BUILDING THE CAPACITY OF THE PUBLIC LIBRARY NETWORK

Final Report   June, 2002

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Introduction

In most developed countries, fund-raising and development have become a mainstay in the budget mix of public libraries. Although different cultural contexts bring different approaches – the strong philanthropic culture of the US for example is reflected in an emphasis on pursuing major gifts, endowments and foundation grants rather than government program or entrepreneurial activities – the underlying pattern of increasing demands and relatively static or declining budgets is all too familiar world wide. There is clear evidence of a strong world wide trend to increasing involvement by libraries world wide with alternative fund raising activities.

This undertaking sought to identify a range of areas of innovative fund raising appropriate for Victorian public libraries, to establish a short list of activities which Victorian public library managers felt were most promising, and to develop business plans for those activities. Activities identified clustered into three areas:

- things which libraries could do collectively to reduce their costs,
- things which libraries could do to attract new resources, either from government, business or private sources, and
- entrepreneurial things which libraries could do to generate new revenue

The range of activities suggested was broad, but instances of just about all these activities operational in some public library system somewhere. Activities suggested included

- Shared book purchasing
- Shared system use
- Shared IT tech support
- Shared electronic resources
- The Libraries shop
- Local history / genealogy services
- Sponsorship
- Business info centers / fee based services
- New Government Programs Development
- Cafes, bookshops, stationery shops, etc
- Secretariat for other consortiums
- Contra deals for goods and services
- Home delivery (books and)
- Expanded festival (along the lines of libraries week)
- Book clubs
- Venue Hire
- Book Fair
- Research and Development

Through discussion of potential activities, a number of priority areas were identified. The short list of activities for further development were:

- Shared book purchasing
- Shared IT tech support
- The Libraries shop
- New Government Programs Development
- Secretariat as umbrella organising entity for specific activities including an annual book fair and sponsorships.

On the available evidence, we would argue that there has been a less focused and less developed culture of fund-raising and of entrepreneurial activity in the Victorian Public Library network than in North American or UK public library scene. From our scan of the environment and discussions with industry players, it is clear that there is significant potential for the public library network in Victoria to attract additional funding and resources. The Victorian Public Library network has a noble tradition of cooperation, and its collective efforts in collaboration and grant development have paid off handsomely to date. Victorian Public Libraries enjoy an unparalleled level of public support and goodwill, and a unique position in their communities. However, this potential will go untapped without the development of the capacity to pursue and develop opportunities.

In proposing these business plans, we have endeavored to develop realistic and achievable proposals which take into account the current state and capacity of the network. Key limiting factors are the available energy to identify and pursue opportunities, the capacity of the network to act collectively, and the readiness of the libraries and library staff for some sorts of activities. We have also been mindful of the unique position of the libraries, and the plans proposed are all consistent with, and would enhance the standing of, the network in the eyes of their constituencies and funders.

It is our perception that the international endeavors which work best display the highest degree of integration between the library services offered and the various grant-raising and entrepreneurial activities. The Fairfax County Public Library, for example, has developed an explicit Enterprise Strategy which actively and consciously draws upon and feeds into the whole range of services offered by that library, and which manifests itself in a range of resource raising activities.

Accordingly, while each of the business plans attached could stand alone, we strongly recommend that VICLINK consider developing these plans as an integrated package, under the umbrella of an enhanced full time paid secretariat for VICLINK. A proposed timeline for establishment over a three year period is included.

Not surprisingly, from the range of discussions, we gathered a range of views concerning the extent to which VICLINK should or could develop entrepreneurial, fund raising or consortium type activities. The nature of the network, and much of its strength, lies in the independence of its constituent members. To have any chance of success, the support of the network for these activities will be critical. To build this support, the VICLINK Executive will be required to own and lead what we believe are key strategic developments for the future of the Victorian Public Library network .

It is said that CAUL discussed the establishment of a paid Office for more than 10 years before taking the steps to achieve that end. We recognize that the activities outlined are

substantial and that the timelines, taken together, are ambitious. The important thing is to begin.
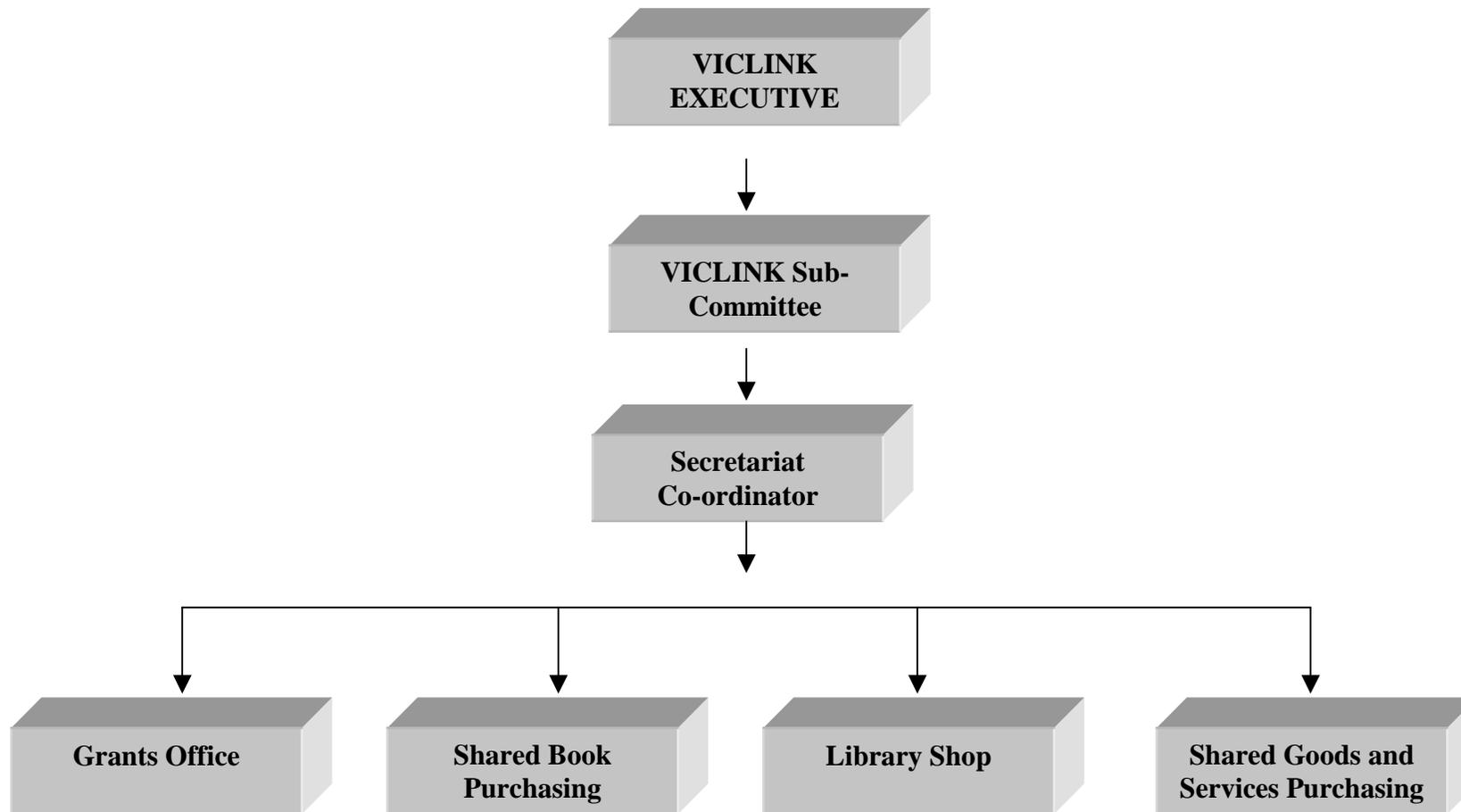
Key recommendations

That VICLINK establish a subcommittee with responsibility for progressing and reporting on the development of the activities outlined in this report.

That VICLINK adopt as a priority the establishment of an expanded Secretariat for the Victorian Public Library Network.

That the Secretariat have as its primary initial task the development of the undertakings outlined in the attached business plans.

That VICLINK consider the five attached business plans as part of an integrated strategy and as a key component of its business planning for the medium term.

Possible administrative structure for proposed activities

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                    │    VICLINK      │
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| Grants Office | Shared Book Purchasing | Library Shop | Shared Goods and Services Purchasing |

Shared Book Purchasing Business Plan

1. Business Profile

Business Overview

Cooperative purchasing of goods and services has the potential to deliver volume discounts, and is a common strategy for libraries to adopt in a bid to increase the value of limited budgets and resources. Indeed, this is the basis of Gulliver, already in place to acquire electronic resources for Victorian public libraries. That this strategy may be used to increase the purchasing power of the book vote is also recognized, and while there is no scheme currently in place in Victoria, there are several examples readily available.

PLAIN Central Services

One example is the South Australia-based PLAIN (Public Libraries Automated Information Network), which has provided a central procurement and cataloguing service (PLAIN Central Services) to South Australian public libraries for over 25 years. Selection and cataloguing has been provided in a networked electronic environment since 1991. In July 2000, PCS introduced P2, which is Web based software, to support its selection, procurement and cataloguing services.

These services are subject to a formal Service Level Agreement (SLA) between PCS and the Council of Library Administrators of South Australia (CLASA). They are expected to deliver significant savings in the costs of acquiring and processing new material to all SA public libraries.

Each year PCS purchases approximately 230,000 volumes, representing 36,000 titles, for the network at a value of around $A4 million. Each month, PCS prepares an online selection list of approximately 4,500 titles from which the libraries make their selections. This list is produced from data provided by the contracted suppliers, and in general comprises new titles at least three months pre-publication. Coverage of new titles is expected to meet the collection development needs of all SA public libraries and it is expected that new titles included in major reviewing journals, such as *Australian Bookseller and Publisher*, *Australian Book Review*, *Magpies*, etc will be included, as will national and international award winning titles. The goal of the service is to deliver fully-processed material direct to participating libraries, with catalogue records loaded direct to in-house systems at the same time the material becomes available in book stores.

The range of formats covered includes, standard print books, large print books, audio books, language kits, video cassettes, DVDs, CD-ROMs, and e-books, and the discount structure is based on these broad categories.

According to a review of the PLAIN Costing Project conducted by Higgins Botha Consultants and Robyn Collins, the Director of PLAIN CS, the service delivers significant savings in terms of processing costs, as is illustrated by the following table.

Processing Cost Per Unit	Low Estimate	High Estimate
PLAIN Central Services	$9.95	$21.63
Metro Library	$43.48	$55.75
Country Library	$96.17	$96.17
Joint Use Library	$265.53	$265.53

These estimates are based on bookstore industry benchmarks, ABS Library and Museum Financial Averages, PLAIN Costing Project Results and PLAIN Central Services 2000 and 2001 budget.

That report also states that for 2001, PLAIN purchased material at an average price of $21 per book, achieving significant volume discounts which it believes would be unlikely to be realised by individual libraries.

Massachusetts Regional Library Materials Cooperative

Another, less centralized, example is that of the Massachusetts Regional Libraries Materials Cooperative (MRLMC), which includes over 500 libraries. These are primarily public and school libraries, but also church, corporate, hospital and academic libraries may also join. These libraries pool their collection development money by pledging to spend a given amount through the scheme, thus achieving better discounts than any individual library could. For the fiscal year 2001, the co-op had a combined pledged amount of US$12 million.

Members of the MRLMC may purchase materials from any of the primary and secondary vendors listed in the 18 distinct categories shown in Table 1, with participants do business directly with the selected vendors.

The scheme runs annually from July to June, and only those libraries which meet the relevant deadlines can participate in any given year – libraries cannot join mid-year. To participate, libraries specify the amount that they are willing to spend (pledge) in each of the 18 categories shown for that year. Once the pledges are in, the total dollar amounts pledged for each category are tallied and Invitations For Bids are sent to vendors. Interested vendors return their bids by the bid opening date and the winning bids are publicized by mid-May. Selection of bids focuses on responsive and responsible vendors who offer the lowest purchase price in each category.

The amount that libraries pledge is not legally binding, but there is a moral obligation to spend at least 75% of the amount pledged in each category, as vendors bid a certain discount based on the dollar value of the pledges. Libraries are discouraged from pledging all available funds, in order to purchase materials elsewhere, for example sole-source materials that aren't available through the co-op and rush or heavy demand items.

Table 1: Discounts available to members of the MRLMC (2002)

Category	Primary supplier	Discount	Secondary supplier	Discount
1. Hardcover Trade	Baker & Taylor	45.4%	Ingram	44.1%
2. Quality & Mass Market Paperbacks	Ingram	40.1%	B & T	31.5%
3. University Press	Ingram	15.6%	Emery-Pratt	10%
4. Continuation Account	B & T		Ingram	
5. Adult Non-Trade/Short Discount	Ingram		B & T	
6. Juvenile Library Binding / Reinforced Trade	B & T	22.1% / 26.1%	Ingram	15.6% / 44.1%
7. CD-ROMs	Emery-Pratt		WILMI	
8. Video cassettes / DVDs (entertainment)	AEC One Stop		Ingram	
9. Video cassettes / DVDs (instructional & educational)	B & T	32.2% / 25%	Wayland	25.5% / 15.5%
10. Music Audio Cassettes / Music Compact Discs	Wayland	30.5% / 32.25%	B & T	30% / 28%
11. Spoken Word Audio Cassettes / CDs / unabridged / abridged	Wayland	Unabridged 33.50% / abridged 43%	B & T	unabridged 9.1% / abridged 45.3%
12. Prebound Paperbound	Perma-bound	26%	B & T	
13. Prebound Paperbound	Emery-Pratt		Perma-bound	
14. Hardcover Trade - Processed	B & T		Ingram	
15. Quality & Mass Market Paperbacks - Processed	Ingram		B & T	
16. Adult Non-Trade/Short Discount - Processed	Ingram		B & T	
17. University Press - Processed	Ingram		B & T	
18. Juvenile Library Binding / Reinforced Trade - Processed	B & T		Ingram	

Note: A blank discount indicates that the discount rate is variable, generally because the material is subject to processing at different levels.

The scheme does not include magazines, annuals (materials on a standing or continuing order), computer software, except for consumer/home-version CD-ROMs, sole-source materials (items that are only available from one publisher or vendor, i.e. Recorded Books, Facts On File, World Book, etc.).

Discussion

These are two vastly different models of operation. PLAIN Central Services is a highly centralized solution which attempts to achieve significant economies of scale through both volume discounts and efficiencies in processing. The MRLMC is a much looser aggregation of libraries which has minimal administrative costs, and aims to deliver significant volume discounts to its members while maintaining maximum independence. Both services appear to be achieving their aims, and in particular both claim to be realizing significant benefits for smaller library services who lack the purchasing power of the larger library services.

Budget figures for the combined expenditure by Victorian libraries (taken from the *Annual Survey of Victorian Public Libraries 1999-2000*) show that the potential is there to establish a scheme based on the similar orders of spending, and so could reasonably be expected to achieve similar results.

Table 2. Total materials budget for Victorian public libraries

Year	Expenditure	% of total budget	Total items acquired	Print materials acquired	Non-print materials acquired
1999/2000	19,961,932	18.4%	923,596	800,744	113,925
1998/1999	18,677,559	18.1%	912,634	714,082	NA
1997/1998	17,410,872	17.5%	811,722	713,456	NA
1996/1997	16,114,617	17.5%	737,510	661,331	NA

A further breakdown of the budget for the year 1999/2000 shows the following:

Type of material	Expenditure	% of total materials budget
All Print	15,114,263	75.7%
All Non-print	3,443,351	17.2%
Large print	1,297,525	6.5%
Talking book	978, 134	4.9%
Languages other than English	898, 286	4.5%

What are there current percentage discounts on current suppliers? – from survey

Options

Establish a service based on the PLAIN Central Services model

One possible strategy would be to establish a centralized service in Victoria on the basis of the PLAIN model, and indeed the precedent exists in Technilib. This is a high cost strategy that would need to overcome a number of political and practical barriers. In particular it would require long-term planning and a significant commitment in financial terms, for which there is currently little support. For these reasons it is recommended that it not be considered at this stage.

Negotiate with PLAIN to allow Victorian libraries to join PLAIN Central Services

At present, Victorian libraries cannot join PLAIN Central Services. This would require a policy decision by PLAIN however, because of the comprehensive nature of PLAIN services, this may require significant changes to some operational procedures and so may not be a straightforward matter. For example, PLAIN is currently responsible for the processing and cataloguing of all materials purchased by its member libraries, and among other duties adds holdings statements for South Australian libraries to Kinetica. The courier service, which is central to operations, is also based only on South Australian public libraries. Participation by Victorian libraries, particularly if they are only interested in aspects of the services, may require the establishment of separate processing streams, which in turn may add to the cost of the scheme.

Two other factors should be considered in this regard. The first is that PCS appears to make significant savings for its member libraries in terms of its processing and cataloguing costs. While the available data indicates that it is an efficient operation in national terms, there is insufficient data to enable a comparison with the current performance of Victorian libraries and it may be that there are no significant savings to be made in this area. The second is that PLAIN is working off a combined materials budget of approximately $4 million per annum, compared with almost $20 million for Victorian libraries, which suggests that even with a more flexible scheme Victorian libraries should be able to achieve equivalent or better volume discounts.

PLAIN Central Services indicated that they have a potential interest in expanding their membership base but will only consider the eligibility of Victorian libraries if they receive a formal request from a Victorian public library to participate.

Establish a service based on the MRLMC model

The MRLMC model aims at achieving volume discounts for participating libraries rather than savings through processing efficiencies and does so with minimal infrastructure and little intrusion into the internal operations of participants. Its combined spending power of US$12 million is of the same order that could be available to an Australian scheme, and so suggests that there is real potential for significant savings. There are qualifications to this, for example Australian suppliers may not have the same capacity for discounts as their US counterparts, but the size of the discounts achieved by MRLMC suggest that the model is definitely worth exploring.

The combination of potential savings, requiring minimal infrastructure while maintaining the maximum independence of participating libraries suggests that this would be the preferred model for Victorian public libraries.

Recommended Strategy

It is recommended that VICLINK establish a pilot scheme based on the MRLMC model for the 2002/2003 financial year, with a view to extending it more generally subsequently.

The pilot could be arranged using a specialist area or a small section of mainstream order purchasing. For example, the scheme could focus on the supply of large print books or material in languages other than English. Alternatively, it could be narrower in scope by focusing on a specific service, eg, a standing order for books featured in the New York Times Top 10 list.

It should be recognized that any area chosen for a pilot study may have unique issues of its own that have to be taken into account, though this should not necessarily rule the area out of consideration – indeed it may make for a more valuable exploration of some issues. For example, the acquisition of material in languages other than English may need to deal with the following issues: the need to increase the number of participating suppliers as few have a comprehensive coverage of different languages; the availability and quality of cataloguing for titles acquired; the level of discount already achieved; and any benefits (financial or otherwise) from sharing selection duties eg drawing on the language skills available in different libraries.

Another approach would be to ask libraries to conduct the pilot using the $1.2 million in additional funding recently announced by the Minister for Local Government – the volume discount on that figure should be significantly more than that which could be achieved by an individual library spending $15,000.

Whichever pilot is chosen, it should be made to participating vendors that it is just a pilot, and that the total dollar amount available for a full scheme would be significantly greater.

Governance

The VICLINK executive should identify an area of the materials budget suitable for conducting the pilot and determine the make-up of the group to supervise the trial. This would most logically be based on an existing group if one is available and interested. The VICLINK Executive should provide them with some initial guidance as to the aims of the pilot, including the types of issues to be considered and timeframes involved. The Executive should also provide them with any required support. The outcome would be a formal report to the Executive, who could then use their experience in determining whether to expand the scheme.

Tasks for the pilot scheme

- Define the goals of the scheme
- Define the timeframe and set a schedule

- Examine the MRLMC scheme in detail and adapt as required
- Draw up a set of guidelines to be agreed to by participating libraries
- Draw up a set of guidelines for potential vendors
- Conduct negotiations with potential vendors
- Monitor performance
- Evaluate the scheme and provide a report to the VICLINK Executive
- If the scheme is to continue, recommend on ongoing governance and costs

Evaluation

The evaluation of the pilot should be conducted with a view to deciding whether the group should be disbanded, continued as is or brought into some more formal structure, eg a VICLINK or Gulliver-style secretariat. The aim should be to conduct a progress review after six months of operation, so that the VICLINK Executive can have early warning of its progress, and have sufficient warning to enable the extension of the scheme in the following year if required. It should take into consideration not only the financial benefits of the scheme, but also any other benefits that might be realised. For example, other schemes have reported non-financial benefits such as acquiring material in a more timely fashion, facilitating improved communication between participating libraries or skill-sharing.

- ***What services does the Shared Book Purchasing Scheme offer?***

    The Shared Book Purchasing Scheme will increase the purchasing power of existing acquisitions budgets.

- ***How will Shared Book Purchasing Scheme operate?***

    The Shared Book Purchasing Scheme should operate on the basis of the MRLMC model.

    Subject to the experience of the Pilot Scheme, participating libraries would indicate a dollar amount that they would be willing to spend in each of a number of predetermined categories each financial year. This would need to be done in approximately April of each year.

    The coordinating committee would then tally these commitments and negotiate with vendors to identify the preferred suppliers for the year.

    On receiving notification of the preferred vendors for the coming financial year, libraries would then spend the previously indicated amounts with those vendors.

    The cycle would begin again in March of each year, with a call for participation being sent to all Victorian libraries.

- ***What other services could Shared Book Purchasing Scheme offer to members?***

The scheme needs to focus on its principal objective, that is, increasing the purchasing power of the available acquisitions budgets.

There have been some suggestions that there may be spin-off benefits, primarily in the sharing of expertise, and such possibilities could be explored during the Pilot Scheme.

There may an opportunity to save on processing and cataloguing costs, either in general or in selected areas, eg by sourcing cataloguing data for foreign language titles.

2. Market Profile

- ***What sort of organisations already exist to serve Victorian public libraries in this area?***

To date, most activity has been based upon initiatives of individual library services. A pooling of resources, ie purchasing power, should result in a more effective program.

- ***Is there evidence of demand for the services that will be offered by Shared Book Purchasing Scheme?***

There has been consistent support for the concept expressed by those librarians interviewed during the course of this consultancy. The results of the survey will provide a more accurate indication of support throughout the public libraries network.

3. Strategic Direction

SWOT Analysis

Strengths: Existing examples work well
Could achieve particular benefits for smaller library services who lack the purchasing power of the larger library services
Weaknesses: May require some upfront investment to implement smoothly.
Resistance to changing procedures may limit take up and benefit
Opportunities: Increase in the purchasing power of the book vote
Strategic positioning opportunities
Threats: Larger libraries might not see sufficient advantage to pursue the scheme.

Mission Statement

To maximize the purchasing power of the acquisitions budgets for each library in the Victorian Public Library Network.

- *Where will Shared Book Purchasing Scheme be in 3-5 years time?*

  The Shared Book Purchasing Scheme should have progressed from the Pilot Scheme and established a routine capable of delivering the anticipated savings with a minimum of effort. With the core aim of the program being met, it should be possible to undertake a realistic examination of potential extensions of the scheme in other areas, eg skills sharing or increased levels of outsourced processing.

Positioning

- *Why will organisations want to support the Shared Book Purchasing Scheme?*

  All participating libraries should be able to increase their purchasing power through the realisation of higher discounts on materials. Smaller libraries should benefit significantly.

- *How are the services offered by Shared Book Purchasing Scheme substantially different from those of other schemes?*

  The aggregation of purchasing power will provide libraries with a significantly better bargaining position in negotiating discounts on materials.

Strategy Highlights

- *What are the major things that we will need to achieve in order to get the Shared Book Purchasing Scheme from a plan to a reality?*

a. Gain acceptance of the VICLINK group that this is worthwhile undertaking and represents value for the initial investment.
b. Empower VICLINK working group to progress
c. Identify possible start up funding sources. State Wide Projects fund? Office of Local Government? VICLINK?
d. Encourage libraries to participate in the Pilot Scheme
e. Identify vendors willing to participate in the Pilot Scheme
f. Review the performance of the Pilot Scheme

4. Finance

- *What are the expected income sources?*

  Initial investment from State Wide Projects fund? Office of Local Government? VICLINK?

- *What are the anticipated setup costs?*

  Initial setup costs would include:
Overheads	$2,500
Staff salary for 9 months	$15,000
Total	$17,500

- *What are the anticipated ongoing costs?*

  Ongoing costs would include:
Overheads	$3,500
Staff salary for 12 months	$20,000
Total	$23,50

The Plan

OBJECTIVE	ACTION REQUIRED	WHO	WHEN
Establish Scheme	Decision taken to proceed with Shared Book Purchasing Scheme	VICLINK Executive	August
Establish Pilot Scheme	Parameters of Pilot Scheme established	VICLINK Executive	August
	Broad area of Pilot Scheme identified	VICLINK Executive	August
	Working Group established	VICLINK Executive	September
	Hosting, staffing and financial arrangements developed	VICLINK Executive, Working Group	September
	Call for participation sent to libraries	Working Group	September
	Membership of Pilot Scheme finalised	Working Group	October
	Negotiations with vendors	Working Group	October
	Reporting and performance appraisal	Working Group,	Nov –

		Participating libraries	May 2003
Evaluate Pilot Scheme	Review of performance of Pilot Scheme	Working Group, Participating libraries, VICLINK Executive	Nov – May 2003
Establish Scheme	Decision taken to continue, expand or terminate.	VICLINK Executive	June 2003

Financial Plan Year one

INCOME SOURCE	ANTICIPATED AMOUNT
Initial start up investment	17,500
Total	17,500

EXPENDITURE ITEM	ANTICIPATED AMOUNT
Staff salary for 9 months	15,000
Overheads	2,500

Milestones

August	Decision taken to proceed with Shared Book Purchasing Scheme Broad area of Pilot Scheme identified Parameters of Pilot Scheme established
September	Working Group established Hosting, staffing and financial arrangements developed Call for participation sent to libraries
October	Membership of Pilot Scheme finalised Negotiations with vendors
Nov – May	Pilot Scheme begins Reporting and performance appraisal
April	Review of performance of Pilot Scheme Decision taken to continue, expand or terminate.

Shared goods and services purchasing Business Plan

1. Business Profile

Business Overview

Cooperative purchasing of goods and services has the potential to deliver volume discounts, and is a common strategy for libraries to adopt in a bid to increase the value of limited budgets and resources. Indeed, this is the basis of Gulliver, already in place to acquire electronic resources for Victorian public libraries. That this strategy may be used to increase the purchasing power of libraries is also recognized, as is obvious from the schemes (e.g. MAPS and Co-operative Purchasing Services Ltd.) that are already in place. For this project to be worthwhile, it would need to deliver benefits that existing schemes can't, either in terms of the range of products available or in terms of the level of control that participating libraries retain over the process.

The range of goods and services that could be purchased under co-operative arrangements is significant, but obvious examples would include:

- Computer hardware, printers, accessories and consumables
- Computer software
- Human resources, training and consultancy services
- Telecommunications services and products, including Internet services
- Mobile communications equipment and services
- Furniture and accessories
- Office equipment and furniture (copiers, faxes, etc)
- Printing and imaging services
- Office supplies including stationery
- Library equipment and consumables including barcode labels, security equipment, RFID equipment
- Microfilming services
- Audio visual equipment, accessories, etc.
- Couriers

There are many examples of such schemes, and indeed Victorian libraries already participate in some.

Co-operative Purchasing Services Ltd (CPS)

CPS was formed in October 1989 as the Municipal Association of Victoria Co-operative Purchasing Scheme because it was sponsored and hosted by the MAV. It changed name to Purchasing Victoria and in October 1998, and recently had a major re-launch under the new name of Co-operative Purchasing Services Ltd. CPS works directly with 78 councils and 440 contracted suppliers covering some 112 product groups. Each year it calls tenders for sections of its product range using the local government code of tendering. Contracts generally run for a 2 or 3 year term and the service realises significant savings.

Goods and services available in the CPS catalogue and commonly used by councils include:

- Advertising – Media
- Art - Management & Conservation Services

- Audio Visuals Equipment, Accessories, etc.
- Cars
- Computer Hardware, Software & Accessories
- Computer Printers, Accessories & Consumable
- Debt Collection Services
- Drafting & Plotting Equipment/Services
- Electricity & Associated Services
- Events Management, Fundraising, Equipment Hire
- Financial Reporting Services
- Furnishing, Floor Covering, Etc.
- Human Resources, Training & Consultancy Services
- Internet Services
- Legal Services
- Library Books, Tapes, CD's Furniture & Accessories
- Microfilming Services
- Office Equipment & Furniture (Copiers, Faxes, etc)
- Postal Services & Couriers
- Printing & Imaging Services
- Stationery
- Telecommunications Services/Products

The Education Improvement Commission

The work of the Education Improvement Commission (EIC) in Canada, although focusing on the work of school boards, is also instructive because it looked at the range of co-operative purchasing schemes, their aims and benefits. Established in 1997 to oversee the transition to a new system of district school boards, it examined six areas of school board restructuring, three of which related to the study of collaborative purchasing.

The EIC found that all existing schemes were described by three models

- The **buyers' network** – this was the least formal and involves a variety of public sector partners coming together primarily to share information and expertise. Members tend to share a commitment to collaborative work but, for various reasons, do not establish a formal list of standardized goods and services for joint tendering.
- The **lead agency** - this was the most common form of cooperative purchasing. Cooperatives that adopted this model agreed on the specifications of an item or service that two or more of the participating agencies used in common, and then designated one agency from the group to take the lead on tendering for the item or service. The main benefit of a lead agency model is its potential to reduce the workload usually associated with tendering.
- While buyers' networks operate quite informally, cooperatives that work under a lead agency model tend to adopt more formal operating procedures. A more informal approach within this model was the practice of piggybacking, whereby participating agencies tender individual contracts, but include language in their contracts that enables other public sector agencies to purchase a commodity from the vendor under the same terms and conditions (e.g., price).
- **Shared administration** was the third cooperative purchasing model in use, and this involved two or more school boards establishing a single department to provide some or all services for the participating boards. With the creation of one department, participating boards are able to eliminate duplication and reduce office space.

The EIC concluded that included both small and large boards or agencies, the benefits of collaboration tended to be greater for the smaller partners, and that while the financial benefits have traditionally been viewed as the greatest incentive, the other benefits of collaborative purchasing lead directly to improvements in the quality and efficiency of board operations.

These other benefits included the potential to:

- reduce workload and the duplication of tasks;
- increase expertise by making skills and knowledge available to a larger group;
- improve relationships with vendors *and* end-users by streamlining procedures;
- foster new and innovative ways of doing business through the sharing of best practices;
- contribute to improved problem solving;
- increase professionalism by providing greater opportunities for both formal and informal professional development;
- create greater equity between small and large boards by giving small boards access to resources that they could not provide on their own; and,
- help to develop trust and to improve working relationships among boards.

Finally, the EIC concluded that collaborative purchasing ventures were more likely to succeed if the following conditions were met:

- consistent recognition and support from trustees and senior staff of participating boards;
- consistent leadership;
- dedicated time and resources (e.g., a dedicated staff person);
- an agreed vision of collaboration that includes as a central principle a commitment to working together for the benefit of the students and staff of all participating boards;
- the development of a long-range strategic plan;
- a strong focus on customer service;
- effective communication strategies among participating boards; and,
- a high level of trust and commitment to shared decision making.

Discussion

While continuing to use CPS where appropriate, it would seem that Victorian libraries are particularly interested in alternative options. Presumably yhis is because there are some goods and services that either CPS does not currently cover, or because it is considered that there is more to be gained by keeping libraries more directly involved in the process for some items. The EIC study suggests that this is clearly the case with Canadian school boards and, as noted above, has commented on several important benefits of acting in concert.

There are a variety of models that could be used in different circumstances, however it would be expected that Victorian libraries would need to keep any arrangements more at the informal end of the spectrum, and the specific models of interest would be the buyers network and the lead agency.

Recommended Strategy

As also noted by the EIC study, such networks work best with committed leadership and dedicated staff. Given the necessarily exploratory nature of this scheme, it is recommended that the scheme be handled directly by VICLINK secretariat staff, who would be in the best position to devote time to

it. There role to be to act as a clearing-house for potential purchasing areas and deciding which model to choose on a case by case basis. At the very least they could act as a focus for a buyers' network, but could recommend whether particular services should be acquired using something akin to the lead agency model and provide additional support to the lead agency. With their centralised knowledge, they might also be able to recommend when it is more appropriate to use the CPS.

Governance

Given the existence of a number of schemes already in place, this project is most likely to develop on a relatively ad hoc basis, filling gaps in those schemes where advantages are seen in acting independently. The VICLINK executive, through its secretariat, should establish a pilot project to identify areas not adequately covered by current arrangements that would be suitable for pursuing on a case by case basis. The experience gained in this process should then be used in the development of guidelines for further projects during the initial period. In particular, the secretariat should consider ways of publicising the scheme and facilitating communications between libraries to highlight opportunities. Before the end of the next financial year, the secretariat should produce a formal report detailing any projects undertaken, the advantages and disadvantages of working independent of existing schemes and recommendations on whether to continue the new arrangements and if so, how.

Tasks for the pilot scheme

- Define the goals of the scheme
- Examine existing schemes to identify gaps in the range of goods and services
- Examine existing schemes to identify areas which may be more appropriately handled directly by libraries
- Publicise the scheme amongst libraries and establish a central clearing-house for purchasing requests
- Draw up a set of guidelines to be agreed to by participating libraries
- Draw up a set of guidelines for potential vendors
- Conduct negotiations with potential vendors
- Monitor performance
- Evaluate the scheme and provide a report to the VICLINK Executive
- If the scheme is to continue, recommend on ongoing governance and costs

Evaluation

The evaluation of the pilot should be conducted with a view to deciding whether the group should be disbanded, continued as is or modified. The aim should be to conduct a progress review after six months of operation, so that the VICLINK Executive can have early warning of its progress, and have sufficient warning to enable the extension of the scheme in the following year if required. It should take into consideration not only the financial benefits of the scheme, but also any other benefits that might be realised. For example, other schemes have reported non-financial benefits such as acquiring material in a more timely fashion, facilitating improved communication between participating libraries or skill-sharing.

- *What services does the Shared Goods and Services Purchasing Scheme offer?*

  The Shared Goods and Services Purchasing Scheme will increase the purchasing power of existing budgets.

- *How will Shared Goods and Services Purchasing Scheme operate?*

  The Shared Book Purchasing Scheme should be administered by the VICLINK secretariat who would publicise the scheme, establish a clearing-house for ideas and develop arrangements on a case by case basis.

  Depending on the methods thought most appropriate, the VICLINK secretariat would either negotiate with vendors direct, or support 'lead' library services in their negotiations, on the understanding that they would be establishing arrangements in which other libraries could participate.

- *What other services could Shared Goods and Services Purchasing Scheme offer to members?*

  The scheme needs to focus on its principal objective, that is, increasing the purchasing power of available budgets.

  There may be spin-off benefits, primarily in the sharing of expertise, and such possibilities could be explored during the period of the Pilot Scheme.

2. Market Profile

- *What sort of organisations already exist to serve Victorian public libraries in this area?*

  MAPS and Co-operative Purchasing Services Ltd.

- *Is there evidence of demand for the services that will be offered by Shared Goods and Services Purchasing Scheme?*

  There has been consistent support for the concept expressed by those librarians interviewed during the course of this consultancy, however there is also a general awareness of the role of existing schemes. The results of the survey will be extremely important in establishing the general level of support for the scheme in general, target goods and services in particular, and the limitations imposed by membership of existing programmes.

3. Strategic Direction

SWOT Analysis

Strengths: - The aggregated public library spend on goods and services is of a sufficient scale to achieve benefits through co-ordinated purchase and aggregation.
Could achieve particular benefits for smaller library services which lack the purchasing power of the larger library services.
Weaknesses: Local government arrangements prescribe the freedom of some public libraries purchasing and provisioning arrangements.
Larger Library services may not see the benefit, smaller library services may be purchasing so little of anything that they might not feel the return is worth the effort.
Can be administratively cumbersome and would require change in existing practices and work flows.
Resistance to changing procedures may limit take up and benefit.
Opportunities: As arrangements are established, the more the network does, the easier it can become to aggregate purchasing of other goods and services.

Could be extremely significant in implementation of new waves of technology – eg RFID.
Strategic positioning opportunities
Threats: Local Government arrangements and requirements.
MAPS scheme (Melbourne Areas Purchasing Scheme).

Mission Statement

To maximize the purchasing power of the budgets for each library in the Victorian Public Library Network.

- *Where will Shared Goods and Services Purchasing Scheme be in 3-5 years time?*

  The Shared Goods and Services Purchasing Scheme should have progressed from the Pilot Scheme and established a routine capable of delivering the anticipated savings with a minimum of effort. With the core aim of the program being met, it should be possible to undertake a realistic examination of potential extensions of the scheme in other areas, eg skills sharing particularly in developing areas, eg RFID.

Positioning

- *Why will organisations want to support the Shared Goods and Services Purchasing Scheme?*

  All participating libraries should be able to increase their purchasing power through the realisation of higher discounts and also share expertise in specific areas. Smaller libraries should benefit significantly.

- *How are the services offered by Shared Goods and Services Purchasing Scheme substantially different from those of other schemes?*

  The aggregation of purchasing power will provide libraries with a significantly better bargaining position in negotiating discounts on goods and services either inadequately covered by other schemes or where such negotiations (and resultant expertise) are more appropriately handled directly by libraries.

Strategy Highlights

- *What are the major things that we will need to achieve in order to get the Shared Goods and Services Purchasing Scheme from a plan to a reality?*

  - Gain acceptance of the VICLINK group that this is worthwhile undertaking and represents value for the initial investment.
  - Empower VICLINK secretariat to progress
  - Publicise the scheme and establish a clearing-house for potential goods and services
  - Identify possible goods and services suitable for initial trials
  - Encourage libraries to participate in the Pilot Scheme
  - Review the performance of the Pilot Scheme

4. Finance

- *What are the expected income sources?*

  Initial investment from State Wide Projects fund? Office of Local Government? VICLINK?

  Ongoing costs

- *What are the anticipated setup costs?*

  Initial setup costs would be subsumed in the costs of running the secretariat which would need to allow the following:

Overheads	$2,500
Staff salary for 9 months	$15,000
Total	$17,500

- *What are the anticipated ongoing costs?*

  Ongoing costs would include:

Overheads	$3,500
Staff salary for 12 months	$20,000
Total	$23,500

The Plan

OBJECTIVE	ACTION REQUIRED	WHO	WHEN
Establish Scheme	Decision taken to proceed with Shared Goods and Services Purchasing Scheme	VICLINK Executive	August
Establish Pilot Scheme	Parameters of Pilot Scheme established	VICLINK Executive	August
	Broad area of Pilot Scheme identified	VICLINK Executive	August
	Pilot Scheme publicized among libraries, clearing-house for ideas established	VICLINK secretariat	September
	Individual purchasing projects undertaken as developed	VICLINK secretariat or secretariat in conjunction with nominated libraries	Oct - May
	Reporting and performance appraisal	VICLINK secretariat, Participating libraries	Nov – May
Evaluate Pilot Scheme	Review of performance of Pilot Scheme	VICLINK secretariat, Participating libraries, VICLINK Executive	Nov – May
Establish Scheme	Decision taken to continue, expand or terminate.	VICLINK Executive	June

Financial Plan Year one

INCOME SOURCE	ANTICIPATED AMOUNT
Initial start up investment	17,500
Total	17,500

EXPENDITURE ITEM	ANTICIPATED AMOUNT
Staff salary for 9 months	15,000
Overheads	2,500

Milestones

August	Decision taken to proceed with Shared Goods and Services Purchasing Scheme Broad area of Pilot Scheme identified Parameters of Pilot Scheme established
September	Pilot Scheme publicized among libraries, clearing-house for ideas established
Oct - May	Pilot Scheme begins Individual areas for inclusion identified and developed Negotiations with vendors
Nov – May	Reporting and performance appraisal
June	Review of performance of Pilot Scheme Decision taken to continue, expand or terminate.

Library Shop Business Plan

1. Business Profile

Business Overview

At the **2001 – 2010, Library Odyssey, Kalorama, 7 – 9 March 2001**, one of the five key areas identified for further development was the concept given the working title of "VICLINK Inc." Notions of what "VICLINK Inc" might do ranged widely, but there was a shared sense that there was untapped commercial potential somewhere latent in the positioning of the Victorian Public Library Network.

Much of the discussion in the consultations for this report revolved around the VICLINK Inc concept, with some scepticism expressed at the real potential of Public Libraries to "do business". For example, some of those consulted observed that Libraries are not currently well set for commercial actitivies, in such areas as staffing and cash handling capabilities. Some observed the complexity, scale and effort required to deliver a worthwhile return.

In the course of consultation and discussion, and as one way of addressing some of the concerns and limitations articulated, the broad concept of a "Library Shop" has evolved. The Library Shop concept draws upon such examples as the ABC, National Geographic, Museum, National Gallery of Victoria , Aquarium and Australia Post shops. In each of these instances, products which are broadly related to the hosting organisation are provided on a commercial basis.   These retail activities can yield a significant return to the host organisation. In some instances, the retail offering expands the reach and reinforces the positioning of the host organisation. For example, slightly more than half of the $14.3 million cash contribution raised by ABC enterprises in 1999-2000 came from retail sales through the 32 ABC Shops and online sales. The ABC Online shop was rated the 9th most popular online shop by Australians in 1999. In addition to the welcome cash contribution, the ABC shops significantly expand the reach and recognition of the ABC's cultural products...[1]

As Alan Bundy is fond of reminding us, more Australians use Public Libraries than watch or listen to the ABC. Australia Scan tells us that Public Libraries are only slightly less frequently visited than Post Offices.   Australia Post shops seem to draw mostly upon the high volume of visits to sell their range of loosely related merchandise. These examples and the presence of a number of propitious pre-conditions seem to suggest that there may be a potential niche for some form of a Library Shop.

Like VICLINK Inc, the possible manifestations of the Library Shop suggested have varied widely.

Product lines might include but would not be limited to: products related to reading – magnifying glasses, reading lights, book marks, books – including best sellers, travel, tourism and health books, genealogy books, gardening and homemaking books,   books about books, merchandise related to books (eg the Harry Potter Dolls), stationery, t-shirts, educational toys, Australian tourist and souvenir products, materials from other cultural institutions, franchised materials from ABC Enterprises, prepaid ISP accounts.   A significant proportion of mechandise can be provided on a licenced, franchised or "sale or return" basis, reducing the level of investment and risk incurred in the enterprise.

Physical location: At one extreme, the Library shop is conceived as a physical location or locations, like a National Geographic or ABC shop. It is final not connected to a specific library

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[1] ABC Annual Report 1999-2000, http://abc.net.au/corp/ar00/section1.pdf

location but rather located in a high traffic retail area – preferably one which currently without an ABC shop or a National Geographic shop. The aim is draw custom on the basis of the generally positive associations in the potential customers' minds between public libraries and the shop, and to encourage customers to consume as a way of supporting the public library network.

Virtual Shop: At another extreme, the Library Shop has been conceived essentially as a virtual entity, which offers access to the range of library related product either via online or print catalogue, but without any physical retail outlet.   Again, this entity draws upon positive customer association and the desire to support the network.

The Onsite Cabinet: The third major variation is the concept of the library shop as some sort of cabinet stocked with a range of high volume library related products and located somewhere on the premises of participating libraries.   In effect, participating libraries provide a small percentage of their floor space to a mini Library Shop outlet, which is stocked and supplied centrally. Participating libraries handle the transactions.

A number of commercial models might be deployed to achieve any or all of these manifestations of the Library Shop. Three main possibilities should be considered:

- A business arm, like ABC Enterprises, could be established within VICLINK to wholly own and manage the Library Shop.
- An individual, enterprising library corporation, or a group of enterprising library corporations, could take on the Library Shop on behalf of the wider network.
- VICLINK could enter into a licensing arrangement with 1-2 commercial partners who would manage the activity in return for an agreed percentage of the turnover.

Recommended Strategy - activity

Based on our consultations, the establishment of the Library Shop as a physical location would not currently find sufficient support amongst the VICLINK membership. However, a much lower initial investment could trial the concepts of the Library Shop onsite cabinet and the virtual Library Shop.

Recommended Strategy – business model

What model then would be optimal to develop a pilot trial of the Library Shop onsite cabinet and the virtual Library Shop?

Entering into a licensing agreement with one or two commercial partners - who would take responsibility for purchasing, distribution, web site, and marketing - would offer the lowest level of risk, but also potentially the lowest level of return. This sort of arrangement runs the risk of fragmenting into individual arrangements between individual library services and potential commercial partners, such as has occurred, for example, with the arrangements for internet pay per use kiosks.

Encouraging an individual enterprising library to take on the core operations of the library shop is attractive but would involve some of the same complexities as entering into licensing arrangements with external commercial partners. This option should be explored however for the purposes of articulating the business plan for the Library Shop pilot, the Business Arm option is recommended.

The VICLINK Business Arm option would yield potentially the highest return to the network. It is also the highest effort, highest initial investment and highest risk, and represents the greatest stretch from the current position and capabilities of the library network.

In line with the general philosophy of this report, the approach recommended is the most modest and low risk pilot possible, consisting of the following main elements:

- VICLINK should establish a business unit whose primary task will be the implementation of the Library Shop pilot.
- A group of library services should trial the Library Shop onsite cabinet concept.
- Each VICLINK participating member website should actively promote the virtual Library Shop site.
- A print catalogue of goods for the Library shop should be created and distributed through trial library branches.
- VICLINK should establish the corporate structures required to trade and should work through the arrangements necessary to distribute returns to the network on an equitable basis.

These arrangements are described in more detail below.

Recommended Strategy - Governance

As VICLINK is currently established as a Not for Profit Association under the Associations Incorporation Act, 1981, it is able to undertake most of the activities outlined in this report.

The Incorporated Association structure offers adequate legal protection for members and officers of the undertaking, and provides scope for VICLINK to employ staff and acquire equipment.

The main constraint of the Incorporated Association structure concerns the ability of the association to return a dividend to its members – "An incorporated association can make a profit as long as that profit is not divided amongst any of its members".

For all of the activities outlined in this report, the no trading restriction will become significant should VICLINK wish to pursue the "Library Shop" concept.

An appropriate alternative structure which would address this issue would be a Co-operative, described on the Consumer and Business Affairs Victoria Web Site as:

> a body with legal status (it can purchase property, sue and be sued etc) that is formed and controlled by members for the common interests of the members. Co-operatives for a specific purpose such as running a kindergarten or producing a service eg: a wine club. Hence, Co-operatives are a more formal type of incorporation than associations and are more related to the conduct of a business activity though the main purpose is not profit for its members as with a company, but to advance the Co-operatives activities.

Should VICLINK wish to pursue the Library Shop option, steps will be required to establish this or an alternative appropriate corporate structure.

- *What services will the Library Shop offer?*

In the first instance, the Library Shop will :

- Provide a retail trading structure and platform for the VICLINK membership

- Retail a selected range of library related products through a virtual store and through cabinets stocked with high return high turnover merchandise

- *- How will the Library Shop operate?*

In the first instance, the Library Shop will:

- Distribute selected goods through online, catalogue, mail order and phone order.
- Distribute selected goods through the provision of cabinets of goods located in libraries.

- *What other services could the Library Shop offer to members?*

Once established, the Library Shop could expand the range of products provided, and offer a platform for expanding the role and penetration of the Victorian Public Library Network. Sale of targeted product lines could assist in attracting specific user groups to the library. While the primary strategy is of a small range of high yield product, greater diversification to meet library specific goals and aspirations may be possible once the activity is established.

Once the capacity and arrangements for the Library Shop are established, a wide range of opportunities and potential partnerships becomes available.

Developing a commercial capacity will in its own right be a powerful learning and capacity building exercise for the public library network, with substantial ancillary benefits.

2. Market Profile

- *What sort of organisations already exist to serve Victorian public libraries at a state level and nationally?*

There is no comparable entity to the Library Shop. Individual library services sell products such as chocolate, sweets and carry bags. Attempts have been made to stock and sell selections of best sellers.

- *Is there evidence of demand for the services that will be offered by the Library Shop?*

The success of entities like the ABC shop, the National Geographic shop and the Post Office Shop indicate that there is a potential market for the range of products and for the positioning. Hard evidence of the demand for the methods of distribution will need to be tested, hence the staged pilot suggested in this plan.

3. Strategic Direction

SWOT Analysis

Stengths :
- Takes advantage of the public library feel good factor – the public trust/perception of libraries (which would have to be protected)
- Libraries have a natural distribution network covering the state
- Takes advantage of the high level of traffic through libraries.
- Offers a range of levels at which Library services and branches could choose to participate (Big cabinet, small cabinet, virtual link only on Library Website and catalogues available in library locations.
- Libraries business is not too far removed from some components – there is available expertise and strong market knowledge of what's popular, and skills in acquiring and making available product.

Weaknesses
- Level of initial investment and effort required to trial the concept
- Requires skills and mind set which are not usually associated with Public Libraries.
- The lack of business processes and structures to handle and distribute profit .. or loss.

Opportunities:
- Could act as a test-bed (or a way into the market) for other schemes, eg some sort of expanded book club scheme or local history products
- Could act as a distribution outlet for other cultural agencies in the state and around Australia.
- Could enter into franchise agreements with ABC shop, NG shop etc.

Threats:
- While the enterprise is designed to make money for the network, it also may loose money = need for tight control and a clear awareness of level of exposure which VICLINK is prepared to enter into.
- May cause problems at local level with commercial suppliers who may perceive that the library is competing with their business = Need to ensure that all competitive neutrality and competition policy guidelines are complied with.
- Trading in the temple 1: an increased commercial presence may unsettle some staff and current stakeholders and users, as it may not be perceived as part of the libraries role
- Trading in the temple 2: an increased commercial presence may cause confusion between free and public good activities, and retail activities.

Mission Statement

Beat the ABC Shop.

- ***Where will Library Shop be in 3-5 years time?***

  Ideally, in 3-5 years, the Library Shop will have an established track record of steadily expanding cash contributions back to the participating members. It will have established the processes to identify, distribute and market appropriate product ranges, and it will significantly enhancing the prestige and the capacity of the Victorian public library network. It may have established outlets in physical locations or co-locations with new library outlets.

Positioning

- ***Why will organisations want to support the Library Shop?***

  This undertaking must deliver clear net benefits to the VICLINK membership and must achieve sustainability, and must unequivocally support the activities of the Victorian Public Library Network.

- ***How are the services offered by Library Shop substantially different from those of other sector associations?***

  In Australia, shops are attached to the National and most State libraries, to most museums and cultural institutions, and to some TAFE Libraries. The key points about all these shops are that they are proximate to their host organisations, and that they are operated for the benefit of the host organisations.   The Library Shop is not substantially different in essence from the activities in other sectors, which in essence is a good argument for its potential viability.

Strategy Highlights

- *What are the major things that we will need to achieve in order to get the Library Shop from a plan to a reality?*

The Library shop is the most complex and challenging of the activities outlined in this report. Substantial detailed planning will be required to implement it.

Major steps will include:

- Gain acceptance of the VICLINK group that this is worthwhile undertaking and that the process and proposed arrangements are satisfactory
- Empower VICLINK working group to progress
- Establish the necessary corporate structure and business processes
- Establish the VICLINK business arm
- Work through desirability and arrangements for use of Libraries Victoria branding
- Enter into negotiations with trial library services
- Develop and trial product offering
- Establish virtual shop
- Review
- If successful, expand.

4. Finance

- *What are the expected income sources?*

    VICLINK should approach DOI and LBV with a view to obtaining the startup investment to conduct the trial. Alternative funding sources, such as proceeds from other fund raising activities outlined in this document, could also be considered if necessary.

- *What are the anticipated setup costs?*

An initial seed funding amount of $40,000 would be required to pilot the venture.

- *What are the anticipated ongoing costs?*

Below is a very simple projection model based on the following assumptions:

- Project management of the activity does not increase with volume over the period.
- Staffing – ordering, stocking, distributing, filling orders, maintaining the web site – grows less than volume
- Volume stays static at wholesale 10K sale of stock per site per six months (including online sales)
- Return is at a rate of 33% on sales.
- An additional 3 sites are added each six months.
- Percentage of merchandise is provided on "Sale or Return" or similar basis

Total Number of cabinets	3	6	12	20
Expenditure	2002-2003		2003-2004	
	first half	second half	first half	second half
Cabinets etc	3000	3000	6000	8000
Legal and insurance (to establish Coop)	4000	500	500	500
E-commerce enabled web site	4000	200	200	200
Project management	15,000	10,000	10,000	10,000
Staff	5,000	5,000	7,000	7,000
cost of goods	10,000	27,000	50,400	84,000
TOTAL Expenditure	41,000	45,700	74,100	109,700
Income				
sales	15,000	45,000	84,000	140,000
Seed funding	30,000	20,000		
Carry forward		4,000	23,300	33,200
TOTAL Income	45,000	69,000	107,300	173,200
Profit/Loss	4,000	23,300	33,200	63,500

Seed capital return on this model within 2 years. Projection for significant future returns based on established capacity.

The Plan

OBJECTIVE	ACTION REQUIRED	WHO	WHEN
Acceptance by VICLINK Exec	Discussion at Exec	Consultants, VICLINK Exec	July 2002
Gain acceptance of the VICLINK group that this is worthwhile undertaking and that the process and proposed arrangements are satisfactory	Presesentation to VICLINK group Individual discussion with Public Library managers.	Consultants, VICLINK Exec	August 2002
Empower VICLINK working group to progress	Decision at VICLINK Meeting	VICLINK	August 2002
Establish the necessary corporate structure and business processes	Legal Advice, preparation of documentation, communication with VICLINK membership Sign off.	Working Party	October 2002
Establish the VICLINK business arm	Decision to establish	VICLINK Exec, VICLINK?	August 2002
Work through desirability and arrangements for use of Libraries Victoria branding	Discussion with VICLINK Statewide Marketing group	Business Arm, VICLINK Working Party	September 2002
Enter into negotiations with trial library services	Discussions with volunteer libraries	Business Arm, VICLINK Working Party	September 2002
Develop and trial product offering	Deploy stock utilising purchasing, distribution mechanisms	Business Arm, VICLINK Working Party	November 2002
Establish virtual shop	E-commerce enabled site established, catalogue printed, order taking and filling mechanisms in place	Business Arm	November 2002
Review If successful, expand	Review performance monthly leading to decision points at 5 and 11 months to deploy further outlet points as required.	VICLINK EXEC, VICLINK Working Party, Business Arm	March 2003, August 2003

Financial Plan Year one

INCOME SOURCE	ANTICIPATED AMOUNT
Initial start up investment	50,000
Sale of goods	60,000
Total	110,000

EXPENDITURE ITEM	ANTICIPATED AMOUNT
Cabinets etc	6000
Legal and insurance (to establish Coop)	4500
E-commerce enabled web site	4200
Project management	25000
Staff	10000
cost of goods	37000
TOTAL Expenditure	86700

Milestones

July 2002	Acceptance by VICLINK Exec
August 2002	Gain acceptance of the VICLINK group that this is worthwhile undertaking and that the process and proposed arrangements are satisfactory
August 2002	Empower VICLINK working group to progress
October 2002	Establish the necessary corporate structure and business processes
August 2002	Establish the VICLINK business arm
September 2002	Work through desirability and arrangements for use of Libraries Victoria branding
September 2002	Enter into negotiations with trial library services
November 2002	Develop and trial product offering
November 2002	Establish virtual shop
March 2003,	Review
August 2003	If successful, expand

Grants Office Business Plan

1. Business Profile

Business Overview

"While other factors identified in the research can help or hinder success, if the manager is not constantly scanning for opportunities, little else will follow."

Jill Best, Supporting the public library entrepreneur

In the course of discussions conducted as part of this consultancy, the idea of an administrative unit - entitled something like "Grants Office" or "Government program application developer" whose function it would be to identify and develop submissions for grants, sponsorships or partnerships was suggested by several of the industry experts to whom we spoke. The Victorian Public Library network has already achieved some spectacular successes in tapping into Government program funding from both State and Commonwealth portfolios not traditionally linked to library service delivery. The Country Public Librarians Group, together with SLV/VICNET, has successfully developed submissions for over $4 million, and VICLINK in 1995 obtained $1.6 million from the Community Support Fund. Public Libraries in other states have achieved similar results.

Libraries, universities, hospitals, and many other kinds of organizations have created positions for "development professionals" - over 30 public libraries in the USA have full-time development officers. The importance of this role is noted across library sectors:

> Successful fundraising takes time, resources, and commitment. The program itself needs a chance to mature, and the development officer and the director of the library need to focus their energies on the task at hand. The more time the development officer can focus on fund-raising, the greater the chance for success.[2]

Example: Fairfax County Public Library, Virginia
http://www.co.fairfax.va.us/library/grants.htm
Fairfax County is much celebrated for the extent to which it has established fund-raising as an organized integral function of its library management and as a dimension of every aspect of the library's operation. A key component of its fund-raising strategy is its "Grants office" which identifies and pursues strategic funding opportunities.

▪ *What services does the Grant office offer?*

The Grants Office will

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[2] Irene M. Hoffman, Amy Smith, Leslie Dibona. "Factors for Success: Academic Library Development Survey Results." **Library Trends**, Wntr 2000 v48 i3 p540

- Establish information networks and relationships to ensure that the Victorian Public Library network is aware of and considered for appropriate government, philanthropic or corporate funding opportunities.
- identify strategic program and other funding opportunities for the Victorian Public Library network, or for subsets or individual libraries within that group.
- Develop responses and submissions to appropriate funding opportunities
- Implement strategies to maximise the potential benefit which will flow to Victorian Public Libraries from available program funding.
- Assist with the operationalisation of programs funded.

- *- How will Grants office operate?*

The Grants office will consist primarily of a suitably experienced staff member, plus administrative support. This dedicated staff could be co-located with the proposed VICLINK secretariat, with a host library service, or the services could be obtained on a contract home office basis.

Reporting line should be to the Enterprise Sub-committee of the VICLINK Executive in the first instance. The Grants officer should attend all VICLINK and CPLG meetings and report as appropriate

The Grants officer will maintain a section of the Infonet and will use electronic means of communication with VICLINK membership as appropriate.

The Grants Office will develop regular networking and information exchange opportunities with officers from OLG, State Wide Projects Marketing Group, the Library Network Unit, SLV, MAV, VLGA, VICNET, Office of Community Building – DPC, PLA, ALIA, NOIE, FACS and other portfolios.

- *What other services could Grants office offer to members?*

The Grants office would

liaise and provide input into the Marketing SWP, to ensure that marketing efforts maximize potential resource outcomes for the library network and its constituent parts.
 Provide input into VICLINK strategic planning.

Promotion of Victorian Public Library Network in Commonwealth State and Local Government portfolios –" being there"

2. Market Profile

- *What sort of organisations already exist to serve Victorian public libraries at a state level and nationally?*

To date, most activity has been ad hoc – based upon individuals within the network becoming aware of opportunities and developing means to respond.

Program funding tends to be geographically based, and while different state networks exchange information on a collegial basis, we are unaware of any co-ordinated national or intra-state efforts currently underway.

- ***Is there evidence of demand for the services that will be offered by the Grants Office?***

  Success and take up of previous grant applications developed by VICLINK and CPLG indicates that there is a reasonable level of comfort across the VICLINK membership with this approach. Naturally, any applications for program funding must dovetail with the strategic priorities of public libraries to earn this support.

3. Strategic Direction

SWOT Analysis

Strengths : Library positioning as indicated by AustraliaSCAN and other studies. Perception by (some in) government that Libraries have a bridgehead into community. Track record of programs delivered by the Public Library Network.
Weaknesses: Developing successful program applications is a process which ften has a long lead time, and for which there is no certainty of success. Estimates for the ratio of successful applications to applications lodged vary around 2 successes for every 6 applications made.
Needs range of skills to implement
Elements of library network may be resistant to new programs
Capacity of elements of the library network to implement new programs
Reduction in certainty about staffing arrangements as the office is dependent upon unpredictable cycles.
May have difficulty identifying a candidate with required skills and expertise to fill the position.
Opportunities: Large range of potential programs across tiers of government – opportunities to attract significant additional funding to meet strategic public library priorities.
Strategic positioning opportunities
Opportunities to follow up unsuccessful applications
Opportunities to develop a database of application ready data and program submission boiler plate to increase efficiency of application processes.
Opportunities to share information better to the library network.
Threats: Mission drift – chasing program funding takes libraries away from core business unless aligned closely with priorities.
Implementation may risk other service delivery capacity.
Programs and service delivery must be re-charged at full economic cost not subsided by Public Library Service.
Long lead time might mean that Grants Office does not achieve full sustainability within the designated period.

Mission Statement

To maximize benefits from available Government, corporate and philanthropic funding programs and schemes to strategically develop priority areas of the Victorian Public Library Network.

- *Where will Grants Office be in 3-5 years time?*

  Ideally, in 3-5 years, the Grants Office will have an established base of successful applications for funding programs upon which to leverage further funding submissions, and will have smoothly operating processes and structures in place to ensure the ongoing management of funding and political cycles.

Positioning

- *Why will organisations want to support the Grants Office?*

  This undertaking must deliver clear net benefits to the VICLINK membership and must achieve sustainability.

- *How are the services offered by Grants Office substantially different from those of other sector associations?*

  The Grants Office takes a function which has been admirably preformed within the available capacity of the VICLINK and CPLG groups, and seeks to develop it further. It is a development of an existing activity.

Strategy Highlights

- *What are the major things that we will need to achieve in order to get Grants office from a plan to a reality?*

- Gain acceptance of the VICLINK group that this is worthwhile undertaking and represents value for the initial investment.
- Empower VICLINK working group to progress
- Identify possible start up funding sources. State Wide Projects fund? Office of Local Government? VICLINK?
- Develop position description and staffing arrangements
- Establish accommodation arrangements with host organisation
- Fill position
- Acquire equipment, establish payroll and HR arrangements.
- Review

4. Finance

- *What are the expected income sources?*

Initial investment from State Wide Projects fund? Office of Local Government?
VICLINK?

Percentage (2% variable) of grants funds obtained for year one, with a total cap of
$70,000 in any one year.

- *What are the anticipated setup costs?*

Without being over-optimistic, it is not unreasonable to expect that a substantial
proportion of initial set-up costs could be recouped in year one, assuming one or two
successful major applications.

Setup period which would require funding should be for 8 months in the first
instance.

Initial setup costs would include:
Co-location rent and legal   5000
Initial equipment for staff member   3000
Travel and miscellaneous expenses   2,000
Staff salary for 8 months $45,000
Total $55,000

What are the anticipated ongoing costs?

Ongoing costs are essentially the same categories
Co-location rent and legal   7,000
Equipment support for staff member   2,000
Travel and miscellaneous expenses   3,000
Staff salary for 12 months   60,000
Total $72,000

The Plan - startup

OBJECTIVE	ACTION REQUIRED	WHO	WHEN
Warrant to proceed	Gain acceptance of the VICLINK group that this is worthwhile undertaking and represents value for the initial investment.	VICLINK Exec	July 2002
Establish working group	Empower VICLINK working group to progress	VICLINK Exec	August 2002
Start up resources	Identify possible start up funding sources. State Wide Projects fund? Office of Local Government? VICLINK?	Working group and VICLINK Exec	August 2002
Establish position and support arrangements	Develop position description and staffing arrangements	Working Group	August 2002

Financial Plan Year one

INCOME SOURCE	ANTICIPATED AMOUNT
Initial start up investment	50,000
Percentage of grants developed (3%)	30,000
Consultancy work	5,000
Total	85,000

EXPENDITURE ITEM	ANTICIPATED AMOUNT
Co-location rent and legal	7,000
Equipment support for staff member	2000
Travel and miscellaneous expenses	3,000
Staff salary for 12 months	60,000

Milestones

August	Decision taken to proceed with Grants Office
August	Hosting, staffing and financial arrangements developed Position description developed and advertisement of position.
Aug-Sept	Interview and fill position
Sept-April	Reporting and performance appraisal
May	Review of performance of Grants office Decision taken to continue or close.

The VICLINK Secretariat Business Plan

1. Business Profile

Business Overview

Developing a central capacity for VICLINK to proactively explore and pursue the opportunities outlined in this document, and a range of other opportunities as they arise. The VICLINK Statewide network is rich in creative ideas for activities which would strategically enhance the standing and operations of the network and its individual members. However, members owe their primary responsibility to their individual library services. The Secretariat will provide the dedicated time and resources required to implement complex system-wide initiatives. The VICLINK Secretariat will bring the disparate activities together under a single coordinating umbrella, which will have significant benefits in the effectiveness and efficiency with which these activities can be conducted.

Beyond the specific gains in effectiveness and efficiency, there will be significant benefits in the development of the capacity of the network to communicate, and to identify and pursue opportunities.

- *What services will the Secretariat offer?*

The Secretariat will

- Develop the communication and resource development roles of VICLINK to foster, promote and enhance inter-library co-operation.
- Co-ordinate and where appropriate manage existing and developing network wide initiatives on behalf of the VICLINK membership.
- Provide centralised financial and project management services to VICLINK network wide activities.
- Organise beneficial activities which are beyond the scope of individual libraries

- *How will the VICLINK Secretariat operate?*

The scale of the Secretariat will be dependent upon the scale and extent of the different activities to be pursued. The main capacities that the Secretariat will require will be the ability to flexibility expand, adapt and manage new ventures quickly.

The structure described in this document represents a minimum startup configuration. To avoid confusion, this model and costings below exclude the Gulliver Secretariat. This would logically be integrated under the umbrella of the VICLINK Secretariat at some future time.

The Secretariat office may be co-located with a host library service, or established on a stand alone basis. Components of the Secretariat services may be outsourced.

Reporting line should be to the Enterprise Sub-committee of the VICLINK Executive in the first instance. The Secretariat should attend all VICLINK and CPLG meetings and report as appropriate

The Secretariat will maintain a section of the Infonet and will use electronic means of communication with VICLINK membership as appropriate.

- ***What other services could Secretariat offer to members?***

The Secretariat is conceived as an evolutionary structure within which the range of activities outlined in this document, plus a wide range of other activities, could be conducted.   To illustrate the range of possible additional services, the Secretariat could:

- Provide secretarial and financial services to VICLINK Executive
- Administer some or all of the individual Statewide projects
- Administer the Statewide projects program
- Liaise with and provide Victorian representation for involvement in *Public Libraries Australia*
- Liaise on behalf of the Victorian Public Library Network with other sector bodies and with public library bodies internationally.

2. Market Profile

- ***What sort of organisations already exist to provide the sorts of services described here to Victorian public libraries at a state level and nationally?***

The Gulliver secretariat
The Statewide Projects program, co-ordinated by the State Library of Victoria's Library Network Unit, has made significant contributions to the development of the capacity of the Victorian Public Library network. Some aspects of the Statewide Projects model – particularly that of a dedicated unit of staff administering the day to day operations of activities whose strategic direction is set by the wider network - have proved very successful. Indeed, the learning and capacity development of the Statewide projects have laid the groundwork for the VICLINK Secretariat.

- ***Is there evidence of demand for the services that will be offered by the VICLINK Secretariat ?***

The example of Gulliver secretariat, of the development of VICLINK over the last 5-8 years, and the experience of the Statewide projects all indicate that the VICLINK Secretariat is a logical next step, and are indicators of the demand for the services of the Secretariat by the Victorian Public Library Network.

3. Strategic Direction

SWOT Analysis

Strengths :
More efficient and effective use of resources devoted to development of major activities.
Enhancement of the capacity and scope of VICLINK to act on behalf of its membership.
Organising projects together makes oversight and accountability much more straightforward than would be the case if activities are handled individually.
Financial and HR capacity centralised, hence cheaper, more effective and better quality.
May be easier to attract appropriately qualified staff for full time positions rather than fractions of positions which would be necessary under the disaggregated model (ie where individual projects are operated as stand alone activities.)

Weaknesses:
Potential initial issues in establishing staffing and operational arrangements and in obtaining initial funding in competition with other worthy Statewide projects.
Moving to a more intensive level of activities may not be viewed positively by all players.

Opportunities:
Build upon potential of the public library network in an integrated way
Capacity to effectively organise beneficial activities which are beyond the scope of individual libraries – eg could develop smaller scale system wide activities, such as the organisation of an annual book fair for the public library system.
Could dovetail with Gulliver Secretariat.
Could seek support from a variety of sources to whom having a dedicated Secretariat could be advantageous, eg DOI, MAV.
Could take on management of some or all of the Statewide Projects, or overall management of the Statewide projects program, on behalf of the Public Library Network.

Threats:
Managing the Secretariat is in itself an additional task for VICLINK and its executive.
Administrative overheads, in staff management, procedures etc, consume too high a proportion of the Secretariat's energies.
Sensitivities around possible lobbying activities - the roles and activities of the Secretariat would need to be clearly defined
Funders/stakeholders may not be comfortable with the development of the Secretariat unless its aims and scope are communicated clearly.

Mission Statement

To effectively and efficiently manage and co-ordinate network wide collaborative activities for the Victorian Public Library Network.

- *Where will the Secretariat be in 3-5 years time?*

  Ideally, in 3-5 years, the Secretariat will have developed the range of collaborative activities, together with the business process to effectively manage and coordinate them, as well as the capacity to develop and implement new programs and activities as opportunities arise. Within 3-5 years, the Secretariat should be returning substantial identifiable net benefit to the Public Library network, and should be a valued component of the statewide network.

Positioning

- *Why will the individual libraries want to support the Secretariat?*

  The rationale of the Secretariat is to deliver identifiable net benefits to the VICLINK membership and must achieve sustainability. The Public Libraries must be able to see a clear value proposition in the scheme, and to be comfortable that any investment of effort or resources is delivering net benefit and that any potential risks are contained and well managed.

- *How are the services offered by Secretariat substantially different from those of other sector associations?*

  In some respects, the Secretariat resembles the sorts of services offered by bodies such as the CAUL Office, CAVAL, or the Skills.net Association office. In each case, and appropriate to the scale and interests of the organisations involved, the collective membership have established a structure to pursue the interests of the collective membership and to support the collective memberships activities. CAVAL's activities, for example are:

  - Facilitating innovative information services
  - Acting as an agent in library resource-sharing
  - Fostering library cooperation
  - Representing libraries' interests appropriately

As would be expected, the specific services offered by CAVAL are closely aligned to the needs of the Victorian Academic Library membership. While the general directions of these sorts of entities are similar to the proposed VICLINK Secretariat, they are all closely aligned to the specific user groups within which they have developed.

The only entity with which there is a major potential overlap is the proposed *Public Libraries Australia* network. Immediate projects to be explored by Public Libraries

Australia for grassroots stakeholders are close to some of the activities outlined in this document, including "bulk buying of library materials" and other collaborative projects. It could be argued that effort would be better deployed towards the national body. This report recommends that it is prudent to pursue the state based arrangements described in this document, for the following reasons:

- *Public Libraries Australia* is at an early stage of its evolution and time lines are uncertain and dependent on many factors.
- There are immediate opportunities which should be pursued and which would be difficult to pursue within a wider framework (eg CAVAL – CAUL)
- Well developed local structures will enhance any national undertaking

It is important that the VICLINK Secretariat and the activities conducted under its umbrella are mindful of and, where appropriate, dovetail with the development of *Public Libraries Australia*

Strategy Highlights

- ***What are the major things that we will need to achieve in order to get the VICLINK Secretariat from a plan to a reality?***

- Gain acceptance of the VICLINK group that this is worthwhile undertaking, which represents value for the initial investment in resources and time.
- Empower VICLINK working group to progress the arrangements
- Identify and tap possible start up funding sources. State Wide Projects fund? Office of Local Government? VICLINK?
- Explore and progress accommodation and set up arrangements.
- Develop position descriptions and staffing arrangements.
- Fill positions
- Review

4. Finance

- ***What are the expected income sources?***

  Start up:

  Initial investment from VICLINK? Office of Local Government? State Wide Projects fund?

  As the Secretariat will take on the role of supporting VICLINK and the VICLINK executive, it is not unreasonable that VICLINK might make an initial contribution to symbolically at least signify its support for the undertakings.

  Office of Local Government has already contributed to establishing a secretariat function for the Gulliver consortium and could be sympathetic to approach for startup support for the Secretariat.

  While funding for the current round of Statewide projects has been agreed in principle, there may be scope to, in effect, obtain an "advance" for a contribution for start up funding for this activity. There has been a tendency for a time lag between

identification of a statewide project area and the full expenditure of funds committed to that area.

A host library might be willing to provide co-location space, HR services and network support at an attractive rate.

Ongoing:

As the Secretariat combines the other activities outlined in this document, as well as providing a layer of additional co-ordination, support and communication, a substantial proportion of ongoing funding is drawn from the individual activities which are themselves structured to be revenue positive.

- *What are the anticipated setup costs?*

Assumptions:
Aggregation across the range of activities would add up to one full time senior staff member, who would co-ordinate the activities of the Secretariat, plus in the first instance two EFT project and administrative staff.

Initial setup costs would include:

Co-location rent and legal, HR	5,000
Initial equipment for staff members	6,000
Travel and miscellaneous expenses	2,000
Component of staffing for Secretariat functions	5,000
Total	18,000

What are the anticipated ongoing costs?

Ongoing costs are essentially the same categories

Co-location rent	6,000
Equipment support for staff members	2,000
Travel and miscellaneous expenses	2,000
Staff salary for 12 months	5,000
Total	$15,000

The Plan - startup

OBJECTIVE	ACTION REQUIRED	WHO	WHEN
Warrant to proceed	Gain acceptance of the VICLINK group that this is worthwhile undertaking and represents value for the initial investment.	VICLINK Exec	August 2002
Establish VICLINK process to progress tasks	Empower VICLINK working group to progress	VICLINK Exec	August 2002
Lock in start up resources	Identify possible start up funding sources. State Wide Projects fund? Office of Local Government? VICLINK?	Working group and VICLINK Exec	August 2002
Establish position and support arrangements, accommodation	Develop position description and staffing arrangements	Working Group	September 2002

Financial Plan Year one

These figures incorporate the administrative infrastructure support costs for the other projects.

INCOME SOURCE Year One	ANTICIPATED AMOUNT
Initial start up investment	18,000
Total	18,000

EXPENDITURE ITEM Year One	ANTICIPATED AMOUNT
Co-location rent and legal, HR	5,000
Equipment support for staff members	6,000
Travel and miscellaneous expenses	2,000
Component of staffing contribution for Secretariat functions for 12 months	5,000

Milestones

August –   Decision taken to proceed with Secretariat
             Hosting, staffing and financial arrangements developed
             Position description developed and advertisement of position.

October -   Accommodation established
             Interview and fill positions

Ongoing   Reporting and performance appraisal

March   Review of performance of Secretariat
             Decision taken to continue or close.

Appendix 1: Project Brief

`BUILDING THE CAPACITY OF THE PUBLIC LIBRARY NETWORK (draft brief)

PURPOSE

Identification of new sources of funding for public library projects through research and liaison and the development of business cases for consortium purchase opportunities on behalf of the public library network.

BACKGROUND

This project is one of a number of statewide projects designed to enhance the development of the services and collections in Victorian public libraries.

Public libraries require greater certainty of financial sustainability. Existing public library funding arrangements are characterised by: parallel funding from different government departments; erratic funding in the past, historically going down; changing mix of funding with the State Government withdrawing from its past funding responsibility and non-existent guidelines, protocols or formulas for funding. It depends on the year to year goodwill of governments. It is therefore critical that the public library network investigate additional sources of funding in order to maximise the services it delivers to the public.

PROJECT OBJECTIVES

Environmental scan to identify funding opportunities.

Explore collaborative and business opportunities on behalf of the public library network.

Identify areas of demand aggregation and consortium purchasing.

Conduct analysis and feasibility studies of potential products / services

Develop business cases for potential commercial library ventures.

PROJECT OUTCOMES

Business cases for a number of identified library ventures including recommendations covering :
- Budget, funding, return on investment, cost-recovery and associated issues
- Risk management (especially financial)
- Management structure, including potential partnerships
- Marketing, audience reach
- Appropriate legal documentation and establishment of principles governing intellectual property issues
- A clear recommendation on the consolidation of parallel processes - in particular management, production and distribution

REPORTING REQUIREMENTS

The successful tenderer will report to a nominated project officer within the Library Network Unit and will be required to meet regularly with the Viclink Executive who will oversee the project.

PROJECT TIMETABLE AND MANAGEMENT

Submissions due   Friday 19 October
Interviews & selection   week starting 29 October
Presentation to
Statewide Project Steering Committee   February 2002
Presentation to VICLINK   [to be confirmed]
Final report delivered   (to be negotiated after February)

BUDGET

The total budget for the project is $30,000.

PROPOSALS

All submitted proposals must include the following:

- An outline of proposed methodology and rationale for the particular methodology chosen
- detailed fee proposals – including breakdown of costs
- details of all staff who will be involved in the project, and their role
- details of similar projects conducted and the name and contact details of two referees
- the email address for the person who is the main contact.

SELECTION CRITERIA

The consultant will be selected on the basis of relevant experience, the proposal, ability to meet timelines, costs and referees reports. A knowledge of public library operations and a proven track record in the development of business cases is essential. Established networks in the government and commercial sectors is also desirable.

SUBMISSION OF PROPOSALS

Proposals must be submitted by: **5.00pm Friday 19 October 2001**. An electronic version of the proposal should also be sent to:
Library Network Unit Manager
State Library of Victoria
328 Swanston Street
MELBOURNE   VIC   3000
Email: jpeppard@slv.vic.gov.au

INQUIRIES

All correspondence will be conducted by email and any inquiries should be emailed to Judy Peppard. Responses to questions and inquiries will be emailed to all tenderers.

Appendix 2. Summary of project presented to VICLINK meeting February 2002

Building the Capacity of the Public Library Network
12 February 2002.

Background:

In December 2001, Gary Hardy of CCNR, Monash University and Tom Dennison, Whiteroom Pty Ltd, successfully responded to a Request for Expression of Interest put out by the Library Network Unit to deliver advice on "Building the Capacity of the Public Library Network".

Purpose: Identification of new sources of funding for public library projects through research and liaison and the development of business cases for consortium purchase opportunities on behalf of the public library network.

Outcomes:
Business cases for a number of identified library ventures including recommendations covering :
- Budget, funding, return on investment, cost-recovery and associated issues
- Risk management (especially financial)
- Management structure, including potential partnerships
- Marketing, audience reach
- Appropriate legal documentation and establishment of principles governing intellectual property issues
- A clear recommendation on the consolidation of parallel processes - in particular management, production and distribution

Progress
Major activity to date has been "structured interviews with a range of industry practitioners, locally, nationally and internationally, to identify potential list of business and co-operative activities". Already a pattern is emerging with a reasonable degree of congruence between the range of activities proposed by different industry practioners. Work in progress and related documents will be posted at http://www.ccnr.net/plcb/

Survey
We will be conducting a survey of all public libraries in **early March**, to seek widest possible feedback about potential directions and priorities. Given the relatively short time frames, we'd appreciate the quickest possible turn around on these.

Input

Your thoughts and feedback are very welcome. Either email us at *tdenniso@bigpond.net.au* or garyh@vicnet.net.au or call us on (03) 9903 1178

Appendix 3: Presentation to VICLINK Executive 18 March 2002

VICLINK/Library Network Unit Session March 18th

1. What we were asked to do, how we see it, review of progress.

2. Issues and points to consider in pursuing specific initiatives and general reflections on the experience of collaborative projects in Australia

3. List of initiatives, brief description, swot.

4. Survey

5. Where to from here – Business plan contents

   Description
   SWOT
   Competitive issues
   Strategic and administrative arrangements
   Budgets and implementation costs
   Resources required
   Time frames

6. Feedback on progress and directions

Tom Denison, Gary Hardy

Building the Capacity of the Public Library Network
Overview Report. March 18 2002

"**Identification of new sources of funding for public library projects through research and liaison and the development of business cases for consortium purchase opportunities on behalf of the public library network.**"

1.   Models for Building Capacity of the Public Library Network.

- Attracting funding from government departments or agencies.
- Using co-operative purchasing schemes and collaboration .
- Developing commercial activities.

These activities could have some of the following outcomes:

- save on existing resources which can then be re-deployed;
- provide additional services which are funded via the activity;
- stem loss of custom by attracting or maintaining customers;
- provide additional untied funding;
- provide better service for the library investment - "more better for less";
- Provide better service for a greater library investment – "much more better for more".

2.   Issues

Initiatives will have to take into account:

- All initiatives would need to be on an opt-in basis
- Variations between library services in terms of size, context and budget
- Requirement for different libraries to contribute / participate at different levels
- Inability for libraries to contribute significant start-up costs from their budgets
- Need for library staff to remain focused on core activities.
- Nature of existing skill sets within public libraries
- Need for additional skills
- Existing strengths and perceptions of library services, and the need to protect them
- Lack of standard levels of service provision across the network
- Existing regional, state and national networks, and the desirablity of working with them where appropriate.
- Emerging possible APLN role as service provider and aggregator.

3.   List of initiatives

1. **Shared book purchasing**
2. **Co-operative purchasing of goods and services**
3. **Shared system use**
4. **Shared IT tech support**
5. **Shared electronic resources**
6. **The Libraries shop**
7. **Sponsorship**
8. **Business info centers / fee based services**
9. **New Government Programs Development**
10. **Local history / genealogy services**
11. **Book Fair**
12. Sale of consumables - Cafes, bookshops, stationery shops, etc
13. Secretariat for other consortiums
14. Contra deals for goods and services
15. Home delivery
16. Expanded festival (along the lines of libraries week)
17. Book clubs
18. Venue Hire

Note: Expanded overviews for activities in bold type are available in Appendix One.

4.   Survey

A survey of all public libraries in Victoria aimed at exploring basic attitudes to commercial and collaborative activities, with a particular focus on activities identified and on some of the more likely recommendations, is to be developed and sent out as soon as practicable after this session.

Contents may include:
- Budget detail – spend on materials categories, and non salary non materials buy. Main suppliers. Major projected spending.
- Any barriers (such as local purchasing requirements) to purchasing requirements
- Attitudes to shared ILMS. Current budget. Areas of concern.
- Attitudes to shared book purchasing. Specialist areas. Areas of concern.
- Satisfaction with levels of IT support. Current budget. Areas of concern.
- Commercial activities currently undertaken, or tried in the past
- Sponsorship
- (Possibly) Demographic data. (which will NOT reproduce the Public Library Survey.)

- Other areas of opportunity for co-operation, commercial activity or funding.
- Other comments

5.   Where to from here – Business plan contents

The final report will include 5 business plans developed using the following headings:
- Description
- SWOT
- Competitive issues
- Strategic and administrative arrangements
- Budgets and implementation costs
- Resources required
- Time frames

6.   Governance / Secretariat

Proper management of the initiatives under consideration will be one of the most important issues. The nature of the management arrangements will to some extent depend upon the mix of activities chosen to be developed. Our sense is that there are significant synergies across the majority of the activities identified to us to date. Considering an integrated set of activities makes much more sense than considering each in isolation. To what extent should this project be concerned with corporate and stuctural issues regarding the establishment of a VICLINK secretariat? Should this be one of the business plans?

7.   What we need from Viclink/LNU

An indication of which business plans to develop and the desired level of depth.
Feedback on directions taken
An indication of how much work should we do on recommending a management / secretariat structure.
Feedback on the outline questionnaire.
Guidance regarding milestones.

Appendix 1 : Potential Initiatives

Activity:	**Shared book purchasing**
Description :	Using the PLAIN model, libraries can join together to act as a single large purchasing group without losing their independence: members of PLAIN can maintain independent ordering of shelf ready material and have deliveries made locally. Implementation could be scaled , by starting with specialised areas
SWOT	**Stengths** : Existing example (the PLAIN model) works well Could achieve particular benefits for smaller library services who lack the purchasing power of the larger library services **Weaknesses** May require some upfront investment to implement smoothly. Resistance to changing procedures may limit take up and benefit. **Opportunities:** Increase in the purchasing power of the book vote Strategic positioning opportunities **Threats:** Larger libraries might not see sufficient advantage to pursue the scheme.
Strategic and administrative arrangements:	Could join the PLAIN service, assuming satisfactory arrangements could be established with PLAIN(initial willingness to pursue indicated) , or VICLINK could establish a parallel administrative unit.
Exists/ experience:	Co-operative book purchasing is well established in South Australia via PLAIN and has lead to significant savings for participants.

Activity:	**Co-operative purchasing of goods and services**
Description:	**Libraries collectively spend large percentage of their budget on range of similar or identical goods and services – such as stationary, photocopiers, pcs, telecommunications, pamphlets and printing, and training.**

SWOT	**Stengths** :
	    - The aggregated public library spend on goods and services is of a sufficient scale to achieve benefits through co-ordinated purchase and aggregation.
	Weaknesses
	Local government arrangements prescribes freedom of some public ibraries purchasing and provisioning arrangements.
	Larger Library services may not see the benefit, smaller library ervices may be purchasing so little of anything that they might not eel the return is worth the effort.
	Can be administratively cumbersome and would require change in xisting practices and work flows.
	Opportunities:
	As arrangements are established, the more the network does, the asier it can become to aggregate purchasing of other goods and ervices.
	Could be extremely significant in implementation of new waves of echnology – eg RFID.
	Threats:
	    Local Government arrangements and requirements
	    MAPS scheme (Melbourne Areas Purchasing Scheme)
	    APLN

Strategic and administrative arrangements:	Centralised coordination would be required to aggregate local demand.
Exists/ experience:	MAPS, Gulliver, VICNET pc and printer purchases.

Activity:	**Shared system use**
Description:	The establishment of large-scale library management systems networked between libraries, as opposed to each library having its own. There have been a range of suggestions from one ILMS for the state up to five systems with membership on a regional basis.
SWOT	**Stengths** : - Savings on software and centralized hardware / infrastructure costs - Savings on systems staff - Improved service by dedicated systems staff - Shared workload on system administration and related system tasks eg tender preparation - Standardised interface across the state - Single interface to work with when introducing / incorporating new electronic services - Standardised training for staff (and library users) - Firm platform for other collaborative work - Simplified interlending **Weaknesses -** Scalable, but not necessarily a smooth funding curve - If any libraries currently have 'savings' through running their systems on council hosts, these would be lost and be replaced by real costs - Increased telecommunications costs - Increased reliance on telecommunications - The fewer systems, the higher the telecommunications costs (as regions grow) - Difficulties in agreeing on administrative arrangements, service levels, system specs - Need for central host - Less flexibility in defining local differences / requirements - Lack of existing co-operative structure **Opportunities:** Centralised framework for purchase of peripherals (PCs, software, printers, consumables) – LASER in the UK – can facilitate local ordering and delivery at the library 'corporate' rate - May be able to partner with other schemes to bring improved bandwidth / telecommunications infrasructure to regional areas - May be possible to attract increased government support to establish **Threats:** Existing structures/arrangements/interests
Strategic and administrative arrangements:	Would need to be centralized Would need to be scalable, starting off with a core number of libraries, with others joining as desired and when their current investment has paid off Would need management committee representing all stakeholders eg mechanisms for sharing catalogue creation would need to be administered (or agreement on maintaining individual catalogues)
Exists/ experience:	Tasmania basically has one library system for all public libraries and state schools. Brisbane could be regarded another example because of the way the BCC is defined. Various regions and /or states have networked library systems in use in the US and the UK, generally confined to one sector eg public libraries, academic libraries. DOI sponsored consultancy on regional system. Metro Regional Syndicate.
Competitive issues:	Competition between system vendors should guarantee reasonable licensing conditions but no doubt would be under a consortium licensing scheme, not a "one license for all" scheme.

Activity:	**Shared IT tech support**
Description:	Improved IT support through some sort of joint contract or jointly paid-for and managed team, the aim being to provide better response times and support when problems occur.
SWOT	**Stengths** : Better quality support for IT infrastructure. **Weaknesses** Unlikely to lead to cost savings, but maybe better service / performance Significantly more difficult outside Metro area **Opportunities:** Could address support problems and real lost opportunity and staff costs which flow from these. **Threats:** Existing arrangements Unwillingness or inability of library services to pay the real cost of adequate IT support.
Strategic and administrative arrangements:	Could be administered via a secretariat or along the Gulliver model. Service to be tendered
Exists/ experience:	Some VICNET Rural Libraries Online and Libraries Online arrangements.

Activity:	**Shared electronic resources**
Description:	Expansion of Gulliver arrangements to purchase a wider range of electronic resources on a consortium basis
SWOT	**Stengths** : - Can be seen as a core activity of public libraries - Important strategically in terms of equity of access to information, and may be possible to apply for additional / special government funds - An increasing proportion of material is available in this form so moving into the area is essential - Joint purchasing should result in significant discounts - Centralised hosting should result in significant savings **Weaknesses** -Expansion of the system may place strains on the current administrative rrangements - Subscriptions are expensive - Expansion of access within libraries would require an increase in local IT nfrastructure investment - Expansion of range of databases and services may require additional training loads for staff and library users - Lack of Australian content in current offerings (an opportunity as well as a problem) **Opportunities:** -Could expand consortium to new partners and new participants in other sectors, states, and countries. - Could become the demand aggregator and consortium manager for other states **Threats:** Some libraries perceive a threat in increasing online, extra-library use of public library resources. **Budgetary pressures may cause some current members to withdraw or not participate in any expansion.** **Other providers of online content to some traditional library markets emerging.**
Strategic and administrative arrangements:	Overseen by the Gulliver group with members contributing time as part of their normal duties Administered by new Viclink Secretariat personnel. May require additional dedicated attention to identify new resource requirments across the group and potential new partners/consortium members.
Exists/ experience:	Gulliver consortium. The group has surveyed members from the point of view of identifying and prioritizing additional resources, eg there was interest in APAIS Full Text, Groves Art, Groves Music, and Gale Biography Center among others.

Activity:	**The Libraries shop**
Description:	Like the National Geographic and the ABC shop, the Library shop is essentially a place(s) where library related items – broadly conceived - could be bought. Product lines would include books, stationery, t-shirts, educational toys and products, all with a populist slant. This could take many forms comprising any, or all, of an actual shop in major outlets, eg City and/or major regional centres, Chadstone-type shopping centers. It could be franchised and it could sell franchised goods. Libraries and library branches could choose to hold some stock and/or could distribute catalogues of material which could be ordered through the branch. The library shop could also have a strong virtual presence, which could be promoted through public library gateways.
SWOT	**Stengths** : - Takes advantage of the public library feel good factor – the public trust/perception of libraries (which would have to be protected) - Libraries have a natural distribution network covering the state - Offers a range of levels at which Library services and branches could choose to participate **Weaknesses** -- Centralised administrative arrangements required - Would require a reasonable level of initial investment **Opportunities:** - Could act as a testbed (or a way into the market) for other schemes, eg some sort of expanded book club scheme or local history products - Could act as a distribution outlet for other cultural agencies in the state and around Australia. **Threats:** - May be competing with existing book shops, museum shops etc
Strategic and administrative arrangements:	Could partner with trusted institutions and/or brands May have the option of selling the 'brand' and just taking a revenue tream (a small one)
Exists/ experience:	In Australia, shops attached to National and most State libraries, most museums. In the US, PBS has a chain of 35 Stores of Knowledge, large museums and public libraries have their own shops and there are consolidated museum stores as well.

Activity:	**Sponsorship**
Description:	This can take many forms from centralized schemes eg the network seeking corporate (or philanthropic) sponsorship of the public libraries network as a whole, through to individual services or groups of services employing fundraisers, to creating special membership categories, to local businesses sponsoring specific subject areas within their local branch or on the libraries Web site. The range of ideas is huge and the potential return varies enormously, although past experience would suggest that it is difficult to tap.
SWOT	**Stengths** : - Libraries have a strong image of contributing to the public good - A variety of schemes have been successful overseas in libraries, and in Australia in other industries (eg public radio) - Libraries have public good will - Libraries have a huge user-base and so potential market - Endless range of ideas to pursue - Can result in untied funding which can be used for further strategic projects **Weaknesses** - Little history of large-scale philanthropy in Australia - Endless range of ideas to pursue - Requires investment in time and planning, with no guaranteed return - Some experience has indicated that sponsorship can be a zero sum activity - Serious fundraising/sponsorships is a big professional undertaking **Opportunities:** - 40,000 people through the doors per day has to be worth something! **Threats:** - Huge competition from other third sector organisations - SLV Foundation already active in field
Strategic and administrative arrangements:	If not administered centrally would still be most effective if there was at least some form of (central) support group which could share ideas and experiences, keep a watch for opportunities and alert libraries to them.
Exists/ experience:	A wide range of experience in attempting to obtain sponsorship, mostly with little success.

Activity:	**Business info centers / fee based services**
Description:	Setting up of resources to service business needs. Just providing information resources would be useless because larger businesses have their own access, while smaller businesses do not have time for any non-essential activity. It would need to be in conjunction with paid access to quality and highly relevant information and as part of a wider service eg monthly or bi-monthly sessions held in conjunction with local professionals who traditionally support small business – accountants, solicitors, government agencies etc who may be persuaded to provide their services in return for access to potential customers. Maybe done in conjunction with a range of other business facilites eg fax, photocopying, etc. Paid information services would need to be along the lines of "The Best Information at the Best Price," with the best price being free if possible, but paid if necessary to ensure the ongoing operation. The purpose of the service would be to improve access to information and extending the user base, so the services should not be seen as a method of generating profit.

SWOT	**Stengths** : - Brings potentially new (and strategically useful) group into the library environment
	        - Introduces user pay services that may be attractive to some other library users
	        - Introduces broader range of services
	
	Weaknesses: Australian small business does not have a history or a culture of utilising public libraries.
	- - Requires start up funding for the service itself and for marketing
	- Marketing issues in reaching small business and convincing them of the benefits
	- Major challenge to overcome the realities of small business – no time, little cash
	Opportunities: - May appeal to government and attract support in regional areas
	Threats:- May be competing with established services in some areas

Strategic and administrative arrangements:	Could be done locally with advice on strategy and support provided centrally or by informal management group (like Gulliver has now). Could partner with local groups – chambers of commerce, etc
Exists/ experience:	Past experience of public library attempts to engage small business have generally not been particularly successful.

Activity:	**New Government Program Funding Watch, Development**
Description:	Following recent trends, a large range of government projects will focus on the increasing information needs and access to information issues: content and distribution. Libraries could be in a position to take advantage or be bypassed. In reality will probably be somewhere on a spectrum, but unless actively pursued these it will be the lower end of the spectrum. Government – in the US, Europe and Australia – are recognizing the trend to moving information and services online and are trying to come to terms with how the general public can be kept in the loop. Many of the groups they are concerned with could be seen as traditional users of public libraries and overseas governments in particular are concentrating on ways that libraries can help minimise the digital divide. To some extent already happening in Australia and to some extent libraries are seen as part of the solution but more can be done. May need some repositioning / marketing from libraries to take full advantage. May need some reskilling of staff. Areas of development include lifelong education, "e-democracy", community capacity building, potential new services through some departments and potential provision of services on an agency basis, hospitals, prisons, education, employment and retraining.
SWOT	**Stengths** : Library positioning, seen by (some in) government to have bridgehead into community. Track record of programs delivered **Weaknesses:** Often has a long lead time Needs range of skills to implement Elements of library network may be resistant to new programs Capacity of elements of the library network to implement new programs **Opportunities:** Large range of potential programs across teirs of government Strategic positioning opportunities **Threats:**Mission drift – chasing program funding takes libraries away from the knitting Implementation may risk other service delivery capacity. Programs and service delivery must be re-charged at full economic cost not subsided by Public Library Service.
Strategic and administrative arrangements:	This is not simply a matter of getting a grant writer on the payroll (though this would help). Needs to key in with strategic positioning, with research and development actitivies. Needs build and to draw upon relationships with government agencies who may be potential program funders. Needs to involve the public library network or relevant component parts.
Exists/ experience:	The successful application to NTN for the "Rural Libraries Online" funding by CPLG/VICNET/OLG indicates the potential, possibilities and problems of this approach. Recent experience of the Skills.net Association which commissioned research on e-commerce uptake by rural small business, then successfully applied for NTN funding to deliver training meeting identified needs. MAV have staff on payroll specifically to give high level policy advice

Activity:	**Local history / genealogy services**
Description:	**Libraries have strengths in their local history collections which it may be possible to exploit on a commercial or at least self-funding basis, by attracting outside funding for specific initiatives. Eg This has obviously been considered previously - Victorian Local History Visualisation Study.**
SWOT	**Stengths** : - Source material exists - Libraries are a recognized source of local history material - potential market in the genealogical area, although this would be quite small when broken down by region **Weaknesses** Would require significant work to create successful products Commercial ventures in this area would carry a financial risk Level of government interest likely to be rubbery or dependent on the ifespan of specific initiatives. Would require continual watch for unding sources. **Opportunities:** - Scalable once the initial administrative arrangements have been mplemented and project scope decided **Threats:** - Local free services must be maintained
Strategic and administrative arrangements:	A centralized or co-ordinated approach would provide the most opportunities, and there could be a range of funding sources, from special initiative government funding through to arrangements with existing publishers.
Exists/ experience:	Local history materials exist in most library services. Levels of access to and exploitation of those resources vary.

Activity:	**Book Fair**
Description:	**Many public libraries combine weeding their collections with small scale fund raising through book sales. Undertaking this exercise collectively could have efficiency, financial and marketing benefits for the network. A truck or trucks could be rented for a short period of time, a venue in the city obtained (the Exhibition Buildings?) and promoted well in advance, and a small team could collect items from participating libraries. Arrangement with the pulpers in place for materials not sold.**
SWOT	**Stengths** : 　　　　Could achieve an existing task more efficiently 　　　　Could improve sales by attracting a larger potential market. **Weaknesses** No guarantee of profit. **Opportunities:** Potentially good publicity opportunity **Threats:**
Strategic and administrative arrangements:	Centralised coordination, small team paid staff for the collection and set up, paid staff to administer.
Exists/ experience:	Aggregating book sales as part of the mobile library conference has proved beneficial

Summary Sheet

Rank	Activity	Com
	Shared book purchasing	
	Co-operative purchasing of goods and services	
	Shared system use	
	Shared IT tech support	
	Shared electronic resources	
	The Libraries shop	
	Sponsorship	
	Business info centers / fee based services	
	New Government Programs Development	
	Local history / genealogy services	
	Book Fair	
	Sale of consumables - Cafes, bookshops, stationery shops, etc	
	Secretariat for other consortiums	
	Contra deals for goods and services	
	Home delivery	
	Expanded festival (along the lines of libraries week)	
	Book clubs	
	Venue Hire	
	Other – (specify)	
	Other – (specify)	

Appendix 4 . Revised proposals put to State Wide Projects Workshop Tuesday 16 April

Activity:	**VICLINK Secretariat – Aggregate Model**
Description:	Four major activies have been identified as part of the Library Capacity Building project. These are: • Shared book purchasing • Co-operative purchasing of goods and services • Government Program Funding Watch, Development • The Libraries shop Each of these activities could be conducted as a stand alone operation. The four pages attached approach each compenent independently. However, the four activities described in the attached pages would be operationalised more efficiently if bundled together. In addition, the communication and resource development roles of VICLINK as an organisation would be potentially enhanced by the development of a dedicated secretariat.
SWOT	**Stengths** : More efficient and effective use of resources devoted to development of major activities. Available capacity to develop smaller scale system wide activities, such as the organisation of an annual book fair for the public library system. Enhancement of the capacity and scope of VICLINK to act on behalf of its membership. Organising projects together makes oversight and accountability much more straightforward than would be the case if activities are handled individually. Financial and HR capacity centralised. May be easier to attract appropriately qualified staff for full time positions rather than fractions of positions which would be necessary under the disaggregated model. **Weaknesses:** Potential initial issues in establishing staffing and operational arrangements and in obtaining initial funding in competition with other worthy Statewide projects. Moving to a more intensive level of activities may not be viewed positively by all players. **Opportunities:** Build upon potential of the public library network in an integrated way Capacity to effectively organise beneficial activities which are beyond the scope of individual libraries. Could dovetail with Gulliver Secretariat. Could seek support from a variety of sources to whom having a dedicated secretariat could be advantageous, eg DOI, MAV. **Threats**: Managing the secretariat is in itself an additional task for VICLINK and its executive. Administrative overheads, in staff management, procedures etc, consume too high a proportion of the secretariat's energies. Sensitivities around possible lobbying activities - the roles and activities of the secretariat would need to be clearly defined Funders/stakeholders may not be comfortable with the development of the Secretariat unless its aims and scope are communicated clearly.
Strategic and administrative arrangements:	A variety of models could be implemented, from establishing a stand alone operation to a hosting arrangement within a participating library service. Costing below based on co-hosting, with two and a half EFT staff, one at Band 6 and one and one half at Band 7 Level plus contract staff as required.
Exists/ experience:	Numerous instances where peak professional bodies have organised and established a dedicated secretariat to further the interests of the membership. Gulliver secretariat
Proposed allocation	Staff – 1 X Band 6 and 1 x Band 7 EFT 145,000 Overheads 55,000 Legal and contract staff 30,000
	TOTAL $200,000
Notes	Time frame – one year in first instance, subject to review. Figures are based on preliminary estimates and are subject to review.

Activity:	**Shared book purchasing**
Description:	Using the PLAIN model, libraries can join together to act as a single large purchasing group without losing their independence: members of PLAIN can maintain independent ordering of shelf ready material and have deliveries made locally. Implementation could be scaled , by starting with specialised areas
SWOT	**Stengths** : Existing example (the PLAIN model) works well Could achieve particular benefits for smaller library services who lack the purchasing power of the larger library services **Weaknesses** May require some upfront investment to implement smoothly. Resistance to changing procedures may limit take up and benefit **Opportunities:** Increase in the purchasing power of the book vote Strategic positioning opportunities **Threats:** Larger libraries might not see sufficient advantage to pursue the scheme.
Strategic and administrative arrangements:	Could join the PLAIN service, assuming satisfactory arrangements could be established with PLAIN(initial willingness to pursue indicated) , or VICLINK could establish a parallel administrative unit. Could be implemented within specific specialist purchasing areas – such as purchase of LOTE materials in areas where multiple libraries are currently collecting. Whichever model is pursued, centralised coordination would be required to aggregate local demand. Project could be tendered out to a library service, contracted to a provider, or position advertised. Alternatively, activity could be delivered as part of the VICLINK Secretariat
Exists/ experience:	Co-operative book purchasing is well established in South Australia via PLAIN and has lead to significant savings for participants.
Proposed allocation	Staff – .25 X Band 6 and 5 x Band 7 EFT 43,750 Overheads 16500
	TOTAL 60,250
Notes	Time frame – one year in first instance, subject to review. Figures represent establishment phase. This will require substantial consultation support and communication. Proposed allocation represents a middle range and provisional estimate. A smaller scale trial could be arranged using a specialist area only, or a small section of mainstream order purchasing – eg, establishing a standing order airmail purchase of the Oprah Featured Books list. Figures are based on preliminary estimates and are subject to review.

Activity:	**Co-operative purchasing of goods and services**
Description:	**Libraries collectively spend large percentage of their budget on range of similar or identical goods and services – such as stationary, photocopiers, pcs, telecommunications, pamphlets and printing, and training.**
SWOT	**Stengths** : 　　　　- The aggregated public library spend on goods and services is of a sufficient scale to achieve benefits through co-ordinated purchase and aggregation. **Weaknesses** Local government arrangements prescribes freedom of some public libraries urchasing and provisioning arrangements. Larger Library services may not see the benefit, smaller library services may be urchasing so little of anything that they might not feel the return is worth the effort. Can be administratively cumbersome and would require change in existing ractices and work flows. **Opportunities:** As arrangements are established, the more the network does, the easier it can ecome to aggregate purchasing of other goods and services. Could be extremely significant in implementation of new waves of technology – eg FID. **Threats:** 　　　　Local Government arrangements and requirements 　　　　MAPS scheme (Melbourne Areas Purchasing Scheme) 　　　　APLN
Strategic and administrative arrangements:	Centralised coordination would be required to aggregate local demand. Project could be tendered out to a library service, contracted to a provider, or position advertised. Alternatively, activity could be delivered as part of the VICLINK Secretariat
Exists/ experience:	MAPS, Gulliver, VICNET pc and printer purchases.
Proposed allocation	Staff – .25 X Band 6 and 5 x Band 7 EFT　　　　43,750 Overheads　　　　16,500 Legal　　　　　6,000
	TOTAL　　　　66,250
Notes	Time frame – one year in first instance, subject to review. Figures represent establishment phase. This will require substantial consultation support and communication. Figures are based on preliminary estimates and are subject to review.

Activity:	**New Government Program Funding Watch, Development**
Description:	Following recent trends, a large range of government projects will focus on the increasing information needs and access to information issues: content and distribution. Libraries could be in a position to take advantage or be bypassed. In reality will probably be somewhere on a spectrum, but unless actively pursued these it will be the lower end of the spectrum. Government – in the US, Europe and Australia – are recognizing the trend to moving information and services online and are trying to come to terms with how the general public can be kept in the loop. Many of the groups they are concerned with could be seen as traditional users of public libraries and overseas governments in particular are concentrating on ways that libraries can help minimise the digital divide. To some extent already happening in Australia and to some extent libraries are seen as part of the solution but more can be done. May need some repositioning / marketing from libraries to take full advantage. May need some reskilling of staff. Areas of development include lifelong education, "e-democracy", community capacity building, potential new services through some departments and potential provision of services on an agency basis, hospitals, prisons, education, employment and retraining.
SWOT	**Stengths** : Library positioning, seen by (some in) government to have bridgehead into community. Track record of programs delivered **Weaknesses:** Often has a long lead time Needs range of skills to implement Elements of library network may be resistant to new programs Capacity of elements of the library network to implement new programs **Opportunities:** Large range of potential programs across teirs of government Strategic positioning opportunities **Threats:**Mission drift – chasing program funding takes libraries away from the knitting Implementation may risk other service delivery capacity. Programs and service delivery must be re-charged at full economic cost not subsided by Public Library Service.
Strategic and administrative arrangements:	This is not simply a matter of getting a grant writer on the payroll (though this would help). Needs to key in with strategic positioning, with research and development activities. Needs build and to draw upon relationships with government agencies who may be potential program funders. Needs to involve the public library network or relevant component parts. A substantial portion of a skilled staff member's time required to adequately establish this activity. The activity could be tendered out to a library service, contracted to a provider, or position advertised. Alternatively, activity could be delivered as part of the VICLINK Secretariat.
Exists/ experience:	The successful application to NTN for the "Rural Libraries Online" funding by CPLG/VICNET/OLG indicates the potential, possibilities and problems of this approach. Recent experience of the Skills.net Association which commissioned research on e-commerce uptake by rural small business, then successfully applied for NTN funding to deliver training meeting identified needs. MAV have staff on payroll specifically to give high level policy advice
Proposed allocation	Staff – .25 X Band 6 and 5 x Band 7 EFT 43,750 Overheads 16,500 Legal 6,000
	TOTAL 66,250
Notes	Time frame – one year in first instance, subject to review. Figures represent establishment phase. This will require substantial consultation support and communication. Figures are based on preliminary estimates and are subject to review.

Activity:	**The Libraries shop**
Description:	Like the National Geographic and the ABC shop, the Library shop is essentially a place(s) where library related items – broadly conceived - could be bought. Product lines would include books, stationery, t-shirts, educational toys and products, all with a populist slant. This could take many forms comprising any, or all, of an actual shop in major outlets, eg City and/or major regional centres, Chadstone-type shopping centers. It could be franchised and it could sell franchised goods. Libraries and library branches could choose to hold some stock and/or could distribute catalogues of material which could be ordered through the branch. The library shop could also have a strong virtual presence, which could be promoted through public library gateways. In the first instance, this proposal would develop further preliminary business case developed as part of the Library Capacity Building project.
SWOT	**Stengths** : - Takes advantage of the public library feel good factor – the public trust/perception of libraries (which would have to be protected) - Libraries have a natural distribution network covering the state - Offers a range of levels at which Library services and branches could choose to participate **Weaknesses** -- Centralised administrative arrangements required - Would require a reasonable level of initial investment **Opportunities:** - Could act as a testbed (or a way into the market) for other schemes, eg some sort of expanded book club scheme or local history products - Could act as a distribution outlet for other cultural agencies in the state and around Australia. **Threats:** **-** May be competing with existing book shops, museum shops etc
Strategic and administrative arrangements:	Could partner with trusted institutions and/or brands May have the option of selling the 'brand' and just taking a revenue stream (a small ne) The preliminary stage will thoroughly establish governance and liability arrangements and progress potential partners and operational arrangements
Exists/ experience:	In Australia, shops attached to National and most State libraries, most museums. In the US, PBS has a chain of 35 Stores of Knowledge, large museums and public libraries have their own shops and there are consolidated museum stores as well.
Proposed allocation	Staff – .25 X Band 6 and 5 x Band 7 EFT 43,750 Overheads 16,500 Legal 6,000
	TOTAL 66,250
Notes	Time frame – six months in first instance, subject to review. Figures represent allocation for extended negotiation and development of plans and arrangements. Figures are based on preliminary estimates and are subject to review.

Appendix 5. Consultations.

Craig Anderson	Yarra Plenty Regional Library Service.
Elizabeth Jackson	Hume Moonee Valley Regional Library Service.
Julie Rae	Central Highlands Regional Library Corporation
Frances Awcock,	CEO and State Librarian, State Library of Victoria
Shane Cathcart,	PLAIN
Professor Don Schauder,	School of Informations Systems and Management, Monash University
Guy Wilson	Regional Ethnic Services Librarian, Hume-MooneeValley Regional Library Corporation
Chris Payne	Mitchell Public Library Service
Barb Horn	Yarra Melbourne Regional Service
Derek Whitehead	Chief Librarian, Swinburne
Clare Hargreave	Policy Officer, MAV
John Binnion	Eastern Regional Library service
Brendan Fitzgerald	VICNET
Frances Savage	VICNET
Diane Costello	Executive Officer, Council of Australian University Libraries
Patrick Moriaty,	OurCommunity.com

Appendix 6. Questionnaire

BUILDING THE CAPACITY OF THE PUBLIC LIBRARY NETWORK

Questionnaire

The attached questionnaire has been designed to gather some basic attitudinal information to feed into the "Building the Capacity of the Public Library Network" consultancy. This consultancy has been developed and is being overseen by the Library Network Unit, State Library of Victoria. The purpose of this consultancy is to identify new sources of funding for public library projects through research and liaison, and the development of business cases for consortium purchase opportunities on behalf of the public library network.

Given the structure of the public library network in Victoria it is recognized that all strategies recommended in the final report of the consultancy will need to operate on a completely voluntary opt-in basis.

All data from this questionnaire will be aggregated and no data about any specific library service will be made available

We would appreciate it if you could take the time to complete the report and return it to Gary Hardy, at the address below, by Friday May 17.

Alternatively, an online version of the form is available at
http://www.whiteroom.com.au/viclink

Centre for Community Networking
School of Information Management and Systems
Monash University, Caulfield Campus
PO Box 197
Caulfield East, Victoria 3145
Australia

BUILDING THE CAPACITY OF THE PUBLIC LIBRARY NETWORK

Questionnaire

Name and contact details

> …………………………………………………………………………………
> …………………………………………………………………………………
> …………………………………………………………………………………

Library Service

> …………………………………………………………………………………

Position

> …………………………………………………………………………………

Section 1.   Co-operative book purchasing

In this scenario, libraries could join together to act as a single large purchasing group to achieve volume discounts, possibly using the PLAIN service as a model. Libraries would maintain complete independence in ordering shelf ready material and have deliveries made locally. Implementation of such a scheme could be scaled, starting with specialised areas and expanding as desired.

1.   Would your library be interested in joining such a scheme?

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2.   Who are your main suppliers (up to 3)?

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3.   Are there any barriers which might preclude your involvement in principle?

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4.   Would you have any objections to joining the PLAIN service if this was possible, rather than establishing a parallel service in Victoria?

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> …………………………………………………………………………………

5. **What types of material would you be most interested in exploring? (Choose all that apply)**

☐

Standard print books	**Adult fiction**
Large print books	**Adolescent fiction**
Audio books	**Children's fiction**
Video cassettes	**Reference**
CD-ROMs	**Adult non-fiction**
DVDs	**Adolescent non-fiction**
e-books	**Children's non-fiction**
Language kits / books	
Other eg bestseller lists	

6. **What level of service would you be interested in?**

☐ **Ordering**
☐ **Cataloguing**
☐ **Shelf-ready**

7. **What level of discount do you receive on current purchases?**
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8. **Do you have any other comments on co-operative book purchasing?**
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Section 2.   Co-operatives material purchasing

Libraries collectively spend large percentage of their budget on range of similar or identical goods and services – such as stationery, photocopiers, computer equipment, telecommunications, pamphlets and printing, and training. In this scenario, a centralized service would be established to facilitate bulk purchases and achieve discounts in areas that may not be covered adequately under existing schemes.

9. **Would your library be interested in joining such a scheme?**
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10.   Who are your main suppliers?

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11.   Are there any barriers which might preclude your involvement in principle eg. existing/proposed Council/Local Government schemes?

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12.   What types of material provision would you be interested in exploring? (Choose all that apply)

☐   **Stationery and office supplies**
☐   **Computer hardware and peripherals**
☐   **Photocopiers and supplies**
☐   **Telecommunications and Internet services**
☐   **Training and professional development services**
☐   **Other**

…………………………………………………………………………………

Section 3.   Library Shop

Like the National Geographic and the ABC shop, the idea of the Library shop is essentially to establish a place(s) where library related items – broadly conceived - could be bought. Product lines would include books, stationery, t-shirts, educational toys and products, all with a populist slant. This could take many forms comprising any, or all, of: a virtual shop, or an actual shop in a major outlet, eg City and/or major regional centres, Chadstone-type shopping centers, or the distribution of a range of products for sale to participating libraries. It could be franchised and it could sell franchised goods. Libraries and library branches could choose to hold some stock and/or distribute catalogues of material which could be ordered through the branch. The library shop could also have a strong virtual presence, which could be promoted through public library gateways.

13.   Would your library be interested in joining such a scheme?

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14.   At what level? Eg would you be interested in distributing a catalogue, stocking popular items, etc.

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Section 4.   General

16.   Has your library undertaken any commercial activities? Give examples.
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17.   In your view, have they been successful?
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18.   Do you have any comments/concerns on co-operative activities in general?
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19.   Do you have any comments/concerns on commercial activities in general?
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20.   Do you have a staff member who develops responses for government funded programs?
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21.   Other comments

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Thank you

Appendix 7. Resources consulted

Annual Survey of Victorian Public Libraries 1999-2000
http://www.doi.vic.gov.au/doi/internet/localgov.nsf/headingpagesdisplay/local+government+publications   Department of Infrastructure, Local Government Division, 2000

Massachusetts Regional Libraries Materials Cooperative
http://www.wmrls.org/coop/matindex.html

PLAIN Web site at www.plain.sa.gov.au (all about PLAIN plus various useful reports etc)
Details contained in the report PLAIN Costing Project 2000, available at
http://www.plain.sa.gov.au/PLAIN%20Costing%20Project%20report.doc

Building the new library network (UK)
www.lic.gov.uk/publications/policyreports/building/index.html
Includes funding options for development of IT in the UK library network

The UK public libraries page has links to a number of cooperative projects (mostly between libraries but some with non-library groups) at
http://dspace.dial.pipex.com/town/square/ac940/network.html

List of philanthropic sources for Texas and other countries (UK, US, Canada)
http://www.tsl.state.tx.us/ld/funding/resources/
http://www.stfx.ca/people/adavis/srsf/2006b_1.htm

Fund raising and resources for tapping philanthropics in Australia:
OurCommunity.com http://www.ourcommunity.com.au
Probono Australia http://www.probonoaustralia.com.au

Steve Coffman "And Now, a Word from Our Sponsors...": Alternative Funding for Libraries
—*FYI, County of Los Angeles Public Library* http://www.infotoday.com/searcher/jan00/coffman.htm

http://eic.edu.gov.on.ca/eicroot/english/public/purrep/default.asp
Collaboration among school boards: Working Together for Better Value

Potts, J., Roper, V., "Sponsorship and fund-raising in public libraries: American and British perceptions", **New Library World**, 96, 9, 1-14.

Edwin S. Clay Iii; Patricia C. Bangs. *Entrepreneurs in the Public Library: Reinventing an Institution.* **Library Trends**, Wntr 2000 v48 i3 p606

Robert Wedgeworth. Donor Relations as Public Relations: Toward a Philosophy of Fund-Raising. Library Trends, Wntr 2000 v48 i3 p530

Adam Corson-Finnerty. Cybergifts. Library Trends, Wntr 2000 v48 i3 p619