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Practical Issues Associated With Outsourcing

by Lynne Branche Brown (COO, YBP, Inc.)

So you've decided that outsourcing your technical services functions is a strategic direction you're going to pursue. Having taken that first plunge, have you decided exactly what functions? Which materials? What the process changes will do to your technical services operation? As more and more libraries invite Yankee Book to partner with them in advancing this initiative, we have had the opportunity to explore these, and many other issues, with libraries. This article is an attempt to share what we're learning as we work with libraries to create specifications for the preparation of shelf-ready materials.

Deciding to outsource is merely the first of many, many decisions that must be made. Once you've made that decision, a host of others demand attention. Having a well-reasoned strategy is the key to outsourcing success. You will be continuously returning to this strategy as you establish your service requirements with your vendor. Unless you have spent some time evaluating your reasons for outsourcing, the many decisions that follow will be more difficult to address. The success of the outsourcing relationship with your materials supplier rests on the mutual working together and partnership that we all became familiar with through the TQM and JIT approach to process improvement. Entering into an outsourcing effort with the old "supplier and buyer" model of selling and purchasing products creates additional hurdles for both parties. The provision of services requires that both parties join together to work toward their mutual benefit.

Issue #1: What to outsource?

Options

1. Physical Processing
 - Affixing things to books
 - Identifying the book as "yours"
2. Preparation of catalog records
3. Other Functions

Has your library decided that its strategic objectives can be met by acquiring catalog records, or by requesting that the vendor begin performing some of the physical processing for the materials it supplies, or both?

Vendors offer an array of services for meeting the needs of their varied clientele. Most have been developed in response to the needs expressed by pioneering libraries working in partnership with them to achieve outsourcing objectives. The many options afford both opportunity, and added complexity, for libraries just beginning to define outsourcing requirements. It's important to identify your primary objectives in order to sort

through all of the options. You should then take advantage of only those services that meet your objectives.

Issue #2: How much to outsource?

Options

1. All of it
2. The bulk of it
3. Only those materials with specific characteristics (i.e. Firm orders only; Juvenile books; Materials for a particular branch)

To meet your strategic objectives, do you want the vendor to process all of the materials it supplies? Or only materials meeting certain parameters?

If your library has consolidated most of its purchasing with the vendor who will be providing outsourcing services, you will now need to decide how much of what they are sending you want processed. To answer this question, again you should return to your reason for outsourcing. If you have decided your goal is to reduce the amount of staff time invested in property stamping materials, you would want your service provider to provide property stamping to everything they are supplying. If, however, your goal is to expedite materials purchased for a specific branch, the objective will be met by having many more functions performed, but only to those materials destined for that branch.

Issue #3: How much to expect from outsourcing?

Options

1. Complete elimination of the in-house resources for performing the task
2. Elimination of the majority of the resources (the 80/20 rule)

Are you expecting your outsourcing arrangement to completely eliminate in-house performance of certain functions? Do you expect to significantly reduce in-house expenditure on certain functions, while retaining resources for application of local expertise?

Again, it is important to return to your reason for outsourcing, and to work in partnership with your service provider to reach mutually satisfying expectations. Especially in the early stages of an outsourcing arrangement, it is probably unreasonable to expect to completely eliminate all in-house resources dedicated to that function. Most libraries have some local practices that are best addressed by the expertise of in-house resources. During the planning and implementation stages of an outsourcing ar-

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rearrangement, when workflows are being revised, you must wrestle with some of these local practices and determine whether continuing to perform them adds value for your patrons. If they add value, and you determine that it is important to continue to perform them, you then need to ask yourself whether they are best performed in-house, by local experts, or whether you are willing to bear the additional cost of having your service provider modify their processes to accommodate your local needs.

As with TQM-centered process improvement, objectives can often be achieved by applying the Principle of Pareto (See *Total Quality Management: Facilitator and Team Leader Training*, Dept. of Human Resources, Oregon State University, 1991, p 47.) in any given situation, a small number of causes (usually 20% of the total) accounts for most of the problems (usually 80% of the total). Applied to the issue of "how much to expect from outsourcing," it is reasonable to aim for outsourcing to meet 80% of your needs. By applying the Principle of Pareto, decision-makers focus on those areas where the most gain can be made at the least cost (where cost is calculated in terms of effort expended).

Issue #4: How to identify the things you haven't thought of?

Options

1. Invest resources to deal with these details
2. Ignore them

Once a library has decided which functions to outsource, which materials to have processed, and how extensively to have them processed, it is time to roll up the sleeves and get to work. And in so doing, a number of other things are revealed. For instance:

1. What are the trade-offs involved in outsourcing? While some jobs may be eliminated, will the jobs that are left be more complex? Are you willing to invest in developing new skills in old employees?

By applying the Principle of Pareto, outsourcing some of your physical processing can eliminate much of the mundane handling of materials, such as applying security strips, property stamping, and affixing barcode labels. This eliminates your need for work-study students. What is left, however, are the local practices that require a broader skill set, such as evaluating whether or not to affix security strips to the books ordered for the Rare Books Room or making decisions about which materials should be sent to a bibliographer for review. As part of the outsourcing implementation, you should be planning for the retraining, and potentially higher salaries, of remaining staff.

2. Are you ready for the technological issues? Can your system -- both people and machines -- support the effort? Can your computer system transform an electronic file into the appropriate database records (bib record, item/copy record, invoice record, acq record, circ record)? Do you have the necessary human expertise for transmitting and retrieving electronic files?

As others have pointed out, it is the advancement of technological development that has created much of the new opportunities related to outsourcing technical services functions. To fully realize the cost savings and benefits of outsourcing of cataloging, library systems must be able to receive and transmit files, and staff must have the system knowledge required to facilitate file transmission. As part of the implementation process, a library staff member should be designated to be responsible for the system testing and implementation of new transmission procedures.

3. What are the timing issues? Have you built enough time into the transition process?

As much as we all hate to admit it, process change always takes longer than we'd like. Those things that appear simple and straight-forward somehow always seem to have a way of becoming complicated. It is important to remain cognizant of the fact that as you are developing an outsourcing arrangement, you are effecting operational change. In addition to developing a new way of doing things, there are technology issues and people issues that need attention. Both of these things take time. Be realistic and don't expect outsourcing to "happen" overnight.

FTP INSTRUCTIONS

1. An authorized library user establishes an FTP connection by connecting to YBP's FTP server. The address is ftp.ybp.com.
2. Once the connection is established, the user logs onto server using their User ID and Password.
3. The library's FTP client software should be set to retrieve files in BINARY.
4. Library personnel can use the DIR command to list files in the FTP directory and identify the file to be retrieved.
5. The library then uses the ftp GET command to retrieve the file. The command is entered as: GET <remote file name> <local file name>, where remote file name is the name of the file being retrieved and the local file name is the destination on the library's local system.
6. Some customer's will be retrieving files of different types (for example MARC cataloging records and order confirmation records). These files will be divided into different sub-directories. To view the files, they will need to issue the CD (change directory) command to view the contents of each sub-directory. The command is entered as: CD <name of directory>.
7. The Innovative Interfaces FTS software often requires the user to supply the type of server. Our FTP server is a WindowsNT Server 3.5.1.

Illustration 1: FTP Instructions

These are just a few of the key issues with which libraries designing outsourcing arrangements must contend. Illustration #1 on pg. 76 highlights yet another aspect of the practicalities that must be addressed in developing an outsourcing arrangement. It was developed as a tool for our customer service representatives, to assist them and their customers in managing the FTP of files, for receipt of catalog records from YBP. See *Illustration 1: FTP Instructions*.

Additionally, Illustration #2 on pg. 77, developed by YBP's Bibliographic Records Specialist, **D. Bonner**, provides an example of the varying levels of detail that must be defined during the specification process for establishing an outsourcing arrangement. It includes three of five different levels of service that Yan-

SERVICE	LEVEL REQUIREMENTS: THE BASICS	LEVEL REQUIREMENTS: BEYOND THE BASICS	LEVEL REQUIREMENTS: COMPLEX
PRINT PRODUCTS	1. None	1. Seline or adhesive labels only 2. Allow account-based or size-dependent suffixes or prefixes on spine labels	1. Labels and/or 2. Book pockets and/or 3. Cards of any type 4. Allow suffixes or prefixes on spine labels determined by other data (fund code, etc.)
RECORD TYPES	2. LC full/core (& corrections to LC) 3. LC serials (full/core) 4. LC CIP 5. No record for "no hits"	3. LC full/core (& corrections to LC) 4. LC serials (full/core) 5. LC CIP 6. YBP o-level (or future equivalent) for "no-hits"	5. LC full/core (& corrections to LC) 6. LC serials (full/core) 7. YBP CIP upgrades 8. YBP Provisional Plus for "no-hits"
DATA INSERTION	6. None	7. Allow any data to be inserted into records in a default format	9. Allow any data controlled to be inserted into records, according to rule-based instructions
DATA MANIPULATION	7. None	8. Account-based or size-dependent prefixes/suffixes	10. Allow modifications of default formats 11. Allow variable data added to record using "if/then" logic (includes suffix/prefix)
OTHER	8. None	9. Prefix/Suffix (account) 10. Exclusive volume designator	12. Prefix/suffix (account or size) 13. Exclusive volume designator 14. Individual, complex data manipulation (rearrange/add/delete/vary) 15. Prefix modifier

Illustration 2: Levels of Service

MULTIPLE VOLUME ISSUES:	LEVEL 1:	LEVEL 3 & 5
MULTIPLE COPIES OF THE SAME ITEM SHIPPED	1. Receive multiple copies of the record	1. Receive one copy of the record (quantity shipped may be present in record: and/or multiple barcodes may be present in the record)
MULTIPLE VOLUME ITEMS: HANDLED BY YBP AS A COMPLETE SET	2. Receive one copy of the record	2. Receive one copy of the record
ATTRIBUTES OF MULTIPLE VOLUME ITEMS: HANDLED BY YBP AS A COMPLETE SET	3. N/A	3. Exclusive volume designators will be present in record 4. Multiple barcodes and associated volume number may be present in record
MULTIPLE VOLUME ITEMS: HANDLED INDIVIDUALLY BY YBP	4. Receive one copy of the record for each volume shipped	5. Receive one copy of the record for each volume shipped
ATTRIBUTES OF MULTIPLE VOLUME ITEMS: HANDLED INDIVIDUALLY BY YBP	5. N/A	6. Exclusive volume designator will be present in record 7. Single barcode and associated volume number may be present in record

Illustration 3: Issues related to multiple-volumes

kee Book Peddler supports, and illustrates the broadly differing degrees of service libraries can require. See *Illustration 2: Levels of Service* & *Illustration 3: Issues related to multiple-volumes*

For some libraries, basic services will meet their needs. For others, significantly more complex options are required. It is library managers who must initially determine what they are trying to accomplish with outsourcing - and having decided that, work with the service provider to identify the level of service which will allow them to accomplish those objectives. 🌱

NB: A version of this paper appeared in *Dialogue*, Fall 1997, no. 6.