

Session 11

Designing and Implementing a Library Performance Measurement and Management System

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Introduction

At the opening of the 21st century society is in the midst of the information age. Paradoxically, libraries, once the home of knowledge, are under threat from more easily accessible sources made available through the technology of Internet. Libraries, consequently, have had to go back to basics; questioning why they are out there, what function they are performing, and how they are achieving it.

In an unusual twist many libraries know inherently that they are there for a societal good but are unable to articulate precisely what that is. For most libraries their *raison d'être* is different from that of the library down the road, and in many instances the staff appreciate this difference, but as an institution do not manage it as such. It is essential in this day and age that libraries identify their purpose and direction, and establish a strategy to achieve this end.

It is only when the strategic objectives of the library is determined that appropriate measures can be put in place. Traditionally, the performance measures of the library have not been aligned with the goals and objectives of the library, rather they have been around standard library operational measures such as turnover, turnaround time, budget performance and the daily activities of staff.

Online strategic management with performance measures is the basis of the management theory known as the Balanced Scorecard. Robert Kaplan and David Norton co-authored a paper released in 1992 called "*The Balanced Scorecard - Measures that Drive Performance*" which led to their business bestseller, published in 1996, "*The Balanced Scorecard: Translating Strategy into Action*". Since the release of this book, and several supplementary books, the Balanced Scorecard has become the prime business management theory of the day.

Kaplan and Norton have taken the view that the business has four standard perspectives, namely: financial performance; the customer; internal business processes; and learning

and growth. The theory states that an organisation is not in a healthy state unless all four of these perspectives are in balance. To establish whether these perspectives are in balance a series of strategic objectives is determined for each perspective. Against each of the strategic objectives a set of performance measures are required to assess the performance of the organisation to the strategic objective. More importantly a set of strategic initiatives are put in place to improve each of the strategic objectives and thus the overall health of the organisation.

This has worked very effectively for profit orientated organisations. However, this has not prevented non-profit organisations from using the theory to manage their own organisations. It is reasonably obvious that on the whole the library is not a "for profit" focused organisation and that the standard Kaplan and Norton model will not apply. In reality the library needs to implement a more outcomes focused scorecard.

The Library as an Organisation

It is one of the great myths of not-for-profit organisations that the Balanced Scorecard is an inappropriate tool because it is designed for improvement in fiscally focused organisations i.e. businesses. It is, however, a singularly misplaced assumption, as the Balanced Scorecard is probably the most effective tool for aligning non-fiscal business needs. If one relocates the standard fiscal perspective from the top of the strategy map and places it in the bottom half it becomes immediately apparent that our resource allocation drives what is possible and what is not!

If the view is taken that the Balanced Scorecard can be applied to the case of the publicly funded library, the following four questions should be considered:

- Whom do you serve and why?
- What information resources and services do you provide?
- Where are these resources and services delivered?
- How are these resources and services delivered?

The above four questions can then be reconsidered in a more Balanced Scorecard friendly way, providing these succinct questions identified by Matthews:

- How do customers see the library? (Customer Perspective)
- At what must the library excel? (Internal Perspective)
- Can the library continue to improve and create value? (Innovation and Learning Perspective)
- How does the library to look stakeholders? (Financial Perspective)

This is where similarities between different libraries stop. Once these questions have been answered the direction of the public library, the University library, the in-house library and the state library will start diverging considerably. The University library is probably the institution that is at the centre of the fastest revolution in technology and the customer expectations from amongst its peers in the world of books and journals today. Consequently for the purposes of this paper I will focus there.

The University Library

The University library is a component of a much larger, more complex organism. Universities in Australia have been undergoing a consolidation process whilst simultaneously being forced to be more innovative and self funding. The *raison d'être* of the University library is to underpin the needs of the University community, and as such needs to fit in with the strategic plans of the University. A University with a twin focus on research excellence and academic performance will place a great and diverging needs upon the library's resources.

Hence the first question which needs answering, "*whom do you serve and why?*" becomes obvious: (i) students, improve teaching and learning; and (ii) academics, research and scholarship.

The second question "*at what must the library excel?*" becomes harder even though it is dependent on the previous two points. In simple terms this is the infrastructure required to support improved teaching and learning and, research and scholarship. It can be focused around such things as core processes and improving productivity - in a paper presented at a Balanced Scorecard conference in Canberra in February 2003 Helen Livingston and Cate Richmond of Deakin University shared some of their research based on students and academics, some of their points were:

For students

- Out of date course materials
- Cost of materials
- Insufficient copies of the texts
- Cataloguing database hard to use
- Unsatisfactory photocopying and printing facilities
- Difficulty navigating online materials
- Course materials pitched at inappropriate levels

For academics

- Problems with timeframe
- Unwillingness to recognise and meet specific needs
- Inadequate collection in key teaching areas

Based on these core points it can be seen that there are a range of internal and systemic issues which need to be addressed including engagement with the academic community, internal infrastructure and internal productivity.

The learning and growth perspective "*can the library continue to improve and create value?*" is really about how the library's people will support the internal processes of the organisation to achieve their customers' needs. In most organisations these will remain fairly steady but will reflect on the organisation's internal values. As far back as 1999 people such as Ellis Sada, library director at the Catholic University, Milan, Italy, have been putting papers together about the changing role of librarians in academic institutions, citing the shift away from paper-based research to electronically based research and the needs of the University library to start providing educational and

mediation services to facilitate such a shift. This is particularly apposite today as Google moves to digitise the entire library of Congress as part of its 2004 declared strategy to stay ahead of its online search engine competitors.

In terms of the Balanced Scorecard it effectively points towards a need for University library staff to be perpetually improving their skill set, making astute use of technology from a supportive environment for innovation.

Putting all these things together begs the question "*how does the library look to stakeholders?*" or, more fundamentally, is this a service worth paying for? This is about innovation and change, making do with what we have (or rather maximisation of asset utilisation) and appropriately allocating the funding that we do have (or increase our capacity to support strategic imperatives). One of the benefits of the Balanced Scorecard is that it demonstrates the success or otherwise of a library's strategy. More importantly though, it is the perfect tool to demonstrate back to the University the alignment of the library's strategy with that of the University as a whole. It is unlikely that the University will fund ongoing piecemeal initiatives without understanding the impact on the University community, its strategy, and future directions.

Appropriate Measures

Public sector organisations, including libraries, put a lot of time and energy into establishing a raft of measures to assess organisational effectiveness. As a general rule organisations will pass through several stages in the setting up of the Balanced Scorecard. The first phase usually revolves around establishing a strategy that will use as many of the existing KPI's as possible. In just about every Balanced Scorecard presentation based on case studies the participant will more than likely see the following statement: "*we recommend that when setting out on establishing a Balanced Scorecard that you use less measures*". The other statement which will regularly feature in these case studies is: "*we used too many operational measures and not enough strategic measures*".

In establishing each strategic objective it is recommended that only two or, at a maximum, three measures be used. The measures chosen should reflect directly on the strategic outcome, for example, *engage with the University curriculum*, should contain a measure establishing whether the engagement is working. The number of meetings held with academics establishes only the number of meetings held with academics. The number of meetings with student groups represent only the number of meetings with student groups. However, both these statistics would indicate an attempt at engaging with the University whilst not providing an indication of successful engagement. Rather, measures such as "percentage of courses which have provided recommended reading material to the library", and "percentage of recommended reading material procured before the commencement of session" would be more reliable measures of practical engagement.

These statistics, which need to be gathered to assess effective strategy, are those measures that deal with outcomes rather than activity. In many instances there are no direct measures and in the first implementation of a Balanced Scorecard the statistics

chosen to be gathered may be soft measures. However, when choosing soft measures it is probably more important to gather a slightly larger number of approximations to give a more reliable indication of the impact of the outcome.

Usually, in the second and third iterations of outcome based scorecard is soft measures will disappear as strategic outcomes become more clearly defined. The strategic objectives such as "a pleasant working environment" are replaced with more succinct objectives such as "a place I want to working" and measured using three or four measures such as absenteeism, staff turnover and personnel related customer complaints.

Strategic Initiatives

Once a Balanced Scorecard has been implemented within an organisation, whether that be a library, a profit-making organisation or a government instrumentality, strategic initiatives are brought to the fore. The strategic initiative is the key to a successful implementation of the Balanced Scorecard. The strategic initiative is the difference between a high-level reporting tool and a proactive management system. If one is to look at each of the strategic objectives that have been established it can't be helped but be noticed that most strategic objectives contain verbs, for example, make astute use, evolve staff skill sets, improve communication...

The strategic initiative is the implementation of the strategic objectives; it is the process that is put in place to justify the verb. It is essential when applying the philosophy of the Balanced Scorecard that each strategic objective contain a minimum of at least one strategic initiative.

The measuring of the success of the strategic initiative is vastly different to what most organisations consider the best way of assessing the outcome of a project, namely, on time and on budget. A strategic initiative is deemed to have been successful if the measures that have been used to assess the strategic objective improve - after all this is why the strategic initiative was applied in the first place. The validation of the success of the strategic initiative is inherent in the outcome of the initiative and its impact on the objective rather than on the organisations ability to implement a project. It has to be said that for many organisations a successful implementation is far more important than the outcomes affected and benefits realised.

Conclusion

The key to the successful implementation of the Balanced Scorecard in the University library is bound up in the effective relationships between the University's strategic priorities, the library's strategic objectives, and the library's strategic initiatives. The Balanced Scorecard when applied to the University library, indeed to any library, is the effective positioning of the four standard perspectives: the customer perspective in the top half representing the anticipated outcomes for the University and the library; and the financial perspective in the bottom half, representing the funding allocation provided by the University to provide the services and outcomes expected by the academic and student communities.

The relationship of strategic initiatives to strategic objectives of the library is fundamental to the effective use of the Balanced Scorecard as a management tool within a library. Appropriate measures for the Balanced Scorecard are established around each of the strategic objectives and will represent a way of monitoring the success of the strategic initiatives in achieving of the strategic objectives and outcomes of the library.

References

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