CHAPTER ONE

1. INTRODUCTION

1.1 Background

In 1995 the law firm of Baker & McKenzie announced that its Chicago office was terminating the contracts of many of its support staff and was outsourcing its entire law library services. Baker & McKenzie was engaged in a radical restructuring or reengineering of key business processes and resources were reallocated in the light of new operational objectives.

Outsourcing the library operations to competing information intermediaries challenged the previously undisputed role of in-house librarians to meet the practitioners' information requirements. The news shocked information professionals in many parts of the world. Professional leadership warned that the tranquility and security of tenure was effectively threatened (AALL statement quoted Davis, 1995: 2) and that information professionals would face challenges from a new, more competitive market.

After all the Chicago dust has settled, librarians need to be asking some questions. Is the library profession ready to compete with other information professionals?

Davis, (1995:2)

Ironically, information professionals were not unaware of the need to justify the existence of in-house library and information services and there was substantial literature on the value of these services to an organisation. Much of this was anecdotal, but in 1993 Griffiths and King published the findings of a study for the United States Office of Scientific and Technical Information (OSTI) on the provision of information and information services to scientific professionals. The objective of the 12-year study that culminated in this report was to determine whether it was possible to put a monetary value on information and information services provided by an organisation (Griffiths & King, 1993: xiii). The year 1995 also produced a report that an Australian library research service operating as a profit centre was able to claim a return on investment in the order of 8 to 1 measured as the value of benefits in relation to budget (Cram, 1995). In the same year the first of the Northumbria Conferences on performance measurement was convened at the University of Newcastle-upon-Tyne. These conferences showcased the contemporary academic
and professional research on performance modelling, on quality measurements and standards and on practical implementation of these measures.

A consideration of these disparate events suggested that decision-makers were either unaware of the body of knowledge on the subject or that they considered it to be irrelevant to their purposes. What happened at Baker & McKenzie in 1995 was not an isolated incident. In 1999 another United States law firm, Pillsbury Madison & Sutro, announced that it was outsourcing its San Francisco office (Pergament, 1999). Reports of other United States organisation libraries being restructured and closed during the same period were reported to an online discussion list (Appendix 1). There were also reports of organisations where services were reduced or contracted out (Appendix 2).

The justification of organisational library and information services was a recurring topic of discussion on listservs in the business sector during the period. In her comment to an online discussion on the Baker & McKenzie reengineering in 1995 one respondent urged colleagues to recognise the value of the services that librarians made to an organisation and "...make a business case for what we do. " (Davidson, 1995).

This study was an attempt to make a case for the library and information services by applying a business approach to evaluation of professional practices.

The use of the phrase "library and information services" was acknowledged to be somewhat cumbersome. Changes brought about by the provision of information in electronic format appeared to render the terms "library" and "librarian" inadequate, suggesting as they did a traditional print-based information repository and management thereof. Alternative expressions such as "information services" and "information manager" were, however, found to be problematic in an environment where information services were often confused with information technology services. The use of the term "library and information services" was the preferred choice in this study since it suggested that the nature of the services that were discussed was of a professional rather than a technical character. It was also considered that the phrase indicated that there was a duality with regard to the provision of services. Some services might be centred in a geographical place still generally called a library, and some services might be made available on a local area network or intranet. The study addressed issues applying to both types of services.
The use of the term "information professional" was favoured over "librarian". While it was recognised that the term "law librarian" was still widely supported, this researcher preferred to use the term "information professional" to reflect the new focus in corporate support services. The use of the word "professional" was used to convey the fact that this position in South African law firms was generally held by a graduate professional (OSALL, 2000).

1.2 Research problem

This study developed from a concern for determining value and, more particularly, for demonstrating value of corporate library and information services to the decision-makers in an organisation. It was acknowledged that organisation libraries existed to further the mission and goals of the parent company (St Clair, 1998: 104). It appeared, however, that decision-makers in organisations that reengineered their support services required more concrete demonstration of the value of services to the parent company. The closure of a branch library in an American law firm in 1995 shocked and discomforted library and information professionals. A business decision to outsource various support services that was made in the light of strategic and operational objectives of the parent organisation showed no apparent regard for the value of the library and information services to the practitioners in the relevant law office (Pergament, 1999).

The question that emerged was why closures, downsizing and outsourcing of in-house library and information services continued in the face of statistical and anecdotal evidence of the value of information services to an organisation.

One of the central issues to be addressed in answering this question was that of justifying the corporate investment. This suggested that it was necessary to establish a correlation between input costs of maintaining corporate library services and the beneficial return on this investment. This approach suggested also that value be determined and demonstrated with regard to the application of cost-based measures of performance.
Determination of input costs presented no difficulty. A methodology to collect and compare data relating to the average cost of maintaining information services in South African law firms was tested in an empirical study in seven organisations.

The application of the data in developing cost-based measures of performance was more problematic. Efforts to evaluate library and information services through the application of cost-based measures of performance were tested in a corporate environment. Findings of these studies suggested that performance measurement was not a panacea in demonstrating value to corporate management. This discovery gave credence to the question posed above: why it was that with all the available literature on the value of information, corporate information services were under pressure to justify their existence.

There was very little material in the public domain that was directly related to evaluation of information services in a corporate environment (Bruusgaard), and less that was directed towards the private legal practice.

The answer, it seemed, lay more with the nature of the business entity than had been anticipated. The relevance of earlier assumptions of value in relation to information users was challenged as a justification for corporate existence. Determination and demonstration of value was then investigated according to the prevailing business imperative for accountability and corporate governance.

The research problem regarding justification of corporate library and information services in the light of accountability suggested the following research questions:

- How did the nature of the corporate entity influence the determination of value of its information support services?
- To what extent did existing performance models and standards offer useful guides to measuring value?
- To what extent could financial accountability contribute to the perception of value of corporate information services?
- How did the information professional determine that the information services met the information needs of users?
- Was it possible to determine return on corporate investment with regard to library and information services?
• What controls were in place to ensure that operational procedures met the required operational standard?

It was assumed that the answers to these questions would indicate the perception of value of information services in South African law firms and would suggest strategies to demonstrate this value to corporate management. In addition it was assumed that findings of these investigations might indicate if South African law firms were vulnerable to outsourcing or to closure.

1.3 Scope

This study was concerned with the determination and demonstration of value of library and information services in a South African law firm at the beginning of the 21st century.

The investigation of value of library and information services in a commercial organisation necessitated that the demands of information users for quality information services were balanced with the demands for financial accountability and return on the corporate investment to company shareholders. The management of library and information services in a private organisation such as the incorporated law firm was simplified to the extent that it did not have outside shareholders to consider.

1.4 Research method

This research report documents an investigation into the evaluation practices appropriate to a South African law firm library. The study was based on observations of certain operating procedures in relation to those in comparable organisations.

A general literature study was undertaken to determine to what extent librarians and information professionals measured the value of information services to their parent organisations. The literature survey made extensive use of the Internet as a source of current thinking on the subject. Web sites included official government sites, conference proceedings, web sites of professional organisations, online versions of
published and peer-reviewed papers, and electronic journals. Many of the Internet sites visited were referrals from colleagues in South Africa and abroad. The direct use of the Internet was supplemented with requests sent by electronic mail (e-mail) to individuals, to professional organisations and to online discussion lists known as listservs. Listservs were subscription-based electronic mailing lists that were moderated by a list manager. Their accessibility made them a very useful means of local and international communication between groups of individuals who showed a common professional interest. Requests were posted to various listservs for comment on the process of evaluation and performance measurement within legal and corporate library circles. These online discussion lists often suggested new sources and directions of study.

Colleagues in South Africa were approached individually and collectively for assistance by way of surveys, questionnaires and electronic mail communications. The responses were helpful but the overall results disappointing in view of the low average number of respondents.

This researcher observed legacy operating procedures in one organisation in relation to operating policies and practices that were described in the literature or as a result of personal communications. New strategies were created to manage operating procedures with regard to financial accountability, time management and user satisfaction. The substance of this research report documents the implementation of these strategies and discusses the findings.

1.5 Arrangement of chapters

- Chapter two establishes the context of this research study by introducing the incorporated South African law firm as a legal entity. The legislative and judicial process is outlined and the range of library and information services described.
- Chapter three introduces the conceptual basis of value and evaluation from which this research study commenced. This includes an overview of the performance literature that contributed to the development of the strategies for management of financial accountability, time management and user satisfaction.
• Chapter four describes the development and testing of a year-long study of the method of capturing data relating to the cost of supplying information services to legal practitioners.
• Chapter five outlines the attempt to evaluate the use and usefulness of the library and information services and the subsequent broadening of this strategy in order to include an assessment of customer satisfaction.
• Chapter six reports on an investigation of time management as a measure of productivity.
• Chapter seven investigates whether the operational ratio return on capital employed (ROCE) optimises the data captured in the Infospend procedure.
• Chapter eight introduces various standards and practices that are used to determine business accountability.
• Chapter nine concludes the study with the proposal of a management plan in preparation for an information services audit as a means to determine and demonstrate value of corporate library and information services.
• Chapter ten summarises the findings of the research study and suggests some areas for future research.