

The Power of Partnership

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Abstract

Christchurch City Libraries has recently carried out a review of its collection or technical services operation. The outcome has been a radical change in how we do business. We have reduced the cost of that process by over \$500,000, through entering into new supplier partnerships resulting in reduced book costs and reduced staffing costs through a combination of outsourcing some of the cataloguing and processing work and internal process redesign. This paper will explore the rationale, methods, successes and lessons of this process.

What were the drivers for the review?

Christchurch City Libraries' strategic directions indicated some new directions and priorities. These included a shift to more customised services, to more flexible access points and links to information, and new technologies. In a time of both increasing demand and new directions, we also needed to hold our costs. We determined the need to review our Collection Services area with the aim of freeing up resources from that part of the business for other library services. The external environment was also changing as more of the work traditionally carried out by Collection Services was being offered by external businesses.

What were the issues we identified in the Collection Services operation?

Inefficiencies of the selection process

Under the old process, selection was carried out by a very large number of library staff around the library network. This had the benefit to each service delivery team of allowing individual decisions to be made for each library. The disadvantages though were numerous. Review journals could take six months or more to circulate and return to the centralised acquisitions team and there was little opportunity to either aggregate the orders or to ensure that any sort of network wide selection pattern was established. Because requests for orders were coming in late and randomly, it was not uncommon for the acquisition team to find that stock was unavailable by the time the order reached the supplier, while the separation of orders for the same title resulted in a great deal of multi-handling.

Multiplicity of suppliers

We purchased stock from many suppliers ranging from the large international U.S. or U.K. suppliers, to most of our local bookshops, or to agents acting for a small grouping of publishers. We had no formal agreements with any of these suppliers, and our ordering may well have appeared random to them. We had only a few standing orders and the closest we came to a formal arrangement was an attempt to share the local business as equitably as possible across the local retailers.

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Much of our decision making as to where to place an order was determined by the known discount offered, allied with the likely speed of delivery, but there had been no discussion or negotiation on supplier discounts or terms with these suppliers. The suppliers in turn could not plan on receiving a regular quantity of business from us and therefore were not in a position to offer better terms. Stock on approval was sent from the range of local bookshops, but again there was extensive duplication of titles.

The apparent saving achieved by searching for the cheapest supplier for each title, was offset by the cost of staff time in carrying out this search and by the duplication of orders. It was not uncommon to place duplicate orders for the same title with different suppliers depending on the timing of the receipt of the request to purchase.

Impact on work flows

The haphazard receipt of selection decisions resulted in duplication of work for the acquisitions team. This in turn created more handling at the next stage in the process when the copies were received, as they would tend to arrive individually as well and then have to be catalogued and processed individually.

In each step through the process the person involved was doing their best to achieve the perfect outcome for their step of the process, but not considering the impact of their actions on the next person in the chain. The potential for economies of scale in an organisation the size of Christchurch City Libraries was being lost in pursuing the goal of individual determination and control.

Commitment to tailored collections and database

However we did not want to achieve an improved business, in terms of efficiency, at the expense of losing the individuality of our collections or our database. Much of how we had been operating was intended to support the desire to maintain ownership and decision making with regard to both our collections and our database. These have been considered to be excellent by both customers and many of our peers, so it was important not to throw the baby out with the bathwater. Underpinning all the changes that we were to make was the need to ensure that our collections and database were still flexible and responsive in matching our customer's needs.

Objective

The goal for the Collection Services Review was to minimise the hand-ons, to minimise the costs, to achieve a network perspective, to achieve better performance monitoring and to provide a better, more timely and cost effective service.

Why partnerships?

Why choose to develop partnerships rather than the more standard supplier contracts?

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My first introduction to the concept of supplier partnerships came on a study tour to Australian libraries looking at a wide range of strategies and solutions to managing the supply of stock in libraries, including supplier partnerships.

Then, in attending a negotiation skills workshop run by the Institute of Management, I was introduced to a cooperative rather than adversarial approach to doing business. This workshop required the participants to role-play a variety of negotiation styles. My initial assumption, and one I suspect many of us would make, was that you needed to play your cards very close to your chest in order to achieve the advantage and negotiate to your own benefit. When that was our strategy in the role-play, it was frustratingly unsuccessful. In our next role-play we quickly learned that the most effective approach was to openly share information and to search for a win-win outcome.

We then appointed Clark Hummerston, an organisation change and development consultancy based in Australia, to help identify our change needs and work through those with us. Garth Peters from Clark Hummerston had already had extensive experience in helping libraries establish supplier partnerships and was confident that this approach would work for us.

He defined a partnership as being a relationship characterised by openness. It is based on goodwill, mutual respect and mutual trust. It requires full and open communication, where there is an expectation that both parties are working to achieve a common good. In a partnership one party will indicate what it wants to achieve and invite the other party to offer advice as to what they could do to help achieve that goal. It also requires both parties to keep each other informed of developments, which might create opportunities and both parties to plan new developments together. Significantly though, it also requires both parties to explain to each other exactly how their business is being run, to indicate what the profit margins are for instance and what factors might require changes to those margins.

This seems to me to be quite different from a standard supplier contract. A standard contract appears to be far more about the customer stating their expectation and not being concerned with what this would mean for the supplier or even how that supplier was going to achieve that desired outcome. No doubt there are penalty clauses if the product or service is unsatisfactory, but this is after the event. There is no open sharing of information; the goal of each party is to achieve the best outcome for themselves as individuals.

Our belief was that the concept of supplier partnerships was more closely aligned with our planned new internal way of operating and that we could achieve more both now and in the future with partnerships than we could with standard contracts.

Process

Having understood in principle what was involved in supplier partnerships and believing this approach would give us the greatest benefit, we then moved into the implementation phase.

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Defining our Requirements

We first needed to define within the library what our requirements would be. This meant a complete overhaul of all our processes and standards to identify what our bottom line would be, what we could dispense with and what was negotiable. It needed input from both the process experts and from front-line colleagues who could provide feedback on the value of those products and services to our customers. For example the standard and quality of our database was seen as a significant benefit that we did not want to compromise, but there were some formats such as videos where the level of cataloguing being carried out was possibly beyond what was needed for what was essentially an ephemeral collection. We also had to measure the costs of each process step in order to be able to compare our costs against those of possible suppliers.

Drawing up the specifications

We then had to prepare an RFP (Request For Proposal) document specifying precisely what our requirements, expectations, and in some cases hopes were, which identified all that we were looking for in a service provider and started the tendering process. So for instance some of our expectations were the provision of a supplier database and the capability to interact directly with our database and catalogue directly on-line, while our wish-list included such things as table of contents, reviews, blurbs and images of dust jackets or illustrations to be available on supplier databases and EDI (electronic data interchange) capability.

In the first instance a request for Expressions of Interest was sent out to all those suppliers that we had either had a significant relationship with in the past or who we believed had the capability to do what we asked. This Expression of Interest outlined the major directions we planned to take, indicating the need for a high level of technical ability. From the responses we were able to narrow the field to those suppliers who indicated they had those capabilities and those were sent the full RFP to work through. From the responses to this more comprehensive document we were able to identify ten suppliers with whom to hold further discussions.

For the work in defining our requirements we had established project teams made up of a range of people from right across the library network looking at different aspects of the review process. Work from each of these teams in turn was fed to a further team whose role was to carry out all the work relating to the supplier selection and evaluation process. From this team a sub- team was established to be the negotiation team and to work right through to the selection of partners and the implementation of the partnerships.

The selection of partners

There is no blue print for making the final selection. Each organisation will have defined criteria that carry the most weight. For us, beyond some of the obvious technical needs, one of the critical factors was the degree of fit with our organisation. Because we had initially determined that the quality of our database was a high priority, we required a partner who could be flexible and

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fit our needs. We did not believe that one-size-fits-all would enhance our catalogue or collections.

Size became a factor in choosing partners. We needed to work with companies that would benefit from taking on a business of our size, that would neither overwhelm those companies' capacity, nor be so insignificant that our needs would be subsumed within a large standardised approach.

Vision was also a factor. We needed to find partners who were aware of the significant changes happening in the wider environment that were impacting on library suppliers, and who were perhaps just in the process of gearing up to providing these additional services which would allow us to come in at the ground floor so to speak, so that the developments being planned and implemented could take account of our needs.

So although cost and technical ability and proven track records are very important criteria, much of the decision making was also about timing and scale.

We also had to explore the benefits or difficulties in choosing just one partner or multiple partners. Choosing just one partner to provide all our needs would certainly have been administratively simpler, but not many suppliers were able to provide across the whole range of formats and world-wide. Choosing too many niche partners, while possibly allowing the luxury of picking the best horses for courses, would have been an administrative nightmare.

Throughout the process we have followed a pragmatic rather than dogmatic approach. Altogether we were very comfortable with the whole concept of partnerships, we worked on the basis of - if it works do it, if it doesn't, change it. Our initial brief for consultants to help us with the Collection Services Review was that they provide the experience and expertise we lacked, but theirs was to be a facilitating role, not a directing role. We were delighted to work with Garth Peters and Helen Tait, because this was also their preferred working style. Throughout the process we were given support and assistance, but all decision-making was strictly the Library's business.

In the end we chose a single serials supplier, Ebsco; one monograph supplier for all non-New Zealand mainstream stock, Peter Pal Library Suppliers; and one New Zealand mainstream supplier, Canterbury Library Book Supply. We feel this has provided us with a comfortable balance between areas of expertise and the manageability of the relationships. In the case of both Ebsco and Canterbury Library Book Supply we have opted simply for supply at this stage, but in the case of Peter Pal we have moved to the provision of shelf ready stock.

The implementation of the partnerships

Now the hard work really started. There were extensive discussions defining precisely what would be the responsibility of whom, what each partner's expectations were, what could be offered to achieve a better outcome, what were the priorities, how would the costs and discounts apply, what would be

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the performance measures and so on. More meetings, telephone calls, emails, but a huge amount of good will.

Although the whole of the Collection Services Review required a great deal of careful planning and organisation and attention to detail, we were possibly a little naïve in assuming that, having confirmed our choice of partners, that was the end of the process. This of course was far from the case. In effect we had to map out and measure every step of every process we undertook in Collection Services and that our partners would need to know about in order to do their job. So for instance, we couldn't just state that we rotate some stock. We had to ensure our partner knew exactly what rotation paths were taken by what sort of stock, according to the numbers of copies purchased. We also had to identify a particular field in the order record in which to code the rotation path needed and finally we also had to be sure that that field was going to show up in the email received by the partner. Some of this happened by trial and error and required a high degree of flexibility.

What were the strategic risks and issues to be resolved?

The need to change

How to gain an acceptance amongst colleagues that a review and changes were necessary? I am sure it is easier to achieve change when everyone agrees that the current situation is unsatisfactory, but Christchurch City Libraries has always prided itself on the quality of its catalogue, we had no backlog of stock uncatalogued or unprocessed, we had a satisfactory budget for stock purchases, we were well staffed with highly skilled professionals who took great pride in the quality of their work. So, why change?

The drivers for change were a combination of environmental and economic factors. More options were developing. Library suppliers were offering shelf ready stock and more sophisticated selection databases. Within the library we needed to be able to release resources for new developments, which required a reappraisal of the cost-effectiveness of those parts of the library service where there were options in how the service was delivered. And perhaps even a growing awareness that, although each individual worked hard to achieve a satisfactory outcome, there were many instances where the impact of what one person did was not helpful to someone further through the chain.

The concept of partnership

A great deal of reassurance was needed for both library colleagues and our city council colleagues accustomed to working with standard contracts, that open-book partnerships were not a naïve approach to establishing a business relationship.

We had first to convince our library colleagues that a partnership did not mean an automatic abdication of sovereignty or control. Freely exchanging information and aiming for an equal relationship as opposed to a master/servant relationship was viewed by many as giving away any bargaining benefit.

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We next had to convince our city council colleagues who manage the Council-wide supplier contracts, firstly that these partnerships were designed to be a long term relationship, not a short-term contract, and then that we would be able to negotiate concrete expectations and performance measures within a partnership agreement, just as much as within a standard contract. The final time-frame arrived at was a five years initial contract with a renewal for a further five years if satisfactory.

Outsourcing

While all three of the partnerships are very important to us, the one with Peter Pal is probably the one about which there has been the most discussion.

This may have been partly because of a misconception that what we have done is full outsourcing or contracting out. In fact the decision-making roles are still clearly within Christchurch City Libraries. Selection decisions are made in-house, cataloguing standards and policies are determined in-house, the quality and form of processing is determined in-house, all original cataloguing is done in-house. This is not because the team at Peter Pal is not capable of carrying out these functions – they are employing qualified cataloguers and experienced selectors who are well able to do these things. But our goal is to have work carried out where it best fits.

Our selection team needs constant input and feedback from our service delivery colleagues and stock performance monitoring in order to make appropriate selection decisions. They need to be reading the local newspaper, listening to local radio, reading New Zealand magazines to know what the people of Christchurch want on their library bookshelves. It can be done from Australia, or Ann Arbor or Antwerp come to that, but it would be harder.

Our cataloguers are also making individual decisions based on knowledge of the collections as a whole and use patterns before doing original cataloguing. Again it is harder to do that from a distance. Whereas stock that can be catalogued through copy cataloguing or with only minor changes to the record, doesn't require specific knowledge of the collection or its use to make a decision and therefore can be handled remotely.

The benefits of having stock supplied shelf-ready are greater speed, because it cuts out some additional hand-ons, and greater cost effectiveness achieved by the economy of scale of a supplier purchasing and processing large numbers of copies in like fashion.

Political implications

A significant issue for us was in establishing partnerships with other than local suppliers. The difference between a library supply business and a retail bookshop was not fully understood by local retailers and the difference becomes more marked once the services required moves beyond simple supply and into areas such as cataloguing and processing to provide a shelf-ready product.

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This was further exacerbated by the fact that we had been buying quite significantly with local book retailers - not in a planned or organised fashion, but nonetheless the relationships had developed. This required careful communication with both local book retailers and City Councillors, keeping them informed of what we were doing and why throughout the process. We needed to include local retailers in the selection process if they wished to be contenders, while remaining as clear as possible about our goals and what that would mean in practical terms. The nature of what we were looking for in both the serials and the mainstream monograph partners required library suppliers rather than bookshops, but we are delighted to have been able to secure a Christchurch partner for the supply of New Zealand material.

Results

In the past we worked with a large number of different suppliers, in a reactive fashion. Now we work with only three partners in a pro-active fashion, with agreed processes and performance measures, using supplier partnership agreements. Our major supplier partner provides much of our stock shelf-ready according to defined guidelines and instructions. This frees library staff to do the stock supply work requiring internal knowledge or expertise or decision-making.

The benefits of partnerships

Mutuality of interest and goals. A genuine understanding of what is involved in each other's business. An awareness of what is achievable now.

Planning for future development. One of our primary goals in our new Library Resource Services business is continuous improvement. That requires commitment and long term planning. If we were in a supplier relationship that was based on a short time frame, we would be unlikely to plan long-term improvements that might require funding and development, either jointly or by the supplier. Why would they want to go to the trouble and expense of instigating developments when they would have no certainty of maintaining that business?

An open, relaxed relationship. It is so much easier to do business with a partner. To know that we can freely discuss issues, problems, and ideas in exactly the same way as we would with colleagues within the library is very liberating.

The input of additional knowledge or skills. The sum of the whole is greater than its parts. In our case through discussion with our partners we are better able to understand why some things in the library supply business work as they do. Our partners have more direct experience that we do of dealing with publishers, they have more knowledge of just what it takes to get say magazines from America or why it can be almost impossible in some cases to get copies of a book title if it is ordered post-publication. At the same time our partners are learning more about what makes us tick, what is important to us and why. Armed with that knowledge they can fine-tune their service so that it better matches our needs. This is not a carrot and stick approach, this is

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genuine understanding, which informs and allows each party to improve. It requires a commitment to open communication and a genuine desire to share.

Business improvement

It is difficult to isolate the success of the partnerships from all the other changes we have instituted, as the work of our supplier partners and our in-house business is very closely interwoven. However since establishing the partnerships we have been able to reduce the time lapse between selection and receipt of books and have expectations of even greater savings in time as the processes beds in more. Just to provide a couple of examples, we have been able to reduce our reserves lists by 50% and we have just achieved our first ever week with no serials claims recorded at all. It is too soon to have had a formal evaluation of the satisfaction ratings from our front line teams who see the stock in action, but informal and unsolicited feedback indicates a growing trust in the process and satisfaction with the stock being received.

We have a strong focus now on business management; measuring costs and benefits, evaluating processes in the search for smarter ways to operate, and monitoring a much wider range of performance indicators than before. Each Library Resource Services team has its own KPI's (Key Performance Indicators), and each supplier partnership agreement includes business performance measures and processes for service and price variations. There are also formal evaluation processes in place for monitoring the effectiveness of all the relationships, both with supplier partners and our service delivery.

Conclusion

Christchurch City Libraries has entered into three very successful partnerships in the true spirit and meaning of the word. There has been no reduction in our standards of stock selection, cataloguing and processing. We have maintained the necessary technical skills in-house as not everything has been outsourced. We maintain control over the selection process, and stock that requires specialist sourcing, original cataloguing or processing is managed in-house. Mainstream resources requiring copy cataloguing and processing are supplied shelf-ready by Peter Pal. Our other two partners are supply only. Each of these decisions was made by the library in consultation with the appropriate supplier partner.

Most importantly we are now able to deliver our resources to our customers in a more timely, efficient and responsive manner and we are receiving support from our service delivery colleagues who are starting to see the benefits flowing through.