CHAPTER FOUR

4. COST ACCOUNTING IN THE SUPPLY OF INFORMATION SERVICES TO LEGAL PRACTITIONERS

4.1 Introduction

In Chapter three the theories of value and evaluation were considered in relation to select literature on economic theory, performance measurement and quality assurance. It was suggested that cost-based measures of performance were most appropriate to the evaluation of library and information services in a corporate environment. These measures, it was suggested, centred on productivity and on cost-effectiveness.

This chapter considers the assumption that cost accounting is central to the determination of productivity and cost-effectiveness with regard to corporate library and information services. It tests the validity of this assumption with reference to a data-sharing exercise with colleagues in other organisations.

The concern for financial accountability was acknowledged to be one of the most important areas of management concern (Kaplan & Norton, 1992: 72; Town, 1998: 82). Fiscal responsibility was not, however, reserved for senior management. When Feeney and Grieves (1994: 42) wrote that the identification of costs was one of the first tasks in the process of valuing an information service or activity, they were alluding to cost analysis and accounting.

Cost accounting at operational level was the approach adopted in this study in the collaborative analysis of information expenditure that was known by its acronym, Infospend.

4.2 Origins of a collaborative study of information expenses

The Infospend exercise was both an operation to monitor the allocation of resources in library and information services in the South African law firm and an attempt to benchmark data relative to this examination of financial transactions.
4.2.1 Data sharing: a model from information literature

The Infospend study to share and compare data in South African law firms had its origins in a literature search on the Internet using the general search terms "value" and "information services". The search produced a report (Dresley & Lacombe, 1998) at the web site of the Federal Highway Administration of the United States Department of Transport, which in turn cited the research of various agencies and individuals. One of these resources was the work of José-Marie Griffiths and Donald King who in 1993 published the findings of a 12-year study for the United States Office of Scientific and Technical Information (OSTI). The objective of the research by Griffiths and King was to determine whether it was possible to put a monetary value on the information and information services to the practitioner and to the organisation (Griffiths & King, 1993: xiii). Specifically their study looked at the "... usefulness, value and importance of information, and of the contribution that organization libraries make to the benefits gained from its use" (Griffiths & King, 1993: 1).

The relationship of cost-based measures and indicators to productivity and to cost-effectiveness were described in the literature (King Research, 1990: 27, 49; Adams et al, 1993: 22). The findings of Griffiths and King in the 1993 study for OSTI suggested that information services provided by corporate libraries enhanced practitioner performance in three operational areas: increased productivity, enhanced performance of work and quality, and improved speed (Griffiths & King, 1993: 28). Specific findings included the following:

- Average use made by professionals of information services (Griffiths & King, 1993: 23);
- Determination of average cost per use of typical information services (Griffiths & King, 1993: 24);
- Evidence to support the positive impact of information on productivity, quality of work and on performance speed (Griffiths & King, 1993: 29, 32);
- Average annual cost in the organisations studied of supplying information to its professional staff (Griffiths & King, 1993: 25, 26);
- Estimated cost to obtain information from sources other than those held in the organisation (Griffiths & King, 1993: 25, 27; and
- Optimal number of income-generating practitioners that could support the employment of a full-time information professional (Griffiths & King, 1993: 34).
When the findings of the Griffiths and King study were cited by the United States Department of Transport (Dresley & Lacombe, 1998) there was no evidence that these findings had been tested, challenged or confirmed. The significance of the study to the Federal Highway Administration in 1998 and to a South African law librarian in 2000 was not the data itself. In the intervening years the data had aged, both with regard to monetary amounts and with regard to the type of information services available in an Internet-enabled research environment. The significance of the study for this researcher was the claim by Griffiths and King (1993: 25) that it was possible to assign monetary value to information and to information services. The applications of this claim for the corporate information professional included the possibilities of determining cost-effectiveness, of instituting cost recovery, and of generating profit with regard to the provision of information services in the organisation.

The Griffiths and King study also showed that it was possible to gather data from organisations of differing size for comparative purposes. Cost per use and cost per user performance indicators (King Research 1990: 49) introduced equity in the comparison of data from organisations of differing size. It was not the actual amounts that were compared; the comparison was between values derived from the application of a cost per use or cost per user formula. The fact that different agencies could co-operate on an equitable basis was the inspiration for investigating the cost of library and information services in South African law firms in the 2000 / 2001 financial year.

4.2.2 Development of the data capture methodology

Practical application of a cost per user formula to benchmark the cost of library and information services in South African law firms was dependent on conformity with regard to data capture. An existing cost accounting methodology was proposed to participants of the Infospend study in order to capture the required data at the same time as creating a useful management record.

Information professionals in South African law firms were expected to monitor expenses relating to the acquisition and organisation of corporate library and information services. A record of financial transactions was typically maintained to the extent provided for in the library management system. Where law libraries were
managed with reference to a general office management programme like the Microsoft Office suite a separate record of financial transactions was in some cases developed in Excel.

At the end of 1998 this researcher made use of the capability of Microsoft Excel to create a worksheet that would capture data relating to financial transactions for the 1999 / 2000 financial year. The fields included identifying particulars with regard to item name, invoice, supplier and transactional details. The record also identified each item by type and by requesting department. A formula was incorporated that calculated unit price (net price) and value-added tax (VAT) when the gross price was entered for an item.

The computational capability of spreadsheet software permitted interrogation of data relating to financial transactions during any given period. It sorted transactions according to department and type and title, aggregating the records relating to the same product, such as looseleaf service updates for a particular publication. The data record identified library and information expenses as areas of departmental responsibility or as areas of collective responsibility.

All participants had access to spreadsheet software and they were able to specify the data fields most appropriate to the study.

4.3 Objectives of the Infospend comparative study

Griffiths and King (1993: 28) claimed that corporate information and information services contributed to the productivity and cost-effectiveness of the parent organisation. Elsewhere it was suggested that the productivity and cost-effectiveness could be measured with regard to the relationship between output and input costs, and between outcome and input costs respectively (King Research, 1990: 27, 49). The cost accounting study, Infospend, was developed with regard to the following objectives:

- To obtain the input data required in order to test the claim that input or cost-based measures could be brought into association with measures of output or outcome in order to yield a return regarding productivity or cost-effectiveness;
• To test whether the values derived from applying the cost per practitioner formula would promote data sharing and data comparisons between organisations of differing size;
• To benchmark the cost to a South African law firm of supplying information services to its practitioners; and
• To establish if there was sufficient collegial support for the publication of a best practice for cost accounting procedures with regard to library and information services in a corporate environment.

The guiding principle in the accomplishment of these objectives was the effectiveness and usefulness of cost accounting in the demonstration of value of a corporate resource.

4.4 Scope of the comparative study

The Infospend study was conducted in private law firms in South Africa and was limited to those where information services were administered by an information professional who was a member of the Organisation of South African Law Libraries (OSALL). The decision to limit participating organisations to law firms was taken in order to minimise the differences between participating organisations. Data from a law library in the public service was initially collected as a control figure but it was clear from the outset that there was no basis for realistic comparison with regard to the amount of money spent on information services to the legal professionals.

Participation was by open invitation on the online listserv of the Organisation of South African Law Libraries (OSALL) on 21 February 2000 (Appendix 5.1). The manner of this invitation effectively limited participation to library and information practitioners who were networked on the OSALL listserv. The rationale for the online invitation was the assumption that the information professionals most likely to respond to such an invitation were those who were actively involved in continuing professional development and who were also familiar with electronic communication.

The performance indicator cost per user (cost per practitioner) was applied as a means of comparing data in organisations of different sizes, where –
• User was defined as each fee-earning practitioner for whom information services were provided, including directors, partners, associates and candidate attorneys; and where
• Cost was defined as the cost to the organisation of acquiring and maintaining information resources and services for practitioners in supporting the work of fee earners. Costs were regarded as the purchase price (excluding value-added tax (VAT)) of all information expenses for which the organisation was invoiced. Salaries of information professionals were regarded as gross salary plus cash value of all benefits. A decision was taken to exclude some of the recurrent expenditure items identified in ISO 11620 (1998: 3) Expenses relating to building maintenance, office rental and operating expenses such as electricity and water services were excluded on the grounds that these expenses did not fall within the normal reporting mechanisms of a corporate library. Neither were they appropriate to library and information services that were conducted electronically over a local or wide area network and were not limited to geographical or physical location.

4.5 Strategy

Members of the Organisation of South African Law Libraries (OSALL) were invited to participate in a year-long study to gather data on the cost of providing information services to their practitioners (Appendix 5.1). Several enquiries were received from interested parties and each enquiry was answered with a standard response that attempted to clarify the extent of the commitment as well as the anticipated benefits of participation in the Infospend study (Appendix 5.2). It was emphasised that participation in the study was to be subject to the approval of the appropriate manager or practitioner in each organisation.

Of the information professionals who first indicated a willingness to participate in the study, three only were ready to begin the programme at the beginning of the 2000 / 2001 financial year. Four information professionals subsequently joined the programme. This was a disappointing but not surprising response from the relatively small number of South African law firms that employed information professionals who were members of OSALL. In 2001 there were fewer than 40 law firms in South Africa
where OSALL members were employed as information professionals either in a full-time or part-time capacity (Appendix 3).

Instruction forms were sent electronically to each participant (Appendix 5.3). Analysis forms were sent to each confirmed participant (Appendix 5.4) and return responses requested on a monthly basis. Electronic mail (e-mail) was the medium of communication. A monthly return to this researcher enabled participants to communicate regarding difficulties with the capture procedure and with the identification of categories. It also enabled the correct calculations to be performed with regard to the number of practitioners for each period.

Participants were asked to capture details of financial transactions relating to the provision of library and information services in their organisations. They were urged to make use of computer software such as the Excel spreadsheet programme for the storage of textual and numerical data on which calculations could be performed as required. Participants submitted data for the Infospend study on the understanding that the data was captured faithfully and that it was used for research purposes only. An undertaking was given that the data would not be published in such a way that participating organisations could be linked to specific data.

The participating firms were all engaged in general legal practice. They ranged in size from 18 legal practitioners to 114 legal practitioners, where practitioners included directors, partners, associates, professional assistants and candidate attorneys for whom information services were provided. Two law firms were situated in Cape Town and five in Gauteng.

Participants in the Infospend study were invited to capture data relating to five categories of expenditure on library and information services. The final determination of categories was as follows:

- Item one: Print-based resources;
- Item two: Electronic resources (including online resources);
- Item three: Outsourced services (including counsel opinion);
- Item four: Sundry administrative expenses; and
- Item five: Salaries and benefits of information staff.
Initially there were six categories (Appendix 5.3), but when participants expressed doubts about capturing data relating to counsel opinion this category was incorporated into Item three: Outsourced services.

Counsel opinion was typically commissioned from an advocate in order to secure specialist advice in the best interests of a client facing litigation. The cost of obtaining this expert advice was generally included in the bill that was sent to a client and it formed part of a client case record. The information professional was not typically advised on the cost of such a document and was not generally made aware of such a document unless and until it was copied and sent to the library. The incorporation of these opinions into the corporate information or knowledge resources appeared to depend on corporate culture. Notwithstanding the problems with monitoring counsel opinions, provision was made to include these in the Infospend study because in many legal practices they were organised in the same way as any other information resource.

Participants were asked to collate the data in respect of each of the five categories and to apply a simple calculation to determine the cost to the law firm in each category in relation to the number of fee-earning practitioners for the month. Cost to the law firm was understood to be the cost of information resources for practitioners in supporting the work of fee-earners. It included:

- Cost price (ex-VAT) of all information expenses for which the organisation was invoiced;
- Gross income of information professionals including benefits.

4.6 Method of calculating Infospend

Infospend was calculated by applying the formula:

\[
\text{A} \times \frac{\text{B}}{} \]

Where –
A was the determined expenditure expressed in South African Rands; and
B was the number of practitioners.

Infospend returns were submitted electronically at the end of each month on the Analysis form (Appendix: 6.4). Electronic mail (e-mail) was accepted as the most efficient and cost-effective communication medium, both to individuals and as a means of group communication. A reminder was sent in the first week of each month. The reasons for favouring monthly reports were:

- To develop the practice for regular monitoring and data analysis among participants;
- To develop the practice of regular reporting;
- To facilitate the application of correct formulae with regard to the number of practitioners in a given month. Since this figure varied with new appointments and practitioner resignations it was deemed expedient to apply the correct divisor at the time the data was computed; and
- To facilitate rapid response that may have required participants to make changes to the capture method or analysis form.

The figures on the monthly returns were captured to a consolidated Excel spreadsheet. At the end of the year the totals for each item were checked against the sum of the monthly totals in order that input errors could be detected. The accuracy of the data that was submitted by participants could not be corroborated.

The results were graphically represented in column charts generated by the Excel worksheet (Figures 2-7). The results were displayed to reflect the range from lowest to highest value in each category and the columns were not constant with regard to a particular organisation. The values representing data from any particular organisation were identified to that organisation only in a copy of the eight-page report that was sent to each participating information professional in July 2001. In each chart one of seven columns was highlighted to indicate the position of a particular organisation with regard to the amount it spent relative to the amounts spent in the other six organisations.
4.7 Results of the comparative study

4.7.1 Item one: Amount spent on print-based resources

Participants were urged to keep detailed statistical records in order to gather data for internal auditing or financial analysis. Print-based resources included books, serials, looseleaf publications and miscellaneous documents. It was anticipated that all the participating law firms would maintain looseleaf manuals in their core collection in order to extend the useful life of legislative material and the associated commentary. While the insertion of pages into looseleaf publications did extend the currency of the publications, the process was labour-intensive and consequently costly in terms of input costs. Many law firms, including those that employed information professionals, outsourced this function to contract workers. Where participating law firms outsourced the physical updating of looseleaf publications to an outside contractor the cost of the looseleaf pages was recorded under Item one, but the cost of the service was identified as an outsourced service and was recorded under Item three.

Across the seven participating organisations the cost to the law firm of supplying books, journals, looseleaf publications and miscellaneous documents ranged from ZAR1890.65 per practitioner to ZAR3977.80 per practitioner per annum for the 2000 / 2001 financial year. The median was ZAR3316.91.
4.7.2 Item two: Amount spent on electronic resources

Figure 3  Amount spent on electronic resources

The OSALL Salary Survey (OSALL, 2000) identified that 84% of the 32 respondents from private law firms worked on a computer network, 81% had access to the Internet, and 22% worked in organisations that maintained an Intranet. These figures suggested that there was a high level of computer literacy and digital awareness in law firms that employed information professionals.

Electronic information was available in the form of online Internet services or databases stored on a compact disc (CD) or on computer diskettes. All the organisations that contributed data to the Infospend study worked in organisations where practitioners had access to local electronic law reports and electronic South African legislation. Some had access to South African government gazettes, to foreign law reports and statutes, and to various local and foreign textbooks.

In some cases compact discs containing amended versions were sent by the publishers to subscribers at regular intervals; in other cases the updating material was sent only when changes occurred to the foundational text. In cases where regular amendments were anticipated electronic resources were regarded as subscription services and an annual rate was levied in advance for the service. Where amendments were irregular electronic updates were usually individually priced according to the extent of the textual revision. In some cases the publisher
dictated the method of payment; in others the customer was given the option of paying by annual subscription or as each update was released.

Subscriptions to electronic services on compact disc or to print-based services sometimes included access to an online version. In some cases the customer was able to subscribe to the Internet version without having access to the print-based or compact disc version. Some information databases were available exclusively on the Internet. There were different pricing structures and strategies in respect of access to online databases. In general South African publishers charged a basic subscription fee for online use for a given period. Some South African law firms subscribed to local or foreign databases where they were charged a basic subscription fee and a levy for use.

Across the seven participating organisations the cost to the law firm of providing access for its practitioners to electronic databases (including online databases) ranged from ZAR275.60 per practitioner to ZAR1709.70 per practitioner per annum for the 2000 / 2001 financial year. The median was ZAR391.08.

4.7.3 Item three: Amount spent on outsourced services

![Bar chart showing amount spent on outsourced services by organisation.](image)

Many South African law firms that did not employ full-time or part-time information professionals made use of the services of contract workers to handle certain aspects
of information resource organisation. Some firms that had permanent information professionals also made use of the services of specialists on an outsourced contract. Library and information services that were outsourced in South African law firms during the period included looseleaf updating, book cataloguing, document delivery, current awareness and alerting services, and legal and general research. Provision was also made in Item three for the inclusion of the cost of acquiring documents known as counsel opinion. While counsel opinion was regarded as an important legal resource that was often incorporated into the corporate information resources the information professional was not party to the financial transaction. For this reason information professionals seldom captured data relating to counsel opinion.

The distinction noted above (4.7.1) with regard to a separation of the service component from the product in looseleaf updating applied also to the physical annotation of statutes and law reports. The cost of the printed labels was itemised under sundry expenses and the service charges of inserting the annotations were itemised to outsourced services.

One of the participating organisations did not outsource any library functions. The cost to the law firm of outsourcing services in the remaining organisations ranged from ZAR13.61 per practitioner to ZAR484.53 per practitioner per annum for the 2000 / 2001 financial year. The median was calculated across all seven organisations at ZAR113.80.

4.7.4 Item four: Amount spent on sundry administrative expenses

This category included the miscellaneous items like the cost of binding journals and the cost of special stationery and library items that were requisitioned by information staff. The Infospend participants were not asked to submit data relating to general overhead expenses.
Across the seven participating organisations the cost to the law firm of sundry administrative expenses ranged from ZAR46.61 per practitioner to ZAR375.73 per practitioner per annum for the 2000 / 2001 financial year. The median was ZAR154.87.

4.7.5 Item five: Amount spent on salaries and benefits to information professionals
Salary was regarded as the cost to the law firm of employing its information professionals and included contributions to medical aid, pension or provident fund and any other benefits. It also included conference fees and membership fees of professional organisations paid on behalf of the information professionals by the organisation.

Participants submitted data on the understanding that the figures would remain confidential. It was sometimes more difficult to obtain figures relating to the cash value of benefits than it was to obtain salary figures. Participation in group-benefit schemes, for example, was not always reflected on a salary advice notification and precise details had to be obtained from human resources management.

Across the seven participating organisations the cost to the law firm of supporting its information professionals ranged from ZAR2662.90 per practitioner to ZAR4030.18 per practitioner per annum for the 2000 / 2001 financial year. The median was ZAR3089.33.

4.7.6 Average amount spent on library and information services

**Figure 7 Average amount spent on library and information services**

Monthly totals in each category were consolidated into an annualised value for each organisation. The amounts spent on library and information services ranged from
ZAR5134.18 per practitioner to ZAR8783.94 per practitioner per annum. The median was ZAR7519.03.

Category sub-totals were consolidated and the average distribution of costs for each item was calculated as a percentage of the total amount spent on library and information services for the period. These relative values were proposed as the benchmark for the 2000 / 2001 financial year. The average Infospend for the 2000 / 2001 financial year was ZAR7324.57.

Figure 8  Average distribution of information spending 2000 / 2001

4.8  Discussion

4.8.1  General observations

There was initially some difficulty with the allocation of categories. Counsel opinion was allocated a separate category on account of its peculiar nature as an information source that formed part of a client case file. Some participating information professionals indicated that they would not have access to accounting details in respect of counsel opinions. It was then decided that this category would fall away and transaction details relating to counsel opinion might be noted in the category for outsourced services.

The findings of the Infospend comparative study were inconclusive. The low sample and absence of industry data prevented the determination of a benchmark with regard to cost accounting for corporate library and information services. The
beneficial exchange of data did, however, indicate some merit in developing the data capture procedure as a sectoral best practice.

The value of the Infospend discipline for each participating law firm, it was suggested, lay firstly in the aggregation of core data against which to measure current and future spending patterns. This vested greater control over financial records in the hands of the information professional and promoted accountability. It provided the means to determine the real cost of information services, both with regard to the cost of the resources and the labour costs of creating the service. The improved control over data relating to the real cost of information might be used within an organisation to develop a cost-recovery programme either internally or with regard to charging outside clients for information services.

Data capture did not appear to present difficulties to the participants. Participants who had not previously used spreadsheet software to capture data were pleased to discover the capacity to capture and interrogate data.

Most valuable exercise - very useful for budget purposes; am continuing to use spreadsheet and will have better idea next financial year.  

Savitz, 2001

I reconfigured my spending records to fit your categories and I'm very glad I did because they are now more sensible. I'm going to continue to capture my data in this way. 

Bourne, 2000

The use of Excel software to capture data used in the Infospend study made it possible for the information professional to apply mathematical calculations and to convert the results of these to charts. The charts created in Excel were imported into the Microsoft Word files, floated over the text of this report, and imbedded at the most appropriate place in the text.

The application of mathematical formulae to the data provided for the calculation of non-ageing ratios and percentages that could be used as the basis for further work on cost accounting. The operator was able to analyse the relationships between data sets, such as the ratio of electronic resources to print-based resources. The operator could also identify the proportional allocation of costs as a percentage of the total information expenses.
The cost per practitioner formula appeared to be effective as a means of comparing data from organisations of differing size. It was, however, recognised that more evidence would be required in order to confirm that this formula did not distort the results.

4.8.2 Observations with regard to specific information expenses

- Item one: Print-based resources

The results of Item one of the comparative study suggested some correlation in the amounts spent on print-based resources (Figure 2). In relative terms, however, the highest value (ZAR3977.80) was nearly twice as high as the lowest value of R1890.65. It was in Item one that the sole indication of economy of scale was detected. The lowest average amount in respect of print-based resources (ZAR1890.65) was spent by the second largest organisation in the Infospend study. The highest amount (ZAR3977.80) on the same scale was spent by the smallest organisation.

Expenditure on print-based resources was calculated as a percentage of total information expenditure. The results indicated that the sample group spent between 37% and 53% of their information services budget on print-based resources for the financial year 2000 / 2001. The average was 42%.

Print-based information resources remained the primary resource of the traditional South African law firm collection in the 2000 / 2001 financial year, accounting for 37% to 53% of the total cost of information services in the sample group. Even when material was available electronically and was accessed for its sophisticated search capabilities, many practitioners preferred the flexibility of printed texts when they required to read large sections of text, or when they wanted to take texts into consultations.
• Item two: Electronic resources

The results in Item two revealed a distorted pattern of spending on electronic resources (Figure 3). This was corroborated when the ratios of electronic to print-based resources were calculated for each organisation.

Table 1 Amount spent on electronic in relation to print-based resources

<table>
<thead>
<tr>
<th>Organisation</th>
<th>Total average Infospend*</th>
<th>Electronic*</th>
<th>Print-Based*</th>
<th>Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>5134</td>
<td>385</td>
<td>1890</td>
<td>1:7</td>
</tr>
<tr>
<td>2</td>
<td>5844</td>
<td>275</td>
<td>2330</td>
<td>1:7</td>
</tr>
<tr>
<td>3</td>
<td>7447</td>
<td>391</td>
<td>2992</td>
<td>1:8</td>
</tr>
<tr>
<td>4</td>
<td>7519</td>
<td>392</td>
<td>3977</td>
<td>1:8</td>
</tr>
<tr>
<td>5</td>
<td>7875</td>
<td>335</td>
<td>3316</td>
<td>1:9</td>
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<td>6</td>
<td>8667</td>
<td>1709</td>
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<td>1:3</td>
</tr>
<tr>
<td>7</td>
<td>8783</td>
<td>1394</td>
<td>3454</td>
<td>1:2</td>
</tr>
</tbody>
</table>

*Amounts in South African Rands to the nearest Rand

Expenditure on electronic information sources ranged from 4% to 20% of the total amount spent on information services in the seven organisations. Despite the perception that libraries in the 21st century were moving rapidly to embrace electronic sources of information, five of the seven organisations that supplied data for the Infospend study spent less than 10% of their information service budgets on electronic subscriptions. The average rate of expenditure on electronic resources was 10% across the seven organisations.

• Item three: Outsourced services

Item three was generally problematic and should have been more clearly defined. The term outsourcing originally referred to the competitive bidding for government contracts with private vendors (Wordsworth & Williams, 1993; in Pergament, 1999). In the context of library and information services outsourcing was viewed as the extension of professional services with the acquisition of professional assistance. The incorporation of counsel opinion into Item three was a logical decision in the light of this definition. More problematic were the decisions regarding the allocation of costs of looseleaf updating services and annotation of law reports and statutes. It had been determined that the cost of looseleaf pages should be allocated to Item one
since the pages constituted an integral part of the print-based looseleaf service. The service charge was in fact a labour cost that could have been assigned to Item five. Since, however, it was customary for management to identify the extent of outsourced services in a business unit, the service component in looseleaf updating was noted under Item three. In the same way the service component in the cost of annotating law reports and statutes was recorded to Item three, while the cost of the specialised stationery used in the annotation of print-based resources was noted as a sundry administrative expense.

Two of the organisations participating in the Infospend study subscribed to a current awareness service that supplied a list of references to new publications by means of a weekly electronic mail delivery. The document was not an information resource in the sense of an electronic database. With permission from the supplier both subscribers made use of information from this service in the production of their own current awareness bulletins. The service was therefore deemed to be an outsourced current awareness service rather than an electronic product.

Several participants made use of outside agencies to assist them with research work. The allocation of service costs associated with research work was determined to be an outsourced charge. Less clear was the cost of corporate membership of a research facility that might or might not be consulted for specific research needs during the course of the year. In order to be consistent this type of membership subscription fee was debited to Item three. It remained, however, a moot point whether corporate membership fees were an outsourced service.

Expenditure on outsourced services ranged from 0% to 6% of the total amount spent on information services with the average at 2%.

- Item four: Sundry administrative expenses

Item four was perceived to reflect operational rather than strategic expenses. Expenditure on sundry expenses ranged from less than 1% to 4% of the total amount spent on information services, with the average at 2%. This record was generally incomplete since corporate administrative support was typically regarded as an overhead office expense that the information professional would have had no way of monitoring.
Item five: Salaries and benefits

Item five included those expenses that were seldom noted in the information professional’s accounting records. This data could not have been secured without the considerable support and trust of the contributing organisations. Expenditure on salaries and benefits of information professionals ranged from 38% to 54% of total information expenditure with the average at 44%. The derivation of a figure that represented cost to company of staff time was seen to be significant in initiatives towards cost recovery that are discussed in chapter seven.

4.9 Conclusions

The seven information professionals who participated in the Infospend exercise were asked to evaluate the study. A debriefing questionnaire was sent to each participant covering specific Infospend findings, requesting comment on the study and on related matters (Appendix 5.5). One participant responded as follows:

An excellent idea but more discussion of the categories before the survey started would have resulted (I think) in a more even survey. It should have been made easier for more people to join the survey. I’m amazed that any librarian should NOT be interested enough to want to know where the library expenditure is going and furthermore, that firms don’t demand to know how their money is being spent. I think these things could be considered a comment on the ‘professional status’ of the librarian. I’ve always noted expenditure. Infospend made me capture it in a more thorough fashion and I will amend my current form even further.

Bourne, 2001

Infospend tested a data-capture methodology that determined the input costs of maintaining a corporate library and information service. The aggregation of core data relating to input costs anticipated and facilitated further investigation into performance evaluation regarding output and outcome.

Infospend initiated a collaborative data-sharing exercise to determine the average cost of library and information services supplied to practitioners in South African law firms. The cost per practitioner formula appeared to be successful as a means of comparing data from organisations of differing size. It was anticipated that a continuation of the study would contribute towards validation of the methodology.
The number of participants in the collaborative exercise Infospend was too small a sample for the data to be validated as a benchmark for the sector. The response of these participants to the exercise suggested, however, that there might be support for the determination of a best practice with regard to cost accounting in South African law firm libraries.

4.10 Summary

This research study recognised the importance of cost accounting in the demonstration of value of corporate library and information services. Information professionals in South African law firms were invited to participate in a collaborative study of information expenses. The aim of the Infospend study was to benchmark cost accounting with regard to corporate library and information services for South African legal practitioners.

A method of data capture was proposed and participants submitted data to this researcher in designated categories of expenditure.

Chapter four reported the results of the year-long collaborative exercise in some detail. The low number of participants prevented the validation of these results as a South African benchmark but the study suggested that the application of the data-sharing methodology promoted collaboration.

Infospend aggregated the data relating to operational costs of library and information services. The description of results in terms of ratios and percentages was viewed as a source of non-ageing statistical information against which other data sets could be compared. Data was made available for future studies in which input costs could be related to output and outcome.

The application of input data to the determination and demonstration of the value of corporate library and information services will be the subject of further investigation in Chapters five to seven of this research study.