Making Sense of Transforming and (Off) sourcing Corporate Libraries

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What's the value of the contribution made by the products, processes and services delivered by the corporate library in an organization? Value is increasingly derived from non-financial, intangible assets. A major challenge for corporate libraries is to become visible and contribute to the key business processes of an organization. Knowing how to build value into a corporate library, expand and determine its value for internal and external stakeholders, and accomplished by developing an intricate network of relationships through Service Level Agreements will settle whether the corporate library is here to stay.

INTRODUCTION

In the knowledge economy, making sense is more valued than making things. Making sense is a process whereby something surprising, unexpected, or equivocal is somehow made comprehensible[1]. Sense making is triggered when events violate expectations. People and organizations are constantly in the business of trying to make sense of the flow of activities in which they find themselves involved. Everything about work is changing – where we work, how long we work, our network of colleagues, what tools we use, the information and knowledge needed to perform effectively and so on. Within such ambiguous set of events, people struggle to make sense of them. How can we make sense of the current trend to transform and (off) source corporate libraries? A critical component of making sense is the *context* in which a situation is embedded. In organizations, circumstances dictate the value of information and knowledge, its relevance, and its truth.

CORPORATE LIBRARIES: STATE-OF-THE-PRACTICE

Traditionally, libraries faced few if any major constraints. They 'logically' belonged to the public and business domain of society. However, the 1990s triggered a greater focus on delivering value of information resources, services and products. Increasingly, units, departments and divisions had to prove their value as integral elements of the strategy of the company. The value a corporate library creates is embedded in the context of the strategy a company is pursuing.

Traditionally, libraries found it difficult to make their value added services visible to their stakeholders. Most corporate libraries have thought of services as something they *offer* to customers. The name of the game, however, is how to exceed customer's expectations. In the Netherlands, we have seen examples of rightsizing – e.g., Shell, ABN-AMRO, KLM, Dutch Telecom (PTT), Dutch Railroad, Philips - and upgrading of corporate libraries; accounting firms and law firms.

Dutch Law Firms Transform Corporate Libraries into Information Centres and/or Knowledge Centres[2]

According to a 2004 survey by Siemen Jongedijk and Luuk Matthijssen on the state-of-the-practice of knowledge management in 35 Dutch law firms, the legal sector was sent ot be transforming its traditional corporate libraries into information centres and/or knowledge centres. What is the most important feature of this transformation process? An information centre will be able to autonomously answer legal questions and independently provide information services on – mutually agreed upon - key knowledge areas.

The Dutch publication *Van rups tot vlinder (From Caterpillar to Butterfly)* presents an overview of recent developments in the world of public libraries, corporate libraries and special libraries[3].

DETERMINING THE VALUE OF THE CORPORATE LIBRARY

"Benchmarking and best practice will merely get you to the middle. Don't imitate – innovate[4]."

What is the value of a corporate library? Knowing how to build value into your organization is key to growth, success, and survival. Prof. dr. Daniel Andriessen has defined value as *the degree of usefulness or desirability of something, especially in comparison with other things*[5]. The degree of usefulness or desirability depends on values. To start measuring or assessing value, one needs to have yardsticks. But values are by definition subjective. Each customer defines it somewhat differently. To claim that value is synonymous with customer loyalty may be correct, but is too simplistic.

As Tom Peters – the management guru - often states: perception is all there is. The popular saying that beauty is in the eye of the beholder is also applicable to value. It is always a question of "value to whom". Consequently, value is not objective; it does not reside in the tangible, material world. Internal and external customer expectations are often complex and partially hidden, even from customers themselves!

Sometimes, however the values of the beholder can be altered into an observable phenomenon, like client satisfaction, customer loyalty, employee satisfaction or brand value. These are not easily turned into financial value, but they ultimately affect the success of an organization.

A good valuation method yields reliable results if the outcome is the same, independent of the person applying the method. If you want to start measuring or assessing value, you need first to define from which stakeholders' perspective what you want to start valuing! Value can also be lost. The farther away from its ultimate 'user' an activity takes place, the more likely it is to lose value. Desk research prepared by an employee at the corporate library may lose its significance because that the individual undertaking the research is not able to pinpoint the right kind of key business issues the unit in question has to tackle.

The criterion of value does not have to be financial ('money'). The advantage of using a financial criterion is that it can act as a common denominator for various intangible resources. One of the key problems of valuing intangible assets[6] is linking the assets to the value it generates. Nonetheless, the measurement of value is *not* management of value. Most non-financial performance measures have a virtue: When leveraged, they tend to multiply. Intangible assets are hard for competitors to imitate, which makes them a powerful source of competitive advantage. The more one uses them, the more one gains. Relationships become stronger. Information becomes richer and deeper. Networks become more extended and trustworthy.

Hidden Value

In 2003, Christopher D. Ittner and David Larcker[7] conducted field research in more than 60 manufacturing and service companies and supplemented it with survey responses from 297 senior executives. To their surprise, they discovered that most companies had made few attempts to identify areas of non - financial performance that might advance their chosen strategy. Nor had those companies demonstrated a cause-and-effect link between improvements in those non - financial areas and in cash flow, profit, or stock price.

The common mistakes organizations make when trying to measure non - financial performance are:

* Not linking measures to strategy
* Not validating the links
* Not setting the right performance targets
* Measuring incorrectly

Determining the value of corporate libraries[8] involves, first of all, a valuation of its mission, vision, ambition, and strategy.

- ***Mission:*** Why are we here?
- ***Vision:*** How do we want to accomplish our mission? Which direction are we going?
- ***Ambition***: What do we want to accomplish? What's our target?
- ***Strategy:*** What are we going to do, now...?

If you want to develop value, you have to know where it starts. Therefore, make everyone understand they can create value through their individual actions and decisions. In a modern corporate library, the work is integrated into the business processes of the company. The corporate library will hold a strategic position within the organization that is usually spelled out in the library's mission statement. It provides mission - critical products and services. A vision of library services has been established, either formally or informally, linking information management, knowledge management, organizational learning and organizational forgetting in a 'knowledge services construct[9]'. The service ethos in the library builds on higher-value services.

Higher-Value Services Stipulate Higher – Value Support Systems
What worked in the past probably won't work within the new knowledge services requirements that high –value services and products demand. Some new and valuable support systems are:

* ActiveNet (Tacit Knowledge Systems) (www.tacit.com): Tacit Knowledge Systems Inc., announced in March of 2004 that Morgan Stanley had licensed Tacit's ActiveNet software for use within its Investment Banking Division. Tacit is the leading provider of software for automating expertise sharing and relationship networking within an enterprise. "We have been piloting ActiveNet since its Beta stage, to help our staff to locate and share expertise," said Stephen Sparkes, CIO of Morgan Stanley's Investment Banking Division. "We decided to deploy ActiveNet to our whole organization because of the new 'who knows who' capability in the latest release of the software. This effortlessly keeps our team up to date with the organization's external relationships. That helps Morgan Stanley to collect timely and relevant information to improve service for our clients whilst observing our stringent privacy needs." ActiveNet uses automated profiling technology to continuously discover information about the work focus, expertise, and relationships of each person in an organization. Users can then easily find and collaborate with the right colleagues, helping the whole workforce to operate as efficiently and as effectively as possible (for similar products: Collaboration and Expertise Networks – Autonomy – and Verity K2 Enterprise – Verity, see Kaihla[10]).

* Alacra & Ecowin & Economic Intelligence Unit: Worlddata (www.eiu.com/worlddata) : This database provides near-real-time updates for global data and forecasts in a simple web interface- no special software needs to be installed. It offers economic and market data and forecasts on 150 countries, 45 regions and more than 120.000 series. Worlddata gives executives an intuitive web-based interface through simple search routines.

* TD-Net (www.tdnet.com) **:** this system links e-journals from the web to a given intranet system, providing full-text access to tables of contents, back-year archives, publisher sites etc. It provides an easy to use interface for employees to all relevant documents stored in databases like EBSCO, EMERALD, Lexis/Nexis, Online Contents and Gartner.

* The Question Library (Dutch only) (www.tql.nl) . This Question & Answer Library has *15.000* practical and proven answers to day-to–day business issues (franchising, health issues, how to download big files, coaching)

Customer needs are tracked on an ongoing basis. Service is delivered according to a mutually agreed-upon Service Level Agreement. The information professional's work is integrated in the work processes of the customer. All relevant stakeholders recognize the value of the library and work hard to make sure that the service level of the library is continued.

Calculating Return on Investment for Corporate Libraries

The reality is that every year corporate libraries buy less for the same money or the same for more money.

When does it make sense to operate virtually as a corporate library? Answering this question requires knowing what the costs and benefits of virtual corporate libraries are, that is, their return on investment (ROI). It also requires understanding how the objectives of virtual corporate libraries relate to the organization's strategy.

At its core, ROI is a straightforward concept that is evaluated by measuring the benefits relative to the costs[11]. As Levenson & Cohen state: "Yet as with most things in life, the devil is in the details: calculating ROI in practice can be quite difficult[12]." ROI is useful as an aid to decision-making, not a substitute for it. The best-calculated ROI numbers mean little unless interpreted in the context of the organization's strategic objectives and resource allocation decisions over a range of possibilities. Traditional ROI calculations focus on benefits as measured by changes in net income or cash flow. Thus, other relevant benefits with an indirect impact on the bottom line that do not generate a direct improvement in cash flow may be too subjective to measure to those who like clean and simple ROI calculations.

Levenson & Cohen distinguish 'Objective' Business Outcomes (Quality, Customer Satisfaction), and 'Subjective' Business Outcomes (Creativity, Organizational Learning). Furthermore, they include other parameters for the ROI metrics such as a number of design and process characteristics that distinguish successful libraries from less successful libraries (technology infrastructure, leadership, training level of information professionals). Although the focus of the Levenson & Cohen article is on calculating ROI for virtual teams, they offer a practical ROI approach that can be applied within the context of calculating the ROI of a corporate library.

Are Corporate Libraries Vulnerable to Offsourcing?

Generally, outsourcing involves using someone other than library employees and/or information professionals to perform information services. Effective offsourcing offers potential benefits to the organization in terms of cost, service levels and access to high-value talent. A corporate library within this context should provide *borderless* services and products in which the library is regarded as a key business process (and not necessarily a place or a physical location) where information can be sought, found, and turned into valuable knowledge.

Nowadays, most information professionals and library employees will be confronted with a *disruptive* phenomenon. Dubbed 'non-tradables', information services - which have long been perceived by economists as having to be delivered in person, on site - are no longer protected from offsourcing. Stephen Roach, Chief Economist of Morgan Stanley summarizes the unique positioning of services as follows: "Offshore outsourcing of *services* is now occurring up and down the value chain – from low value–added transactions such as processing and call centres to activities with a high intellectual capital content, such as software programming, engineering, design, accounting, legal and medical advice, and a broad array of business consulting functions[13]."

Corporate libraries - and their employees - are susceptible to these offsourcing initiatives. Companies are offsourcing tasks that were once thought to lie at the core of the firm – its business processes. It is no longer a simply tactical option that can help save a few Euros here and there. Offsourcing has emerged as a strategic necessity. Some companies are testing the water, but others have advanced to the point where they are purchasing complete information services form countries like China, India or Eastern Europe. Lifting and determining the value of the contribution made by the products and services delivered by the information professional or librarian employees is the only way to influence decision makers to reset[14] their ‘offsourcing mindsets’.

Getting Things Done Through Service Level Agreements

Relationships are essential to getting things done. Formal relationships are typically documented in contracts, organizational charts and job descriptions. Every organization also has its informal networks – people who know each other and help each other regardless of rank, function, or job title. The intricate network of relationships within and outside of the organization shapes the circulation system that carries and filters information and ideas to those who need it, when they need it. Balancing the formal and informal information/knowledge flow is one of the key value propositions a corporate library has to offer.

A Service Level Agreement outlines the core services and products that the corporate library provides from the resources allocated to the library by the organization. The value proposition of the deliverance of services is inevitably constrained by the level of resources received and the ever-changing requirements made by stakeholders. The goal is to ensure that the corporate library is delivering value for money, that its services provide the closet possible match to the needs of the stakeholders and that the library is accountable for its activities and results.

A Service Level Agreement is intended to encourage a dialog rather than a debate. It’s a multi-directional process whereby both the Corporate Library’s expectations and the stakeholders expectations are expressed. The Agreement can be reviewed and monitored by the Library, the stakeholders, and an independent Review Committee.

The description of a Corporate Library’s collections and services can be summarized using the following format:

Service name	**The name of the collection or service**
Basic description	An outline description of the collection or service
Eligibility	Which categories of user are entitled to the service
Library responsibility	Details of what the Library offers as part of this collection or service
Stakeholder responsibility	Any stakeholder that uses the collection or service is expected to conform to these criteria
Service charges	Details of fines or charges where applicable
Service hours	Availability of the collection or service
Service targets	Any target response or delivery times
Service statistics	Statistics and performance measures reported to Library, relevant stakeholders, and an independent Review Committee

Source: adapted from: www.lib.uea.ac.uk

The trouble with describing the collection or services is that they will appear to be simplistic at first glance. The descriptions do not take into account the complexities that permeate the management of corporate libraries. Furthermore, the implementation of SLAs should be incremental. All of the relevant stakeholders need to get used to 'working apart together'. Each stakeholder involved must select and appoint an 'owner' of the SLA process within their unit and/or organization.

Many attempts at creating a relationship – or even a partnership – through Service Level Agreements fail because of an inability to understand the other. During negotiations, cues and hints are given, and companies use these to assume the 'similarities 'between the stakeholders. Often a failed relationship is the result of assumed 'fit' or 'match'.

Corporate Libraries: the Road Ahead

It doesn't make sense to bring in new people and new ideas and try to fit them into fundamentally unchanged business processes. Corporate libraries need to reinvent and communicate their services, products, and added value. So what's the right track for developing corporate libraries? Figure 1 shows the key questions and decisions to be made which need to be answered in order to expand a given organization.

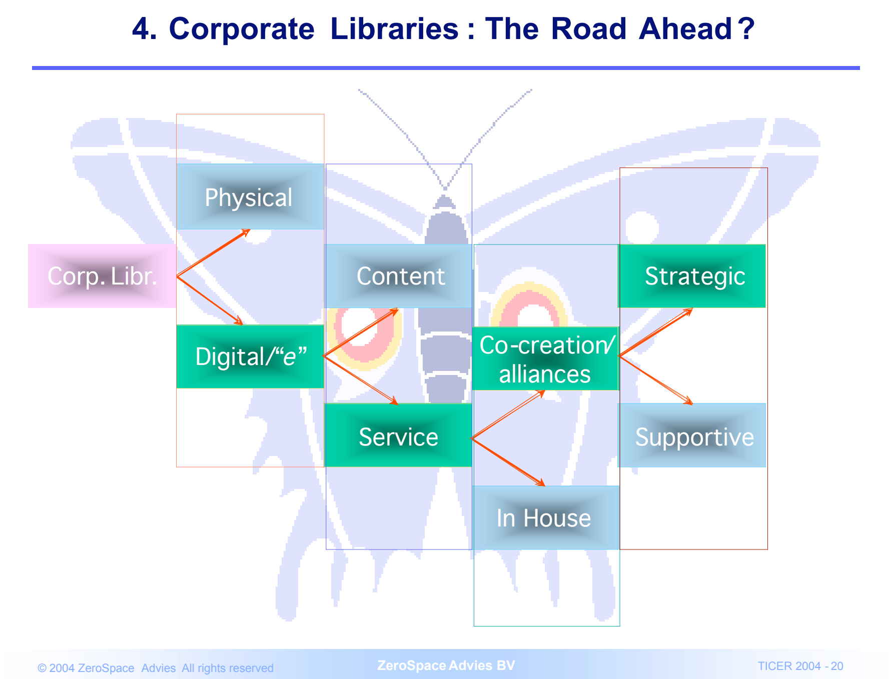

Figure 1: Corporate Libraries: The Road Ahead…

Which Way to Go?
"Would you tell me, please, which way I ought to go from here?"
"That depends a good deal on where you want to get to," said the Cheshire Cat.
"I don't much care where--" said Alice.

"Then it doesn't matter which way you go," said the Cat.
"--so long as I get somewhere," Alice added as an explanation.
"Oh, you're sure to do that," said the Cat, "if you only walk long enough."
--Lewis Carroll, Alice's Adventures in Wonderland

The key questions, which need to be addressed by managers of corporate libraries, are:

1: What's the dominant organizational infrastructure: physical versus digital/"*e*"
2: Is the focus on content or service delivery?
3: Are we going to do everything ourselves, or are we delivering value through co-creation?
4: Do we deliver mission – critical services and products - or are we 'just' providing support?

CONCLUSION

Corporate Libraries must be assessed in their full strategic context. Calculating the return on investment must include both subjective and objective business outcomes additional to a number of process and design characteristics. Delivering higher-value services and products stipulates higher-value support systems.

Is the corporate library here to stay? It depends. Don't get too preoccupied with a service support function at the operating level - a set of activities that is vulnerable to offsourcing and outsourcing anyway. The key issue is: will corporate libraries continue to make sense to their stakeholders? If not, corporate libraries will almost inevitably be built to decline instead of being built to last.

LITERATURE

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[14] Offsourcing has a downside as well. Many contract employees have no loyalty and commitment to the parent company and contract librarians often are not allowed to handle sensitive internal documents and sensitive information and thereby don't contribute to strategic innovation processes.