

We Too Need to Shoot Our Wounded

Robert F. Moran, Jr.

A chemist, a physicist, and an economist are stranded on a desert island with nothing to eat. A can of food washes up. How will they open it? The chemist says—"No problem, I'll find some volatile materials in that outcrop over there and create a small explosion." After some time, as they get hungrier and hungrier, he places his discoveries on the can, and sparks it by rubbing some wood together (he was an accomplished Boy Scout). A small poof and the can is a little darker in color, but unopened. The physicist shrugs in contempt, saying, "You should have let me open the can using principles of mechanics; we could have fainted while you wandered looking for your 'volatile' stuff." The physicist ties a sharp rock to the end of a piece of cloth torn from her slacks, swings the rock fiercely, and lets it crash into the can. Small dent, no hole. The economist stands up, and says, "Never fear, I will save you as well as myself. I will assume I have a can opener."

Economists do get their share of ribbing for their esoteric theories and seemingly inconsistent forecasts. Yet, their science is essential for those directing public policy and business corporations. But for librarians? Yes, a familiarity with the basic concepts of the discipline of economics can be most helpful for every library manager and administrator.

Looking for Solutions to Budget Shortfalls through Reallocation

Fifteen years ago, as librarians struggled to maintain their journal and periodical subscriptions in the face of annual double-digit price increases, one recommended source of funds for reallocation was the binding budget. It was argued in budget meetings of college librarians that binding every journal received could no longer be afforded. Binding should be limited to titles broadly indexed and likely to be sought by undergraduates for their research papers. Savings could be used to maintain several valuable titles. The argument was countered by concerns that jour-

nal runs would become incomplete because loose issues would be lost or stolen, and the stacks would become unsightly. Usually, binding was continued and a solution to the rising cost of journals sought elsewhere, often in cancellations.

Ten years ago, when full-text electronic articles became available, cost-saving discussions included canceling print subscriptions. Why pay double, for print and for electronic? This contention was met by several objections. There was no guarantee that a full-text product would maintain the same titles year to year; full text often was not available until several months after the print was published; and some users still wouldn't use computers—they insisted on print. Sometimes the first argument won out so that the serials budget was adequate to support both print and online. Sometimes it didn't, and funds were taken from the book budget to pay the new costs for full-text articles.

Five years ago, as more and more regular library users found answers to their questions as well as research sources for their projects on the Web, the importance of staffing a reference desk came into question. Was it needed, or, at least, was it necessary to staff the desk with library professionals from opening to closing? Those who wanted to keep reference desk staffing as it was gave several reasons. Reference is a core activity; users do come to the library early or late or at other slow times; staff at an information or circulation desk lack the training to understand what the user really needs; if reference assistance isn't provided, users will stop coming to the library—the importance of reference help to anyone doing research needs to be better publicized. Sometimes as a result of these discussions, reference librarians were reassigned to programming and to providing more children's hours or teen activities in public libraries, or to teaching and in-depth reference in college libraries, and there was more time for staff training. Where the status quo won, these benefits were foregone.

These are not "straw" examples designed to be easily dismissed by the logic of one side. Each argument is legitimate; in each case there are clear benefits to library users from either choice. Traditional services continue to provide value to the users. The use of funding for other activities can also provide value. The frequent choice for the status quo is based on proven benefit. It is hard to give up something that has been beneficial, something that has



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proven value to users. It is hard to say, “we aren’t doing that any more.”

Marginal Return

However, in today’s environment of limited budgets, increasing demands, and the periodic questioning of the value of libraries, the decision to continue something that is good, that has proven valuable, may not be sufficient. Rather, it may be, or perhaps is, necessary to give up that good for something better. Sensitivity to the microeconomic concept of marginal return can help move managers to make the difficult choice to stop something good so that something better can be done. I use the words “sensitivity to” rather than “knowledge of” deliberately; the study of economics develops an additional way of thinking, of understanding the effects of one’s actions. This is what each library manager needs.

Simply described, marginal return relates to the continuing profitability of a successful product versus the profitability of newer products. The application of marginal return can be described as follows. A company creates and sells flat widgets for \$1.00 each with a profit of ten cents for each widget sold. The product is successful and a market for flat widgets is established with regular significant returns to the company—it is making money. Then, the company development division designs a curvy widget; it is put on the market for the same price and returns the same profit of ten cents each. It is also successful. Soon, the sales of the older flat widget begin to decrease as consumers show a preference for the curvy widget. Sales of the flat widget decrease to the degree that some of the economy of scale that kept costs of production and marketing to ninety cents is lost. Because of these increased costs, the company is now making only five cents for each flat widget sold. The company has two successful products, one returning a profit of ten cents, and one a profit of five cents each. Everything else being equal (“imagine you have a can opener”), as the manager of the widget division, should you do anything further? Shouldn’t you switch all your resources to making curvy widgets? But flat widgets are making a significant profit. Yet curvy ones are making a significantly higher profit. Wouldn’t you stop making flat widgets and make as many curvy widgets as possible, and do so quickly before the CEO finds out that you were missing an opportunity to increase the bottom line?

Simplistic as it is, this example provides a clear argument for stopping something good, something profitable, and using resources in a more effective manner. This concept, the understanding that it is sometimes good to stop doing something valuable despite its value, needs to become part of every manager’s psyche. When that happens, the logical conclusion that it is time to stop a service of value in order to provide something likely to bring more value becomes much easier to implement.

We Need to Shoot Our Wounded

Thomas Friedman, popular newspaper columnist and noted author, is more dramatic in describing the need for an organization to cease doing things that have been significant contributors to its past profitability, even while they remain valuable (though less so). He asks businesses whether they are willing to shoot their wounded:

In a world without walls your company . . . has to have a culture that encourages the destruction of established businesses, even while they still seem to be successful, otherwise somebody else will. Compaq got created precisely because IBM was not willing to destroy one of its own computer innovations, the IBM AT, based on the 286 chip, and jump ahead for a faster PC based on the 386 chip, as soon as that microprocessor was available. So Compaq came along and built the 386-based PC instead, and dealt a serious blow to Big Blue.¹

Friedman goes on to quote MIT economist Lester C. Thurow, who points out in his book, *Building Wealth*:

When breakthrough technologies come along, such firms must destroy the old to build the new. Four of the five makers of vacuum tubes, for example, never successfully made transistors after transistors emerged to replace the vacuum tube—and the fifth today is not a player.²

Old big firms understand, and often even invent, new technologies that transform the world, but they have a structural problem that is almost impossible to solve.

Should this advice be applied to libraries? Probably not strictly; as not-for-profit organizations, libraries are not held to the same bottom-line measure for continued viability. However there are parallels. The Internet and book stores with reading areas and cafés have removed any doubt that libraries have competitors. Some of these competitors have found better ways to meet needs traditionally met by libraries. There are structural problems that make it hard for libraries to identify and adopt new ways of acting—the hierarchical model of organization upon which most libraries continue to depend is designed for maintenance, not change. Given the natural desire to hold onto at least part of something that seems to be good, perhaps the analogy of shooting the wounded applies equally to libraries.

Some Questions That Deserve Asking

What services and activities that your library has stopped should have been given up several years sooner? What services have you considered stopping but have been

unable to do so? Is the reason because they continue to be of primary importance to the users? If not, what is the reason they continue? What are your primary needs for new funds? How does the value to your clients of these proposed services and activities relate to the value of services and activities of long duration? Which services or activities continue to hang on primarily because of a few determined staff who can not picture your library without them?

Coming to a decision to stop an activity of long and continuing value is hard for every library staff. Telling users, "We are not doing that anymore," is harder. But

this needs to be done. If it isn't, your library will not disappear in the way the vacuum tube manufacturers did, but its value to its community and the concomitant size of its budget will decrease.

References

1. Thomas Friedman, *The Lexus and the Olive Tree* (New York: Anchor Bks., 2000), 235.
2. *Ibid.*, 236.

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work, to their life. Likewise, in this column, what transfers are there for me and you, the reader, from Riga?

Well, we cannot participate in the sense of liberation gained in Latvia, nor can we instill in ourselves the pride of place that drives that little country. As with much of life experience, you have to be there.

What we *can* acquire and seek to emulate is how the Latvians engaged the seminar; how they wanted to hear other perspectives. Theirs was an open mind-set, a world view towards the possible, towards doing rather than waiting. Listening to me, they were not looking for a magic bullet or a prescription. Whatever I shared with them they made their own or tossed it out. And (I cannot underestimate this quality), they were *playful* and still able to learn.

These library leaders anticipated their role in facilitating an environment for learning, in creating a proactive ambiance, in offering support and opportunity to staff who question the way things are, who prefer not to cling to safety. Like Mr. Harnoncourt, these leaders are seeking the beauty that abounds beyond safety.

References and Notes

1. John Lubans, Jr., "'Thank God and Greyhound, She's Gone,' (to a Workshop), and Other T&D Matters," *Library Administration & Management* 21, no. 1 (Winter 2007): 35-37. www.ala.org/ala/lama/lamapublications/laandm/lamhome/lamonline.htm (accessed Feb. 6, 2007).
2. Anne Midgette, "Creating an Identity through the Arts" (Cultured Traveler, Riga, Latvia) *New York Times*, Jul. 16, 2006, Travel Section, 10. <http://travel2.nytimes.com/2006/07/16/travel/16riga.html> (accessed Jan. 28, 2007). Includes a picture of the swanky interior of the opera house.
3. *Ibid.*, 10.
4. As quoted by Simone Young, manager and artistic director, principal musical director, Staatsoper Hamburg, in an interview with the author, Dec. 6, 2006, Hamburg, Germany.
5. Midgette, "Creating an Identity through the Arts," 10.
6. *Ibid.*, 10.