

# Erratum

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*Text was omitted from the article titled "Monographs Acquisitions: Staffing Costs and the Impact of Automation" that appeared in the October 1996 issue of LRTS. Following is a reprint of the first part of the article, with the omitted text reinserted.*

*In this article, the authors examine the staff costs involved in monograph purchases by Iowa State University (ISU) Technical Services and explore the impact of automation on these costs between 1990 and 1995. They demonstrate that acquiring a monograph is now comparatively expensive relative to the costs of cataloging. They describe the impact of staff overhead costs on product or service costs and highlight the impact of professional responsibilities on costs. The authors further demonstrate that the automation of monographs acquisitions, in the main, has really only mechanized former manual processes and has done little to change the fundamental principles underlying the work or provide opportunities for innovation. Lastly, although cost data for collection development has not been documented, the authors explore the relationships between collection development and automated acquisitions, relationships that influence costs.*

**T**hroughout much of the twentieth century the professional literature has presented surprisingly little relevant cost data about libraries. Leung (1987) noted that the scarcity of cost figures for cataloging was mirrored by inadequate cost data for all other library functions as well. These findings confirmed an earlier study by Dougherty and Leonard (1970) that covered the years 1876–1969. In recent years, however, there has been a growing awareness of the need for cost studies. Such studies have risen in importance because they serve as relative performance barometers for librarians and, more importantly, because they allow for comparisons over time (Leung 1987).

Iowa State University (ISU) Technical Services initiated a time and cost study in 1987 to investigate the impact of automation on services and products. Typically, interest in cost studies has been sparked by two additional factors: heightened institutional expectations for accountability and genuine fiscal restraints. Fluctuations in costs can reflect changes in many aspects of library operations, including organization, policies and practices, adjustments in workflow and the use of automation.

Bedford (1989) suggests three key reasons for conducting cost surveys: (1) to provide a management tool for controlling the costs of technical processing func-

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tions; (2) to manage technical processing functions with a progressive and dynamic approach; and (3) to compare cost information across academic research libraries in order to gain insights into factors that have direct effects on cost levels. Kantor (1989) also supports cost studies because of their usefulness for managers. In addition, he asserts that cost information can be used to justify the costs of library operations to those who pay the bills and to motivate both staff and managers into action.

The ISU Technical Services time and cost study substantiates the opinions of others writing on the benefits of cost analysis. The real costs of divisional services are known; therefore, comparisons of the relative costs of different services are possible. A time and cost analysis reveals how administration, meetings, professional service and scholarship, and other overhead staff costs add significantly to service costs. This information enables staff to see more clearly the costs of the services they deliver and to gain a better understanding of the cost implications of practices and policies. Additionally, it helps managers to make decisions on re-directing staff effort, and it allows both staff and management to better understand and accept the need for change.

#### **ORGANIZATIONAL STRUCTURE FOR MONOGRAPHS ACQUISITIONS**

Acquisitions at ISU Technical Services is divided into three functional areas: serials acquisitions, monographs acquisitions, and payments. Payments staff handle both monographs and serials, and it is not possible to sort costs by monographs work only. Therefore this analysis excludes the costs of activities associated with payments for monographs. In addition, collection development responsibilities are in the Collections Division, and these costs also are not included.

ISU Library is an unusually centralized system with one branch library and three reading rooms. Because Technical Services functions have never been distributed there is a unique opportunity to look at total technical service activities. No monographs acquisitions functions are

delegated to branch facilities. They do not maintain official on-order files or have any responsibilities for claiming or reconciliation of orders.

During the study, staff in the Monographs Acquisitions Department handled all acquisitions tasks, including all order, receipt, and vendor functions. The only exception was pre-order searching. Staff members in the department evaluated vendor services and discounts, negotiated changes, monitored the budget, referred fund allocation problems, and assured expenditure of the budget. The staff involved in monographs acquisitions included library assistants, some students, and a faculty department head. Since the study's completion, the department head position was eliminated, and monographs acquisitions is now a unit of a larger Acquisitions Department. Pre-order searching, then and since the study, is done by copy catalogers in the Monographs Copy Cataloging Department, and the costs are included in the study.

The ISU Library used the CARLYLE online catalog until it migrated to NOTIS in August 1990. Planning for NOTIS monographs acquisitions implementation began in the 1991-92 academic year. Firm orders and their payment were automated in July 1992, and one year later NOTIS monographs implementation was completed with the addition of approvals and standing orders.

In 1994-95, \$1,415,000 was spent on monographs. Nearly 27,000 volumes and more than 2,000 nonbook pieces were purchased. Forty-one percent were received because of a firm order, 24% by approval, 21% by approval form orders, and 14% by standing orders. Nearly 3,000 monograph gifts were processed. During 1994 an approval vendor review was conducted, and in January 1995 the Library changed its major domestic approval vendor. Work is progressing to increase receipts by approval.

#### **METHODOLOGY**

##### **TIME AND COST SAMPLING**

Five times each fiscal year Technical Services staff track all time worked for an

entire week. The sample weeks are spaced 10 weeks apart. Staff record their time within broad product and service centers, and each of these cost centers is divided into tasks.

### **Product and Service Centers**

*Acquisitions*

*Cataloging*

*Volume Preparation*

*Catalog Maintenance*

*Conversion*

*Automation*

Software application development, OCLC/NOTIS/LAN support, telecommunications, hardware acquisition and customization

### **Overhead Centers**

*Support Activities*

Administration, meeting attendance, nondivisional library and university work, professional service and research, secretarial support, general reading

*Paid Leave*

Each Product and Service Center includes all the time associated with that activity except meetings. Since many meetings are not limited to a center, all meeting time is collected under Support Activities.

Position numbers identify staff within the organizational structure and allow sorting of data in different ways. Staff normally complete their time sheets anonymously. The data are never used for individual performance evaluation.

The exact salary for each employee is collected for every sample week, and benefits are included. Hourly salaries are determined, and the task cost by employee calculated. Task times and costs are summed and form the basis for all analysis.

### **PRODUCTION UNITS AND COST ANALYSIS**

In order to determine the costs of products and services, production units must be determined. For monographs acquisi-

tions, total receipts are used. Receipts are basically a volume count. For nonbook material, pieces are counted, except for microfiche, in which case a title count is used to prevent inflation of production units. Production statistics are now submitted for the sample week period. Prior to 1994-95, production units were extrapolated from monthly statistics.

The number of items received is divided into staff costs to arrive at a cost per activity. In order to understand relative costs of the varying acquisitions activities, "receipts" is used as the constant pricing unit. This allows the following costs to be calculated and compared: cost per receipt to search orders, cost per receipt to place orders, cost per receipt to claim orders, cost per receipt to receive material, cost per receipt to maintain order records, cost per receipt to solve problems and monitor costs, and cost per receipt for training and documentation.

In addition, the overhead center costs must be apportioned to the acquisitions tasks. These overhead costs are paid leave time (sick, vacation, and holidays) and support activities (administration, meetings, personal, professional work, etc.). Overhead costs can be assigned at both the department or unit level and for the entire division with varying results. The costs are presented in three ways: (1) cost of acquisitions tasks only; no overhead, (2) cost of acquisitions tasks with departmental overhead, and (3) cost of acquisitions tasks with divisional overhead.

One more cost adjustment is made. Faculty and Professional and Scientific staff who work over 40 hours are not paid for these additional hours. Since the methodology calculates costs by multiplying a staff member's hours worked by her hourly salary, the bottom line can include costs not paid. A formula is used to remove the unpaid "over 40" costs. In this analysis the two different costs are referred to as: Costs: Hours Paid; Costs: Hours Worked.

Costs are shown in the dollars paid during the sample weeks and also are adjusted for inflation to 1994-95 dollars.