Outsourcing: A Public Library Checklist
Public Library Association
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Introduction

Over the last two decades public library managers and local officials have expressed concern about outsourcing public library functions. Defined as the procurement of services from an external vendor, outsourcing of services like facility and equipment maintenance, courier and security services are widely accepted. Outsourcing of services core to the library's mission evokes strong reactions within the library community. Proponents maintain that outsourcing offers unique opportunities to reduce costs and capitalize on the investments, innovations, and special capabilities of external suppliers. Viewed as a tactical method to achieve strategic objectives, outsourcing is seen as a way for libraries to procure capabilities not available internally. Opponents maintain that outsourcing of core functions threatens public library institutional viability, diverts local control, and diminishes the contributed value of professional librarians. Given the strong opposing views about outsourcing public library services, this *Checklist* offers public library managers and officials a tool for use in addressing issues related to outsourcing.

In response to diverse views and positions relating to outsourcing, public library managers, governing officials, trustees, and community advocates have reviewed policies, developed position statements, and drafted guidelines to better understand and address outsourcing initiatives and proposals. These efforts reflect the need to clarify and distinguish outsourcing issues from among the complex and multi-faceted relationships public libraries have with commercial vendors.

From recent experience it is clear that outsourcing presents challenges with no simple solutions. It is also clear that public library outsourcing will not diminish in future importance.

At the local community level, public librarians argue that proposals to outsource library administration or entire operations or programs of service threaten to privatize public agencies. Other community representatives justify such outsourcing proposals on economic grounds as a way to reduce costs. Such disagreements about public library outsourcing highlight the need to clarify and understand outsourcing issues, positions, and concerns. While consensus or agreement may be impossible, discussion of outsourcing issues requires agreement about the use of terms and definitions. Without clear understanding and agreement about the meaning of terms and definitions, informed discussions and decisions about outsourcing will suffer.

<u>Recent Public Library Outsourcing Activities</u>

Recently the US public library community's responses to outsourcing issues have included the following activities:

- In January 1999 the American Library Association's (ALA) Outsourcing Taskforce submitted recommendations to ALA's Council;
- In December 1999 ALA contracted with Texas Woman's University's School of Library and Information Studies for a "Study of the Impact of Outsourcing and Privatization on Library Servcies and Management";
- Numerous discussions and presentations about outsourcing situations in New Jersey, Hawaii, Texas, and Florida public libraries have been conducted at library conferences and meetings around the country;
- A recent series of library press editorials have heightened concern about the possible dangers of outsourcing trends;
- Library listservs include discussions alternating between passionate condemnation and 'business-as-usual' acceptance of privatization, outsourcing, and contracting out practices.

Responses to outsourcing issues are not limited to the American public library community. In Australia the 1994 introduction of Compulsory Competitive Tendering (CCT) by local governing councils in Victoria resulted in fundamental changes for many public institutions, including public libraries. Similarly, over the last decade, public librarians in Great Britain have struggled to respond to outsourcing proposals from local elected officials. In both Australia and in Britain, public library managers have been obligated to address outsourcing mandates and implementation of contractual outsourcing arrangements. In response to these initiatives, resource guides have been developed to provide information for public library staff concerned about outsourcing mandates, CCT implementation, and the outsourcing requirement process. In general, information from these outsourcing experiences review the public library impact of CCT, strategic outsourcing plans developed by Australian and British public library managers, and the different approaches to the CCT process that public librarians have developed.

A review of the documentation resulting from this rich international blend of outsourcing ideas, analysis, debates, and positions presents a wide range of argument, counterpoint, and opinion. This variety of expression points out the lack of clear direction and guidance for public libraries in general. The heat and passion generated by outsourcing debates obscure the attempts to construct a consistent framework from which to consider and discuss outsourcing issues with objectivity, clarity, balance, and focus. Such a balanced conceptual framework is essential for the local public library to make enlightened outsourcing decisions.

Outsourcing and Contracted Library Services

Recently, outsourcing has also been used as a term to describe the process of contracting out or privatization of entire Federal library agencies or information centers such as NASA, Department of Interior, and the Energy Department Libraries. Clearly, the definition and application of the term "outsourcing" is not always consistent. Perspectives vary when it comes to outsourcing. As a result, multiple meanings tend to confuse discussion and debate, and cause misunderstandings about the effect of outsourcing as distinct from privatization and contracting out. But, whether we mean contracting out for a specific service or establishing an outsourcing contract for all the services offered by a library, confusion about the meaning of outsourcing is increased by a failure to clearly distinguish the nature of outsourcing from privatization and contracting out.

Clarifying Outsourcing Issues

This *Public Library Outsourcing Checklist* has been developed by the American Library Association's Public Library Association (PLA) as an objective instrument for local libraries, boards, governing authorities and communities to use in considering proposals to outsource library activities or services. The *Checklist* offers a conceptual framework to support thoughtful discussion and discourse about the topic of outsourcing among public librarians and local officials. It presents a balanced conceptual basis for public libraries to consider the nature of outsourcing. This *Checklist* does not categorically dismiss public library outsourcing as a potentially viable managerial option; nor does it reflect an attempt categorically to justify outsourcing in every instance.

By presenting this conceptual framework for outsourcing issues, the *Checklist* attempts to lend clarity, structure, and definition. It is intended to complement other efforts and activities, not to duplicate current public library research or analysis of outsourcing-related issues. The *Checklist* attempts to reflect objectivity by providing a practical instrument for public library management, trustees, and other officials and authorities to consider outsourcing issues and to facilitate decisions that reflect the specific interests, goals, and policies of the communities served by local public libraries.

Outsourcing in Context

Susan DiMatti editor, *Library Hotline*, has written the following observation about public library outsourcing:

> "The outsourcing issue, like the hydra of Greek mythology, has
> two heads. Should outsourcing be viewed with suspicion, as a **threat**
> to traditional library service, or is it a viable management

perogrative? When it comes to outsourcing the truth probably depends more on your perspective than on professional values." [1]

The fact that outsourcing can be viewed from at least these two perspectives underscores the need for unambiguous definitions and clarifying context. Unclear definitions cloud distinctions between different perspectives and confuse discussion. Such is the case when 'outsourcing,' 'privatization,' and 'contracting-out' are used interchangeably. Each term reflects public library interaction with commercial vendors, but each represents a different aspect of library interaction with the information services industry.

To further add to the confusion, outsourcing reflects significantly different perspectives among different types of libraries. Academic libraries frequently outsource acquisitions functions related to serial subscription services and shared cataloging services. These outsourced services are considered reasonable management options and involve little controversy within college and university libraries. Such arrangements present economies of scale and provide pricing discounts. Similarly, many public libraries follow routine procedures for purchase transactions by issuing Requests for Proposal to book jobbers, online and Internet service providers, and serial subscription service vendors. These arrangements enable public libraries to take advantage of favorable purchasing discounts. Few questions arise about the overall need for public and academic libraries to transact business with commercial vendors for goods and services. Indeed, the relationship between publishers, public librarians, book jobbers, subscription services, and a host of library suppliers is critical for the institutional viability of libraries of all types. Any consideration of the public library outsourcing topic requires that the nature, intent, and purpose of library relationships with private sector entities be explored and clarified. Distinctions between outsourcing, contracting out, and privatization require clarification to arrive at a clear definition of each that distinguishes outsourcing from other related terms and concepts.

Defining Outsourcing Terms

Discussions of outsourcing issues generate confusion when a clearly established context for discussion is lacking and when definitions of terms are not firmly established and understood. So, for example, a variety of alternative definitions are associated with the term "outsourcing." At a basic level, outsourcing of library services can mean:

"…contracting with a third party for a service formerly done internally." [2]

Similarly, a standard how-to manual for librarians describes outsourcing as:

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[1] *Library Hotline* 1 March 1999, p. xxvii-8)

[2] Marcum, James. "Outsourcing in libraries: tactic, strategy, or metastrategy?" in *Library Administration and Management* 12(1): 15-24.

*"...the procurement of services from an outside vendor to
perform functions that are **not core** to the mission of the library and
for which the library is unable or uninterested in providing for itself."[3]*

These two basic definitions highlight distinctions about when, how, and where a library service is provided (internally vs. outside and currently vs. formerly and core mission vs. non-core service). The designation of 'core' mission functions assumes that a library has both core and non-core functions or services that might be provided by either internal or external resources. These distinctions are critical to understanding outsourcing terminology and to distinguishing between outsourcing, contracting out, and privatization.

Then again, another source provides a more specific business definition for outsourcing that establishes more detail:

*" Outsourcing is the act of transferring some of a company's
recurring internal **activities** and **decision rights** to outside providers,
as set forth in a **contract**. Because the activities are recurring and a
contract is used, outsourcing goes beyond the use of consultants. As a
matter of practice, not only are the activities transferred, but the
factors of production and **decision rights** often are, too. Factors of
production are the resources that make the activities occur and
include people, facilities, equipment, technology, and other assets.
Decision rights are the responsibilities for making decisions over
certain elements of the activities transferred."[4]*

This more detailed definition draws additional distinctions between recurring and non-recurring activities and includes the concept of decision rights transferred to outside providers through contractual agreements that distinguish between specific contractual arrangements and outsourcing actions. The scope of decision rights that transfer from a library to an outsourcing contractor vendor are critical in determining the nature of outsourcing decisions. Thus, in certain instances, the transfer of decision rights may distinguish an outsourcing action from the act of contracting out for a specific limited function. These definitions clarify the nature of outsourcing by identifying alternative attributes as summarized by the following distinctions and alternatives for services or features:

Service/Features Distinctions

Procurement	Contractual agreement
Former service offering	Current service arrangement
Core mission	Non-core mission
Recurring activities	Non-recurring activities

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[3] Hirshon, Arnold. <u>Outsourcing library technical services: a how-to-do-it manual for librarians</u>. 1996, Neal-Schuman, New York. P. 1.

[4] Greaver, Maurice F. <u>Strategic outsourcing</u>. New York: American Management Association, 1998. P. 3.

Decision rights transferred	Decision rights not transferred
Contracted services	Consultant provided services
In-house staff supported activities	Outside staff supported activities
In-house factors of production	Production factors transferred outside
Single service/function	Multiple services/functions

Within this context of definitions that clarify the nature and scope of outsourcing activities and distinguish these activities from those that are performed in house, yet another general business definition emphasizes the varying scope of outsourcing activities as follows:

> *"Outsourcing occurs anytime the organization elects to utilize outside, independent workers to conduct work-related tasks. The how, what, where, and when of the working conditions are driven by the needs of the organization and **may vary** from assignment-to-assignment, day-to-day, and worker-to-worker."[5]*

Comparing and contrasting the different perspectives inherent in these different definitions of outsourcing helps to identify key related assumptions. The distinction between *recurring internal activities* and *decision rights* is critical to understanding and defining the nature of outsourcing in a particular context. This distinction between resources and responsibilities must also be clarified to balance contractual obligations and decision rights. Without clear definition of the scope and intent of an outsourcing instance, it is almost impossible to understand where managerial authority and legal obligation apply. Also, the variant nature of institutional need can affect the nature of outsourcing as a reasonable managerial option for addressing a temporary situation. These variable conditions require an outsourcing decision process that is designed to address internal and external factors within the context of a particular organizational setting.

Clearly, outsourcing involves transfer to a third-party, or outside vendor, or contractor, or independent workers, or provider to perform certain work-related tasks involving recurring internal activities that are not core to the mission of the library. Clearly, when considering outsourcing activities that are core to the mission of the library, the gravity of the decision increases, particularly with privatization. During its 1998 deliberations, the American Library Association's Outsourcing Task Force defined privatization as follows:

> *"**Privatization** is the shifting of library service from the public to private sector through transference of library management and/or assets from a government agency to a commercial company."*

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[5] Nelson-Nesvig, Carleen. Outsourcing solutions: Workplace strategies that improve productivity. Traverse City, Michigan: Rhodes & Easton, 1998. P. 27.

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Public Library Outsourcing Checklist

Issues & Questions	Yes	No
Fundamental Issues		
Is the activity core to the library's mission?		
Is the activity considered for outsourcing "inherently governmental" and therefore not appropriate for outsourcing?		
Legal Issues		
Have all applicable local and state general laws and regulations been adequately addressed?		
Have all applicable contracting and procurement regulations been adequately addressed?		
Have all current collective bargaining contracts and related issues been adequately addressed?		
Does the administrative entity considering the proposed outsourcing have the authority to make the decision and enter into a contract?		
Economic & Quality of Service Issues		
Will improved efficiencies result?		
Will cost savings result?		
Are provisions in place to monitor and verify that anticipated cost savings actually result?		
Will more timely completion of activities result?		
Will specialized skills or technical expertise be obtained that are not currently available?		
Will the activities and processes that the library continues to conduct be improved through more efficient and effective completion of the contracted activities?		
Will improved service to the public result?		
Policy Issues		
Will library governing board responsibilities be affected?		
Will library advisory board responsibilities be affected?		
Will the outsourcing contract allow the agency to respond to changing situations?		
Will the library's free library service policy or statutory requirements be affected?		

Political Issues		
Have library governing and advisory boards been involved in the planning and decision making?		
Do the library governing and advisory boards support the outsourcing decision?		
Are outsourcing decisions being driven by external political influences?		
Has the local community been involved in the outsourcing decision making process?		
Is the community comfortable with the proposed outsourcing.		
Organizational & Staff Considerations		
Have organizational issues resulting from the proposed outsourcing been adequately considered?		
Will organizational restructuring be required?		
Will staff be replaced or transferred to the employment of the contractor?		
Have library staff been informed of the proposed outsourcing of activities?		
Have library staff had the opportunity to participate in the planning and decision making process?		
Do library staff support the proposed outsourcing of activities?		
Administrative Issues		
Will library administration be responsible for monitoring contractor performance?		
Have adequate provisions been made to administer the outsourcing contract?		
Contract Considerations		
Are the contract specifications for the activity proposed for outsourcing sufficiently clear and appropriate?		
Are the scope and scale of the contract specifications for the activity proposed for outsourcing clear and appropriate?		
Does the proposed contract include specific provisions to adequately insure sufficient quality of service and performance?		
Does the proposed contract provide adequate provisions for monitoring contractor's performance and correcting contractor's failure to meet performance requirements?		
Does the proposed contract provide a reasonable process for terminating the contract for cause?		
Do contract renewal provisions provide the agency with a realistic option to seek a new vendor or bring the activity		

back in house?		
Is the agency prepared to reassume responsibility for the contracted functions or activities should the contractor fail to meet the performance terms of the contract?		
Does the contract provide sufficient protection from contractor low-balling, i.e. offering a low initial year price to get the contract then increase the price when the agency no longer has the capacity to bring the activity back in-house?		

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