
The Challenge of Measuring the Economic Impact of Public Library Services

by Kem B. Ellis

Every service provided by a library has an outcome that makes an impact on the users of that service. Measuring the value of a library service is difficult because library service outcomes are not easy to quantify. We can measure service inputs such as materials and staff time because these are tangible costs that are easy to count. We also can measure service outputs such as materials loaned and questions answered. These tangible service transactions can be counted. The outcomes of the services provided by libraries are not easy to count in units used to measure inputs and outputs. This makes the value of library services intangible, and the impact of those services difficult to measure.

The traditional approach among library administrators has been to emphasize the educational, cultural, and recreational value of the library without assigning a dollar value to its product. Administrators have relied on output measures to justify maintaining or expanding library services. Library administrators today are challenged to measure and report on the impact of library services by finding tangible ways to measure service outcomes, as opposed to outputs.

The ability to provide tangible measurements of the impact of library services becomes even more important when justifying the initiation or expansion of expensive or specialized library services. Since service inputs and outputs are measured in economic units, the challenge is to find methods for measuring service outcomes the same way. Building the in-depth collection of expensive sources and expanding the specialized services of the Business Research Division at the High Point Public Library has challenged us to search for new ways to measure and report the economic impact of this service.

We can use the development of the Business Research Division of the High Point Public Library as

a model to study the stages of development of a library service and the level of impact associated with each.

The expansion of the library's business research services began sixteen years ago. Then our small collection of basic business reference sources shared space in the general reference area. No particular knowledge or expertise was applied to developing the collection or promoting its use.

Several factors came together to provide the opportunity for establishing the library's business reference section in the late 1970s. Expansion of the main library in the mid-seventies resulted in space becoming available to offer a new library service. Simultaneously, library administrators recognized an opportunity for the library to provide increased service to High Point's growing and diversifying business community.

By 1978, the necessary work had been done to open a separate business reference area in the library. The first stage of development of this new library service was complete, but the impact of the service on the community was minimal. From the beginning, the library's goal was to create a separate identity for its business reference service that would distinguish it from the general reference area of the library. The library hired a professional business reference librarian to provide reference service

forty hours per week. Developing an in-depth collection of business materials began with a written policy that outlined the purpose of the business reference collection and provided guidelines for the selection of business materials. The second stage of development of the service produced an awareness in the community that something new was being offered at the library, and the level of impact began to rise.

Over the years, Business Research Services has grown steadily. The business staff has increased to four so that our business area can be staffed during all hours that the library is open—seventy-five hours

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per week. Our budget for business materials also has grown steadily, and this year will exceed \$80,000. During this third stage of service development, the impact of this service has increased greatly as people have tried our service and then become regular customers. Many of our business research customers have become frequent users. Today we are enjoying a period of increasing impact in the community as satisfied business reference users recommend our service to others. The challenge we face now is to measure the true impact of this service accurately. We are beginning to study methods we can use to measure and report the economic impact of our Business Research Services.

As we began to study the various approaches we might take toward measuring the economic impact of a library service, we found a real dearth of literature on the topic. Research into the idea of economic impact measurement for libraries does not seem to exist. The cost-benefit analysis approach to evaluating library service does provide some valuable insights, however. In his book *If You Want to Evaluate Your Library*, Frederick Lancaster defines cost-benefit evaluation as relating the benefits (outcomes) of a service to the cost of providing it. He goes on to say that the cost-benefit relationship is improved by increasing benefits without increasing cost, or by reducing costs without reducing benefits.¹

A cost-benefits study attempts to show that the benefits derived from a service outweigh the cost of providing it. According to Lancaster, true cost-benefit studies are virtually unattainable in library service because the benefits of services such as providing information are intangible and not easily expressed in units of cost.²

Several other studies have attempted to get library users to place a dollar value on the results received from using information obtained at the library. Unfortunately, library users are unable or unwilling to do this. The worth of that information to the user, however, may be sufficient to justify providing it, even if no dollar value can be placed on it.³

Kenneth Plate asserts the importance of cost justification for the information professional who may have run out of ways to impress management informally with the dollar importance of information services. According to Plate, "a well-chosen example of profit-through-information or economy-through-information sent along informal channels is as important as the documented formal budget."⁴

There are several approaches to measuring the impact of information service. Some of these approaches serve us well in attempting to justify service at an expanded level; others should be avoided.

A rather simplistic measure of economic impact is the net value approach. This method calculates the gross value of the service (what someone is willing to pay), and subtracts the actual cost of providing the service. The difference is the net value to the customer of receiving the service.

This method of cost-benefit study does not work when applied to an expensive and specialized service such as business research. This is true because the per capita expenditure to make the service available is likely to be less than the cost of providing the service to those who actually use it. It becomes clear then that other approaches to measuring the economic impact of our Business Research Service are needed.

A substantial benefit to the users of our Business Research Service is the cost savings of not having to buy the information elsewhere. The expense of business reference publications prohibits most business information seekers from purchasing these items personally. Even corporations can benefit from using the resources in Business Research Services rather than purchasing

BUSINESS RESEARCH SERVICES SURVEY

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The Business Research Services Division is interested in measuring the economic impact of the information it provides the local area. We suspect that many users of business information realize financial gain from acting on the information. We also know that sometimes the reverse may happen, but we hope not often. Good business decisions must be based on good information. We want to know whether any of the information you have gotten at the library has affected the business decisions you make, and if so, how.

For example, a vendor you've found through one of our manufacturing guides has helped your business prosper. Perhaps a mutual fund investment has enjoyed a great return, or another has not. Did you find the perfect career through research at the library? A franchise you researched has proven not to have fulfilled its potential. One of these circumstances may describe your situation!

Our survey is anonymous. The information you provide will be used only to gauge the economic impact of your business decisions after research in the business division. We hope you will respond candidly, and that if possible you will actually include a dollar amount in your response.

1. Describe how business information from the library has affected your business decisions positively or negatively:

2. Have you or your business made or lost money as a result of acting on information from the library? Please be as specific as possible.

3. Circle all areas of the business division that you use.

Investments	Career	Taxes
	Small Business	Management
Classified	Business Directories	Manufacturing Guides

Results of the survey will be posted in the Business Department.

expensive business reference materials.

Individual investors often tell us they would rather use the library's investment advisory newsletters than purchase individual subscriptions or hire personal investment counselors. So the cost to the individual business information consumer of buying this service elsewhere demonstrates all immediate and substantial cost-benefit relationship between the library and its users.

The resulting economic impact of the library's providing this material is that local companies and individuals have resources to invest that are not diverted to cover the cost of obtaining information. The investment of these resources in turn contributes to strengthening the local economy. Therefore, the savings to corporate and individual library users of not having to buy their information elsewhere becomes a meaningful measure of economic impact.

Another tangible benefit for the users of public library business information is the use of librarian time as opposed to user time for locating and retrieving information. If time is money, then librarians can provide a direct benefit to the user by saving time. The well-trained reference librarian can usually locate usable information more accurately and quickly than the library user.

Numerous studies have attempted to demonstrate the real-cost benefits of librarian searches versus end-user searches in dollars.⁵ Frequently it was difficult or even impossible for the users of information to assign a credible dollar amount saved when the search was conducted by a librarian. The common sentiment expressed in each of these studies and even demonstrated dramatically by some is, however, that librarians do save money for users of library information by reserving their time for use of the information and thus increasing their productivity.

According to Plate, there are numerous benefits for the company or individual who uses information obtained through trained information providers.⁶ Plate asserts that it should be

possible for information managers to prove certain points with data obtained from clients as to the cost benefit of using information gathered by information professionals.

Point One: Trained information managers can provide information faster than untrained personnel. The direct benefits of this time factor include increased speed of obtaining information, resulting in increased productivity. The rapid delivery of information allows users to spend more time analyzing the retrieved information.

Point Two: The information obtained by the trained information provider is of higher quality. Information obtained by the professional information manager will consistently be more selective, comprehensive, and accurate than information obtained by untrained personnel.

Point Three: The information obtained by trained information providers is more useful for planning and decision making. The professional information manager can insure that information users maintain a competitive edge by obtaining information on current events and trends.

Library administrators need to develop ways to measure and report the tangible benefits of using information gathered by trained information providers. Providing information is an integral part of what a library does, and indications are that this activity has a significant economic impact.

For many business information users, the real value of that information is the extent to which it reduces uncertainty.⁷ This benefit is seen most clearly with individual investors. The ability to make good investment decisions has a profound economic impact on them. For this type of business information consumer, the benefits derived from using the library's business resources are direct and significant, though they might be difficult to measure in real dollars.

Another important point is that the confidence gained by investors who use information from the library to make consistently good investment decisions strengthens the economy. If we consider the ripple effect that takes place in the economy as consumers of business information put that information to work, clearly our libraries can have key roles in strengthening the local economy.

The library can take the lead in economic research and development in its community. Tulsa (Oklahoma) Public Library's Economic Development Information Center (EDIC) is a successful example of public-private and intergovernmental cooperation in which the library's strengths match community needs. As described by Craig Buthod and Martha Gregory,⁸ this service shows the status that public libraries have when they aggressively market their ability to provide information that has economic impact. The Tulsa Public Library was the agency cited most frequently in surveys of new manufacturing companies as helping new firms.⁹

At the High Point Public Library, we have attempted to measure the economic impact of our Business Research Service by focusing on selected methods of cost-benefit analysis. We were encouraged to learn that successful attempts have been made to measure the benefits of using information obtained by professionals, avoiding the cost of purchasing needed information, and using information to reduce the uncertainty of decision-making. On the other hand, we were discouraged to find that tangible measures such as dollars saved or dollars earned are hard to produce.

In the fall of 1993, the High Point Public Library's Business Research Division used a questionnaire to obtain information from our business information users. The purpose of the questionnaire was to gather responses we could use to measure the economic impact of using business information obtained at the library. Our focus in the questionnaire was on the impact of information to reduce uncertainty and to improve decision-making.

We distributed the questionnaire to names on our regular

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business mailing list and in the business area of the library. Of approximately seven hundred questionnaires distributed, seventy (ten percent) were returned. A sample of the questionnaire form can be found on page 53.

All seventy respondents said that business information obtained from the library had affected their business decisions positively. The questionnaire revealed that many types of business information are sought at the library, but three types of business information seekers responded most frequently. These three were individual investors, local entrepreneurs, and career seekers.

The most detailed and meaningful responses came from individual investors who use information from the library to make investment decisions. Their responses revealed that information from our various investment advisory services had increased their confidence by decreasing uncertainty when making investment decisions. Responses that included tangible results showed that information obtained at the library had generated net returns ranging from a low of 14 percent to a high of 28 percent.

The second largest group of respondents was local entrepreneurs. Their responses showed that business information obtained at the library had a positive economic impact on their businesses. Examples of benefits included new customers, prospects, and clients and the opportunity to bring new business into the company. Local entrepreneurs mentioned numerous types of information from the library they had used to increase profits, including the development of new marketing strategies, incorporation of new management techniques, and the application of federal and state regulations.

The third group of respondents, career seekers, said that information from the library made a difference in the outcome of the job-hunting process. Information on company backgrounds and financial conditions, listings of current job openings, and detailed and practical advice on job resumes, applications, and interview techniques were all mentioned by respondents as crucial to finding a better job faster.

The responses to the library's questionnaire did not include specific dollar amounts that we can use to measure economic impact precisely. The responses do prove, however, that use of business information from the library has resulted in significant and positive economic outcomes. Responses to the questionnaire support our claim that business information from the library makes an economic impact that far exceeds the cost of providing the information. The challenge we still face is to find a way to prove this claim by reporting our economic impact in real dollars.

The value to the library of proving this claim is obvious. When budget requests can be measured against tangible service outcomes, the financial position of the library will be secure. Suppose, for example, that documentation is included in the library's budget request that proves the library generated \$15 million in new jobs, taxes, and revenues to the city in the previous year. Funding an increased budget for the library would be a good business decision that would strengthen the community's economic vitality and its quality of life.

The library's stock as a key player in economic development also would rise dramatically. The library would assume a role as an economic asset that would strengthen its traditional position as a leader in educational, cultural, and social initiatives. By developing a reliable method of measuring its economic impact, the library can prove that support for its traditional initiatives contributes to economic development as well.

At the High Point Public Library we are beginning to look

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seriously at the contribution we can make to the city's economic growth. As we enter new ventures such as library automation, we will look closely at the potential for increasing our stature in the community as a leader in economic development. Simultaneously, we are developing a more businesslike attitude toward ourselves and our customers. We understand the importance of showing the contribution we are making to High Point's economic development as a way of ensuring a bright fiscal future for the library. The challenge before us is to measure the outcomes and the

outputs of the services we provide, and to measure them tangibly to prove what we've known all along. The public library is the smartest investment a community can make.

References

¹ Frederick Lancaster, *If You Want to Evaluate Your Library* (Champaign: University of Illinois Graduate School of Library and Information Service, 1988), 6.

² Ibid.

³ Ibid., 160.

⁴ Kenneth H. Plate, *Cost Justification Of Information Services* (Studio City, Calif.: Pacific Information, Inc., 1983), xi.

⁵ Lancaster, 158-161.

⁶ Plate, 1.1-1.8.

⁷ Lancaster, 156.

⁸ Jane B. Robbins and Douglas L. Zweizig, *Keeping the Books: Public Library Financial Practices* (Fort Atkinson, Wis: Highsmith Press, 1992), 175-184.

⁹ Ibid.

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