



ALIA 2006 Biennial Conference



Australian Library and
Information Association

Refereed Paper

Ms Sharon Robertson

Coordinator Collection Services, Brisbane City Council Library Services

Contact details

Postal: Brisbane City Council Library Services
GPO Box 1434, Brisbane, Queensland, 4001.

Email: ccsl@brisbane.qld.gov.au

Biography

Sharon Robertson has worked for Brisbane City Council Library Services since 1989 in a variety of roles, including Systems Librarian and Hub Team Leader. She has been involved in change management within Library Services with automation and Workplace Redesign. Sharon has been Coordinator Collection Services since July 2003. BA (Communication Studies; Public Relations), GradDip Lib Sc, AALIA

Ms Anita Catoggio

Manager Collections, Yarra Plenty Regional Library Service

Contact details

Postal: Yarra Plenty Regional Library Service
Bag 65, Bundoora, Victoria, 3083

Email: acatoggi@yprl.vic.gov.au

Biography

Anita Catoggio has worked in various roles in Victorian public libraries since late 1978. Although Manager Collections is just a recent appointment, she has been an employee at Yarra Plenty Regional Library service for over 16 years. Anita believes that value for the dollar and customer-driven collections are strengthened through strategic procurement and management of library resources. Her passion for ensuring vibrant, living and viable collections is her driving force.

Strategic procurement of library collections

Abstract

Over the last year, Brisbane City Council has implemented Strategic Procurement processes across Council, which has seen dramatic improvements and savings in how Council purchases goods and services. In late 2005, research conducted for the Strategic Procurement project dealing with the purchase of 'Books, Periodicals & Maps' confirmed that outsourced acquisitions and technical services is the most effective method of procuring library collections. A key recommendation was for library services to work together with library suppliers towards cataloguing and processing, rather than each library service insist on customisation.

This paper will discuss the basics of Outsourcing in libraries and how Strategic Procurement adds further value to the whole process. In 1999, Brisbane City Council Library Services outsourced its acquisitions and technical services, allowing these staff to move into customer focussed positions in the branches. It also introduced a more strategic management of Brisbane acquisitions and collections which continues to be fine-tuned to meet the needs of Brisbane customers.

Outsourcing of technical services' functions such as cataloguing and processing is becoming more commonplace in libraries across Australia, with dozens of libraries now taking advantage of these services from library suppliers. In 2005, Yarra Plenty Regional Library Service became the first Victorian library to fully outsource its acquisitions and technical services, which came under criticism from many Victorian librarians. Brisbane and Yarra Plenty are currently working together to adopt a standard AACR2 Level 2 catalogue record, to be created by library suppliers with shared costs between the partner libraries.

Introduction

Strategic Procurement of library collections – isn't that just another way of saying 'outsourcing'? No, it's not. Strategic Procurement is about finding the most effective, yet cost-efficient way of procuring goods or services. It's about using a structured framework to analyse what is happening now, define current and future needs, research the options, go to the market, negotiate an effective outcome and finally, ongoing management of the procurement process.

It's a robust process that can be applied to any good or service: contract labour, stationery, plant & vehicles, computers and library materials. Brisbane City Council has used the Strategic Procurement process on all of these categories in the past year, as part of a whole of Council roll-out. The organisational drivers for strategic procurement include:

- Achieving greater economies of scale through aggregation.
- Less customisation, more standardisation.
- Better definition of business needs.
- Best value for money with a 'whole of life' focus.
- More objective management of all processes throughout the procurement cycle.

There is much to gain from aggregating with others to achieve economies of scale in purchasing, including volume savings along with greater negotiating power. Council has standardised and minimised product ranges and aggregated the purchasing of many goods and services, achieving savings

without negatively affecting the work of Council staff or the products and services delivered to the customer. Standardisation goes hand-in-hand with aggregation in order to receive the benefits of the economies of scale. It makes no sense to continue to ask for high levels of unnecessary customisation in larger orders. It has a detrimental affect on the supply chain, according to procurement expert Swaminathan (2001), who wrote: 'The high degree of product customization that exists across all industries today puts enormous pressure on firms' supply chain operations'.

In Australia, the library supply chain tends to follow one of three models:

1. The library does all selection, cataloguing and processing in-house, often with very customised processing. Standing orders might be ordered at pre-publication, but often the library waits until release before ordering a new publication. Economies of scale are not realised and the library may miss out on new titles or doesn't get them until weeks or months after release.
2. The library fully outsources acquisition and supply of shelf-ready library material. Material is ordered at pre-publication, selected by suppliers according to detailed specifications and standing orders. The library gains economies of scale and usually receives all titles ordered. Processing has been minimised as every requirement has a cost attached. New titles go on shelf quickly. Economies of scale allow more books to be purchased. Staff moved into customer facing positions.

3. The library purchases using a combination of the above. Selection may be in-house or outsourced. The library gains some economies of scale, but may lose other benefits due to the retention of some in-house functions and processing requirements.

Whether a library processes new material in-house or purchases it shelf-ready, the more customisation there is, the more the strain (and costs) on the supply chain. Library Technical Services sections are as much a part of the supply chain as is a library supplier. The difference is that library services often neglect to accurately cost their technical services.

The library world has already shown some remarkable collaborative efforts:

- Holland has standardised the Library Management System and processing standards across the whole country. There is a single procurement agency (NPD), which is jointly owned by libraries, booksellers and publishers. All cataloguing is centralised.
- In September 2004, the UK National Acquisitions Group introduced a maximum standard for the processing of new books, which libraries are encouraged to work within. (Library Suppliers have been providing shelf-ready services in the UK for decades)
- In Victoria, a group of universities purchase their books collaboratively as The Academic and Research Libraries Acquisitions Consortium
- Several states have centralised purchasing for public libraries.

This paper focuses on a new collaboration between two library services (Brisbane City Council Library Services and Yarra Plenty Regional Library Service) that have outsourced acquisitions and technical services and are now working together in partnership to standardise cataloguing and processing. This standardisation is welcomed by library suppliers who are currently struggling with the many different requirements for individual libraries using their shelf-ready services. Brisbane's outsourced procurement of shelf ready library materials has been in place since 1999, is mature and works very well. Yarra Plenty outsourced in July 2005, using the Brisbane model. Their experience is still very new and also with positive results. The next step in terms of the library acquisitions process will be the transitioning to a robust strategic procurement process.

Yarra Plenty Regional Library's story

Yarra Plenty Regional Library (YPRL) is one of Australia's largest and most progressive library systems. It was founded in the mid 1960's and has since operated with various council configurations. The current service evolved through changes in local government boundaries in 1995 when the new municipalities of Banyule, Nillumbik and Whittlesea continued their support for a regional library service. The Library Board made up of councillors from all three municipalities governs the library service.

Service delivery is provided through eight branch libraries and two purpose-built mobile library vehicles. The library service covers an area of 983 square kilometres and includes metropolitan, urban fringe and rural populations with a

culturally diverse demographic. The service covers a population of 300,000 of which 180,000 are members and lends 3.6 million items per year. The collection consists of 560,000 items with approximately 74,000 items purchased annually.

Why Yarra Plenty Regional Library adopted the Brisbane model

In 2004, YPRL underwent a number of processes to redefine the library service's direction. Planning sessions involving the Library Board, staff and the other stakeholders determined a vision for the future – *informed, connected, inclusive communities with libraries highly valued and well used*.

In order to achieve a new service delivery model the library needed to take into account the growing trends in:

- online service delivery
- libraries as community hubs – more open places than currently existed
- flexibility - meeting a broader range of community needs and uses
- better integration of services with member councils
- effective partnerships with other community institutions, service providers and local businesses
- developing models of best practice and excellence
- the development of value-added partnerships.

The Strategic Plan evolved from these consultations and a cost-benefit analysis demonstrated that the process of outsourcing the library's acquisitions and technical services made economic and strategic sense. It was decided to move to shelf ready and supplier aided

selection for the whole collection except magazines and Languages other than English (LOTE). LOTE was already partially outsourced in acquisitions and cataloguing/processing. There is still no cost-effective model for obtaining shelf ready magazines.

Other considerations that supported the decision to move to a different procurement model were:

- Public library collections, despite being more customer driven, are becoming more homogenised.
- Library suppliers have years of experience with the publishing industry, the book trade and libraries.
- Preparing specifications and profiles brings a rigour and accountability to the process of collection building.

Yarra Plenty Implementation issues

The culture of the library service and of librarians

Despite change management and consultative processes there was strong unease and scepticism amongst some staff about the new direction. Although there were no forced redundancies and existing staff within the technical services/collections department were offered re-deployment opportunities, some elected to leave the organisation. Other staff were enthusiastic about embracing new opportunities, and two cataloguers morphed into the Local History Librarian and the Resource Discovery Officer.

One of the main fears expressed was losing control over the collection leading to a decline in quality. How could suppliers know individual branch idiosyncrasies, community needs and

local trends as well as librarians? These sentiments were (and still are) common among colleagues, especially collections librarians.

The new role of the Collections Manager at Yarra Plenty is to strategically manage the collections. The emphasis is no longer on selecting individual titles but on developing profiles; reviewing and analysing usage and trends; and supporting a Collections team that reviews processes and procedures for best practice. This has ensured that there has been no noticeable difference in the titles acquired. Yarra Plenty is also working on an asset plan for the collection that will take into account the changing world; in particular, the online usage and delivery of information.

Operational issues

With all changes and new processes there are inevitably teething problems. These were mainly associated with “housekeeping” type issues. Overall, the implementation was seamless and without fuss.

Statewide Collections Audit and Blueprint Project – Victoria

This statewide project commenced in September 2005 and comprises two complementary pieces of work:

- Strategic Asset Audit of Victorian Public Libraries
- Content and Access in Victorian Public Libraries: A Strategic Blueprint 2006-2010

The Asset Audit was conducted by John Liddle, JLMS Consulting and the aim of it was to assess the statewide public library collection as an asset. Any asset, whether it is a building, road or a library

collection, needs to be maintained to a standard that will ensure quality, sustainability and functional use. The statewide collection in public libraries is no exception. The Audit highlighted the difficulty that libraries had in accessing even the most basic statistical information to properly manage their collections as assets. Data such as the age of the collection and the date last borrowed was impossible to extract from some library management systems. This is a very clear indication of how traditionally many library services still account for their collections. Collection development and management is often based on anecdotal evidence or intuition. Strategic management of collections can only be accountable and viable with the intelligent use of statistical evidence.

Yarra Plenty will be adopting a number of recommendations from the Audit report in particular in regard to weeding the collection and the allocation of the collections budget to reflect usage. It should also be noted that the report strongly encourages library services to consider library resources procurement through outsourcing and consortia arrangements.

The outcomes for Yarra Plenty since July 2005

Outsourcing has become merely a process –a way of getting new materials and resources on the shelves very quickly. Suppliers are bound by Key Performance Indicators written into their contracts to ensure prompt delivery of items. Catalogue records are entered onto the system pre-publication to allow borrowers to place holds on new items. Staff have come to realise that the quality and quantity of items provided

for our branches has not been affected by the process of outsourcing and borrowers have not noticed any difference. More importantly, the change has allowed the organisation to redirect effort into Outreach which is the integral component of Yarra Plenty's strategic plan and vision for the future.

Yarra Plenty continues to look forward in collection management by moving to downloadable av with audio books and videos; trialing new formats and redesigning the smallest branch library to emphasise new technology and significantly downsize the print collection.

Outsourcing works for Yarra Plenty Regional Library. It saves money. Yarra Plenty's cost-benefit analysis projected a saving of \$300,000, which was confirmed by the JLMS audit. It is more efficient – books get on the shelves more quickly. Control of the collection remains with the library and there is more time to strategically manage and innovate.

Brisbane City Council Library Services' experience with strategic procurement

Brisbane City Council Library Services (BCCLS) is the largest library service in Australia with thirty-two branches. Over 970,000 people live within the Brisbane City Council area of 1,220 square kilometres. Loans are approximated 10M p.a. with only 1.36M book stock. Approximately 150,000 new items are purchased each year. It is a very hard working collection with a turnover of eight loans per item per year. BCCLS outsourced its acquisitions and technical services in 1999, after a workplace redesign in which staff recommended

this change. The Manager at the time was Christine Mackenzie, now with Yarra Plenty Regional Library Service in Victoria. BCCLS uses its ten suppliers to select, catalogue and process new material and supply fully shelf-ready directly to each branch. This process is now well understood, mature and managed in partnership between BCCLS and the library suppliers.

The procurement of books was one of the categories in Wave 2 of Brisbane City Council's Strategic Procurement initiative, starting in September 2005 and continuing until March 2006. The Coordinator Collection Services, Sharon Robertson, was chosen to be the Team Leader for the 'Books' category and was taken off-line for several months to undertake research into the Book/Library Supply Chain and complete the Strategic Procurement process.

The Strategic Procurement approach involved a number of steps:

- Sourcing Group Baseline
 - Definition of Category goods and/or services
 - Identifying the spend baseline
 - Hypothesis Development
 - Key hypotheses
 - Key issues and constraints
 - Internal Analysis
 - External Analysis
 - Market dynamics
 - Trends and implications
- (Brisbane City Council, 2005))

External research included:

- purchasing models for libraries nationally and internationally,
- investigating the bookshop supply chain,

- industry journals,
- online research
- discussions with Australian and overseas librarians, leading library suppliers, bookshops and a senior manager from Thorpe-Bowker (publisher of Global Books in Print and Australian Bookseller & Publisher).

A major resource from the United Kingdom was the PKF Report, an in-depth stock procurement and funding review to find the best and most cost-effective way to operate the book supply chain, and to look at budget issues and efficiency in public library services (PKF for Museums, Libraries and Archives Council, 2005).

Recommendations from the PKF report included:

- Supplier selection
- Standardised processing
- Flat management structure within Library Services - more staff for customer facing roles
- One cataloguing system (National bibliographic database)
- Libraries purchasing books together

BCCLS had already been operating on a similar model since 1999, which achieved significant savings for Council, moved staff to customer-facing roles in the branches, provided better economies of scale and gave library customers what they wanted – more books, faster! The research into the Library supply chain for Strategic Procurement confirmed that BCCLS' existing procurement model for shelf-ready library material is 'world best

practice', efficient and cost-effective (fully shelf-ready for less than RRP).

The next stage of the Strategic Procurement process was to create a sourcing strategy: what is the most efficient and effective way of purchasing books? Clearly, BCCLS had made significant savings for Council through outsourced acquisitions and technical services. Council maintains a significant cost avoidance through not having to pay for staffing, a building, equipment or materials. Although there are cataloguing and processing costs, these are minimised through utilising Libraries Australia and reduced processing requirements. Full shelf-ready provision of books achieves great economies of scale. New materials are ordered at prepublication and arrive shelf-ready in the library branches within a few days of release.

With current practices considered to be Best Practice, how could that be improved? The next step for BCCLS was to re-examine cataloguing and processing requirements.

- Was the level of processing still required?
- Was there a way of reducing cataloguing costs?
- Would going out to tender give BCCLS a better deal?
- Would it be better to directly negotiate within current contracts, which were barely more than half way through the allocated timeframe?
- Could purchasing be further aggregated by joining with bookshops or other library services?
- Could BCCLS and suppliers work together in a win/win situation for

improved discounts or reduced costs.

With the analysis completed, a meeting to discuss the way forward was held with procurement experts from Council and the consultants assisting with the Strategic Procurement process. As the current process was already excellent and BCCLS already enjoyed effective relationships with the library suppliers, the sourcing strategy became 'direct negotiation' with the contracted suppliers to work together on reducing costs. Going to tender would have involved increased prices for cataloguing and processing. A proposal was put to the Council Stores Board in a Pre-market Submission.

BCCLS' direct negotiation strategies looked at small and big picture objectives, as well as short-term, medium term and long term solutions. BCCLS believed that there were opportunities for reducing costs for libraries and suppliers, but it was reliant on partnerships with other library services. BCCLS was also looking for evidence of 'future proofing', where suppliers were aware of and responding to changing formats and customer use patterns. As part of the negotiation, each supplier was required to respond to questions on:

- Their ability to influence publishers and distributors to obtain the best discounts.
- Whether aggregated purchasing with other libraries would affect the discount or guarantee of supply?
- Would standardised cataloguing & processing (with other library services) reduce costs?
- What value-adds they provide.

- How do they monitor and react to changes in the industry?
- Is there a way to minimise the number of invoices for processing through consolidation or e-invoicing?

The responses were analysed and compared with each other for suppliers of similar materials. The contracted suppliers were eager to offer solutions to problems that had also been plaguing them, particularly with differing cataloguing and processing requirements for each library service. The responses to the questions formed the basis for negotiation discussions with every supplier.

A number of opportunities were identified during the negotiation process, including the short-term option to reduce costs by not covering magazines. Other materials were being covered according to their estimated life cycle. Magazines were being covered to the extent that they would still be in very good condition by their 'use-by' date. This practice was benchmarked against a New South Wales library and a New Zealand library that did not cover their magazines and had a similar retention period.

Cost avoidance outcomes were also an important part of the Strategic Procurement process, including:

- outsourced Supply of Shelf-ready Library Materials.
- avoidance of potential CPI increases for cataloguing & processing
- reducing the number of invoices for processing through consolidation of the thirty-two branch's invoices.

The Postmarket Submission recommendations were to:

1. keep current shelf ready contracts in place;
2. review processing to minimise costs;
3. consider aggregating with other libraries for cataloguing and processing; and
4. consolidate invoices where possible

The final stages of the Strategic Procurement process involved developing a Transition Plan to incorporate effective procurement and contract management procedures; to track the benefits generated; reduce leakage outside of the contracts; ensure zero price creep; monitor service levels; and, rectify issues with suppliers. A risk management plan was also developed.

The Strategic Procurement process was a rigorous assessment of current practices and a detailed plan for leveraging the best procurement possible, as well as developing effective contract management. The next step for BCCLS was to identify library services to work with to standardise cataloguing and processing requirements and reduce costs.

The next step

Libraries in the English-speaking world have been using standard tools for cataloguing for decades – AACR2, DDC, LCC, LCSH, MaRC. The reality is that libraries really need only one good catalogue record which all can share. In this day of an easily accessible National Bibliographic Database, there is no reason why individual libraries should

continue to original catalogue all new material. What library service today can afford the labour costs to duplicate the work of other capable cataloguers? What library service today doesn't need more customer-facing staff?

Since 1999, when Brisbane began contracting library suppliers to select and supply shelf-ready library materials, many other libraries have also taken up this option to one degree or other. While some libraries have minimised their cataloguing and processing requirements from the library suppliers, others have not. Strategic Procurement identified that standardised cataloguing and processing would have savings for both libraries and library suppliers. Both the UK and Holland agree. UK libraries have been receiving standardised processing from their library suppliers for decades. However, the provision of shelf-ready library materials has grown a bit like Topsy in Australia. Each library service has its own requirements for cataloguing and processing, which adds to the workload of the library suppliers. Think back to the statement about customisation and the supply chain. Imagine if libraries that currently use shelf-ready services standardised one thing – the Dewey label. Why not agree on the same font and style of Dewey label? Imagine the improvement for suppliers (and reduced costs) if supplier could put the same Dewey label on all five hundred copies of the one title, rather than changing font and 'numbers after the decimal' for each library service. It sounds so simple.

Potential issues	Likelihood	Impact	Mitigation strategies
Poor catalogue records on Libraries Australia	Low	Medium	Agreed level and standard of cataloguing record
Staff not accepting different subject headings	Low	Low	Training for staff in effective searching
Libraries' collections not reflecting local needs – too homogenous	Medium	Low	<ul style="list-style-type: none"> Public libraries already buy approx 80% same titles. Specifications must reflect local needs Spot checking of orders Libraries update Standing Order lists annually
Difficulty in agreeing to processing standards	Medium	Medium	<ul style="list-style-type: none"> Work on standardising some elements of processing, such as Dewey Labels, J, YA first. Placement of barcode is individual, due to other requirements Review actual needs, rather than what has always been done.

This is why Brisbane City Council Library Services and Yarra Plenty Regional Library are working together on standardising the cataloguing and some of the processing each requires from Library Suppliers. It is helped by, but not reliant on the fact that both library services use the same Library Management System, Sirsi-Dynix Unicorn. Other library services are strongly encouraged to join this

partnership. As shown by the following Risk Matrix, standardising cataloguing and processing is low risk.

Strategic Procurement of library collections is achievable for all libraries. It requires the ability for each library service to look beyond their own library and into partnerships within the region, state and country.

References

Baudinette, K.L. (2004). Purchasing books collaboratively: The Academic and Research Libraries Acquisitions Consortium. *ALIA Acquisitions SA Seminar. 'New ways of purchasing, publishing and printing'*, Adelaide, South Australia, October 29.

Bertram Library Services. (2005). "*More books for their buck*": *Practical solutions to the challenges facing UK public library supply; a perspective from Bertram Library Services*. Retrieved October 30, 2005 from www.bertramlibraryservices.com

Brisbane City Council. (2005). *Strategic Procurement Teamleader's Toolkit*, 5.

Library Board of Victoria and Victorian Public Library Network. (2004) *Framework for Collaborative Action*. Library Board of Victoria.

Liddle, J. (2006). *Strategic Asset Audit of Victorian Public Libraries*

PKF for Museums, Libraries and Archives Council. Department for Culture, Media and Sport. (2005) *Public libraries: efficiency and stock supply chain review*. Retrieved October 20, 2005 from http://www.mla.gov.uk/action/framework/framework_04b.asp

Rushton, K. (2005) New library code for speedier books. *The Bookseller*, 30, 7.

Swaminathan, J. M. (2001) Coping with mass customization. [electronic version] *Harvard Management Update*, 6(8) 12.