

Essay #2

**Why management for results or performance is essential in
current library environments**

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Libraries are ancient institutions. Their history starts in the dawn of civilization, with the beginning of organized states in ancient Sumer. Right from the beginning, libraries were always part of the bigger cultural paradigm. They were seen as the tool of the society that established them and support them. In 19th century United States, for example, the establishment of free-access public libraries was seen as an essential tool of embetterment and assimilation of the poor unsophisticated immigrants. They were educational institutions for the ones that are out of the traditional public schools system. In the 1960s, libraries under the leadership of its professional organization associated themselves with civil rights movement and redefined themselves as civic institutions, defenders of freedom of speech and equality of access. In the 1990s the big issue became bridging the digital divide. Libraries together with the help of government grants and legislation managed to cross that bridge in the 21st century.

However, in addition to the social, cultural, or technological environment, the economic environment in which libraries operate it is also very important. In the US the majority of libraries are funded by local tax revenue and only partially or exceptionally by state or federal money. That makes libraries, together with schools dependent on local economic trends. If the local community in which a library operates experiences an economic downturn, this would reflect on all civic institutions that are supported by taxes from local sales and property taxes. As financial resources tighten, requests for more accountability and efficiency of utilization of given resources will increase. With current trends toward an "ownership society" and the privatization

of public services, more and more libraries find themselves required to behave like every other company on the open market. Although, responsible housekeeping and accountability should never be a question – in good or bad financial times – current social and economic conditions brought these demands sharply into focus. More and more libraries find themselves in a situation that they need to economically justify their programs, spending patterns and, as the example of Salinas, CA library system shows - even why they should exist in the first place. It is not any more impossible for a library to face closure because the local political or civic community chooses something else as more important to finance with public taxes. In this environment, management in the libraries needs to learn how to use common tools and ways of organizations that make their living by the survival of the fittest.

The two most important tools, taking into account the nature of the library business, are communication and efficient financial management. In lean times, it is of outmost importance to communicate to all the employed in the organization why all measures, changes, or restrictions are implemented. Without the support and cooperation of every employee, it is almost impossible to effectively implement new measures and the "turn-around" of the organization. It would appear that good financial management is the most important part of the organization, but it is not so. Organization that is dysfunctional, where employees or departments are continuously involved in infighting could not be financially well managed. If the organization as a whole is behind its managers, or rather, if organization is on the board with their managers, financial discipline and efficiency becomes the natural behavior of every employee regarding his or her position in the process.

To establish good communication inside a company is very important to soften the hierarchy associated with the process. The library "floor" workers should feel free to voice their opinion or suggestions. Many times information get garbled or misinterpreted or never communicated because of barriers between employees, middle managers and top managers or directors. Orders handed down are misinterpreted as hostile and the lack of desired performance is misinterpreted upstairs as ineptness of the "floor". In both cases, the problem is the lack of communication.

In his book *The New Economics*, Deming (1995) starts his chapter about the management of people with a quote from Lt. General Leslie E. Simon: "If you can not argue with your boss, he is not worth working for" (121). Although it may sound absurd, it is of the essence when trying to understand how management style affects peoples' performance on the job. In the next chapter, Deming explains his experiments with the red beads, where people are asked to separate red from white beads using particular paddle. All the managerial methods were employed to maximize the outcome, i.e., performance of the workers - from incentive plays, "goal meeting days" and so on. But, no matter what managers did, nothing affected the performance of the workers (in the book they are called "willing workers" because they actively wanted to fulfill the goals). Why? Because "the performance of the willing Workers ... was governed totally by the process that they worked in." In other words "the foreman gave out merit increases in pay, and put people on probation, supposedly as rewards and punishment of performance. Actually ... he was rewarding and punishing the performance of the process, not of the Willing Workers." (Deming, 1995, p. 169).

If workers could communicate their frustration with the process that was hampering their willingness to perform, the whole organization could benefit. The managers would hopefully understand that they need improvement in the process not better workers. Deming (1995) suggests informal meetings, social events underwritten by organization that encourage employees to interact with each other regardless of their position inside the organization. By breaking down the hierarchy of the system, new communication channels are opened and the organization becomes more a system and not a collection of separate units. It is very important to thrust the people and their insights about the process to help solve the problem.

The same is true when communicating with users or the wider community. People on the library "floor" daily communicate with the users and have the best feeling and observations about how the library services are received or which ones are desired. No single user survey, no matter how comprehensive, can replace that.

It is also important to forge a support network of connections and alliances with other libraries and their managers and employees. This network could become crucial for smooth unfolding of regular operation (interlibrary loans) and the organizing of joint programs. The information and feedback received through this network could be priceless. The knowledge of the experience of others with the handling of ethical issues, acquisition policies, or vendors could save the library a lot of time and money.

The second tool of efficient management in today's economic conditions is financial management. In the budget driven organization and especially the one with line-item budget system, like most of American libraries, it would be difficult to do really creative budget

planning. First of all, the size of the budget does not necessarily depend on the quality of library performance, but the health of the local economy and the civic awareness of local politicians. Which line in the budget would be budgeted in the same amount as usual, which would be increased or scrapped all together may have nothing to with what librarians or library management think should be done. It may depend what the voting public thinks would be useful – censoring software on the library computers connected to the internet is just most recent example.

With all these handicaps built into the system, planning the budget for a library could be more difficult than it may seem. Managers planning individual items should be aware of the economic trends and projections in local economy, general trends in the local community and current government requirements. It pays off to be well informed about the environment in which one operates. That will also help with preparing good and well documented argumentation for the item in the budget – why is it there and why it should not be removed. It is better that we find and remove unnecessary items than that it is done for us (Evans, 2003).

Requesting additional or new funding is very difficult, especially if the general economic trends are not particularly positive. It would be wise that before requesting new funds, the organization should look first into possible internal savings. Sometimes reorganization of internal spending or cooperation within different organizational units could eliminate the need for a request or overrunning the budget. In the case of a request for increased funds, it is good policy to make sure that it is a long term trend and that the increase in cost is not of a temporary nature due to

some extraordinary external or internal events. In any case, it would be necessary to prepare yourself to defend the request with good background research.

Sometimes it would be much better policy that the library satisfies its financial needs with fundraising. This is the situation where the professional and private networks and lines of communications could prove themselves very useful. The fundraising is an art form and organizations often employ professional organizations to do that; however, it would be better to involve the whole organization in fundraising than hire strangers. As always people with intrinsic motivation are much more effective and creative in their efforts than people merely doing their jobs (Evans, 2003).

Knowing the cost of running the organization would help prepare the budget as well as defend the submitted budgetary request. Being familiar with basic accounting principles is very important. It also depend which elements an organization considers as costs. Depreciation of the building and equipment should be calculated in addition to the clear cut cost of buying soups and towels for the bathroom.

However, we could present certain cost as investment rather than pure spending. Sending employees on training seminars could be considered as an investment. In Japanese firms that is routine practice, especially because the fluctuation workforce in small. In American firms by contrast, training costs are counted as outright expenses. Different origins and philosophies of management are behind this reasoning. In Japanese firms top management regularly comes from the human relations department. Their expertise is about people. In American firms, top

management comes often from accounting or financial departments. Their philosophy of doing business comes from experience with stock market, shareholders and quarterly returns. Differences in management style would most dramatically show when it becomes necessary to do internal savings or cost cutting for the operation. The way the manager sees seminar training – as a cost or investment – is crucial in decision making and long term development inside the organization.

In tracking the budget and controlling the spending, good communications become essential. People that are doing the work know best where money is going and if that is the best way to spend it. It is important that people feel personally involved and responsible for their budgetary expenses and that they have control over them. In contrast, "with shared responsibility, no one is responsible" (Deming, 1995, p.142). However as the manager you should develop a system that will provide you with up-to date information by which you would be able to answer any financial questions quickly and accurately. Proficiency in accounting or spreadsheet programs like Excel could be crucial for that task (Evans, 2003).

One of the most common tools of measurement of performance inside organization is establishing the standards. Creating standards in services like library, which deals with customer satisfaction and elusive "improvement [of] the quality of life of community" (Germantown Library), could be difficult. This could be even more difficult to do for the whole field. However, benchmarking indicators could give valuable inputs for comparison with one's own performance or effectiveness levels.

Creating indicators is not a widely spread practice, however it is a common mistake to track quantitative over qualitative information, because it is easier to measure and standardize. When creating indicators for performance, it is important to be aware how they affect work process. Like in Deming's experiment with red beads it is important to understand "which nonfinancial factors have the most powerful effects on long-term economic performance" (Ittner & Larcker, 2003, p. 94). Mistakes done by the misunderstanding of indicators and charts are described by Ittner and Larcker, and theoretically explained in Deming (1996). Right indicators could help us to realize our bottleneck points where the work process is lagging behind. There are various theories and methodologies how to recognize and eliminate this bottlenecks, however the most important is to enlist the help of the employees involved in the work processes that are analyzed. Japanese firms became famous (and financially successful) by listening to their workers and involving them in the improvement process. The people on the floor maybe do not know the management theories, but they are there to see the problems and have enough expertise and specific knowledge to devise ways to solve them. It is human to think about your own work and be proud of quality of it. What is often lacking, in complex organizational systems, is the opportunity inside a company to communicate these ideas. This is where the importance of communication channels inside the company is often overlooked. Making people actively involved in the managing process of the company and their own workplaces motivates people better than simple monetary incentive pay.

One should never underestimate the power of intrinsic motivation of people. Most of the librarians have same intrinsic motivation for their job like teachers – they love their job as such. However, a crude understanding of peoples' motivations to "do a good job" (or "willing workers"

as Deming calls them) limits all motivation to extrinsic factors – salary increases, health benefits, end-of-year bonuses. Extrinsic motivating factors and tools are very popular with managers because these factors could be controlled and manipulated. The people on which these extrinsic incentives are applied could be manipulated too and made to do what managers want them to do. Sometimes this extrinsic motivation crowds out intrinsic motivation, especially if people felt undervalued or abused by the present salary system. Because of "unprofitability" of many civic services they are vitally dependent on high intrinsic motivation of people working in it. Managers should appreciate that and use that creatively in any quality and performance management.

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