Insourced or Outsourced: A Tale of Two Libraries

by Doris Small Helfer
Sciences Librarian
Library, California State University, Northridge

Librarians have heard much of late regarding whether or not to outsource, what to outsource, when to outsource, and why outsourcing would or wouldn't be good for an institution, a career, and a profession. The latest hot story in the controversial trend in the field concerns Riverside County's public library system in California. Let professional doom and gloom overtake us, we will also look at the background and details involved in the recent insourcing of a high-tech bastion, the Sun Microsystems Library. Formerly operating as an archetypal outsourced library, Sun recently decided to insource all eight of their contract library personnel.

The Inland Empire

Riverside County, California, lies about 90 degrees east of Los Angeles, California, in what Southern California boosters frequently call "The Inland Empire." The county encompasses a geographic area larger than some states. One of the nine University of California campuses is located in the city of Riverside. Since 1911, the city and county of Riverside have had an agreement, in which the city of Riverside provided the county with library services. This may be one of the earliest known examples of library outsourcing.

With the passage of Proposition 13 in 1978, local communities found the revenue they could raise from property taxes severely limited. This left local municipalities in California seeking additional funding from the state just to maintain much more limited library services than previously were provided. All over the state, public libraries experienced cutbacks in service hours and lessening in new materials purchased. While not entirely satisfactory, this arrangement continued until the economic recession of the early 1990s hit California hard. With sharp declines in federal spending, especially in aerospace and the military, California's state and local revenues declined dramatically. With tax revenue declining and many more people making demands for unemployment compensation, the state government began cutting the additional money which had been provided to libraries.

The environment of severe funding losses caused the city of Riverside, in December 1996, to put the county of Riverside on notice that the city could no longer provide the county with an adequate level of library services, once the current contract ended on June 30, 1997. There was fear and panic that the libraries would close and the library staff would all lose their jobs. Fortunately, it hasn't turned out that way.

The county of Riverside decided immediately to let an RFP (request for proposal) for general bidding by vendors to take over the outsourcing contract in whole or in parts. The county government never intended to eliminate or cut library services.

The RFP outlined five major components for interested vendors to bid upon, including services for three areas of the county divided into South, Mid-South, Desert and West, as well as courier services and automated services. The RFP went out to vendors in May 1997. Vendors could bid on any or all five parts of the RFP. Competing vendors all gave presentations on their proposals to elected officials from each area comprising the county, as well as to the consultant from the California State Library and staff from the county's executive office.

The Winner

The winning bidder, Library Systems and Services Inc. (LSSI), in a Limited Partnership with Follett, was awarded the contract for all five parts of the bid on June 17, 1997. The contract took effect July 1, 1997. LSSI agreed to take on all existing employees at their current base salary and service credits. No one lost their job. There will be changes in the benefits packages of employees as they officially become employees of LSSI. Some county employees opted, therefore, to retire, and some to become city of Riverside employees, but these were all voluntary changes and entirely the employee's choice.

Riverside County received help from a consultant from the California State Library. The consultant helped the county develop the RFP, decide between the bidders, and search and find the newly created position of Riverside County Librarian. Never having had its...
own librarians, no one in the county had the library expertise to develop an RFP for library services.

Many factors went into choosing the winning bidder. LSSI had demonstrated expertise in running the U.S. Department of Energy library and handling various other contracts covering library operations. LSSI also has the financial strength of Follett to draw upon. Follett, a major book jobber for libraries and what library service means.

June Garcia, LSSI Board consists of a national team of knowledgeable and experienced library professionals. The Advisory Board to LSSI includes Linda Crismond of Professional Media Services, formerly head of the Los Angeles County Library and ALA Executive Director; Charles Robinson, Baltimore Public Library; June Garcia, San Antonio Public Library; and others. Each member of the Advisory Board has a specific assignment, and the Board meets twice annually at ALA Mid-Winter and Annual Conference. LSSI’s willingness to invest its own capital to the project sent the county the message LSSI was serious and wanted a long-term involvement in running the library system. LSSI’s promise to increase services, at least 25 percent over previous levels contributed to the Riverside County Board of Supervisors picking LSSI in conjunction with Follett.

The county of Riverside took great care to assure it would remain in ultimate control of the library system. The collection development integrity would remain in place no matter who won the contract. All material acquisitions are approved by the Riverside County Librarian, who remains a Riverside County employee. All material purchases must go through competitive bidding and remain county property. Any single source purchase must be approved by the County Librarian. All contract review procedures are clearly laid out and well defined. All facilities, automated systems, and materials remain county property. The city of Riverside will now contract, on a per terminal basis, for the use of the county’s automated system.

The contract extends for one year initially, with a renewal of another year, and three options for renewal beyond that for up to a period of five years. There are regularly scheduled and detailed procedures for the reporting and oversight process. The president of LSSI, Frank Pezzanite, and the project manager, Ron Dubberly, formerly director of the Atlanta and Seattle public libraries, have been very proactive, moving quickly to insure the smooth transition of personnel to LSSI. LSSI rapidly transferred all employees to LSSI payroll by July 1, 1997, even though it was not awarded the contract until June 17, 1997. During its campaign for the contract, LSSI held a staff reception to talk to and meet with their new employees. Zone managers who now work for LSSI have all come from within the ranks of the existing staff.

The county conducted a nationwide search for the new position of Riverside County Librarian, guided by the consultant from the State Library. The final selection, Gary Christmas, came from within the ranks of the Riverside City and County Library system. The county Librarian must oversee the operations and management of the contract between LSSI and the county to ensure proper administration and operation by LSSI. He is responsible for determining the policies and working with the 25 service centers and cities within Riverside County to determine individual policies. The Riverside County contract with LSSI clearly states that the County Librarian retains control over materials acquired and requires competitive bidding for material acquisition.

The County Librarian reports to the Deputy County Executive Officer and has an office in the county’s executive offices. The librarian has full access to all the resources and personnel needed to assist in overseeing the LSSI/Follett contract. In fact, the Riverside County Board of Supervisors expects to have much greater control over library services with the latest outsourcing arrangement than when the city of Riverside administered their libraries.

Bottom Line

What will moving the outsourcing contract from the city of Riverside’s Public Library to a private contractor like LSSI mean for librarians and the community they serve? Time will tell the whole story. From the public’s point of view by September 1, 1997, there will be a 25 percent increase in the hours in which the Riverside County libraries are open for public use. This can only please the public.

Looking at the larger picture, what happened here? And what does it bode for the future of libraries? The city of Riverside’s funding became insufficient to adequately run the county of Riverside’s libraries. To Riverside City’s credit, they notified Riverside County they could not provide adequate services under those conditions and would have to terminate the agreement in effect since 1911. Riverside County needed a new contractor to run their library services or to establish their own library system. Since the county had no experience with managing library services, they opted to find and contract with a new outsourcer.

Initially those who had long worked for the county through the city of Riverside library worried, but the county never remotely considered no longer providing library services to the public. The county was concerned with writing an RFP ensuring ultimate control and ownership by the county while providing quality library service.

Is this the beginning of a tidal wave to outsourcing? Hardly. The county had outsourced its library services since 1911, before anyone ever coined the term outsourcing. The only thing new was the change from a public to a private service provider. In fact, Riverside County gained greater control and more

(continued on page 70)
options over their library services.

Will more public libraries choose to outsource in the future? Yes, some will outsource all or parts of their services, when outside sources can perform services more effectively and efficiently. Isn't that just good management? Is it the answer for every library? Each library will have to look at what it does, and how it does it, at costs containment, and optimal use of financial resources. The decisions should be made on a case by case basis, weighing all the cost and quality factors involved in each operation. I suspect for most libraries, some operations, e.g., document delivery, may prove more efficient when handled by outside firms, while other services will prove more cost effective when performed by in-house staff. Let's look at a library that has long thought outsourcing was the answer and has recently changed its mind, at least in part.

About-face

Sun Microsystems has long held the view that only people who fall within the company's core competencies' areas should be employees. All others should be contractors. When employees started the library, they looked at this company policy and decided the easiest way was to have contractors provide basic library services. Seven years ago, Sun asked Adecco, an international temporary agency who frequently provided Sun with temporary and contract employees, to supply library contract staff. These contractors would work for and be paid by Adecco to start and maintain a library. Since Adecco had never provided library personnel, a project manager familiar with libraries was hired to serve as the library manager and to oversee the hiring of appropriate personnel for the library. Initially, Sun's library just provided basic reference, circulation, collection development, and cataloging. The library didn't even do literature searches; those were contracted out to another vendor.

In May 1995, Cynthia (Cindy) Hill, who had an extensive background in corporate libraries, which included working with an engineering firm, a management consulting firm, and 11 years as the director of the Failure Analysis Corporate Library, became the manager of the Sun Microsystems Library. Many people questioned why someone who had built a hugely successful library at Failure Analysis would want to take on the role of an outsourced library, even at Sun Microsystems. Cindy Hill told us she had four personal reasons for taking this position: she wanted to confront the whole outsourcing issue; she wanted to work for a global, high technology company; she wanted the career opportunity to see how far technology could be used and pushed out to the end user; and she enjoyed the freedom and independence of her role as the manager, since it gave her incredible flexibility to do the things she felt necessary to deliver library service. She had full access and control over her budget.

As time went on, the library began offering more and deeper services to Sun. In the two years that Cindy has been at Sun, she has added three new contractor personnel to staff the increasing services. When Cindy began the strategic planning process for the library, she began to see more and more examples where contractor library staff could not participate as productively as they should while they remained contractors. For example, internal and sensitive company materials, which the library could organize, control, catalog, image, and make available at the desktop, simply were not open to non-Sun employees, such as the library staff. In addition, participation in Sun projects and teams was impossible as a contractor.

With that "glass wall" in place, the Sun library services could never grow and develop fully to help provide more and better information to Sun's employees. Cindy talked to Adecco about these issues. Adecco in turn talked to Sun about the problems the library faced and the additional services that could only be offered if the "glass wall" was eliminated. Since Sun did not want to change its access rules and procedures, they decided to chose a neutral Sun employee with no vested interest to study the issues and write a white paper. Cindy provided her input to the person charged with writing the report, being honest about the negative aspects as well as the positive.

The end result? Effective July 28, 1997, all eight library contractors on the staff became Sun employees. Sun still contracts out some services, including serials management and document delivery, when this proves more cost effective.

Another Bottom Line

When Sun saw the additional benefits that could be derived from having the library staff as employees, that became the main driver in its decision to insource their library. This proves again that if you can prove your benefit to the organization, you will survive and thrive. Whether you've been insourced or outsourced is only significant if it changes your job satisfaction or role so you can no longer do your best work and give your clients what they have a right to expect.

There is another aspect of library outsourcing many librarians may overlook: outsourcing as an opportunity. Many of the outsourcing contracts can and are being given to companies owned and run by librarians. LSSI is partially owned by librarians. Librarians own many other consulting companies in the field. Perhaps you think that you couldn't run a whole library, but what about you and several colleagues or partners. I bet you could. I bet you do now!

There was nothing stopping any company or other library system, or individual, or group of individuals from bidding on the RFP from Riverside County. Consider outsourcing as an opportunity for librarians to run a library efficiently. Think about change as an opportunity, perhaps even your opportunity. I know there are entrepreneurial librarians out there. If you don't think you can, I can put you in touch with librarians who have, but that's another story for another column....