

**The Pros and Cons of Library Outsourcing:**  
**A Planning Aid for Librarians and Administrators**

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When organizations consider outsourcing library activities, it is important that the program is carefully and strategically planned. Outsourcing without thorough pre-planning may cause considerable difficulty and expense in the future. The table below examines activities that may be outsourced, and shows potential outcomes of three scenarios: on site employees, contractors on site, and contractors off site. It will assist the librarian and administrator as a tool to initiate discussion prior to the hiring of library consultants. This document addresses global issues regarding library services consulting rather than the outsourcing of specific functions within library organizations.

<b>Activity</b>	<b>Staff On Site are Employees</b>	<b>Staff are Contractors On Site</b>	<b>Staff are Contractors Off Site</b>
Cost saving	Minimal- status quo.	Benefits reduced or eliminated; budgets negotiated and contingent upon services purchased from contractor, generally cost saving.	Benefits reduced or eliminated; budgets negotiated and contingent upon services purchased from contractor, generally cost saving.
Buying Expertise	Staff can directly complete purchases and share in consortia memberships and reduce costs significantly	Limited, if stipulated by contract; otherwise, under contractor's control.	Limited, if stipulated by contract; otherwise, under contractor's control.
Productivity	Employee work amount reflective of commitment to the organization and clientele it serves	Employee work amount reflective of commitment to the contractor	Employee work amount reflective of commitment to the contractor
Control over library budget	High. Can alter or add or subtract at any time.	Low, limited only to what contract had detailed. May have to re-do sections of it, with more cost, when it needs to be altered	Low, limited only to what contract had detailed. May have to re-do sections of it, with more cost, when it needs to be altered

		unpredictably after the contract is implemented.	unpredictably after the contract is implemented.
Concentration on Core Services	Broad direction given to local staff that will consider historical needs of the library's collection as well as its future need. Can reduce or add to core collection at administrator's discretion.	Broad direction only can be given. At mercy of contractor to determine what is best to keep and discard, since local expertise is non existent.	Broad direction only can be given. At mercy of contractor to determine what is best to keep and discard, since local expertise is non existent. Contractor must also hire or bring someone on site to perform collection evaluation and subsequent collection development and maintenance.
Administrator Control over vendor	NA	Low unless stipulated in pre-planning in contract	Low unless stipulated in pre-planning in contract
Staff Reduction	At administrator's discretion	Only upon renegotiation.	Only upon renegotiation.
Problem employees	Terminate via local HR	Terminated through contractual change and only upon renegotiation	Employee not on site and only terminated through contractual change and only upon renegotiation
Strategic capabilities	High, can do all planning personally for library to fit in with company's strategic plan for education, keeping current, etc.	Low, can give broad directions only. Not able to share internal, company sensitive information with outsiders. Contractors have own strategic plan separate from the community's and company's plan. Strategic planning occurs between contractor and	Low, can give broad directions only. Not able to share internal information with outsiders. Contractors have own strategic plan separate from community's and company's plan. Strategic planning occurs between contractor and company, only if concerted effort is

		company, only if concerted effort is made.	made.
Intellectual capital	Intellectual property, records, technological materials (hardware, software, etc.) owned outright by corporation to add, subtract, store, and modify, at will.	Vendor has control over intellectual property; records and some hardware/software or other material may be owned by them and can not be altered nor used without approval of contractor. May lead to dependence on contractor if contractor holds information in closed environment. Specific stipulations must be made in contract in the preplanning stage, if significantly different.	Vendor has control over intellectual property; records and some hardware/software or other material may be owned by them and can not be altered nor used without approval of contractor. May lead to dependence on contractor if contractor holds information in closed environment. Specific stipulations must be made in contract in the preplanning stage, if significantly different.
Institutional memory	High. People have longevity in the job, know the company, community. A sense of continuity and connectedness exists.	Low. People are new to the community and do not know what has or has not been done before, who the people are, what the corporate stances are, and feel disconnected and viewed as outsiders.	Low. People are not in the community at all. People are not knowledgeable about the community, its people, the corporate stance, and are disconnected and viewed as outsiders.
Staff morale	High. People feel secure in their jobs, know their clientele, and know the community. People get and give efficient services and personal attention to known clientele on a	Lower. People feel the most loyalty to the contractor, may or may not know their clientele or the community, and may or may not give personal attention to clientele.	Lowest. People feel the most loyalty to the contractor; do not know their clientele or the community. People get efficient services and “business courtesy,” rather than “personal

	personal level.		courtesy.”
Loyalty to customer	High. People are involved in their company, their community, and the people in the community are personally known by them.	Loyalty to contractor and some contact with local community. More distant relationship. Not seen as an insider to company but as an outsider.	Loyalty to contractor, and minimal contact with local community. Cordial but often not personal. Not seen as an insider to company/community but as an outsider.
Unexpected costs and complications	Can be dealt with locally in a more rapid and efficient manner.	May cause additional costs, personnel conflicts, if not carefully planned for and included in contract. Will take time to actually address due to possible need to alter logistics of contract.	May cause additional costs, personnel conflicts, if not carefully planned for and included in contract. Will take time to actually address due to possible need to alter logistics of contract.
Technology	Can be adapted or modified at will, in conjunction with local IT department.	Can only be modified if contractor agrees; may be lack of compatibility between contractor and on site technologies that must be remedied (staff, money, purchases of proprietary software.) Requires close communication between contractor’s IT staff and your company’s IT staff.	Can only be modified if contractor agrees; may be lack of compatibility between contractor and on site technologies that must be remedied (staff, money, purchases of proprietary software.) Requires close communication between contractor’s IT staff and your company’s IT staff.
Time to tailor services to needs of local customers	Easier to maneuver because services are local	Harder to maneuver because customers are not as well known.	Very hard to maneuver because local politics and social strata, other peculiar corporate

			nuances are unknown.
Expertise	Employees are hired by local HR and must meet company's criteria for hiring. Can be assessed at local level	Employees are hired by contractor and fit their criteria for hiring	Employees are hired by contractor and fit their criteria for hiring
Daily Operations	Reported, administered, changed, maintained locally and directly.	Must be reported to regularly to local administrator. Changes must be constantly renegotiated and problems reported usually with second and third negotiators.	Operations all internalized and internal problems not shared with administrators. Changes must be constantly renegotiated and problems reported usually with second and third negotiators.
Personnel Staff Evaluations	Done locally and given directly to administrator	Done through contractor and not shared with administrator	Done through contractor and not shared with administrator
Program Overall Evaluation	Done locally and given directly to administrator	Done through contractor and shared with administrator, any changes may be renegotiated into contract	Done through contractor and shared with administrator, any changes may be renegotiated into contract
Meetings/Negotiations	Can be done locally, with minimal advance planning	Can be done locally, contractor needs advance planning. Employees of contractor must travel to meet with parent contractor.	Contractor travels in to negotiate, needs highest level of advanced planning.
Paperwork	Done locally and submitted directly.	Done by contractor and submitted directly to contractor oversight, who reviews it and then submits it to administrator.	Done by contractor and submitted directly to contractor oversight, who reviews it and then submits it to administrator.

Telephone contact and email	Generally done locally	Generally done locally	Done long distance; and over email
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When your decision to outsource has been confirmed, you will need to initiate three stages to provide the most benefit of outsourcing to your company. They are:

- Planning- In this stage processes and routines are examined and quantified, and the costing out of internal workflow and operations occurs. In addition, the selection of a vendor and the “how-to's” of contractual negotiation occur in this stage.
- Implementing- Restructuring and reorganizing workflow occurs in this stage, along with the introduction of new processes and routines, and the development of new policies. Then, you learn how to use new systems and further assimilate your work with that of the vendor.
- Managing- This stage involves quality management and problem resolution. Specific quality indicators should be developed so that quality can objectively be assessed. To thoroughly address this stage, there necessitates a project manager and a library administrator.

For further information about the “How-To's” of the stages above, review the reference section provided at the end of this document.

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