Building operational efficiencies

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Abstract:

Purpose – This paper aims to highlight the need to have present-day operational efficiencies in preparing organizations for the future.

Design/methodology/approach – The paper refers to some recent work published with regard to present-day reflection of practices which will impact future considerations for library organizations.

Findings – Some suggested areas to consider are included, including developing operational efficiencies that are flexible enough to be modified as changes occur.

Originality/value – This paper offers a point-of-view supported by related references and is the concept that the author favors for present consideration of future impact.

Keywords: Efficiency | Corporate strategy | Effectiveness | Activities | Libraries

Article:

A new book out by Peter Hernon and Joseph R. Matthews is encouraging library professionals to look to the future by preparing the present. Titled Reflecting on the Future of Academic and Public Libraries (Hernon and Matthews, 2013), in the preface of the book the authors recognize the need to get back on our feet, financially, after the last few years of economic tough times, but also they are furthering the need to reflect upon strategies to be considered in doing so, because of the changes and demands now taking place within the profession. This also includes consideration of the libraries' place within an information-aggressive society during a time in which technology and user expectations are constantly changing. So let's consider as a starting

point in this reflective activity, reviewing our current operations and how efficient we are or can be as we evaluate and assess programs and services going forward.

Operational efficiency is typically defined as the difference between business inputs and the resulting outputs of goods and/or services. For libraries this would mean looking at the difference between how library organizations are funded with normally allocated funds, donations and other sources of non-institutional funding or otherwise, and the perceived value of the use of those funds, with spending on material resources, human capital and operational expenses that support the infrastructure. To be more efficient would mean to realize smaller gaps between available monies and value added, which is a difficult concept in libraries due to the intangible nature of satisfying information-seeking behaviors through the execution of programing and services offered.

What constitutes operational efficiencies in a library organization? From the financial point-of-view this falls into three different categories of spending and typically starts with monies spent on resources in multiple formats, and at the request or benefit to the collective patron base. Next are salaries and benefits for staff, which in itself can be a large percentage of the total available monies, and finally operating expenses that support the infrastructure that houses the materials and staff. Technology, costs for supporting special collections or archival functions, and other peripheral services will also fall into one of those three categories. Today's libraries are learning and have been assessing and measuring the impact that those financial investments make with constituents or patrons and the impact on the community being served. Increasing the perceived value of that impact within the same or smaller investments of funds is being more efficient with funding made available.

While improving operational efficiency, organizations can have a few alternatives from an economic point-of-view, the most common choices would be:

- achieving the same results or impact with less input or financial investment;
- having the same financial input but realizing more results; and
- investing much more to have a greater impact on a larger per-unit scale.

Libraries accomplish a lot of this analysis through benchmarking with others and/or sharing resources in order to gain economies of scale. When you are recognizing increased impact for

those collaborative efforts, you have gained operational efficiency in the short term. But in a changing and dynamic information- and technology-rich environment, the efficiencies of today might not be sustainable; thus, having a futuristic look is part of Hernon and Matthews' (2013) point.

Considering strategy

When qualitatively interpreting the quantitative results of the benchmarking, one has to take the organizational strategy into consideration – as well as the individual strategies of any other members of the collaborative effort. If those considerations are not met, quantitative results that are a consequence of strategy, but not necessarily of inefficiency, cannot be eliminated or modified in order to address a more efficient process. In other words, part of benchmarking needs to include a review of strategy, so that they are not in conflict.

Michael Porter, in his article "What is strategy?" (Porter, 1996), talks about an organization that can only outperform competitive factors if it can establish a difference that it can preserve. It must deliver greater value to customers or create comparable value at a lower cost, or do both. So developing organizational strategies that are sustainable and provide a value difference to what is considered competition is critical for continued success. And according to Porter (1996), the essence of strategy is in the activities that you choose to perform – activities that differentiate your organization from competitive factors you might face. In the case of libraries, competitive factors might include Google and other search engines, Wikipedia and other online sources, etc.

Activities, then, are the basic units of competitive advantage. Determining overall advantage or disadvantage in terms of efficiencies is a result of what an organization's combined activities are, not just a few. This should be addressed by recognizing the need to change as an organization and not just in smaller departmental pockets of influence. And providing these changes to be an advantage means that it must be done efficiently in order to be sustainable economically.

Efficient to be effective

Operational effectiveness (OE) means performing similar activities better than rivals perform them. Operational effectiveness includes, but is not limited to, efficiency. This also means to be

able to show continuous improvement over time by performing the same activities with a degree of operational efficiency. It refers to any number of practices that allow a company or organization to better utilize its inputs by, for example, reducing defects in products or developing better products faster. In the case of libraries, making better use of inputs is related to how the money is spent toward materials, human resources and infrastructure needs.

Constant improvement in operational effectiveness is necessary to achieve superior profitability. However, it is not usually sufficient. Few companies have competed successfully on the basis of operational effectiveness over an extended period, and staying ahead of rivals gets harder every day. The most obvious reason for that is the rapid diffusion of best practices in a changing environment. For example, many academic libraries are part of an institutional effectiveness plan for the campus that is intended to promote efficiency in the execution of programs and services for the campus. But a driving component to sustaining efficiency is to also recognize and adapt to changes along the way that impact how the output is perceived or valued.

Another reason that improved operational effectiveness can be insufficient is that competitive convergence is more subtle and insidious. The more benchmarking organizations do, the more they begin to look alike, and thus lose the advantage of appearing better because of being different. This would be an important argument for libraries to celebrate what makes us different, with knowledgeable library staff and unique resources as opposed to promoting open search engine activities as a fundamental action to take in performing reference activities. So the essence of strategy is in the activities, choosing to perform activities differently or to perform different activities from what is perceived to be competition.

Ian Smith, in his article "Organisational quality and organisational change: interconnecting paths to effectiveness" (Smith, 2011) outlines the need for change in order to promote better quality within the organization. Based on the work of Kotter and Doppelt, Smith emphasizes the need to make organizational changes sooner rather than later in order to maintain a level of quality that is more competitive and will keep library users coming back instead of drifting off into a world of information literacy that is unstructured and randomly accurate.

This is in line with Hernon and Matthews' (2013) point that library organizations need to be thinking about the future now, by developing a better understanding of our current situation and potential vulnerabilities. They discuss techniques that might be useful in doing so with potential scenarios to consider. The point to make here is that the activities we execute and consider now

will have consequences in the future. The future of libraries should not be at the hands of fate or unknown developments to technology.

Some examples of choices that can be made and changes that could be improved with regard to current organizational efficiencies within libraries include:

Collections budgets developed to strategically address multiple formats, i.e. print versus electronic; use of AV or digital media in curricula or communities; and users preferences such as PDA, which is sustainable but not over-investing; patron involvement in the selection process; POD and e-book selection enhancements; and vendor partnerships that are negotiated for the library's benefit.

Strategic planning of the cost associated with human resources, such as reviewing professional versus paraprofessional work (changing roles), cost of tenure or rank programs and the use of part-time staffing.

Other-than-personnel (OTP) costs, considering equipment that becomes dated, whether leasing would be a better option over purchasing, equipment forecasting and service contract proposals, bulk purchasing of high-use items and de-centralizing buying in order to make accountability more personal.

The key to moving toward a relevant and sustainable future is to recognize our current situation and ensure that we have developed a habit of building operational efficiencies that will move us forward effectively and flexible enough to be modified as changes occur. Hernon and Matthews (2013) have given us a tool to help make that happen, but the work is up to each one of us individually.

References

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