws attention to the major drawbacks:

- costing is a complicated activity (as will be seen in Chapter 3)
- the difficulty of explaining the complications of library operational management to library and information service management: for instance: 'Why does it cost ten pounds to circulate a document when you can buy another copy for nine pounds'?.

2.3.5 Planning Programming Budgeting System (PPBS)

The PPBS method has been the most widely implemented method of Programme Budgeting and has an extremely voluminous literature. PPBS is, however, one of the most complex methods of budgeting, incorporating many elements of long range planning techniques. The system, when fully operational, allows information managers to make better decisions on resource allocations by developing an overview of goals at the organisational level, rather than the information unit level.

The preparation of a PPBS budget will require:

- the establishment of the organisation's goals
- the selection of specific objectives from a variety of possible objectives which are of relevance to the goals of the organisation, not from the current processes – objectives should also not be restricted to those of the information unit alone
- the collection of data in order to determine appropriate objectives
- the selection of the most appropriate means of achieving the selected objectives
- the development in detail of the ways in which the objectives are to be achieved which should include a review of current procedures as well as an evaluation of new ideas
- the consequent determination of the budgets and organisational impact of the plan.

PPBS thus involves the whole gamut of strategic planning for the information unit. It is *essential* that goals should be established as far up the organisation as possible rather than at information unit level. Once objectives have been developed then the information manager can determine the possible means of achieving the defined goals following which the appropriate budgets can be established.

The final budget presentation will show the alternative methods, together with their costs, that are available to provide the specified services for the information unit. These presentations will allow management to decide how to achieve the goals of the information unit.

The final stages of the PPBS procedure will involve:

- the development of measures that allow the achievement against objectives to be determined; PPBS requires measurable indicators so that performance can be measured against 'real' objectives
- the implementation of the selected programmes
- the measurement of performance
- the evaluation of the programme's effectiveness against the standards defined during the budget development.

2.3.6 Zero Based Budgeting (ZBB)

Zero Based Budgeting is an extended variant of the PPBS system and when fully implemented assumes that each programme, or activity, within the information function is re-justified from a 'zero basis' for each budget year. In other systems, budgets have been seen as simply building on the previous year's budgetary submissions/allocations as in the Line-Item Budget. In a ZBB system, all parts of the organisation start with a nil budget and must build their submissions from that basis.

Throughout the ZBB process it is always assumed that even where an activity is worthwhile, and considered for continuation, it could be carried out for a lower cost than currently incurred. For example, in the public library field it might be considered that the only role for village libraries is for circulation of documents – libraries could therefore be opened for very short but regular hours with all other services being provided by the central city library. A final point to be stressed is that where an activity cannot be justified in terms of the organisation's goals and objectives then that activity should be discontinued!

ZBB uses the term 'decision package' for what in Programme Budgeting would be termed cost centres or programmes.

Each decision package will:

- relate to a specific programme
- specify the operations to be undertaken;
- detail the benefits and impacts of the programme
- specify the costs involved
- provide details of the implications of providing the programme at varying levels, rather than simply on a go or no-go basis.

After the packages have been established and reviewed they will provide input into the overall management of the budget cycle, which will allow for the determination of the use and allocation of the organisation's resources.

ZBB has the same benefits as PPBS in that the process:

- requires planning before budget preparation
- provides budgets that are tied to the goals of the organisation

- ensures that management information is much improved
- enables staff at all levels to be more closely involved.

One can see that both ZBB and PPBS require the objectives of the organisational unit to be established before the budgetary resources are examined. They are methods of ensuring a strategic planning attitude is adopted within the information unit. However, although ZBB and PPBS are seen as effective methods of ensuring that the budgetary process is managed effectively, they can be exceedingly formal. Both methods fell into some disuse in the library and information field during the 1970s when they were considered to be more costly than effective as means of budgetary management.

2.4 Budget development

Information units' budgeting processes are totally dependent on the type of parent organisation concerned. Generally public library budgets are more detailed given that they operate as complete units and will therefore have to budget for staff, stock purchasing and service costs. On the other hand the industrial or commercial library may not have a direct budget and be charged directly to various accounts within the organisation.

In summary, the development of the information unit budget will be dependent on the methods used in the organisation concerned. Many budgets may be a combination of the budget types outlined above, incorporating cost centres or programmes and line-item budget items (actual types of expenditure).

The following examples illustrate this.

Cost centres might include:

Public Library	*Academic Library*	*Commercial Library (Oil)*
Reference library	Technical services group	Exploration
Local studies collection	Circulation services	Development
Central library	Reference desk	Production
Branch libraries	Reader services (main library)	Marketing
Mobile library service	Reader services (branch libraries)	Shipping
		Legal
		Administration Information technology

Budget headings might include:

- payroll costs
- books and monographs
- periodicals, newspapers and serials
- interlibrary loans
- communication costs
- training
- conferences
- office supplies
- accommodation costs such as rents and rates, depreciated cost of owned buildings, cleaning, heating and lighting, contingency planning costs.

Irrespective of the mechanisms used for the budget preparation, the information manager will still have to attach real money figures to the budget. Where cost analysis, discussed in Chapter 3, has been undertaken, figures for staff and overheads will be easily calculated.

It is in the area of the "acquisitions" budget that most problems will arise. Problems here have been complicated in the mid to late 1990s by the move from purchase to access of information, as discussed in Chapter 5. There are problems attached to estimating every element of a normal budget as shown in the following examples.

Books/monographs/maps etc.

- Numbers and subject areas needed.
- Inflation increases, currency increases.
- Average costs vary by subject area: can you obtain published indices for these areas from professional organisations, such as the Cilip, Publishers' Association etc.?

Journals (periodicals)/bibliographic services

- Impact of inflation and currency rates. (A change in the exchange rate for a major purchasing currency can have positive or negative effects on the budget.)
- Periodicals can be a special problem, being longer-term commitments than books. Also note the problems involved in possibly needing to estimate journal prices up to 18 months ahead of commitment – you may be budgeting in mid 2001 for 2003 journals paid for at the end of 2002.

Online and similar services

- Dependent on demand from user community.
- In industrial and commercial organisations how do you manage demand when budgets are fixed?
- How do you cope with the demand for new services or databases introduced by the online industry?
- How do you estimate the costs of printing and downloading?
- What is the impact on hardware budgets for public access equipment of increased usage?
- Should you charge out?
- How should you manage the demand for end-user access?

Much time can be spent on the analysis of the impossible and many acquisitions budgets will inevitably be based to a greater or lesser extent on the information manager's feelings based on past experience and awareness of current patterns – in other words, a guesstimate! Information managers' managers do not always understand the fundamental difficulties involved in this part of the budget cycle.

2.5 Budget presentation

The final outcome of any budgeting process will be a request for funds to the librarian's management team. It is therefore essential that the information unit always keeps a view of the organisation when preparing the budget. During the planning process the information unit will have ensured that it has become aware of:

- the goals of the organisation
- the means by which the organisation accounts itself
- how the information budget compares to the revenues and expenditure of the organisation
- how the information budget relates to those of competitor organisations
- the value that the information unit provides to the organisation.

The written budget submission should provide:

- sufficient background data relating to the information unit
- a brief discussion of the plans for the period concerned
- the budget itself together with appropriate historical information
- the phased breakdown of expenditure.

Formal presentation of the budget is the key to the manager's success and methods will depend on the organisation concerned and may indeed change from financial year to financial year within the same organisation. In the broadest sense the information manager will be 'selling' his service throughout the budget process.

Appendix A provides selective parts of a budget proposal presented to a company as part of its budget cycle.

Phasing is an important part of the budget exercise as the total expenditure budgeted for the information unit will not be spent in 12 equal instalments, relating to each of the calendar months of the year.

There is therefore a need for a cash budget, discussed in a later section.

In most commercial libraries periodicals, for instance, will be purchased (or at least paid for) in one major billing, often in November or December where subscriptions run on a calendar year. Taking the example in Figure 1 it would be essential that the periodicals fund is correctly phased otherwise misleading management information would be reported throughout the year. The cash budget, Figure 6, illustrates phasing at work. The level of phasing will depend on an individual organisation's reporting cycle. It must be noted that not all automated accounting procedures will actually allow for phasing to be built in at the level of detail applicable to the information unit. The decision must then be made whether or not to construct an internal financial model for the unit – as illustrated in Figure 4.

Whichever budget methodology is used it is essential that the overall budget submission is packaged and presented in a style that will mean it is well

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Description	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Employee Costs	9+5	9+5	9+5	9+5	9+5	9+5	9+5	9+5	9+5	9+5	9+5	9+5
Payroll Costs (Permanent Staff)	15750	31500	47250	63000	78750	94500	110250	126000	141750	157500	173250	189000
Payroll Costs (Contract Staff)	8312.5	16625	24937.5	33250	41562.5	49875	58187.5	66500	74812.5	83125	91437.5	99750
Fringe Benefits	7175	14350	21525	28700	35875	43050	50225	57400	64575	71750	78925	86100
Overtime	875	1750	2625	3500	4375	5250	6125	7000	7875	8750	9625	10500
Company NIC	1872.5	3745	5617.5	7490	9362.5	11235	13107.5	14980	16852.5	18725	20597.5	22470
Total Employee Costs	33985	67970	101955	135940	169925	203910	237895	271880	305865	339850	373835	407820
Departmental Overhead Costs												
Books and Monographs	2580	5165	7745	10330	12910	15495	18080	20665	23245	25830	28415	31000
Journals	1450	2900	4350	5800	7250	8700	10150	11600	13050	14500	84500	86000
Newspapers & Press Cuttings	2080	4165	6245	8330	10410	12495	14575	16660	18740	20825	22905	25000
Online Services (call-off)	2915	5830	8745	11660	14375	17490	20405	23320	26235	29150	32065	35000
Online Services (current awareness)	415	830	1245	1660	2075	2490	2905	3320	3735	4150	4565	5000
Scouting Services	6875	6875	6875	13750	13750	13750	20625	20625	20625	27500	27500	27500
Maps	200	400	600	800	1000	1200	1400	1600	1800	2100	2300	2500
Bibliographic & Indexing Tools	0	0	0	0	0	0	0	0	0	0	2100	2100
Total Publications	16515	26165	35805	52330	61770	71620	88140	97790	107430	124055	204350	214100
Data Storage Costs	0	51667	51667	103334	103334	155001	155001	206667	206667	258334	258334	310000
Computing Services Recharged	5000	10000	15000	20000	250000	30000	35000	40000	45000	50000	55000	60000
Total Departmental Overheads	21515	87832	102472	175664	415104	256621	278141	344457	359097	432389	517684	584100
Business Expenses												
Professional Fees/consultants	700	850	1000	1150	1300	1450	1600	1750	1900	2050	2450	2500
Travel (Staff)	225	450	675	900	1125	1350	1575	1800	2025	2250	2500	2700
Accommodation & Subsidence (Staff)	125	250	375	500	675	800	925	1050	1175	1300	1425	1500
Entertainment (Non-staff)	80	165	250	335	415	500	580	665	745	850	935	1000
Staff Conferences	0	0	0	0	0	0	3000	3000	3000	3000	3000	3000
Total Business Expenses	1130	1715	2300	2885	3515	4100	7680	8265	8845	9450	10310	10700
Allocated Overheads - Office Space	5743.75	11475.5	17219.25	22963	28706.75	34450.5	40194.25	45938	51681.75	57425.5	63169.25	68925
Allocated Overheads - Office Services	5998.5	11997	17995.5	23994	29992.5	35991	41989.5	47988	53986.5	59985	65983.5	71982
Allocated Overheads - Personnel	1006.167	2012.34	3018.51	4024.68	5030.85	6037.02	7043.19	8049.36	9055.53	10061.7	11077.87	12074
Allocated Overheads - Finance	141.92	283.54	425.46	567.38	709.3	851.22	993.14	1135.06	1276.98	1418.9	1560.82	1703
Total Allocated Overheads	12890.34	25768.38	38658.72	51549.06	64439.4	77329.74	90220.08	103110.42	116000.76	128891.1	141791.44	154684
Total Cost Centre	69520.34	183285.38	245385.72	366038.06	652983.4	541960.74	613936.08	727712.42	789807.76	910580.1	1043620.44	1157304

Figure 4: Internal Financial Model for LIS Unit

received by management. The information manager should:

- ensure brevity and simplicity
- provide explanations for all changes in the budget, both increases and reductions
- relate the budget and goals of the information unit to those of the parent organisation
- be honest in all dealings with management
- be aware and have an understanding of the needs of other parts of the organisation for resource allocations
- ensure that the organisation is aware of the service available from the information unit.

2.6 Budget timetables

The financial management process is a continuing series of 'curves' which can be entered at any point. Figure 5 illustrates the inter-relationship of the various cycles involved from budgeting to expenditure, to reporting and analysis, which is the order of topics covered in this volume. It will be obvious from Figure 5, that the library and information service professional will be generally working on at least two budget cycles at most times of the year.

Budget timetables will be set for the organisation as a whole as shown in Table 1.

Table 1: Sample budget timetable

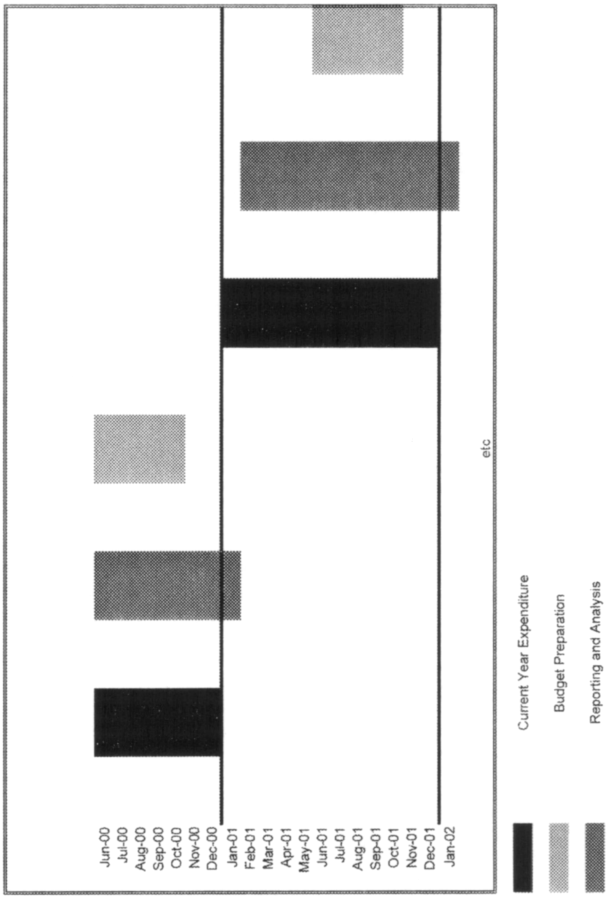


Figure 5: Illustrative Budget Cycles for 2002

The sample timetable includes the bland statement that departmental budgets would be agreed by the end of September. The process of management approval is not so easy and, in order to guarantee that

Table 1: Sample budget timetable

Date	Activity	Responsibility
May 31st	Manpower figures discussed	Departmental
June 30th	Manpower figures agreed	Management
July 31st	Allocated service overheads agreed	Accountants
Aug. 31st	Departmental overheads prepared	Departmental
Sep. 30th	Overall departmental budgets prepared	Departmental
Oct.	Consideration of all departmental bids	Management
Oct. 31st	Final corporate budget approved	Management
Nov. 30th	Approved departmental budgets issued	Accountants
Dec. 5th	Compare allocation with bid implement changes	Departmental

Departmental = Information unit manager
Accountants = Central financial authorities
Management = The information unit's management, i.e. the organisational process

the budget stands the best possible chance of survival in the form that the information manager wishes, the manager must ensure that:

- he or she is sure of their ground and can provide answers to the questions that will be asked during the review
- the basis for inflation calculations can be explained
- where average book and/or serial prices are used, their basis of calculation is understood or can at least be produced

- he or she can explain the consequences of any reductions proposed in the budget submission.

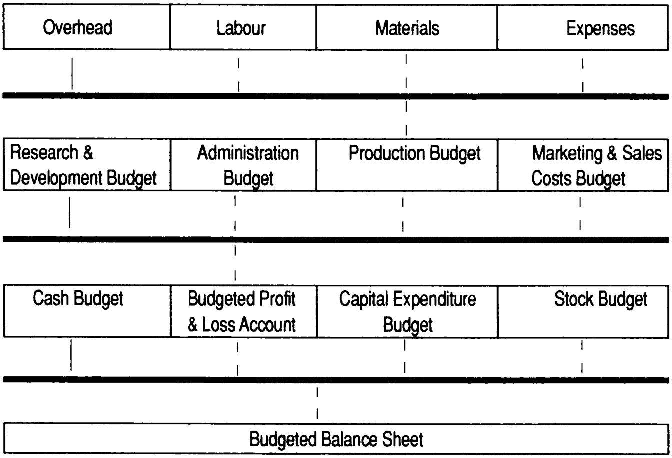
Even where the departmental budget has been agreed there is no guarantee that the organisation's management will be able to approve any particular single departmental budget. It is quite possible that when all departmental budgets are consolidated into the company budget the overall figures may not be acceptable. The organisation may not be able to afford all the bids for any number of reasons – production, markets and prices or financial. At this point the *cash budget* becomes the most significant budget in the organisation.

2.7 Cash budgeting

In the commercial environment services are generally not paid for on a day-to-day cash basis. Organisations give and receive credit, supplies are ordered which are paid for at some time after receipt, and goods are supplied for which payment will be received at a later date.

At the **organisational accounting level** the final product of the budget process will be the *budgeted balance sheet*. The inter-related components of this balance sheet are shown in Table 2.

Table 2: Budgeted balance sheet



The cash budget is probably the most important budget within the organisation as it is the budget that expresses all the underlying departmental budgets into cash flow terms. Cash budgets show when receipt of income is expected and when expenses will be incurred. Once all the departmental and other budgets are consolidated into the cash budget the organisation may find that the financing of a particular level of a specified activity may not be possible. This is because the organisation has overall financial constraints and the fundamental need to make profits or at least to stay within the financial constraints of the organisation's paymasters.

The cash budget is important as it not only reflects the cash impact of budget plans but also provides an indication of the surpluses and deficits allowing for cash management.

Figure 6 presents the Line-Item Budget from Figure 1 in cash budget format. As can be seen, the cash budget has precisely the same headings as the budget but also records when expenditure is expected to occur.

XYZ Company Limited   Information Centre   Budget preparation 2002

Description	Total	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Employee Costs	9+5	9+5	9+5	9+5	9+5	9+5	9+5	9+5	9+5	9+5	9+5	9+5	9+5
Payroll Costs (Permanent Staff)	189000	15750	15750	15750	15750	15750	15750	15750	15750	15750	15750	15750	15750
Payroll Costs (Contract Staff)	99750	8312.5	8312.5	8312.5	8312.5	8312.5	8312.5	8312.5	8312.5	8312.5	8312.5	8312.5	8312.5
Fringe Benefits	86100	7175	7175	7175	7175	7175	7175	7175	7175	7175	7175	7175	7175
Overtime	10500	875	875	875	875	875	875	875	875	875	875	875	875
Company NIC	22470	1872.5	1872.5	1872.5	1872.5	1872.5	1872.5	1872.5	1872.5	1872.5	1872.5	1872.5	1872.5
Total Employee Costs	407820	33985	33985	33985	33985	33985	33985	33985	33985	33985	33985	33985	33985
Departmental Overhead Costs													
Books and Monographs	31000	2580	2585	2580	2585	2580	2585	2585	2585	2580	2585	2585	2585
Journals	86000	1450	1450	1450	1450	1450	1450	1450	1450	1450	1450	70000	1500
Newspapers & Press Cuttings	25000	2080	2085	2080	2085	2080	2085	2080	2085	2080	2085	2080	2095
Online Services (call-off)	35000	2915	2915	2915	2915	2915	2915	2915	2915	2915	2915	2915	2935
Online Services (current awareness)	5000	415	415	415	415	415	415	415	415	415	415	415	435
Scouting Services	27500	6875	0	0	6875	0	0	6875	0	0	6875	0	0
Maps	2500	200	200	200	200	200	200	200	200	200	300	200	200
Bibliographic & Indexing Tools	2100	0	0	0	0	0	0	0	0	0	0	2100	0
Total Publications	214100	16515	9650	9640	16525	9640	9650	16520	9650	9640	16625	80295	9750
Data Storage Costs	310000	0	51667	0	51667	0	51667	0	51666	0	51667	0	51666
Computing Services Recharged	60000	5000	5000	5000	5000	5000	5000	5000	5000	5000	5000	5000	5000
Total Departmental Overheads	584100	21515	66317	14640	73192	14640	66317	21520	66316	14640	73292	85295	66416
Business Expenses													
Professional Fees/consultants	2500	700	150	150	150	150	150	150	150	150	150	300	150
Travel (Staff)	2700	225	225	225	225	225	225	225	225	225	225	225	225
Accommodation & Subsidence (Staff)	1500	125	125	125	125	125	125	125	125	125	125	125	125
Entertainment (Non-staff)	1000	80	85	85	85	80	85	80	85	80	85	85	85
Staff Conferences	3000	0	0	0	0	0	0	3000	0	0	0	0	0
Total Business Expenses	10700	1130	585	585	585	580	585	3580	585	580	585	735	585
Allocated Overheads - Office Space	68925	5743.75	5743.75	5743.75	5743.75	5743.75	5743.75	5743.75	5743.75	5743.75	5743.75	5743.75	5743.75
Allocated Overheads - Office Services	71982	5998.5	5998.5	5998.5	5998.5	5998.5	5998.5	5998.5	5998.5	5998.5	5998.5	5998.5	5998.5
Allocated Overheads - Personnel	12074	1006.16667	1006.166667	1006.16667	1006.166667	1006.16667	1006.166667	1006.16667	1006.166667	1006.16667	1006.166667	1006.166667	1006.166667
Allocated Overheads - Finance	1703	141.92	141.92	141.92	141.92	141.92	141.92	141.92	141.92	141.92	141.92	141.92	141.88
Total Allocated Overheads	154684	12890.3367	12890.33667	12890.3367	12890.33667	12890.3367	12890.33667	12890.3367	12890.33667	12890.3367	12890.33667	12890.33667	12890.29667
Total Cost Centre	1157304	69520.3367	113777.3367	62100.3367	120652.3367	62095.3367	113777.3367	71975.3367	113776.3367	62095.3367	120752.3367	132905.3367	113876.2967

Figure 6: Line-Item Budget presented as Cash Budget

2.8 Budget expenditure

Having established the budget, the information manager will now wish to spend the resources. Spending other people's money naturally has rules attached to it. These will depend on the organisation concerned and will be documented in the corporate procedures of the organisation.

The procedures will ensure that:

- expenditure is justified as valid and fulfilling the aims and goals of the organisation
- only those goods which are actually received are paid for – in information units this can cause administrative headaches given the numerous instances where prepayment is required, ranging from other organisations' natural unwillingness to invoice amounts of £10 to the need to spend periodical subscriptions before the first issue is received
- the accounts department charges the correct cost centre and detail code
- year-end financial administration is carried out in the correct fashion.

3. Costing

It must be emphasised that the techniques of costing are simply concerned with matters of fact – all activities can be costed. Using the costs derived is a matter for policy-makers and guidance on this area is provided in Webb (17) and other works on charging for library and information units.

The finished output of a costing exercise will be clear, detailed (or summary dependent on management reporting level) and timely information. Any costing system that cannot fulfil these requirements at reasonable cost is of no value to the information manager.

Historically many organisations have simply funded their information units on the basis of historical allotment. Roberts (3a, b) outlined a number of reasons why cost analysis had not been implemented by 1985 in many library and information units:

- lack of financial expertise in the information unit
- public accountability had not been 'particularly onerous' for libraries
- historical lack of financial and managerial accountability in libraries
- library management style is more often subjective than objective.

However, in these days of stringency, information managers are likely to be faced with, at the very least, a need to be seen to control and justify costs or, at worst, the need to recover costs. Consequently cost analysis has become a vital part of the financial management armoury that information managers use when defending and justifying the service and costs of their units. Knowledge of the true costs of library functions ensures that the information manager is able to consider alternative means of supplying the service required. Such knowledge also allows the funding management to be convinced that the unit is providing value for money. Even when a full costing exercise has been undertaken the fact that the 'true' cost of a service is known does not mean that the service itself is justified.

Where the information manager initiates the costing exercise he or she is able to take the initiative when competing for funds and the costing exercise forms an essential part of the planning process.

As has been seen in Chapter 2, the actual costs of materials supplied as part of the information service form only a minor part of the overall information budget. This is shown in Figure 1, which is summarised in Table 3 below.

Table 3 – Broad analysis of line budgets

Employee costs	35.2%
Publications	17.3%
Other departmental overheads	33.4%
Business expenses	1.1%
Allocated overheads	12.9%

Were these figures from the example budget (Figure 1) recalculated to exclude the data storage charges the result would be a payroll figure costing around 49 per cent of the total cost of the department. This confirms that in most information units employee costs are the largest single cost – information work is and will continue to be staff intensive.

3.1 Performance measures

With the benefit of practical experience I can agree with McLean (18) who notes that one of the reasons for the problems that information managers have in applying cost evaluation techniques to their units is the fact that 'performance measures are intrinsically related to the perceptions of users'.

In an effort to provide measures of use to library and information units during cost and performance evaluation exercises the Office of Arts and Libraries (OAL) has published a manual (19) which identifies 21 performance measures grouped into four types:

1. Input cost:
   - amount of resources applied to service
   - amount of funding applied to services
   - relevant attributes of resources applied to services.
2. Output measures:
   - quantities of output
   - quality of output
   - timelessness of output
   - availability of service

- accessibility of service.

3. Service effectiveness measures:
   - amount of use
   - user perception of outputs
   - user expressed satisfaction
   - user indicated importance
   - purpose of use
   - consequence of use.
4. Service domain measures:
   - total population size
   - total population attributes
   - user population size
   - user population attributes
   - size of geographic area
   - geographic area attributes
   - information needs.

3.2 Cost accounting

Cost accounting is the process of allocating resources to activities to show the cost of each individual activity. The techniques and results of a cost accounting exercise will assist the information manager in a variety of activities. They will:

- specify the cost structure, illustrating how the budget is made up (employee costs, departmental overheads, business expenses) and how it is spent or allocated by the functions undertaken by the information unit (library services, information services and data management services)

- help with supervising the efficiency of operations
- provide information allowing the calculation of service prices
- provide pricing aids allowing for decisions in relation to in-house provision or contracting out
- allow comparison of cost between different information systems
- allow new or changed services to be costed
- aid review of financial performance
- help in the preparation of budgets
- assist in re-planning and re-budgeting exercises.

3.3 Cost analysis

The cost analysis process involves a series of steps.

- identification of cost centres
- listing of employee activities
- selection of unit measures of output and period during analysis will take place
- designing of paperwork and computer systems for staff to use for recording purposes
- ensuring that staff record ALL activities
- generation of monthly summaries of employee activities
- production of annual estimates for each employee
- calculation of cost of employee activities
- consolidation of data to each cost centre
- allocation of non-personnel overhead costs

- allocation of indirect expenses
- determination of unit cost of each unit measure
- reconciliation of costs determined during survey with operating costs for unit.

Identification of cost centres

Cost centres will depend on the level of cost analysis being undertaken and would range from those covering all aspects of the information unit to those covering a single department or function such as a records centre or the acquisitions section.

Listing of employee activities

Decide the activities to be analysed. Various lists of library tasks have been published, e.g. by Clements (20), Beecher et al (21a, b) and Mitchell et al (22), but it is essential that any listing is applicable to the department being analysed – do not simply use a published list without thought. For example, the acquisitions function would include areas such as:

- ordering, receiving and payment functions
- cataloguing including checking past editions, headings etc.
- preparation of the volumes for circulation or addition to the collections
- maintenance of the catalogue databases.

All these areas would be broken down into a series of specific tasks.

Selection of unit measures of output

These will depend on the nature of the unit being costed; for instance the number of volumes catalogued; the number of online searches undertaken, the number of periodical parts received. One such list is provided by OAL (19), section 5.6.

Designing of paperwork and computer systems for staff to use for recording purposes

It is essential that any systems that are used for recording purposes are both easy to use and easy to analyse. Accurate data is essential for costing exercises and can only be obtained by accurate data collection.

Ensuring that staff record ALL activities

There are many ways of recording staff activities. In commercial organisations where staff will often be timewriting for general purposes it would be possible to extend the system to specific library tasks for the duration of the survey period. Timewriting is, however, just one method of ensuring that staff time can be allocated to the cost centre (or tasks) that are being analysed. Other methods which will produce a similar analysis include: continuous time observation study (the traditional time and motion technique), work sampling, diary keeping and RAM (Random Alarm Sampling), Beecher et al (21a, b). This last technique originates and appears to be used solely in the United States.

Generation of monthly summaries of employee activities

When analysing staff activities it is essential that any unusual, non-periodic activities are recorded, and accounted for.

Production of annual estimates for each employee

Employee costs must include their full costs, i.e. payroll, fringe benefits, overtime and company National Insurance. Because no employee works 52 times their weekly hours, many organisations, particularly in industry, will have a fixed yearly hours total that is used for the calculation of hourly rates.

Calculation of cost of employee activities

Hourly staff costs are determined using the equation:

$$\text{Hourly rate} = \frac{\Sigma\,(\text{Salary} + \text{Fringe benefits} + \text{Company NIC})}{\text{Effective hours total}}$$

The effective hours total may be calculated either on the basis of an organisationally specified rate which would allow for an agreed number of hours or be calculated by assuming fixed rates for training, illness, public holidays, annual leave and weekends.

Consolidation of data to each cost centre

Non-personnel costs represent the cost of materials that can be specifically assigned to the task being costed. For instance, where an information service is being costed in its entirety, the costs of online information services would be included; in the case of cataloguing, the costs of checking the local bibliographic database would be charged to it.

Allocation of indirect expenses

The range of items included in 'allocated indirect expenses' will depend on the organisation's specific methods for allocating such expenses. In some organisations all office overheads will be allocated out by space and or staff numbers. This is illustrated in the allocated overheads' line that appears in Figure 1, and in other figures given as examples in this publication. Although not explicitly noted in the budget, the office services budget would include expenses ranging from telephone/telex costs to office supplies and the office space allocation would include power and heating charges. It should be noted that where office overheads are calculated on floor space bases information units will invariably have high indirect costs.

The full range of indirect costs include:

- hired equipment
- maintenance and repairs
- recruitment costs, relocation services
- medical facilities
- sports facilities
- telephone, telex and other communication costs
- accommodation costs (including cleaning, rates)
- utilities (gas, electricity, water)
- bank charges

- sponsorship and donations
- insurance
- security.

Determination of unit cost of each unit measure

Unit cost is simply calculated as:

$$\frac{\text{Total cost of producing X units}}{\text{X}}$$

During any costing exercise it is essential that the information manager is aware of the various types of costs that will be encountered and which will affect the cost analysis process.

- Direct costs are those directly incurred by the information units, for instance, the cost of journals purchased for stock.
- Indirect costs are those that cannot be directly controlled by the information manager and which will generally apply to a number of cost centres within the organisation, for instance, the cost of building services.
- Fixed costs are those that do not change with volume. In an information unit the cost of the space occupied by the unit is not dependent on how much the department is used (at least in general terms; the information unit will occupy the same space unless major changes are forced upon it).
- Variable costs are those that are dependent on the level of activities undertaken. The number of online searches may double to cater for user demands, and their costs will rise in proportion.

So it can be seen that the cost analysis produces significant quantities of basic data that can be used by information managers for a variety of purposes. In the twenty-first century, I would expect that their primary use would be in the area of calculation of rates for use during the charging out process. This may be based on a number of methods:

- total costs, including direct and indirect
- direct costs only – the simplest means of cost recovery
- flat fee, as may be used in public libraries, to cover some or all of the costs
- sliding scale fees where some users may be subsidised by others.

4. Financial reporting and accounting

Just as budgeting is the first stage in the financial process, financial reporting is the final stage and is totally bound up with the expenditure process. At its simplest the financial reporting exercise can be seen as the means by which the financially efficient manager *will be able to answer, without the need to spend hours in calculation,* the question: 'What level of resource *remains* available to this information unit?'

The answer is derived from one of the three forms of the 'basic financial equation':

Available expenditure (balance) = BUDGET - Actual to date – Committed to date

but the figures need to be available from the financial systems.

4.1 Basic bookkeeping

To ensure that the information manager can obtain the financial information required to solve the basic financial equation, the information systems used for bookkeeping within the information function must allow for commitment expenditure. This functionality is developed in more detail in the section on spreadsheets (Chapter 6). Here it is enough to stress that the information unit must have a means of accounting that ensures that account is taken of all orders issued but not received at any particular time. Particular problems may be encountered with serial/

journal publications and with standing orders for continuing series and also with irregularly published monographic series where the publication frequency and price cannot be determined in advance. Automated acquisition systems, which are found in many libraries, can take some of the routine work out of the financial management process.

4.2 Accounting

Accounting is the term that describes the processes involved in the measurement and recording of financial information and its subsequent communication and interpretation as background to decision-making within the organisation at all levels.

Three types of accounting are recognised by the accounting profession:

- financial accounting
- cost accounting
- management accounting.

Financial accounts are the most common type of accounts and can be seen in the financial reporting deposited at Companies House by all companies from partnerships to plcs. The accounts record the transactions of the organisation with third parties, such as suppliers, customers and of course their staff.

Cost accounts record the internal activities of the organisation and although the methodology originated in the manufacturing industry they are now being produced in organisations of all types. In simple terms cost accounting is the process of establishing the cost in money terms of the activity or process being reviewed.

Management accounting is a process combining financial and cost accounting that provides the complete picture of the financial state of the organisation and should allow the organisation's management to manage its finances prudently.

4.3 Accounting cycles

In order to present financial information for management use the accounting function works in a cyclic fashion undertaking the steps shown in Table 4.

Table 4: Accounting cycles

Function/Step	Procedure involved	Frequency
Transaction analysis	Code payments/receipts to appropriate cost centres	Daily
Transfer transactions to journals	The entry of transactions into the accounting system	Daily
Post journals to ledgers	Transfer of data from journals to ledgers	Monthly
Post posting adjustments	Adjustments (corrections) to transactions. At year end would also include the process of accruing expenses – where payments made in the following cash year are charged to the preceding year for goods that have been received	Annually [Monthly]
Preparation of trial balance	Totals of all debits and credits to ensure that the figures balance acts as a check on transaction processing	Monthly
Preparation of financial statements	Production at regular, generally monthly, intervals of financial reports	Monthly Annually
Prepare closing entries	Year end process, which closes accounts at the end of the fiscal year, prior to production of final closing balance	Annually
Preparation of final (closing) trial balance	Year end operation to produce final fund accounting reports	Annually

4.4 Financial reports

Financial reports fall into three categories definable by the way in which information is provided:

- those which provide information and reporting
- those which examine

- those which analyse.

There is an endless range of permutations for financial reports, since it is possible to analyse a set of figures in any number of ways. Within the information unit there will be a wide variety of financial reports available to assist the information manager with his or her work on the 'basic equation'.

All financial reports will, however, show a variety of features in so far as they will be:

- **timely**: reports are needed shortly after the period to which they refer, not months later when it would be too late to take action to solve any financial problems highlighted
- **accurate**: all reports should be auditable; for instance, the first level cost centre report would be supported by detailed listings of transactions allocated to the cost centre concerned
- **relevant**: reports should only contain information of use to those receiving the report
- **cost effective**: reports should not be generated where their cost exceeds the financial benefits of having the reported information.

The most widely used financial reports are the following.

- Summary statements of financial conditions are the basic report providing details of the financial situation of the information unit and will be supported by one or more of the other types of report.
- Reports analysing changes in financial conditions, which allow reporting of significant

variances between the sums budgeted and the levels of expenditure.

- 'Actuals' position to date are detailed report's covering many or all of the transactions charged to a specific cost centre.
- Measures of efficiency levels reports will be produced in information units that use PPBS or other systems which measure outputs. Accountants will be able to produce costs relating to particular programmes and then the information manager can compare actual and planned performance across the information unit or individual activities.
- Capital expenditure reports are used in most organisations to report expenditure on items to be depreciated and included in the 'capital expenditure' budget, in a separate reporting cycle.
- 'Special' funding reports are used in institutions which have funds allocated for specific and special purposes and need to report expenditure and income on these separately.

4.5 Budget variances

The fundamental use of financial reporting is to ensure that expenditure can be monitored against budget thus allowing managers to take appropriate action where expenditure is over or under the agreed budget.

Actual expenditure may be compared against either the formal departmental budgets or against the departmental cash budget, see Figure 7.

XYZ Company Limited Information Centre Budget Reporting Year to February 2002

	A	B	C	D	E	F
1	Description	Budget to date	Expenditure to Date	Variance		[+/10%]
2						
3						
4	Employee Costs					
5	Payroll Costs (Permanent Staff)	31500	31450	-50		
6	Payroll Costs (Contract Staff)	16625	16625	0		
7	Fringe Benefits	14350	14350	0		
8	Overtime	1750	500	-1250		****
9	Company NIC	3745	3740	-5		
10						
11	Total Employee Costs	67970	66665	-1305		
12						
13	Departmental Overhead Costs					
14						
15	Books and Monographs	5165	5500	335		
16	Journals	2900	2790	-110		
17	Newspapers & Press Cuttings	4165	4165	0		
18	Online Services (call-off)	5830	6500	670		****
19	Online Services (current awareness)	830	830	0		
20	Scouting Services	6875	7000	125		
21	Maps	400	150	-250		
22	Bibliographic & Indexing Tools	0	0	0		
23						
24	Total Publications	26165	26935	770		
25						
26	Data Storage Costs	51667	51667	0		
27	Computing Services Recharged	10000	8500	-1500		
28						
29	Total Departmental Overheads	87832	87102	-730		
30						
31	Business Expenses					
32						
33	Professional Fees/consultants	850	0	-850		****
34	Travel (Staff)	450	580	130		****
35	Accommodation & Subsidence (Staff)	250	125	-125		****
36	Entertainment (Non-staff)	165	0	-165		****
37	Staff Conferences	0	0	0		
38						
39	Total Business Expenses	1715	705	-1010		
40						
41	Allocated Overheads - Office Space	11487.5	11487.5	0		
42	Allocated Overheads - Office Services	11997	11997	0		
43	Allocated Overheads - Personnel	2012.33	2012.33	0		
44	Allocated Overheads - Finance	283.84	283.84	0		
45						
46	Total Allocated Overheads	25780	25780	0		
47						
48	Total Cost Centre	183297	180252	-3045		
49						

Figure 7: Illustrative Financial Report

This financial report presents financial information in six columns. Column A lists the headings under which the budget is compiled and managed. Column B presents the budget to the date of the report, in this case the first two months. Column C presents the charged expenditure to date whilst the variance between budget and expenditure is presented in column D. The XYZ Company Limited uses a plus or minus 10 per cent variance basis, and column F highlights those expenditure categories for which the variance is outwith the standard, and for which the information manager would need to account.

Irrespective of whether a budget is overspent or underspent the variances are a matter for concern. Many commercial organisations permit managers to have a variance of plus or minus 10 per cent on their budget; outwith this variance, comprehensive justification and explanation will be required.

Negative variances, where expenditure exceeds budget, may be caused by:

- changing situations, for example, a new project may start which requires additional information resources
- inappropriate plans
- unavoidable expenditures, for example, computers may have to be replaced; office accommodation charges may be changed
- charges may be paid in the wrong financial period – documents may be invoiced too late to be paid in the correct financial year.

Reversing these factors would result in a positive variance (underspending the budget). Another reason for underspending might be the unavailability of publications.

Naturally negative variances are of more immediate concern to the information manager since prompt action may be needed to prevent the budget continuing to be overspent.

The original budgets will have been prepared, in an accounting sense, on either a fixed or flexible basis. Where a fixed budget policy is adopted actual results will be compared against the budget. Flexible budgeting operates on the principle that budgets may be adjusted on the basis of changes that have taken place since the budget was compiled. The actual results are then compared against this 'flexed' budget, which consequently allows for better consideration of any variances against the budget. In manufacturing terms if production increases then so will sales. However, increased production will result in higher production costs, resulting in a negative variance against budget, whilst the increased sales will show a positive variance. Flexible budgeting will ensure that actual performance is analysed against the most accurate figures.

The organisation may permit transfers between budget headings where over and under spending can be netted out; otherwise in the most severe circumstances it may be necessary to cease all optional expenditure – for instance continue to pay permanent staff whilst cancelling book orders and terminating contract staff.

4.6 Corporate reporting

Whilst it goes without saying that the financial information contained in any sequence of financial reports will be the same, the method of presentation will depend on the audience concerned. In a corporate reporting environment a sequence of reports would be generated with each succeeding level containing less detailed information:

- cost centre transactional listing
- cost centre fund analysis
- cost centre total (information manager's report)
- functional group total
- divisional or subsidiary total
- corporate total
- published profit and loss account.

Cost centre transactional listing

This is the detailed listing of all payments and receipts relating to the cost centre. An example may be seen in the upper part of Figure 8.

Cost centre fund analysis

This is consolidated listing of payments and receipts analysed by the funds defined in a cost centre's budget. An example may be seen in the lower part of Figure 8.

XYZ Company Limited Transaction Listing Library

	Date	Payment	Invoice	Supplier	Amount
76X89D	4-Nov-94	987163	S795971	Crier Books	£145.96
76X89D	4-Nov-94	987166	S793457	Crier Books	£150.00
76X89D	4-Nov-94	987167	725726B	Butterfield	£65.00
76X89D	5-Nov-94	987212	55369054	HMSO	£15.00
76X89D	8-Nov-94	987165	B793793	Crier Books	£25.95
76X89D	8-Nov-94	987256	B793790	Crier Books	£27.99
76X89D	9-Nov-94	987164	B793794	Crier Books	£24.95
76X89D	9-Nov-94	987340	A94269	McKay & Son	£200.00
76X89D	9-Nov-94	987341	A94271	McKay & Son	£20.00
76X89D	12-Nov-94	987045	A94254	McKay & Son	£115.00
76X89D	12-Nov-94	987364	704169B	Butterworths	£180.00
76X89D	12-Nov-94	987483	34645406	HMSO	£20.00
76X89D	12-Nov-94	987514	34645762	HMSO	£16.10
76X89D	13-Nov-94	987544	B4504097	Crier Books	£45.00
76X89D	14-Nov-94	987560	X4504097	Crier Books	£22.00
76X89D	16-Nov-94	987042	B790655	Crier Books	£140.00
76X89D	19-Nov-94	987011	S791632	Crier Books	£7.50
76X89D	22-Nov-94	987005	1-4456459	Jaeger & Waldmar	£1,171.86
76X89D	22-Nov-94	987043	S7916245	Crier Books	£160.00
76X89D	24-Nov-94	987821	S983	IPPR	£9.95
76X89D	25-Nov-94	987841	A94363	McKay & Son	£100.00
76X92E	2-Nov-94	987088	1051903	McGee Publishing	£95.00
76X92E	3-Nov-94	987095	14574515	Crier Subscriptions	£297.00
76X92E	3-Nov-94	987096	14574515	Crier Subscriptions	£39.00
76X92E	8-Nov-94	987254	B793788	Crier Books	£27.50
76X92E	9-Nov-94	987245	B793802	Crier Books	£55.00
76X92E	9-Nov-94	987346	B793796	Crier Books	£0.00
76X92E	22-Nov-94	987569	A94345	McKay & Son	£117.50
76X92E	22-Nov-94	987800	A94346	McKay & Son	£20.00
76X92E	24-Nov-94	987810	94/204	African Gas Market Report	£45.00
76X92E	24-Nov-94	987820	A94356	McKay & Son	£50.00
76X92E	25-Nov-94	987840	A94362	McKay & Son	£40.00
76X92E	28-Nov-94	987860	34645987	HMSO	£19.95
76X92Q	1-Nov-94	987083	A94254	McKay & Son	£25.00
76X92Q	3-Nov-94	987097	14574516	Crier Subscriptions	£146.25
76X92Q	8-Nov-94	987255	A94267	McKay & Son	£32.00
76X92Q	9-Nov-94	987345	34645776	HMSO	£50.00
76X92Q	9-Nov-94	987347	B793810	Crier Books	£86.00
76X92Q	12-Nov-94	987046	55369169	HMSO	£255.50
76X92Q	17-Nov-94	987565	A94324	McKay & Son	£75.00
76X92Q	26-Nov-94	987850	234	IT Management Reports	£682.00
	November		76X89D		£2,662.26
	November		76X92E		£805.95
	November		76X92Q		£1,351.75

Figure 8: LIS Unit Transaction Report (Accounting Generated)

Cost centre total (information manager's report)

The information manager's report, Figure 7, will of course be detailed and will provide a breakdown of expenditure against budget headings. The manager's report will include a full explanation of the variances between budgeted and actual expenditure. Additionally the report will give projections of expenditure to the end of the fiscal year; reports may also give comparisons with the previous year.

Functional group total, Divisional or subsidiary total, Corporate total

Depending on the structure of the organisation, various levels of consolidated reporting are possible. Hypothetically the reporting structure could be:

- *Functional group total:* this report might be produced for information management, which includes the information unit, and is one of six business units within the company.
- *Divisional/subsidiary total*: this report might be produced for a UK subsidiary company.
- *Corporate total*: this might be prepared for a US parent company.

Published profit and loss account

This forms part of the published accounts of the organisation deposited at Companies House or its equivalent.