

Fee for Service: The Experiences of the University of Toronto Business Information Centre

Vicki Whitmell
Manager
Business Information Centre
Faculty of Management
University of Toronto
bicvlw@fmgmt.mgmt.utoronto.ca

Since 1990, the Business Information Centre at the University of Toronto Faculty of Management has operated a corporate client program which provides outsourcing and fee-based services for businesses. Its client base includes large and medium-sized corporations and professional associations. The revenues generated through this program are directed toward paying a large portion of the Business Information Centre's operating costs. This paper describes how the program was initiated, how it has attracted clientele and met their demands for information, and how the program has benefited the faculty and students at the Faculty of Management. The paper also considers the growing trend toward fee for service in public, academic and government libraries.

The Faculty of Management library was established in the 1960s to serve the research needs of the Master of Business Administration (MBA) and the PhD program at the University of Toronto. Like many of the more than fifty libraries at the University of Toronto, it is funded by the faculty itself and operates independently of the large central libraries such as the J.P. Robarts Library.

Small faculties seldom have adequate funding to support a research library and the Faculty of Management was no exception. In the 1989-1990 budget year for example, the library had an acquisitions budget of only \$32,000. Although there were five staff members in the library (one librarian and four library technicians) few new materials had been purchased over the previous five years and, as a result, the reference collection was dated. While there was some access to online databases for the faculty, this was generally not available to the students.

Recognizing the difficulty in attracting quality faculty and students to a program with such limited inhouse research resources, the Dean at that time, Roger Wolff, appointed a task force in 1988 which consisted of members from the faculty and the University of Toronto central and campus libraries. This group could find no alternative to the funding problem and recommended that the library's materials be housed elsewhere and that the faculty library become a reading room of current periodicals only. The Dean continued to look for other solutions.

A second task force, which included members of both the academic and special libraries communities, was formed a year later. A consultant was hired to look at fee for service possibilities for the library and suggested that a new 'Business Information Centre' should focus on serving the needs of small and medium-sized businesses which were unlikely to have inhouse libraries and whose needs were not presently being met within the Toronto business community. Further, the consultant recommended that the Faculty of Management should pursue joint ventures with partners from the business community to serve the needs of both groups.

This report was accepted and the Dean began his plan to identify potential partners. Almost immediately, he was successful. Royal Trust, one of the largest retail and commercial trust companies in Canada, was downsizing its operations and looking for an outsourcing partner for its library. An agreement was reached, and the Royal Trust library operation, including its collection, equipment and computers, and three of its six full-time staff members, moved into the Faculty of Management library, which was renamed the Business Information Centre (BIC), in the fall of 1990.

For an annual fee, the BIC was to deliver the same level and quality of services which had been provided by the Royal Trust library. These services included circulation, reference and research, current awareness, and collection development. I was hired at the same time to manage the operation and oversee the integration of the two collections. I was also expected to find additional

outsourcing partners and establish a fee for service program to raise additional revenues.

The initial reaction to the partnership with Royal Trust was unexpected. A headline on the front page of the *Globe & Mail* declared that: "University moves out books for computers: Librarian quits over \$1-million project." The text stated that "ten thousand books have been shipped out of the University of Toronto's Faculty of Management library to make way for a pay-as-you-use computerized information centre that students would share with the business community."

In reality, most of the outdated Faculty of Management text collection was moved to either the Robarts library or donated to the Ottawa Book Exchange Centre, with the up-to-date Royal Trust collection replacing it. All of the Faculty of Management subscriptions were maintained. One library technician did decide to take another position, partly because of the uncertainty he felt about the situation. All of the other staff members remained.

The *Globe & Mail* article also suggested that students would be expected to pay for using the library. This was never considered and, as I shall discuss later, students and faculty have been the largest beneficiaries of the outsourcing program.

The results of the agreement with Royal Trust were immediate: two full-time reference librarians and one part-time cataloguing librarian were added to the staff. (This number was increased a few months later.) The quality and currency of the collection (which now included CD ROM databases, a large annual report collection, and access to all major online databases), was completely turned around. The library facilities were renovated and new furniture for staff and students was added and the number of computers for accessing the catalogue and electronic databases increased from one to seven. The only major drawback was that, due to the increase in the size of the collection, the number of seats in the library was reduced.

Although it took some time, the Faculty of Management library staff and the former Royal Trust staff members began to work together. While emphasis was placed on working as a team, for the most part the former Faculty of Management staff members continued to serve the students and faculty, while the Royal Trust staff (now contract employees with the University of Toronto) concentrated on meeting Royal Trust needs and building the fee for service business.

The BIC's agreement with Royal Trust was based on a three-year contract. However, between 1990 and 1992, Royal Trust was faced with significant problems due to the flattening of the real estate market and non-performing overseas investments. Well aware of the possibility that Royal Trust would be unable to renew the contract despite their high level of satisfaction with the services provided by the BIC, we began to look for additional outsourcing partners.

In March of 1991, the BIC signed its second formal agreement for the provision of information services to the business community. The Institute of Chartered Accountants of Ontario (ICAO), a professional body governing the activities of all chartered accountants in the province of Ontario, was closing its small library but wished to continue to offer information services to its members. Their remaining library materials were given to the BIC and they agreed to pay an annual fee to permit access for their members to the BIC. ICAO users may visit or call our library and borrow materials or have research conducted, but are charged a fee for any work which we do on their behalf. These users are charged a discounted rate for our services.

In the following December, we were approached by Imperial Oil Limited (IOL) who had heard of our arrangement with Royal Trust. Imperial Oil is a petroleum-based corporation operating throughout Canada. IOL had always been a strong supporter of its corporate information services but again, because of recessionary pressures, was looking for opportunities to cut costs. In July of 1992 an

outsourcing agreement was concluded which, although it has some significant differences, is similar to our agreement with Royal Trust. A small collection was transferred to our site, and a reference librarian and a library technician from IOL joined our staff to provide information services to IOL. Since then a second librarian has been added. Our agreement with Imperial Oil is for three years.

In the fall of 1993, Royal Trust was purchased by the Royal Bank of Canada. Soon after that we were told that the Royal Trust information services would now be handled by the Royal Bank library and, in February of 1994, our outsourcing agreement with Royal Trust ended. As a result, we were unable to renew the contracts of two of our staff members, one librarian and one library technician. Despite the end of this contract, our budget remains healthy and we are confident of finding additional partners.

As I mentioned earlier, the acquisitions budget for the Faculty of Management library in 1989-1990 was \$32,000. In 1993-1994, our acquisitions budget was \$174,000 and the total revenues from our outsourcing and fee for service programs was more than half a million dollars.

It is through the acquisitions and staff budgets that the students and faculty have received the most benefit from our outsourcing program. We now have a strong collection of current and electronic materials which are available for their research use. We have a larger staff complement to assist them in locating information and to train them in the use of electronic resources. Our corporate clients have taught us the importance of customer service and immediate delivery, and our high standards benefit everyone.

Reasons for Our Success

Our transition to a (if you will) 'special library' has been successful. There have been a number of reasons for this success. First, we hired staff who had considerable experience in the corporate library environment and had worked for

our outsourcing partners. This has been invaluable, as the staff is known by the corporation's library users and they understood what the client expects of them and how their corporate cultures operate. With both Royal Trust and Imperial Oil, having these staff members work with us has made the transfer of information and library services to the BIC as transparent to the client as possible.

Second, we have been given a great deal of independence to make the program work. Our budget is independent of other libraries in the U of T system, thus what we make we can spend. Our staff members can, therefore, see the results of their efforts on behalf of our corporate clients when the revenue is returned directly to the library.

Third, we are strongly supported by the faculty's administration. The initiative began with Dean Wolff and his enthusiasm for the program has been continued by Dean Hugh Arnold. Both are willing to act as spokesmen on our behalf and to work with our clients to make sure that their needs are being met.

During the past four years, we have had to learn to operate as a business. We have to sell and market our services, log our time, provide a high level of customer service and bring in the revenue to make us profitable. The library now pays rent for its space and an overhead charge to the Faculty.

Our Future

The future holds many challenges and we are currently in the process of developing a strategic plan for the next five years. Our corporate client strategy is to target medium-sized corporations who will pay an annual fee for the use of our services. We are identifying potential partners and have the services of a marketing professional to assist us in approaching them. As of the date of writing we have been successful in finalizing new agreements with the Certified General Accountants Association of Ontario (the governing body of Ontario CGA's);

Gentra (formerly a part of Royal Trust); and the Canadian National Institute for the Blind.

Although we have not marketed our fee for service program (research on demand), we have a small client base for this service, many of whom had heard of us through other clients. These users are charged on a hourly or product basis.

The Faculty of Management has initiated a fund raising campaign for new facilities which will be completed in the fall of 1995. The BIC's new space will be more than three times its current size and will provide the BIC with a visibility in the business community which we do not now have. We are coordinating our marketing efforts with the Faculty's development officer and working with the other Faculty revenue generating programs to make the business community more aware of our corporate client and outsourcing services.

Our marketing efforts focus on the benefits to our clients through the use of our outsourcing or fee for service programs. For example, we emphasize that traditional inhouse library costs can be reduced by fifty to sixty percent by outsourcing with the BIC.

We are also becoming aware of the competition from other libraries which are offering programs similar to ours. With the continued erosion of the funding of public libraries and universities by governments, more libraries are considering the introduction of user fees and/or fee for service programs.

The central libraries at the University of Toronto, for example, are completing a review of their institutional membership program and the cost of providing services to members outside of the university community. The University's President appears committed to the idea of charging for such services with the goal of cost recovery, and U of T central libraries are considering the introduction of a research service similar to ours. As well, the larger public libraries in Toronto either have in place or are considering fee for service programs, and the

Metropolitan Toronto Reference Library recently conducted a survey of librarians in Toronto on their use of such services. As well, more and more independent brokers are entering the market and offering a wide variety of information services.

We are also aware that our competitors need not be located in Toronto. With the growing accessibility to the Internet and through the use of e-mail and fax machines, research services can be provided by librarians in any geographic area. Indeed, the BIC provides services to clients throughout Canada and the United States.

The BIC's response to such competition has been to focus on our outsourcing program and provide complete library and information services to a small group of corporations. We believe that such agreements will ensure a continued revenue stream for the Business Information Centre and will allow us to concentrate on getting to know our clients well and service their information needs to the best of our ability.

We are also in the early stages of determining how best to offer value-added services to our clients. We now provide research from secondary information sources such as books and articles, but are looking at ways to extend our service to include primary market research and customized reports on issues affecting our clients written by experts affiliated with the Business Information Centre.

Fee for Service

Fee for service programs have been in existence in some form or another for a number of years in the United States and in Great Britain. Members of the American Library Association's fee-based service discussion group, FISCAL, now number close to 400 and the fourth edition of the *FISCAL Directory of Fee-Based Research and Document Supply Services* (published in 1993 by the

American Library Association) includes 445 entries. Although the directory is international in scope, most of the entries are from the United States.

I am the editor of *Fee for Service*, a newsletter which focuses on how to establish and manage fee for service programs, and I have been encouraged by the interest which has been shown in it. I have been particularly surprised by the response which I have had to the newsletter from across Canada, in both large and small centers.

There is no doubt that there is opposition in some corners to the idea of a public or academic tax-supported institution charging fees for information services. However, in my opinion, specialized research services which are requested and which go beyond the levels of service given to most library patrons, should be paid for by the user. The fees charged for such services should be realistic, they should not be subsidized by government funding and they should reflect the actual cost of the service. In turn, the revenue derived from these services should be used to augment the collection and resources of the institution in order to provide better service to the primary user group.

The BIC has been very lucky in the success of its program. We got into the business mostly by chance, without a formal business plan or defined direction. Not all programs can succeed so easily, however. As John Harrow mentions in his article "Setting up an information brokerage—some key questions" (*Fee for Service*, volume 1, no. 2, March 1994, page 16), the following criteria are all essential to ensuring success: a clear idea of why the fee for service program is being established; the support of your parent over the long term; proper budgeting, accounting and pricing; and the hiring of qualified staff members with a commitment to high standards of service. A great deal of thought, bottled with realistic expectations, all recorded in a business plan, are also key.

In conclusion, the Business Information Centre at the University of Toronto has had some unique experiences among Canadian academic libraries. I believe that

any library, whether it be academic, public or government, with a strong commitment to a fee for service program, the right people in place and a good product or service can repeat these successes. ☐