Making Sense of Transforming and (Off)sourcing Corporate Libraries

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TICER

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Programme

1. (L)earning for a Living

2. Determining the Value of Corporate Libraries

3. Getting Things Done Through Service Level Agree-ments (SLA's)

4. Corporate Libraries: The Road Ahead

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Part 1

(L)earning for a Living

1. Information is like...

> *In the Industrial Age,*
> *information was like gold.*
> *In the Digital Age,*
> *information is like milk,*
> *use it quickly.*
>
> *Information Strategy, 1998*

1. Never before has so much technology and information been available to mankind.

Never before has mankind been so utterly confused.

It's time for clarity.

1. The Sheer Abundance of Information: Towards Info – Glut

- Each year: 300.000 books are published worldwide.

- Amount of new webpages per day: *7 million*

- Everyday *8 billion* e-mails are exchanged within Corp. USA

- SMS messages: per month 45.6 billion, Phillipines highest rate: 200 million a day!

- It is expected that each day in 2005 about 36 billion person – to – person e-mails will be exchanged globally (IDC, 2003).

- O.6L : Every time information passes a layer, only 60% gets through (Scott McNealy, Sun Microsystems)

"What information consumes is rather obvious: it consumes the attention of its recipients. Hence a wealth of information creates poverty of attention"
Herbert Simon, Nobelprize Economics

1. At some point there's a limiting factor – and that's human attention

"If attention goes one place, then it can't go another"

Source: Davenport & Beck, Attention Economy, 2001

1. Are Knowledge Workers Becoming a Commodity?

- When workers were laid off in the industrial era, they no longer had the means or the resources to be productive ("…bodies were as replaceable as light bulbs").

- In the Knowledge Economy, knowledge workers are finding that they take the most valuable resource with them when they are laid off: knowledge; their network and competences

- Nowadays, a global white collar migration is happening: Any function that does not require face-to-face contact is now perceived as a candidate for offsourcing.

A cubicle can be replicated overseas as easily as a shopfloor can!

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1. R – Professionals versus I - Professionals

Routine Knowledge Professionals:

- doing the same things faster

- strive for *efficiency:* the ability to provide the effect wanted without waste of time, energy etc..

- repetitive, volume based work, predictable
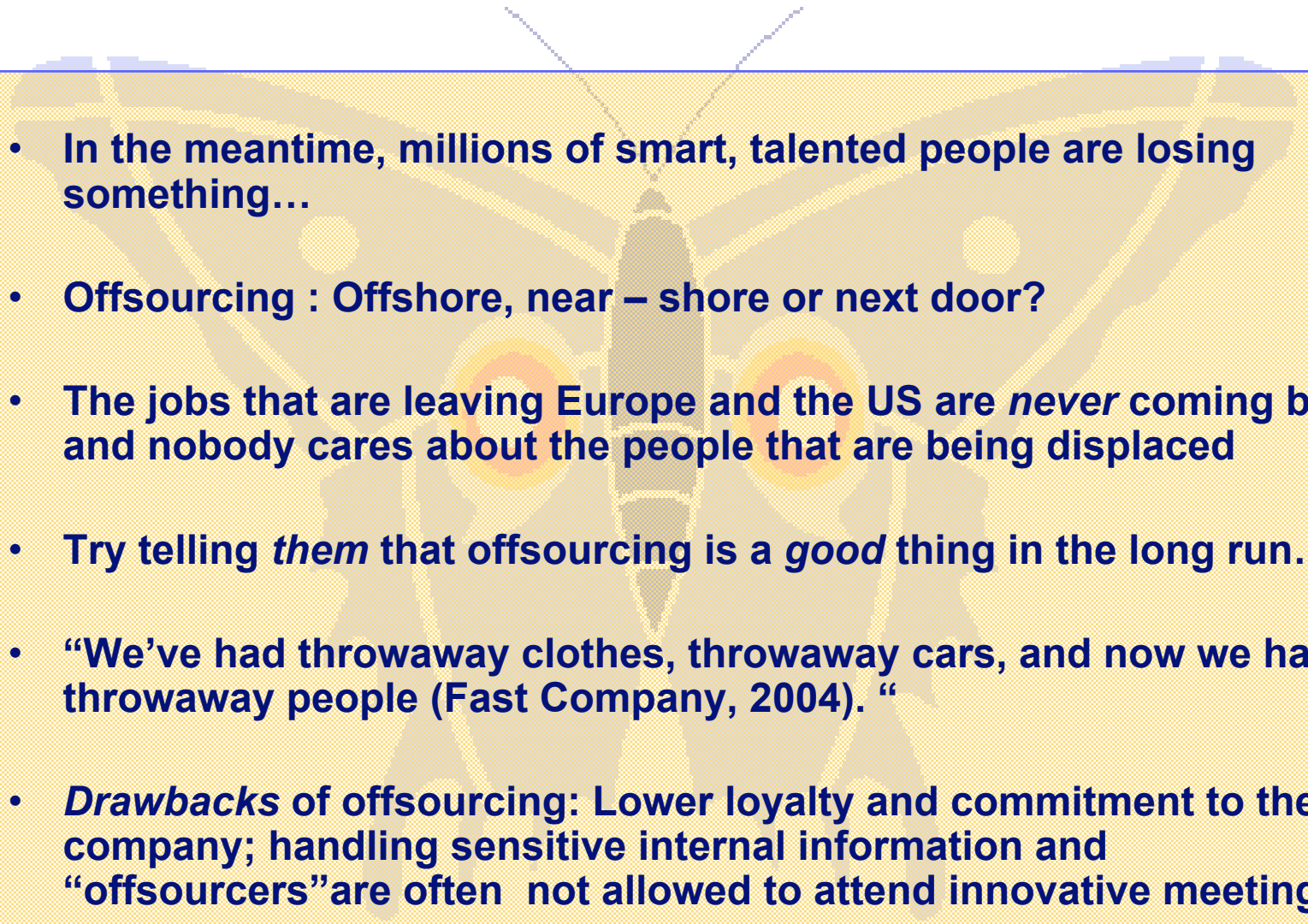
Innovative/Improvising Knowledge Professionals

- developing new activities, applications, business processes

- strive for *effectiveness* by modifying a set of activities or develop something completely different. They organize innovative ideas, concepts in an understandable and attractive format

- one-of-a kind, volume-of-one, unpredictable

1. Knowledge workers are confronted with a *disruptive* phenomenon: "No one's immune…"

- Information services - which have long been perceived by economists as having to be delivered in person, on site - are no longer protected from outsourcing. US citizens are told this massive job migration will lift the economies of other, poorer nations, providing US companies with new opportunities to sell their goods.

- This *35,000-foot-high* analysis is detached, sterile and remarkably naïve and insensitive :"It's like covering a war from a cockpit of a B-52 bomber instead from a battlefield (Fast Company, April 2004)"

- Some authors – D.W. Drezner, *Foreign Affairs*, May/June 2004 - believe that "close to 90 percent of the jobs in the United States require geographic proximity."

- "Once the economy improves, the political hysteria over offsourcing will also disappear." (Drezner, 2004).

- My personal conclusion is: "Dream on…"

1. Dear Professional,
This is your final wake-up call…

- **In the meantime, millions of smart, talented people are losing something…**

- **Offsourcing : Offshore, near – shore or next door?**

- **The jobs that are leaving Europe and the US are *never* coming back and nobody cares about the people that are being displaced**

- **Try telling *them* that offsourcing is a *good* thing in the long run…**

- **"We've had throwaway clothes, throwaway cars, and now we have throwaway people (Fast Company, 2004). "**

- ***Drawbacks* of offsourcing: Lower loyalty and commitment to the company; handling sensitive internal information and "offsourcers"are often not allowed to attend innovative meetings.**

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The Unproductive Service Worker?

- **Fifty years ago, a typical service sector worker produced about $39.000 worth of output (in 'year 2000' dollars).**

- **The average worker in goods-producing industry , like manufacturing or construction, was responsible for only slightly more revenue, about $48,000.**

- **Today, the service worker's output has risen by 47%, to just over $54.000. But the average output for goods-producing worker has shot up over *330 percent*, to more than $207,000.**

- **Most important reason: lack of international competition.**

- **But these happy days are over…**

- **Critical skills: Computer literacy, typing, an understanding how complex organizations work and the ability to deal with people (Bosworth, 2004).**
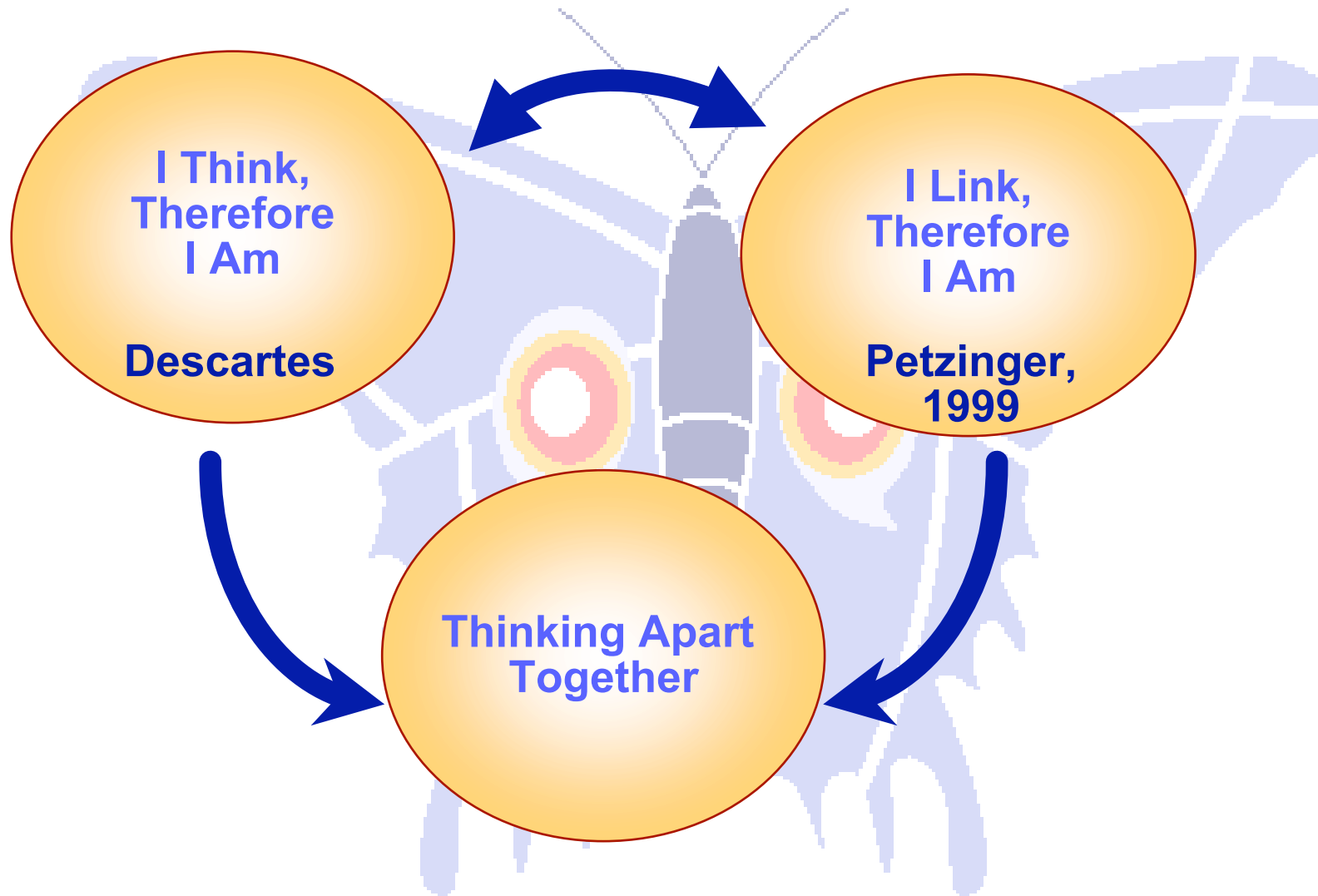
Source: Daniel Altman,Business2.0, May 2004

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1. Offsourcing Knowledge Work To India?

Source: World Press Photo 2004

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1. Knowledge Worker's Competencies: Think, Do and Dare

I Think, Therefore I Am

Descartes

I Link, Therefore I Am

Petzinger, 1999

Thinking Apart Together

Part 2

# Determining the Value of Corporate Libraries

2. Is the Purpose of a Business not Simply to Make a Profit?
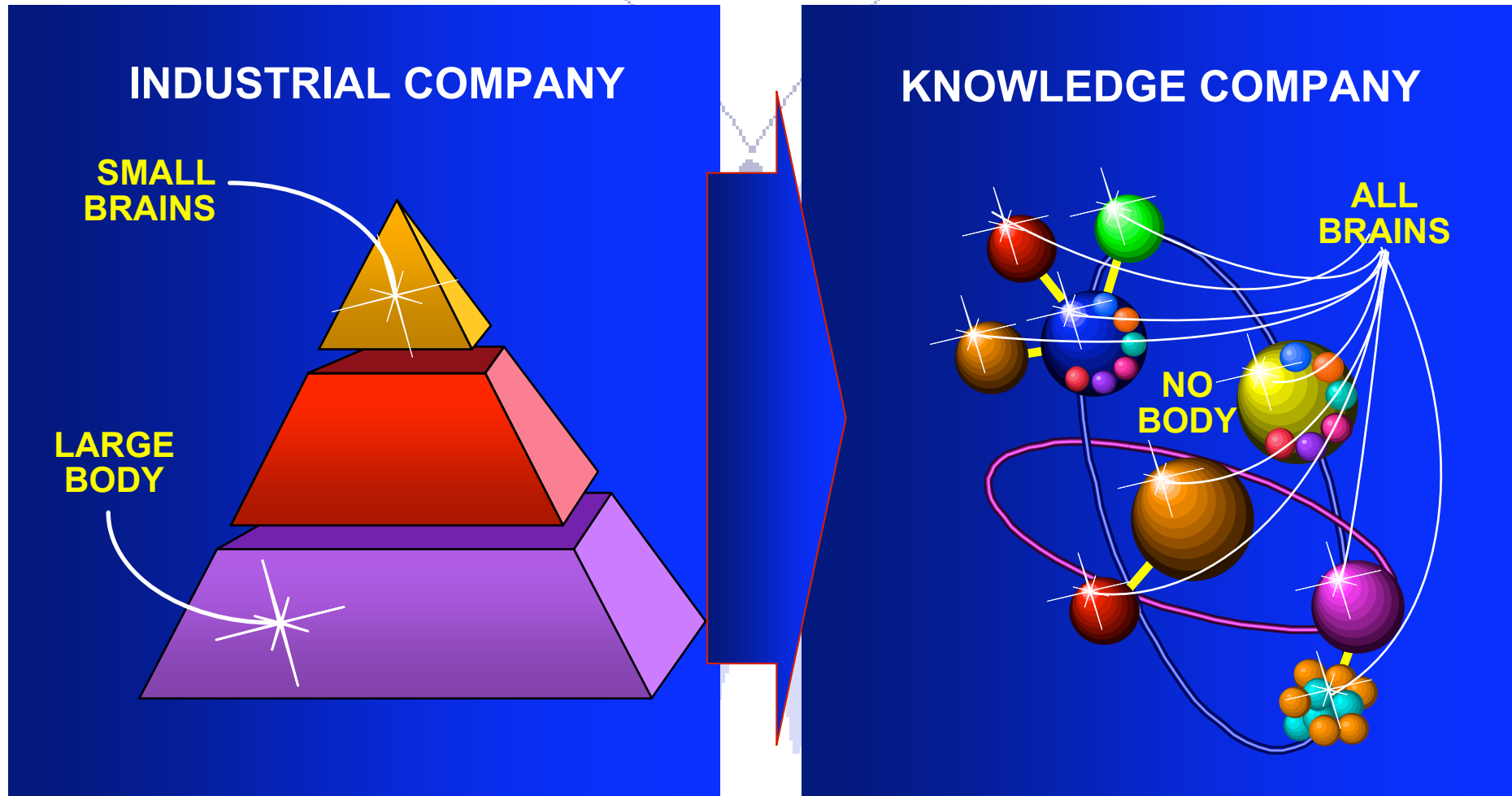
"A group of people get together and create an institution that we call a company, so they are able to accomplish collectively what they could not accomplish seperately. They make a contribution to society"

Source: David Packard, cofounder of HP. In: C.Handy, 2003

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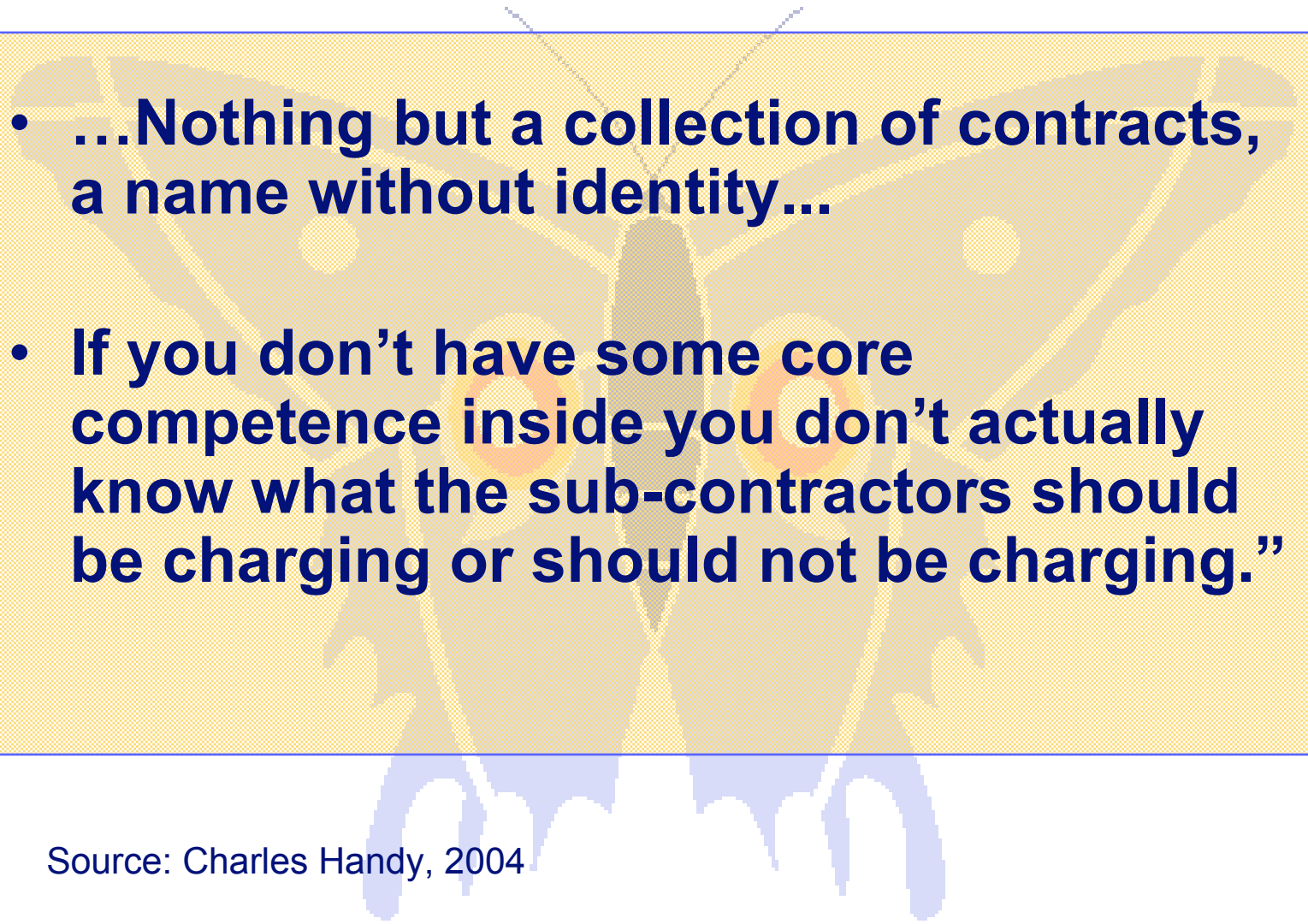
"Companies exist only if people are willing to show up and create a place where people share their knowledge, ambitions, troubles and are willing to take risks"

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2. Organizations Are Fundamentally Changing

INDUSTRIAL COMPANY

SMALL BRAINS

LARGE BODY

KNOWLEDGE COMPANY

ALL BRAINS

NO BODY
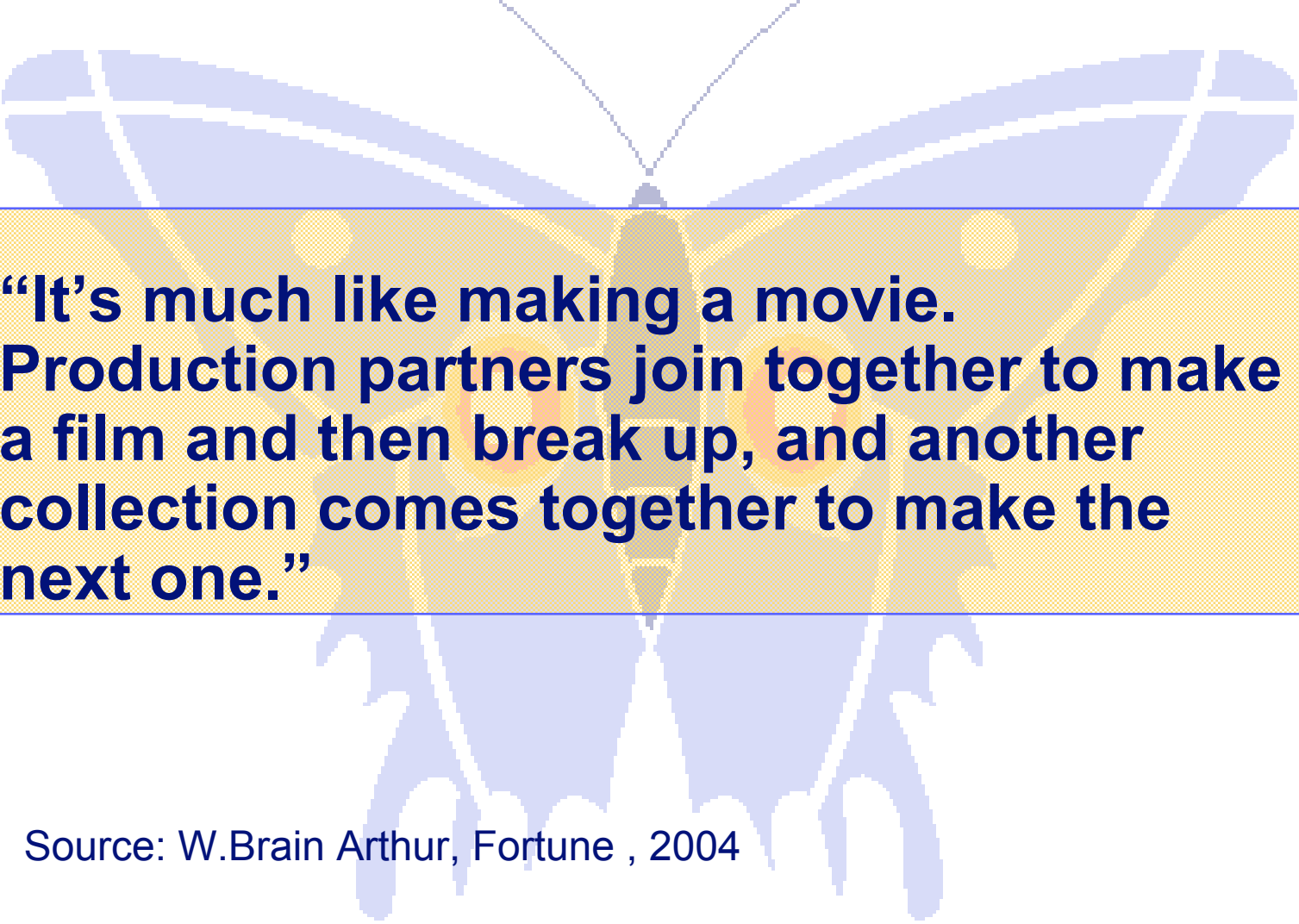
Source: Tissen, Andriessen, Lekanne Deprez, 1998

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2. The Hollow Corporation…

- **…Nothing but a collection of contracts, a name without identity...**

- **If you don't have some core competence inside you don't actually know what the sub-contractors should be charging or should not be charging."**

Source: Charles Handy, 2004

2. It's Only a Movie: The Offsourcing Model

"It's much like making a movie. Production partners join together to make a film and then break up, and another collection comes together to make the next one."

Source: W.Brain Arthur, Fortune , 2004

Turning Knowledge into Value

2. A short journey…

Knowledge:

- resides in the 'heads'('stock': directly available, but today's knowledge may already be out of date)

- circulates among people; something people do together ('flow': exclusive, it updates organically)

- is not easy to organize

- must be turned into action

"…companies become eunuchs in the business harem: they know what to do, they've seen it done a thousand times, but they can't do it themselves (Lekanne Deprez & Tissen, Zero Space, 2002)."

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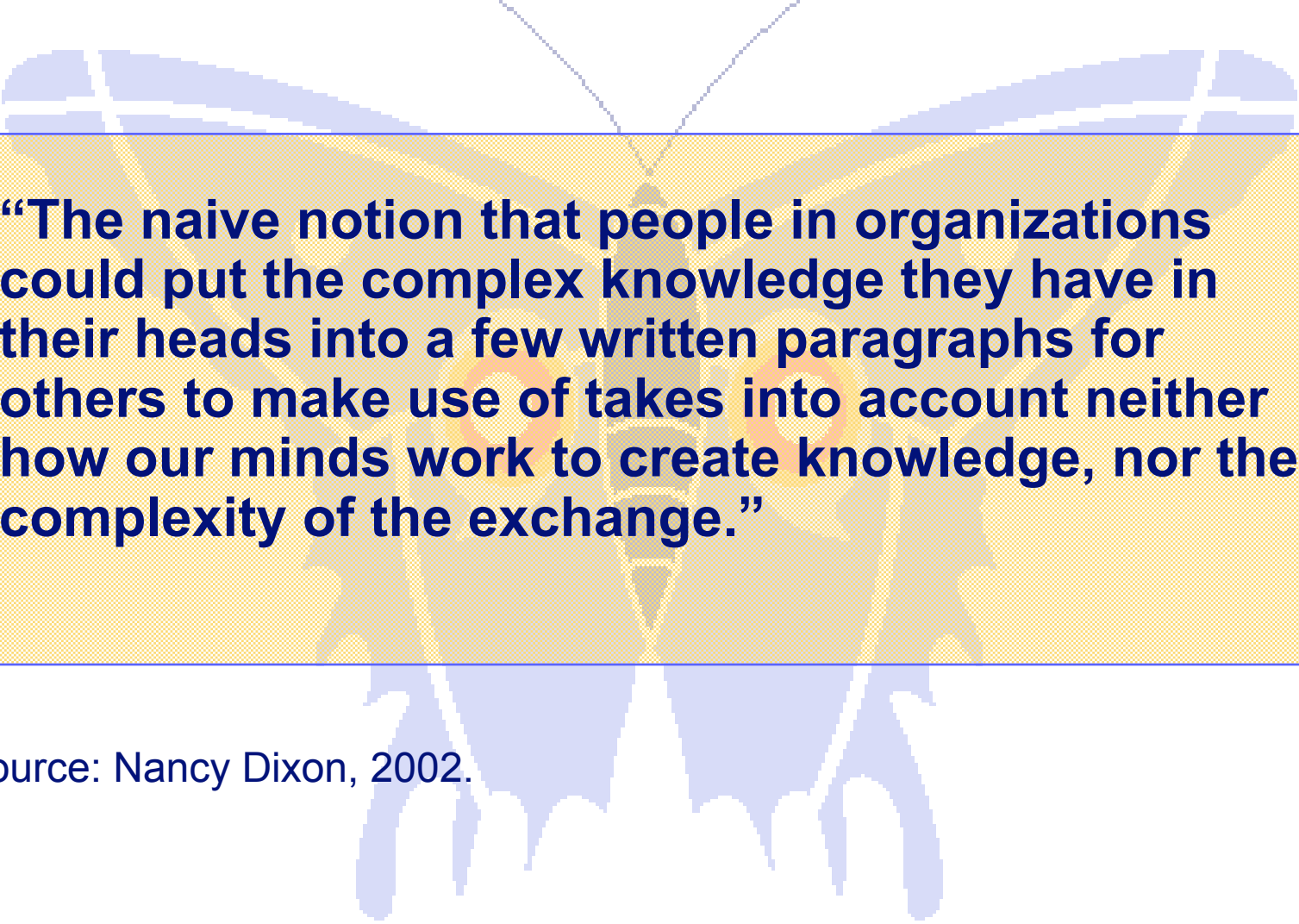
Knowledge Management is …

- no goal in itself

- systematic way of organizing

- turning knowledge into value

Determining the Value of Knowledge for…

- individuals

- group/team/community/network, unit

- organisation or knowledge society
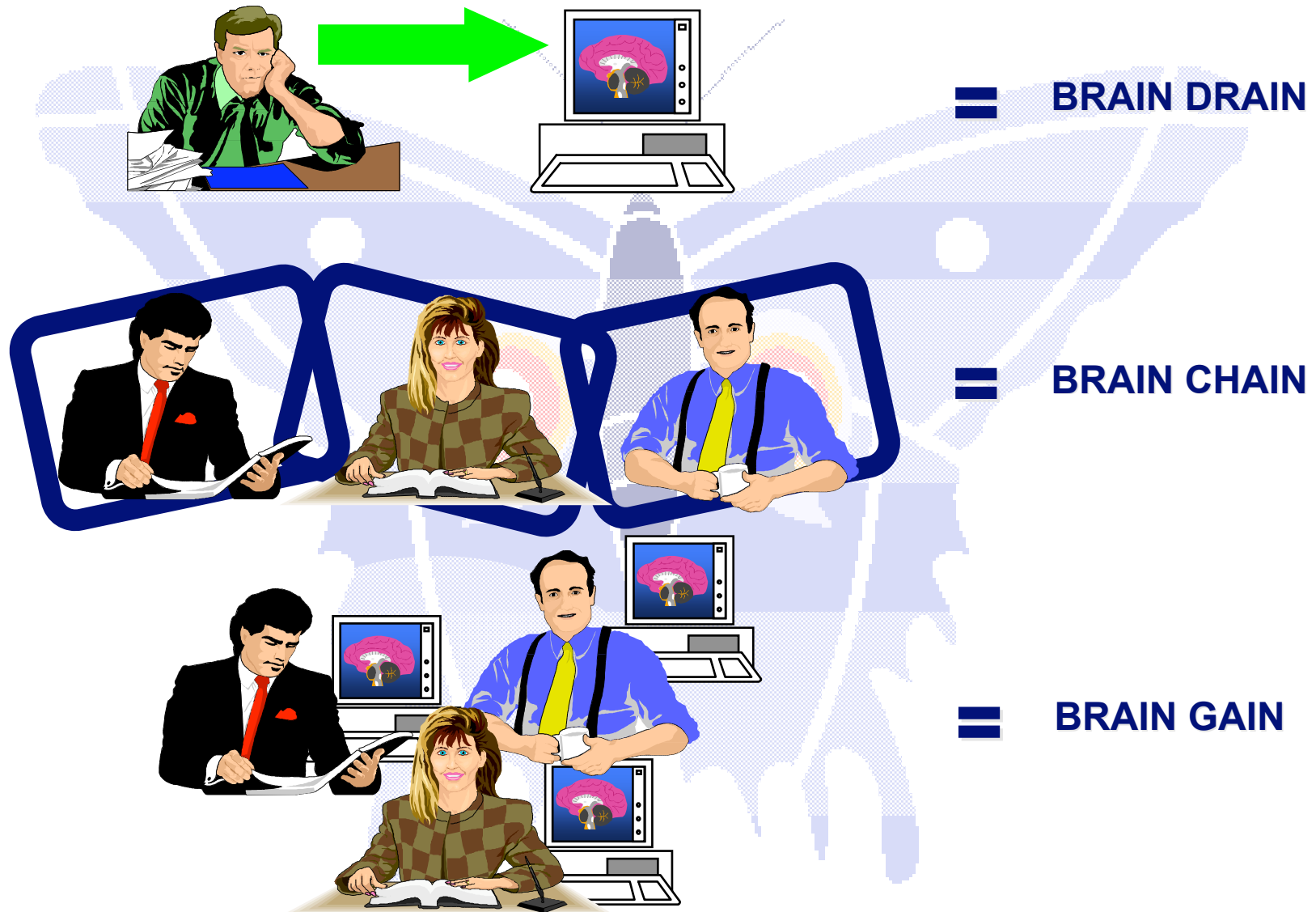
2. Things That We Don't Like To Face
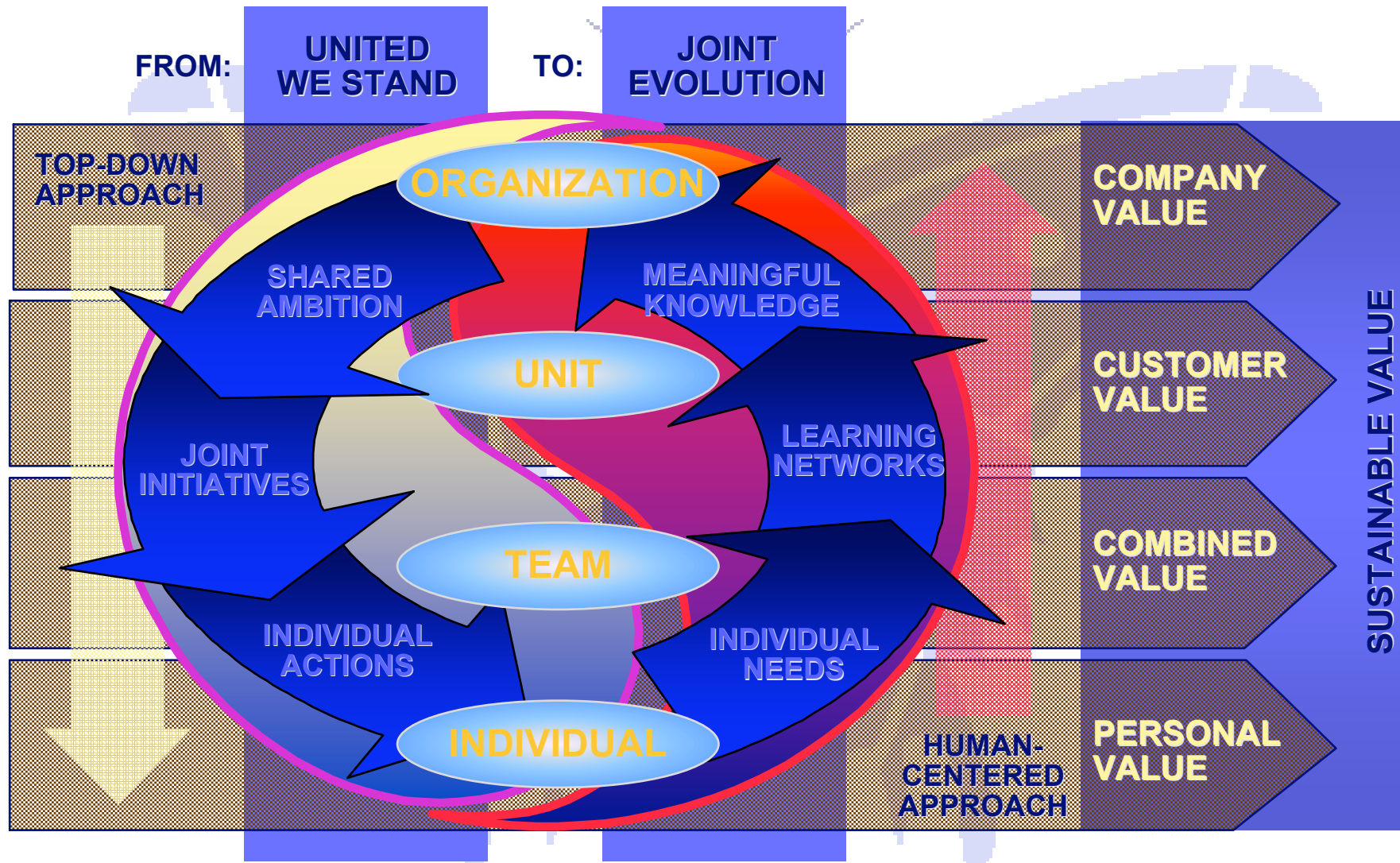
"The naive notion that people in organizations could put the complex knowledge they have in their heads into a few written paragraphs for others to make use of takes into account neither how our minds work to create knowledge, nor the complexity of the exchange."

Source: Nancy Dixon, 2002.
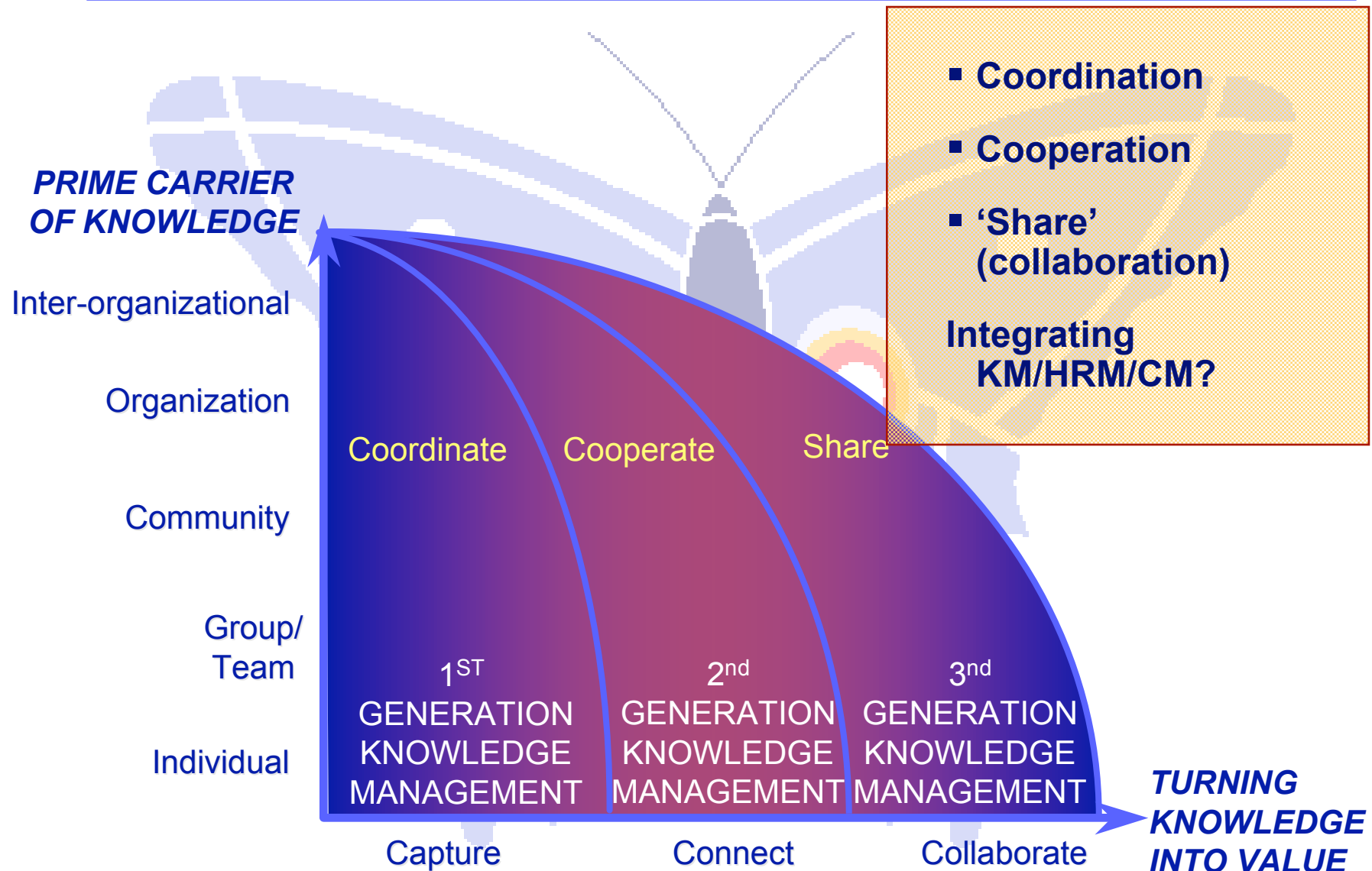
2. Knowledge Management Strategy "in a nutshell"

= BRAIN DRAIN

= BRAIN CHAIN

= BRAIN GAIN

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2. A Balanced Approach to Knowledge Management

FROM: **UNITED WE STAND** TO: **JOINT EVOLUTION**

TOP-DOWN APPROACH

ORGANIZATION

SHARED AMBITION

MEANINGFUL KNOWLEDGE

UNIT

JOINT INITIATIVES

LEARNING NETWORKS

TEAM

INDIVIDUAL ACTIONS

INDIVIDUAL NEEDS

INDIVIDUAL

HUMAN-CENTERED APPROACH

COMPANY VALUE

CUSTOMER VALUE

COMBINED VALUE

PERSONAL VALUE

SUSTAINABLE VALUE
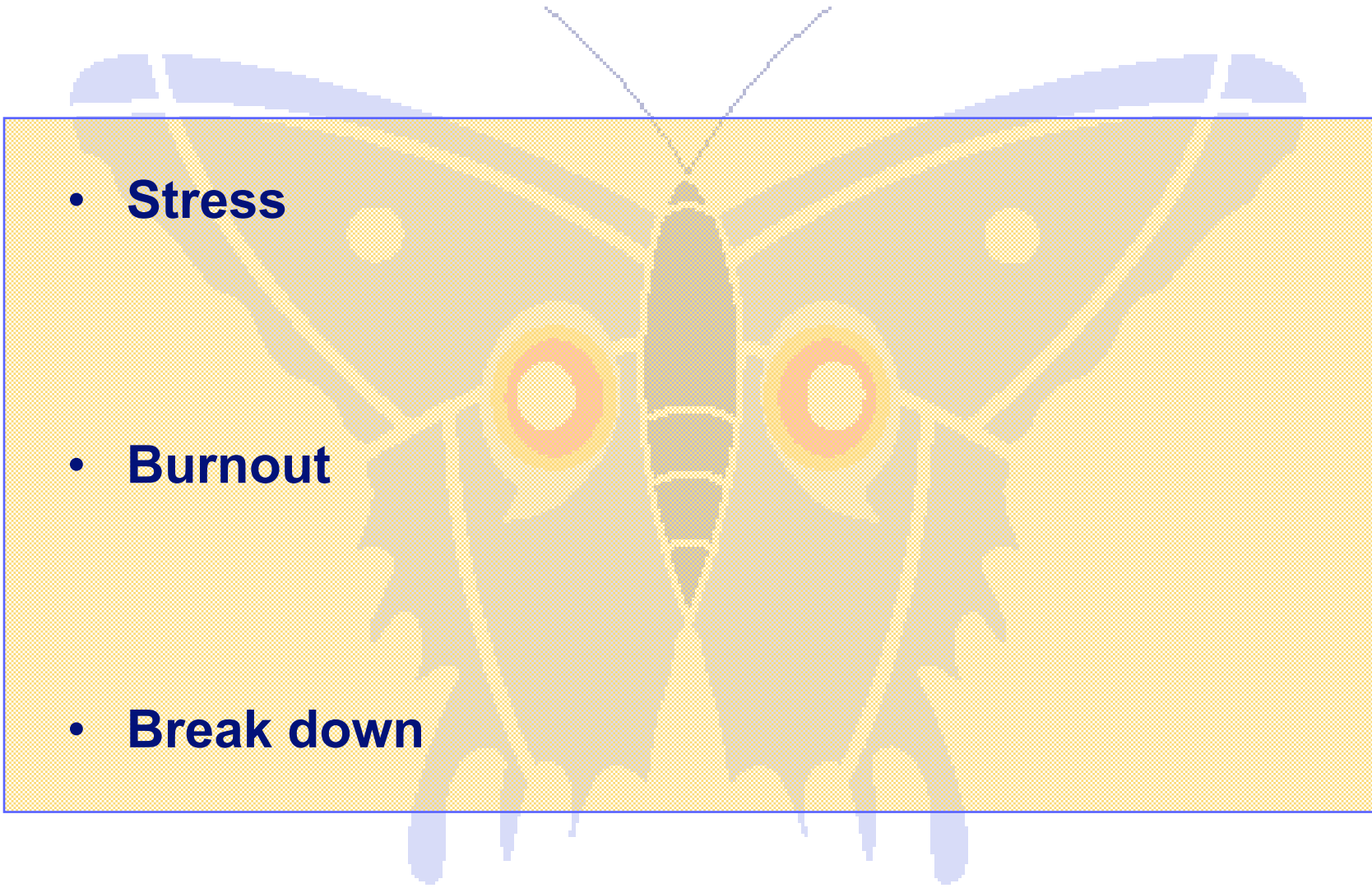
2. Knowledge worker's patterns of work connected to knowledge management

- **Coordination**
- **Cooperation**
- **'Share' (collaboration)**

Integrating KM/HRM/CM?

PRIME CARRIER OF KNOWLEDGE

Inter-organizational

Organization

Coordinate Cooperate Share

Community

Group/ Team

1ST GENERATION KNOWLEDGE MANAGEMENT

2nd GENERATION KNOWLEDGE MANAGEMENT

3nd GENERATION KNOWLEDGE MANAGEMENT

Individual

TURNING KNOWLEDGE INTO VALUE

Capture Connect Collaborate

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2. The Current Managerial Mindset?

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2. What Do These Words Have In Common?

- **Stress**

- **Burnout**

- **Break down**

2. Are We Trapped in a Prison of Our Own Making?

- **Nelson Mandela reportedly said that although his political opponents could imprison his body, they could never imprison his mind.**

- **And yet many of us in business allow our minds to be imprisoned in 'old-time' industrial age , machine-like thinking.**

Source: Zero Space, Lekanne Deprez & Tissen, 2002, p. 4
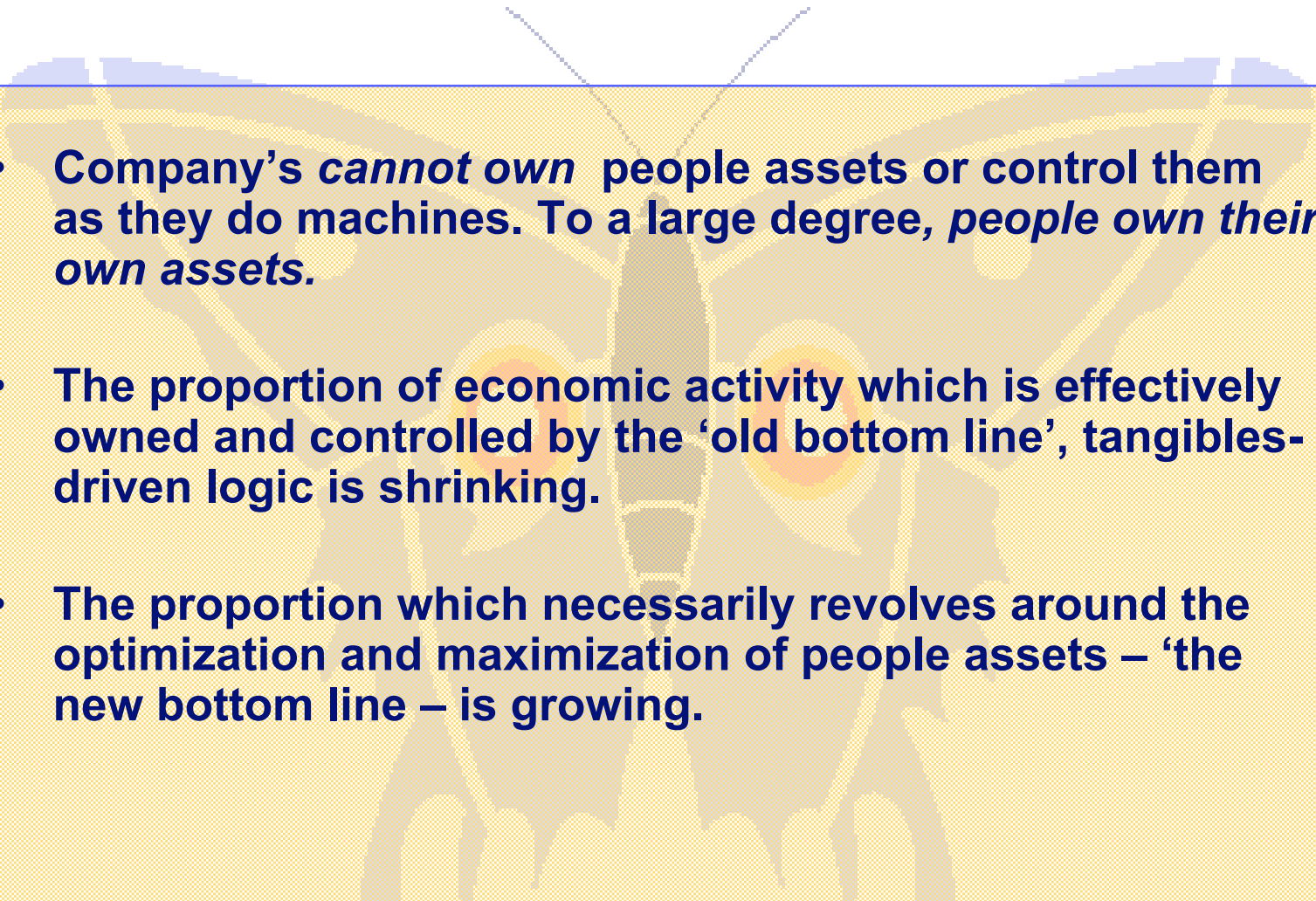
"The problem is not to get new, innovative thoughts into your mind, but how to get the old ones out"

(D. Hock, former CEO of VISA)

2. Real Competitive Edge Comes from…"People Things"!

- **Company's *cannot own* people assets or control them as they do machines. To a large degree*, people own their own assets.***

- **The proportion of economic activity which is effectively owned and controlled by the 'old bottom line', tangibles-driven logic is shrinking.**

- **The proportion which necessarily revolves around the optimization and maximization of people assets – 'the new bottom line – is growing.**

Source: Mitchell, Bauer & Hausruckinger, 2003

2. From Making Things To Making Sense…

- **A hundred years ago, roughly a *quarter* of all *economic activity* was taken up with the core marketing tasks of matching supply to demand and connecting buyers to sellers. The other three quarters was invested in *actually making stuff.***

- **Since then, this 3:1 ratio of 'making' to 'matching and connecting' has been transformed into a *1:1 ratio*. The costs of matching and connecting now account for a half, or more, of all economic activity.**

Lesson learned:

- **The more efficient we become at 'making', the more complex and costly 'marketing' becomes!**

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2. A Library is…

"Libraries are in the business of providing a borderless service; assembling and organizing valuable materials for a known community"
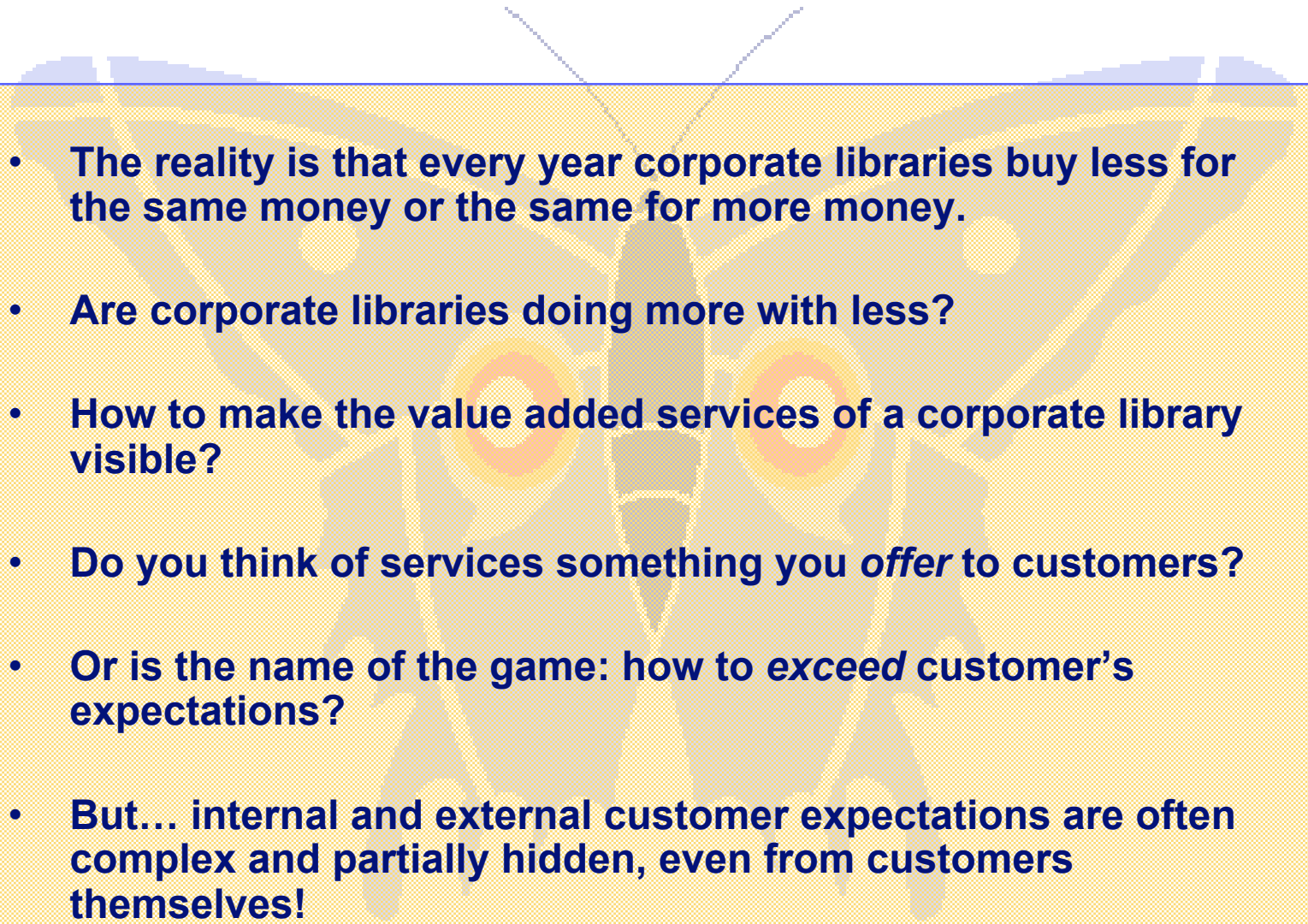
Source:Adapted from Margeret Hedstorm, University of Michigan, 2002

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2. What's Value?

- **Value is the degree of usefulness or desirability of something, especially in comparison with other things[i].**

- **The degree of usefulness or desirability depends on values. To determine a value, a person needs to apply values as yardsticks.**

[i] D. Andriessen, *Making Sense of Intellectual Capital. Designing a Method for the Valuation of Intangibles,* Oxford: Elsevier Butterworth-Heinemann, 2004, p.264.

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2. How to make value visible?

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

- **Are corporate libraries doing more with less?**

- **How to make the value added services of a corporate library visible?**

- **Do you think of services something you *offer* to customers?**

- **Or is the name of the game: how to *exceed* customer's expectations?**

- **But… internal and external customer expectations are often complex and partially hidden, even from customers themselves!**

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

- **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.

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2. Determining the Value of the Corporate Library: Is the Organization Running on Autopilot?
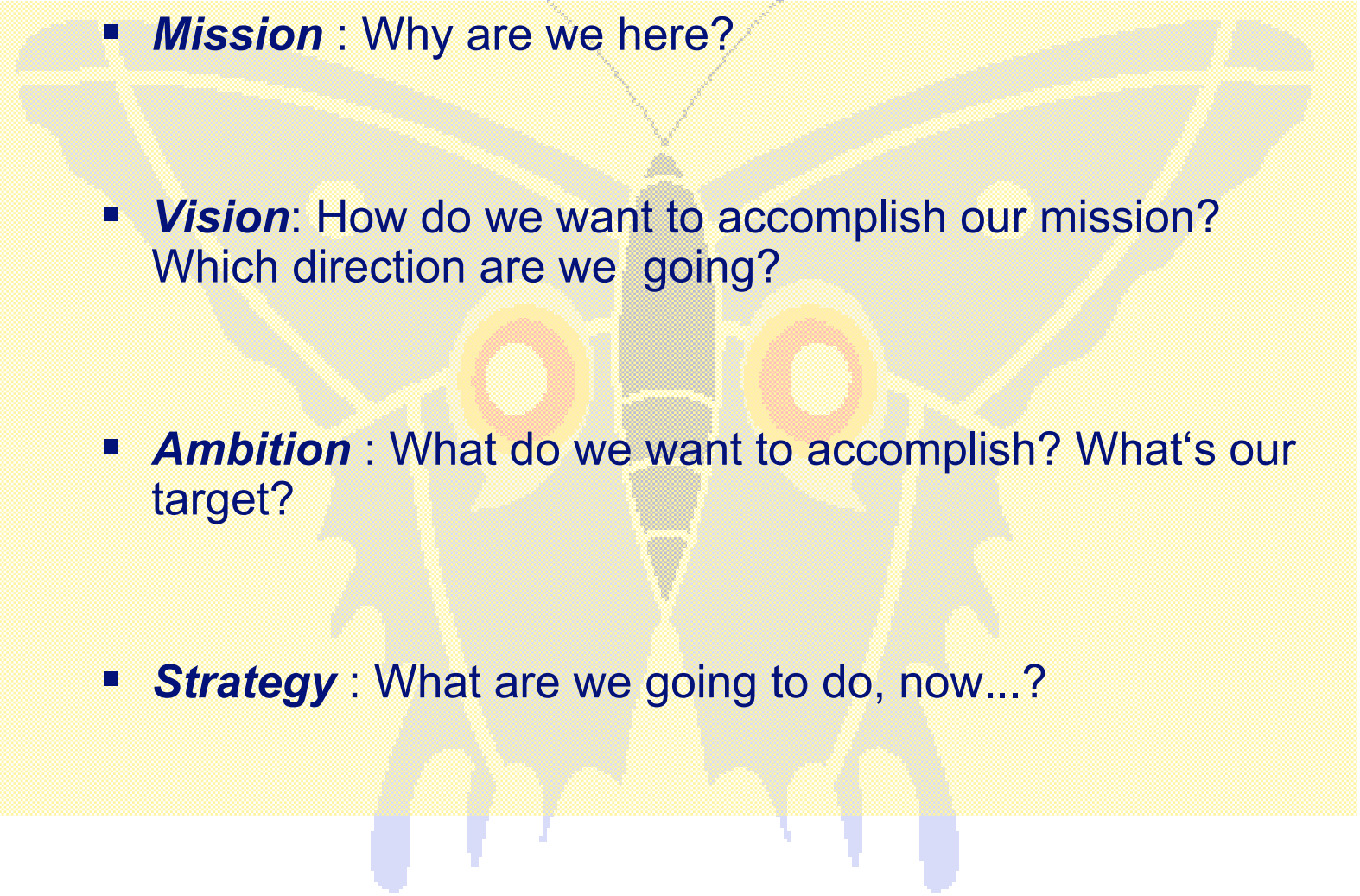
- A good valuation method yields reliable results if the outcome is the same, independent of the person applying the method.

- 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.

- Example: Desk research prepared by an employee at the corporate library may lose its significance because the individual undertaking the research is not able to pinpoint the right kind of key business issues the unit in question has to tackle.

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2. The Criteria of Value?
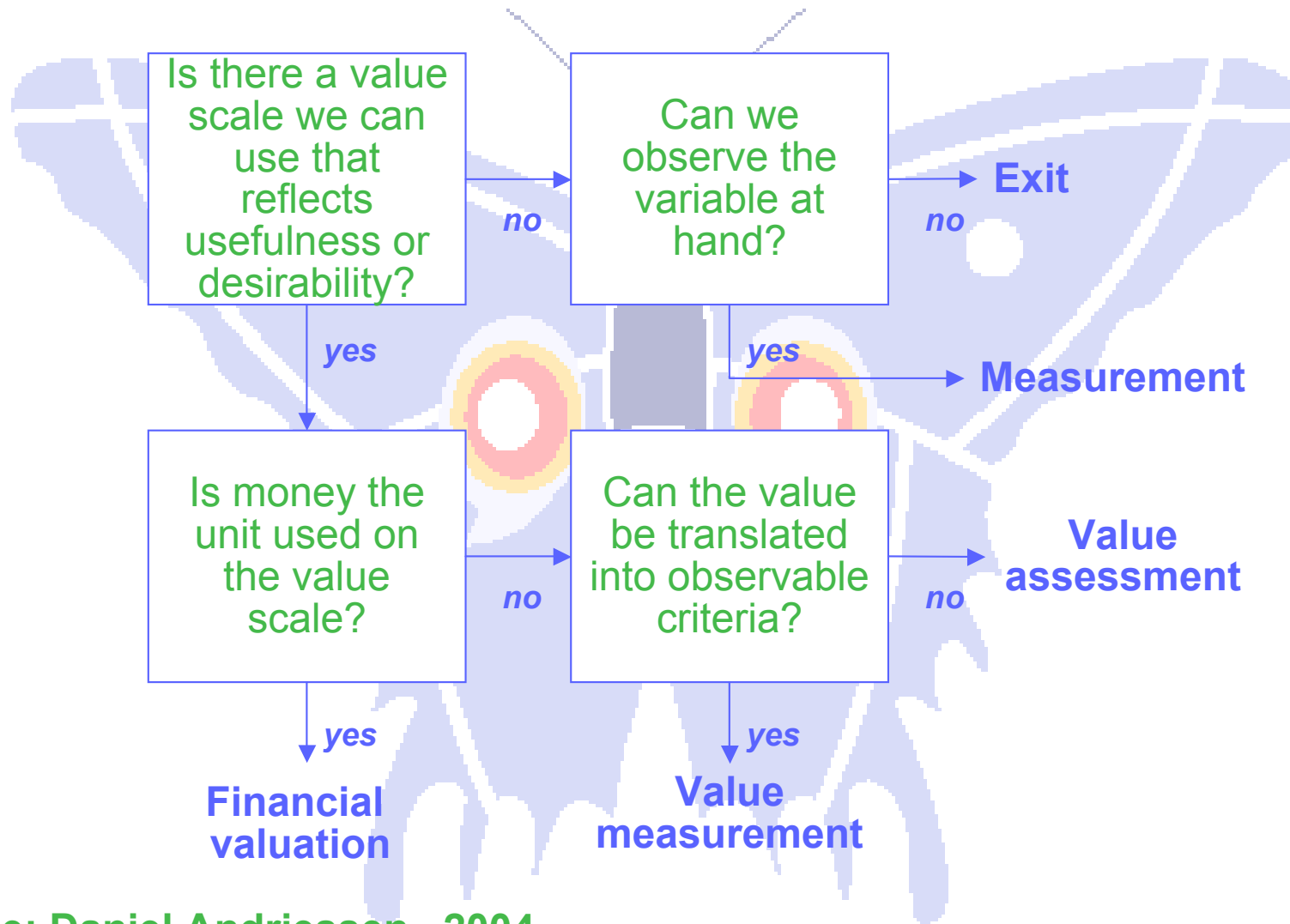
- The advantage of using a financial criterion is that it can act as a common denominator for various intangible resources.

- One of the key problems of valuing intangible assets[i] is linking the assets to the value it generates. Nonetheless, the measurement of value is *not* management of value.

[i] Intangible asset is a claim to future benefits that does not have a physical of financial embodiment. In: D. Andriessen, *Making Sense of Intellectual Capital. Designing a Method for the Valuation of Intangibles,* Oxford: Elsevier Butterworth-Heinemann, 2004, p. 407.

2. Mission, Vision, Ambition & Strategy of the Corporate Library

- *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...?

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2. There Are Three Types of Valuation Methods

Is there a value scale we can use that reflects usefulness or desirability?

→ *no* → Can we observe the variable at hand?

→ *no* → **Exit**

→ *yes* → **Measurement**

↓ *yes*

Is money the unit used on the value scale?

→ *no* → Can the value be translated into observable criteria?

→ *no* → **Value assessment**

↓ *yes*

Financial valuation

↓ *yes*

Value measurement

Source: Daniel Andriessen , 2004

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2. There Are Three Types of Valuation Methods (cont.)

Financial Valuation

- Money is used as yardstick

- Allows for comparison

- Allows for mathematical transformations
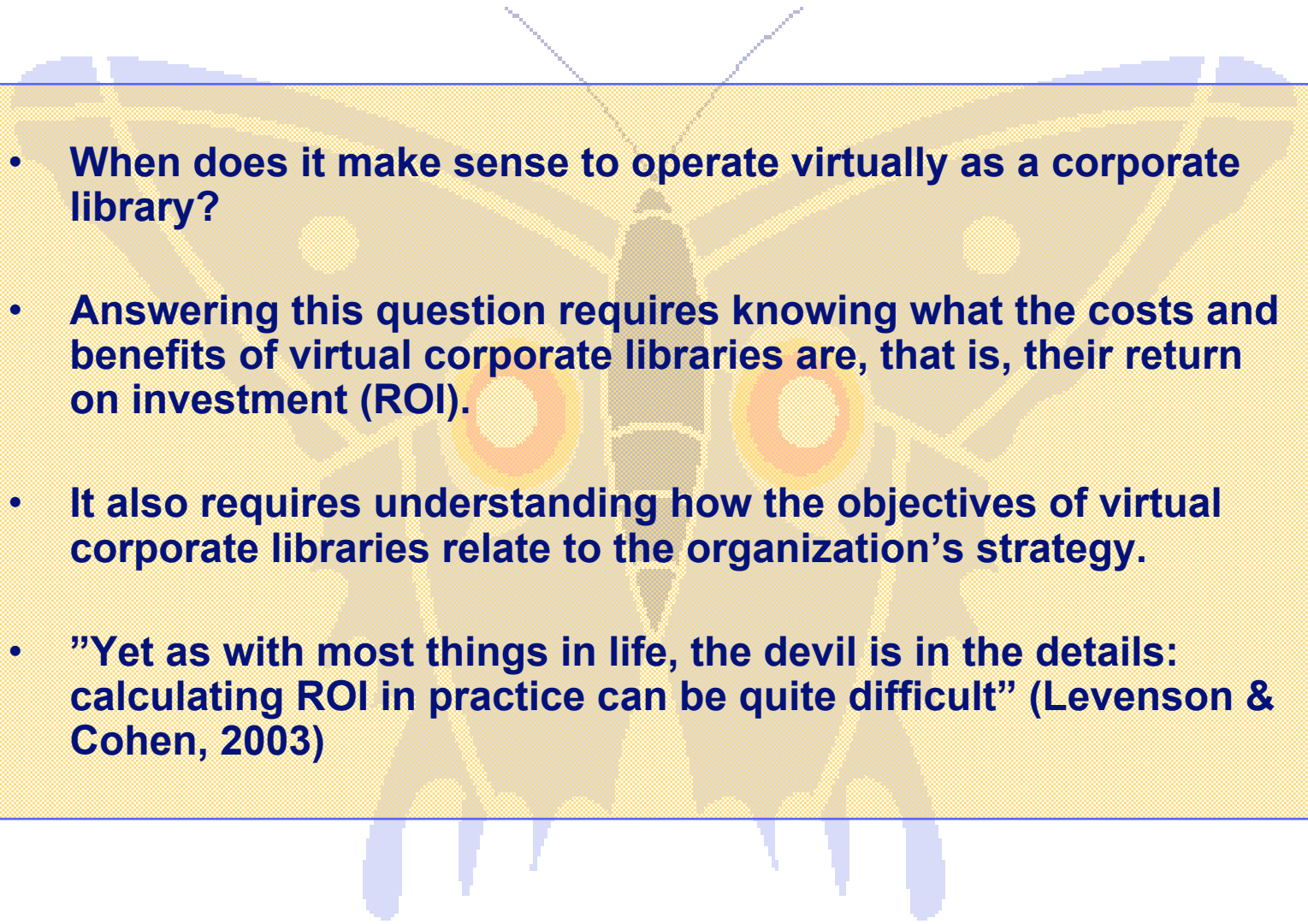
Value measurement

- Use of other values as yardsticks (targets, goals, moral norms)

- Translation of yardsticks into observable phenomena

- Measurement of observable phenomena

Value assessment

- Use of other values as yardsticks (targets, goals, moral norms)

- No translation of yardsticks into observable phenomena

- Assessment by valuator

2. Does It Make Sense?

- **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.**

- **"Yet as with most things in life, the devil is in the details: calculating ROI in practice can be quite difficult" (Levenson & Cohen, 2003)**

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2. Is ROI all talk and no action?

- **Traditional ROI calculations focus on benefits as measured by changes in net income or cash flow.**

- **A USA 2002 survey – OUTSELL, California - showed that quantitative ROI data collected by 7 percent of the corporate libraries, 2 percent of the academic libraries and 9 percent by government libraries (Strouse , 2003)**

- **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.**

- **A ROI (*forward – looking* versus *backward - looking*) of a corporate library requires an assesment why the library exists**

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2. Corporate Libraries: Delivering Profitable Value

What's the value proposition for a corporate library:

- Timeframe?

- Who's the intended customer?

- What do we want them to do in return for the experiences they will obtain?

- What's the best competing alternative?

- What resulting *experiences*, including price, will they encounter (so don't present characteristics of products, services, processes and no platitudes)?

Source : Manning, 1998

2. Turning Strangers into Soulmates…

- **ActiveNet (Tacit Knowledge Systems) (www.tacit.com): Tacit Knowledge Systems Inc., has announced on March 2004 that Morgan Stanley has licensed Tacit's ActiveNet software for use within its Investment Banking Division.**

- **"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.**

- *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)

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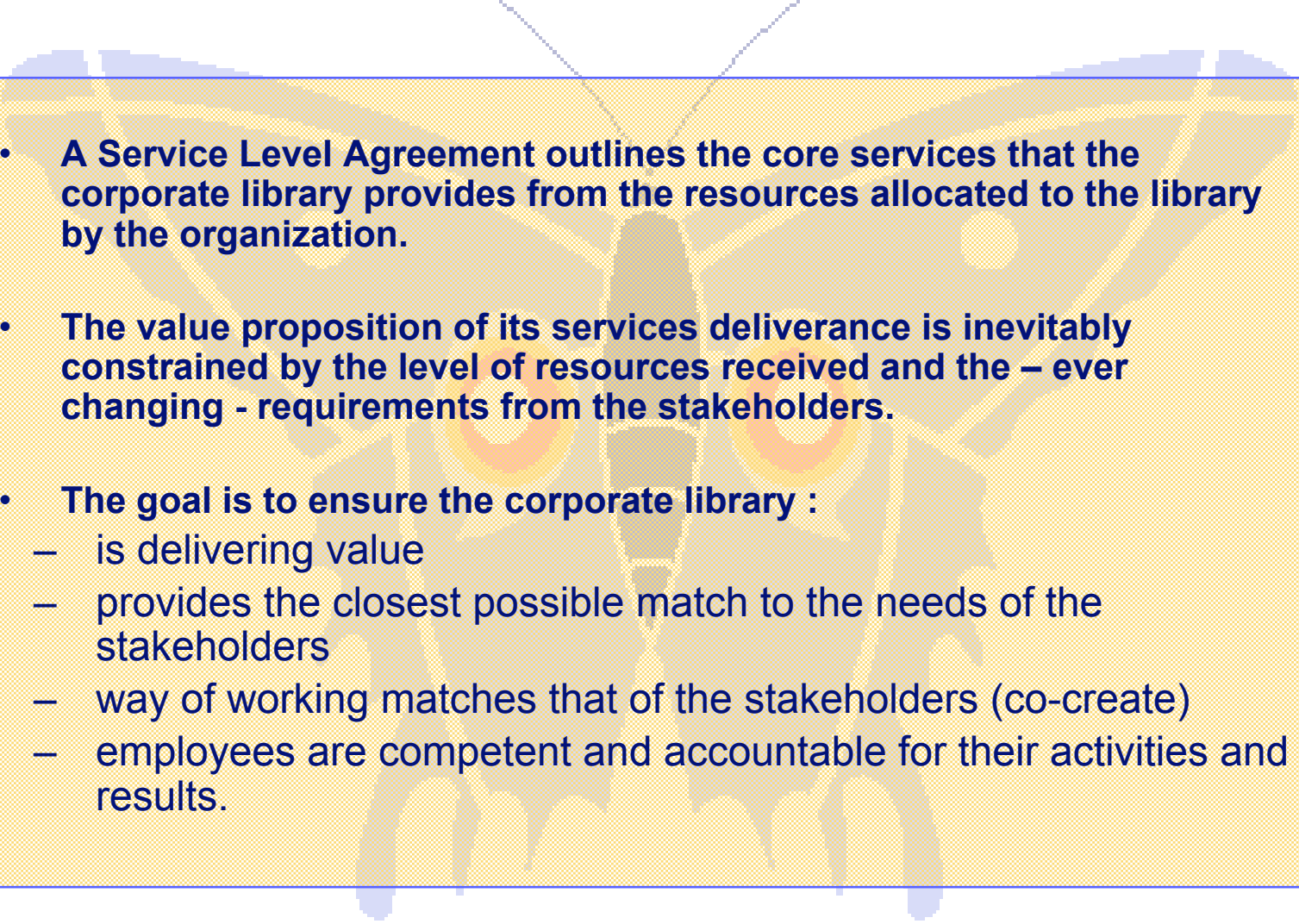
- **Alacra & Ecowin & Economic Intelligence Unit: *Worlddata* (www.eiu.com/worlddata) : This database provides near-real-time updates for global data and forecasts in a simple web interface- no special software needs to be installed. It offers economic and market data and forecasts on 150 countries,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

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

- **'Google on steriods': *IBM's Masala* is able to find information among the plethora of enterprise data and content. The software will allow people to tap into broader range of data types, including multimedia files and packaged applications.**

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Part 3

Getting Things Done Through Service Level Agreements (SLA's)

3. Service Level Agreement
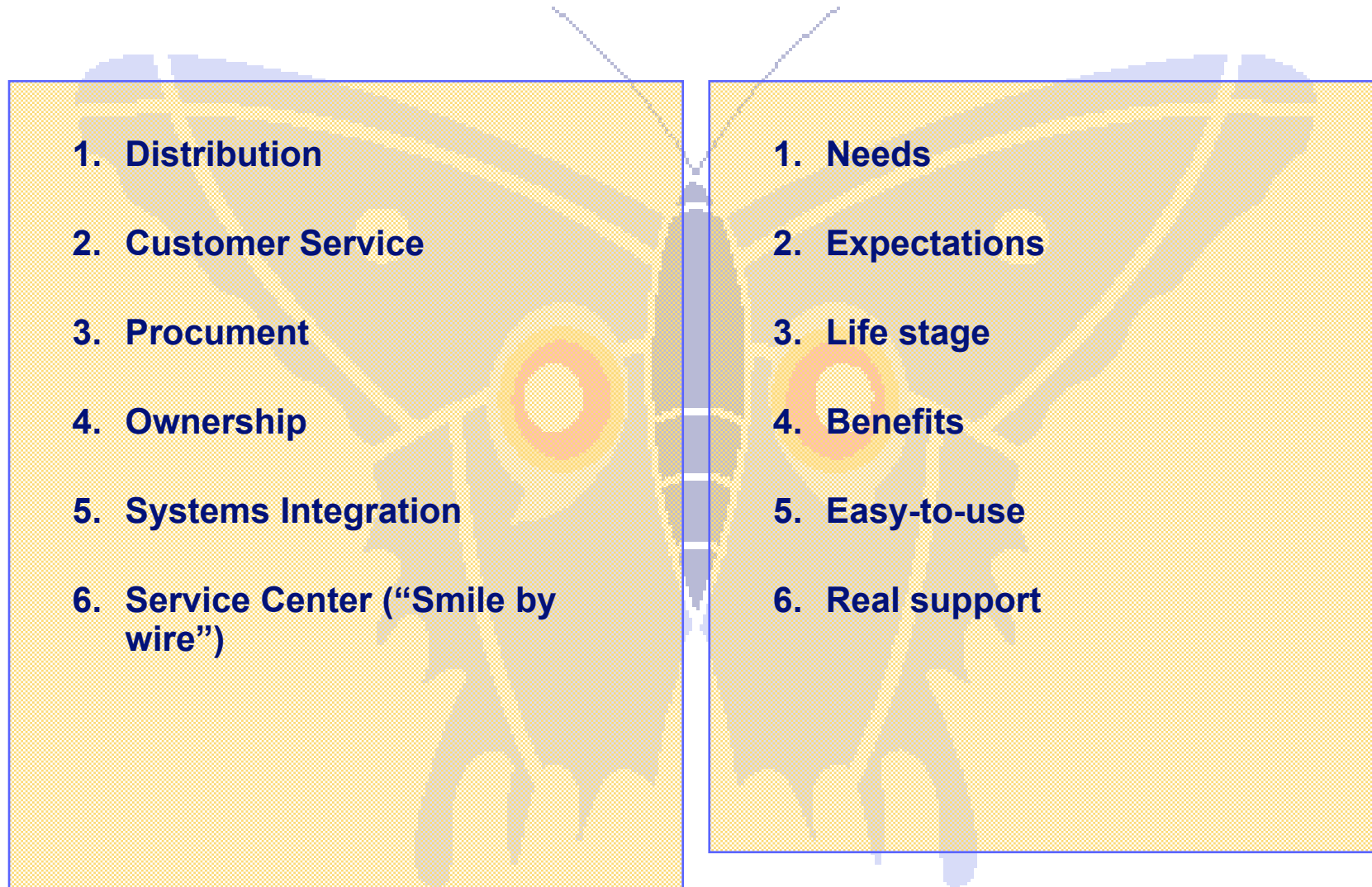
- **A Service Level Agreement outlines the core services that the corporate library provides from the resources allocated to the library by the organization.**

- **The value proposition of its services deliverance is inevitably constrained by the level of resources received and the – ever changing - requirements from the stakeholders.**

- **The goal is to ensure the corporate library :**
  - is delivering value
  - provides the closest possible match to the needs of the stakeholders
  - way of working matches that of the stakeholders (co-create)
  - employees are competent and accountable for their activities and results.

3. Format Service Level Agreement
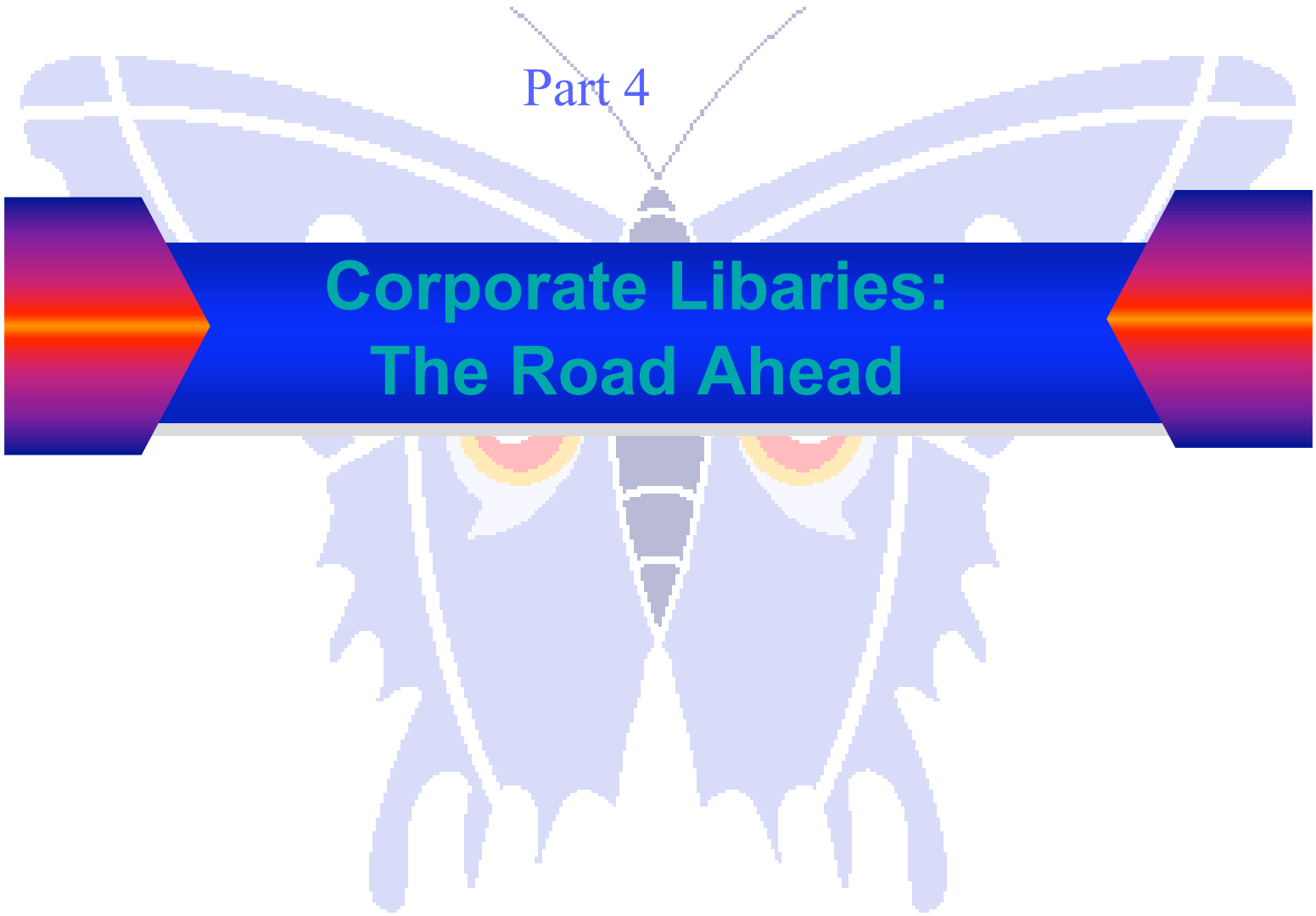
Service name

- **Basic description**

- **Eligibility**

- **Library responsibility**

- **Stakeholder responsibility**

- **Service charges**

- **Service hours**

- **Service targets**

- **Service statistics**

3. Corporate Library Think versus Customer Think

1. Distribution

2. Customer Service

3. Procurment

4. Ownership

5. Systems Integration

6. Service Center ("Smile by wire")

1. Needs

2. Expectations

3. Life stage

4. Benefits

5. Easy-to-use

6. Real support
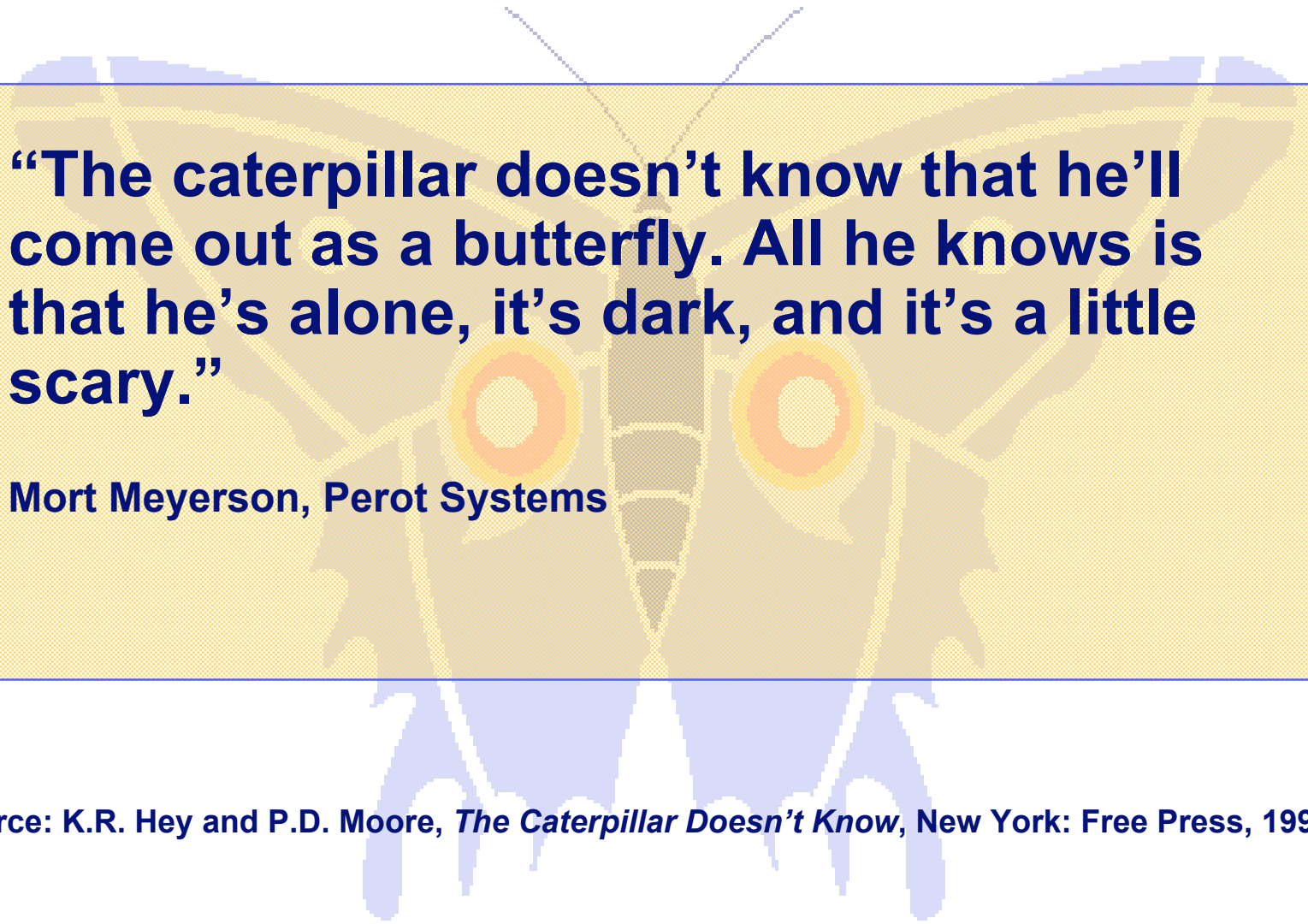
Part 4

Corporate Libaries:
The Road Ahead

# 4. Senses Working Overtime: The Caterpillar Doesn't Know
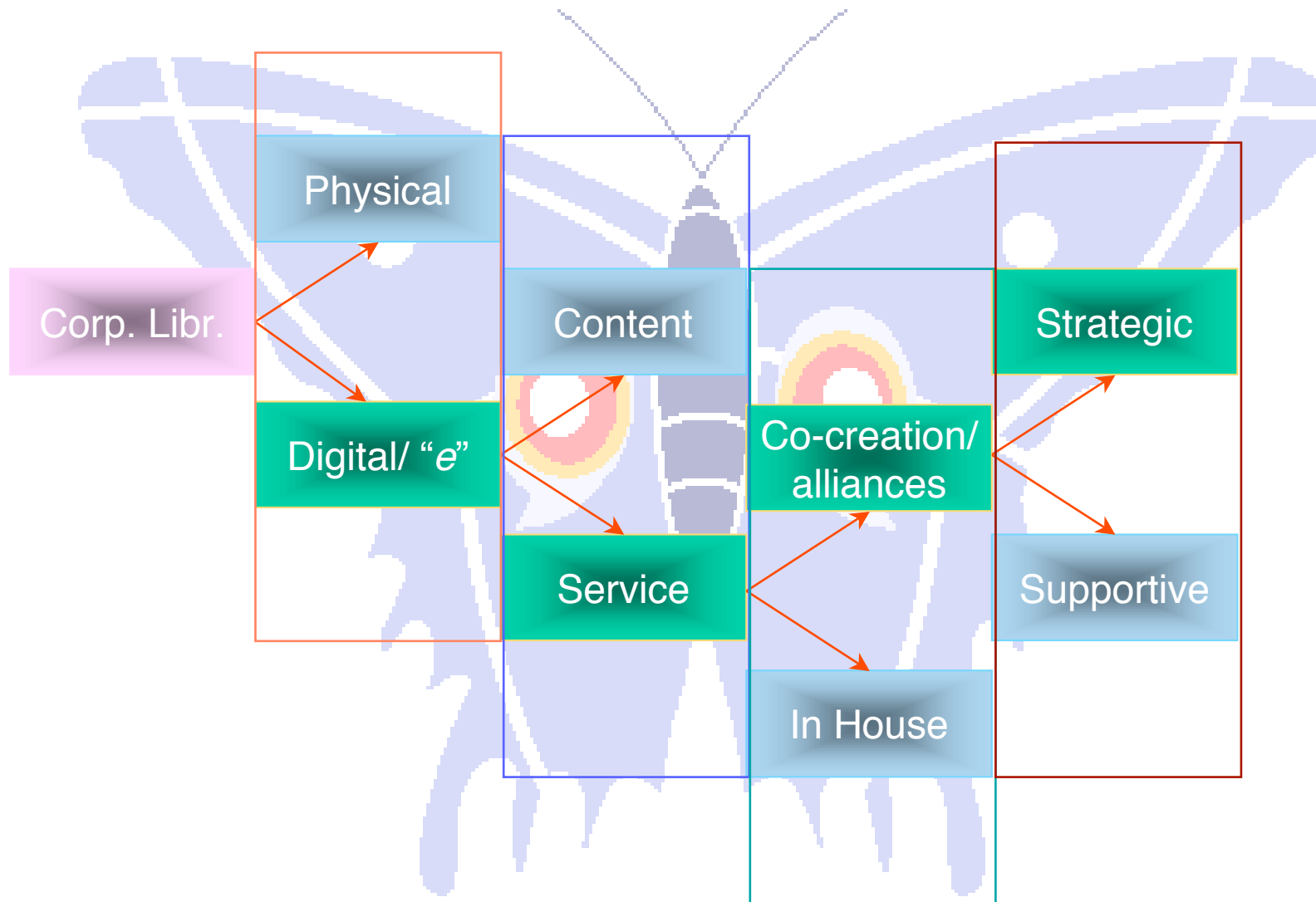
"The caterpillar doesn't know that he'll come out as a butterfly. All he knows is that he's alone, it's dark, and it's a little scary."
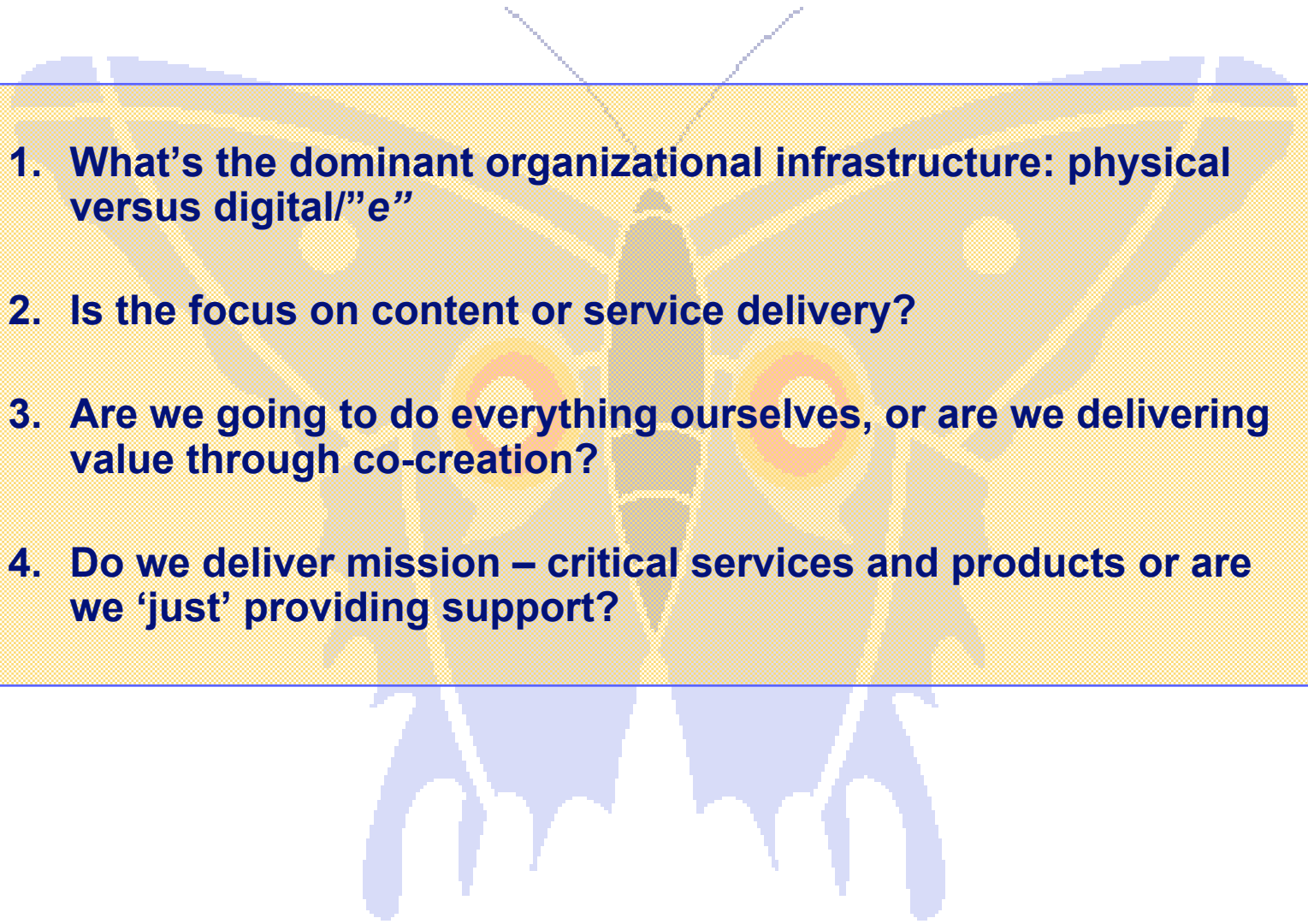
Mort Meyerson, Perot Systems

Source: K.R. Hey and P.D. Moore, *The Caterpillar Doesn't Know*, New York: Free Press, 1998.

4. Corporate Libraries: The Road Ahead?

Corp. Libr.

Physical

Digital/ "*e*"

Content

Service

Co-creation/ alliances

In House

Strategic

Supportive
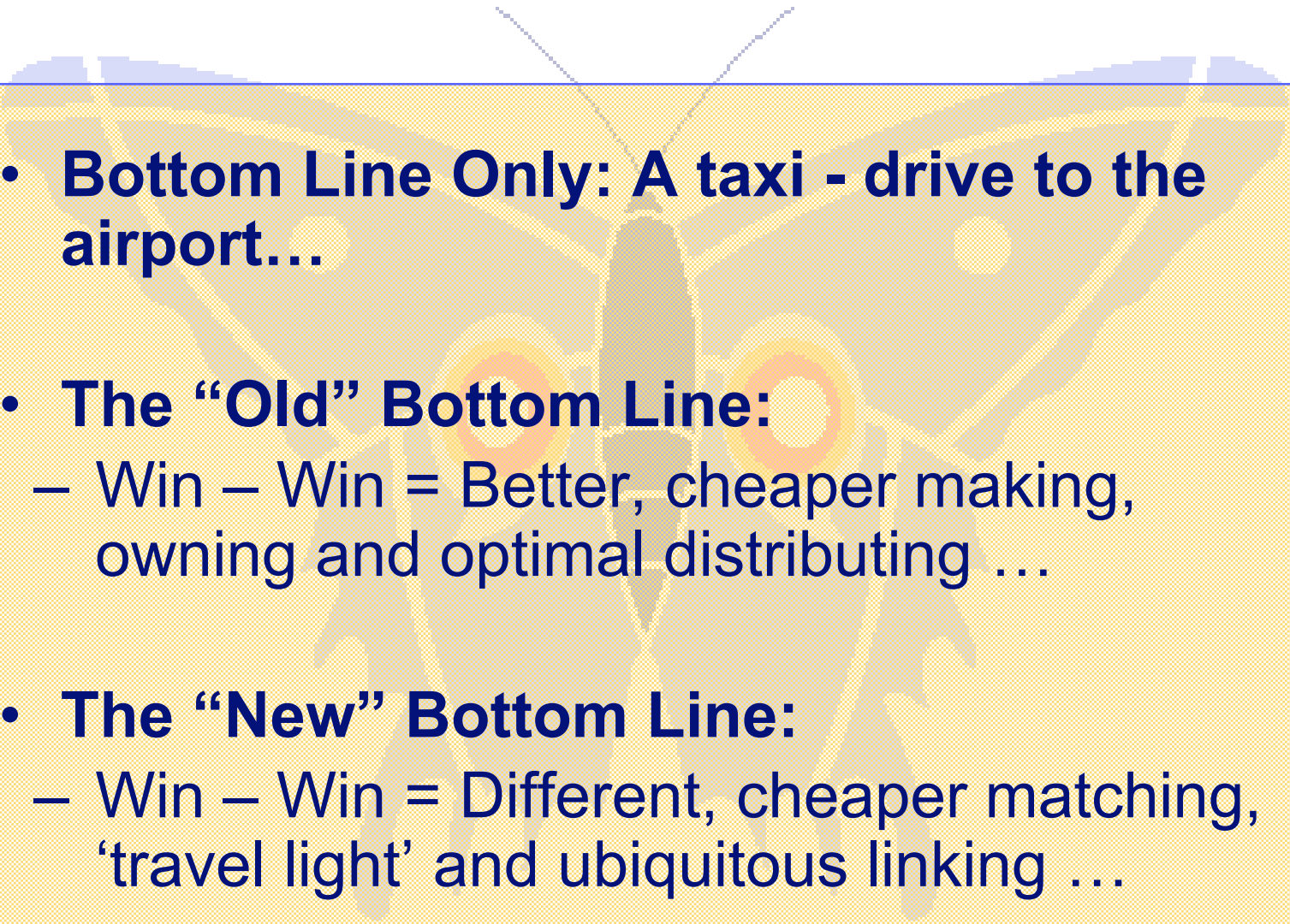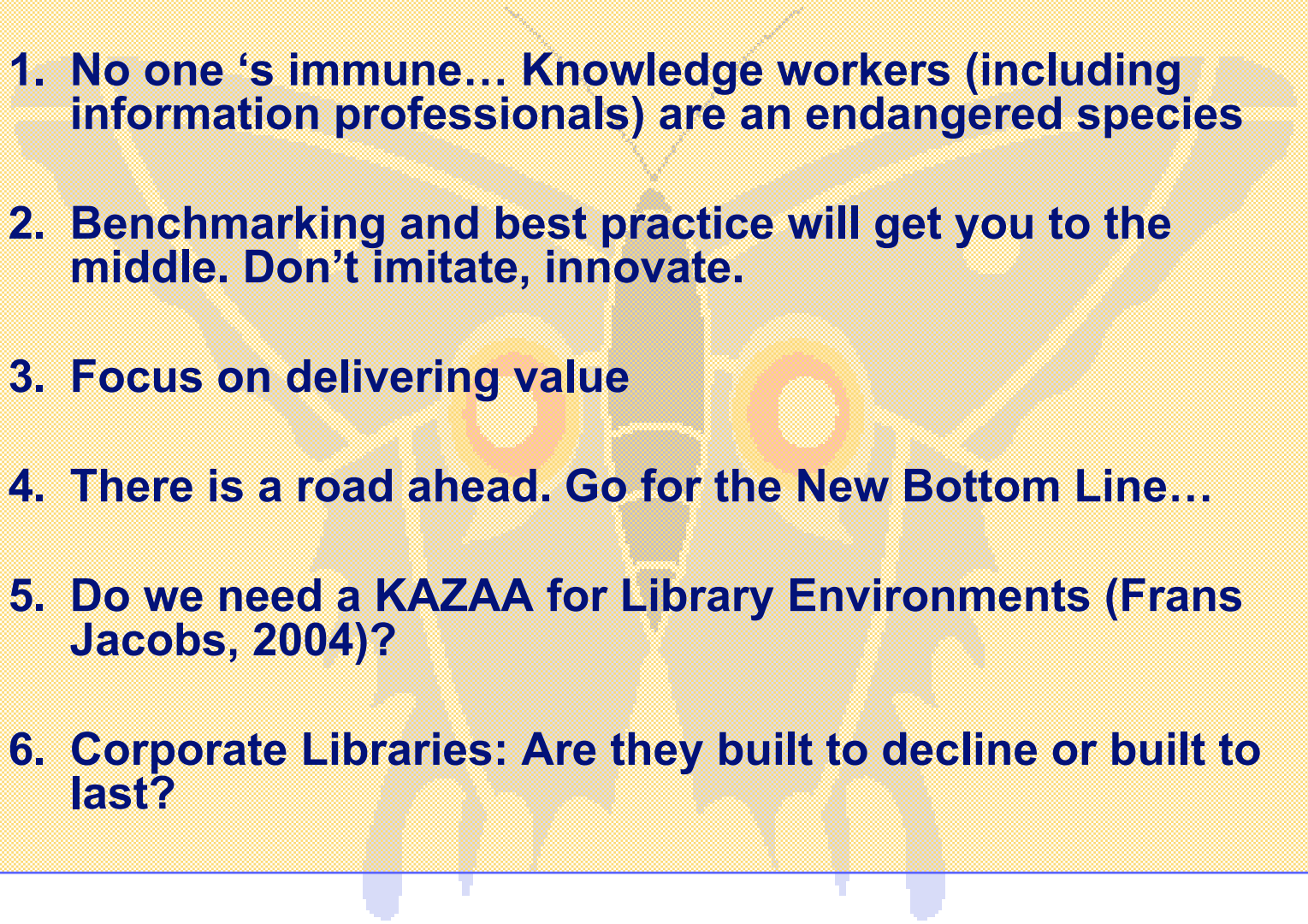
4. Are We On the Right Track?

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?**

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4. Discover the New Bottom Line for Delivering Value

- **Bottom Line Only: A taxi - drive to the airport…**

- **The "Old" Bottom Line:**
  - Win – Win = Better, cheaper making, owning and optimal distributing …

- **The "New" Bottom Line:**
  - Win – Win = Different, cheaper matching, 'travel light' and ubiquitous linking …

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4. Conclusions

1. **No one 's immune… Knowledge workers (including information professionals) are an endangered species**

2. **Benchmarking and best practice will get you to the middle. Don't imitate, innovate.**

3. **Focus on delivering value**

4. **There is a road ahead. Go for the New Bottom Line…**

5. **Do we need a KAZAA for Library Environments (Frans Jacobs, 2004)?**

6. **Corporate Libraries: Are they built to decline or built to last?**

Profile

Frank Lekanne Deprez is part-time associate professor "Knowledge Organizations and Knowledge Management" at the Universities of Professional Education Zuyd, Heerlen , Senior Lecturer "Human Resources Management" at Nyenrode University and is director of ZeroSpace Advies, Amstelveen, The Netherlands.

He advises national and international organizations on human resources management, operational and strategic knowledge management, knowledge economy and ZeroSpace organizations. His passion is helping organizations target and apply knowledge when and where it is really needed.

Profile (continued)

ZeroSpace Advies focuses on integrating Human Resources Management, Knowledge Management and Information & Communication Technology (ICT) to support organizations not only to "get better" but also to "get different".

Before starting his own company in 2003, Frank Lekanne Deprez was a research associate at Tilburg University and held management and functional positions at Royal Dutch Airlines (KLM). From 1995 to 1997, he was manager of market and product development at Galileo Nederland, Ltd. During the period 1997 - 2003, he was manager at KPMG Knowledge Advisory Services where he consulted with and provided executive training and education for a number of organizations. He was one of the three founding members of KPMG's Knowledge Management Consulting unit.

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Profile (continued)

Frank's current research interests include (strategic) human resources management, knowledge management, knowledge economy, ICT and implementing the New Managerial - mindset in organizations.

Frank Lekanne Deprez is co-author of *Value-Based Knowledge Management* (1998) and *The Knowledge Dividend* (2000) and *Zero Space. Moving Beyond Organizational Limits* (2002).

References

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