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Money, Money, Money

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Hoops and Horses ... from page 24

nities, as well as having patience and careful timing as those opportunities unfold. Each interview constructs a partnership between the **UK Libraries** and that individual, and therefore, each interview becomes not just a documentation of the past but an investment in the **Libraries'** future. 🐾

Rumors from page 16

the first half of 2009 showed disappointing results, especially regarding advertising revenue. On the block will be the majority of the US titles (including *Broadcasting and Cable*, *Design News*, *Graphic Arts Monthly*). *Variety*, and several other titles will be retained and become part of **RBI Global**.

<http://www.dnnews.com/Reed-Business-titles-back-on-the-block/article/140934/>

<http://www.libraryjournal.com/article/CA6674558.html>

And I almost forgot to tell y'all that *The Charleston Advisor* (www.charlestonco.com) had an editorial board meeting in Chicago, and

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Figure 1: New KDL Oral

Money, Money, Money

by **Adam Corson-Finnerty** (Director of Special Initiatives, University of Pennsylvania Libraries)
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The most financially and programmatically sound non-profits are those which have multiple streams of income. In the case of the academic library, these streams can include allocated funds, donations, endowment income, fees and fines, and perhaps "monetizing your assets."

To put it boldly: monetizing assets means that you develop ways to make money from the use of items that you own. These "items" could be books, images, sound recordings, paintings, or bits of computer code.

Here are some happy examples of such activity. The **Carnegie Museum of Natural History** licensed the right to reproduce its models of dinosaurs as children's toys. The result has been millions of dollars of income for its programs and projects. The **New York Historical Society** has partnered with the *New York Times* to sell high-quality reprints from its Audubon bird collection. The **Metropolitan Museum**, the **Museum of Modern Art**, and many other art museums make money by reproducing objects from their collections, or putting images on playing cards and coffee mugs.

So, what about the world's libraries? We have lots of "stuff," right? How can we make some money from this stuff, without compromising our mission and degrading our reputation?

Since July 2008, this has been my territory, due to a bold experiment on the part of the Director of the **Penn Libraries**. Urged on by a business-oriented advisory board, the Director asked me to undertake a thorough two-year study of "income-producing" opportunities for possible adoption.

What follows is a mid-term report from the front.

OK. So you have been hired as the first full-time in-house "entrepreneur" for your library system. Your job is to discover and recom-

mend "income-producing" ideas for the library to consider undertaking. Where do you start?

Defining Terms

The first place to start is by defining what is meant by the term "income-producing." It sounds obvious, but I suspect that many people who hear this term will immediately translate it as "profit-making." That is incorrect. Further, it is counterproductive.

You and your colleagues need to consider a range of revenue possibilities from partial cost recovery to true "profit."

Four Levels of Income:

Partial cost-recovery: activity generates some return, but doesn't cover full costs.

Cost-recovery: activity generates enough income to pay for itself.

Cost-recovery plus: activity or project earns money beyond start-up and maintenance costs. Additional income can be used for expanding, refining, and maintaining the program. (What some might term "sustainable revenue.")

True Profit: activity or project earns money beyond anticipated project needs and costs, including indirect costs. Surplus income can be used for *other* library activities.

It is important to look at all levels of potential income, since earning even ten cents for each dollar you are spending on a project or service is better than earning no cents. Therefore, when you investigate income opportunities, don't ignore opportunities for partial cost recovery. Such revenue will add up.

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Survey Your Staff

Now that you have your definition of “income-producing” squared away, your next step is to poll your staff for ideas. This serves as a vehicle for involvement, and you will get suggestions that might not have occurred to you.

Here are questions that I sent to my Library Colleagues:

1. Are there activities that we already are doing, and from which new income could be derived?
2. Are there current services that we are performing for which a fee could be charged? Or for which current fees could be raised?
3. Do we have “assets” that could be utilized (or better utilized) to produce income?
4. Are there new activities that we could undertake with high income-producing potential?
5. Are there activities, programs, and new services that we would like to undertake, for which we might be able to get help with “start-up” funds, or gain an ongoing funding partnership, or which could generate enough income to help pay for themselves?
6. Are you aware of income-producing activities at other academic libraries, public libraries, museums, or non-profits that might be worth studying?

As a result of this memo, and personal visits with key staff, I received a number of suggestions. The suggestions fell within six broad categories:

- Re-Publishing, e-Publishing, and New Publishing
- Licensing “Gift Shop” items, such as mugs, calendars, posters, banners, perhaps in partnership with the campus Bookstore or the Alumni Society
- Licensing or selling Software
- Creating and marketing an expanded alumni card with library “e-benefits”
- Ideas related to our Physical Plant:
 - High Density Book Storage Facility (Cost-sharing or “rent” for excess space in our proposed new storage facility)
 - Expand and enhance our already successful library café
 - Use library facilities for meetings and conferences during slow-demand periods
- Deaccessioning of monetarily valuable items that have low “scholarly” value (with the funds going directly back into collections acquisition and care)

Review Current Fees and Fines

Now I had a good working list to begin my study. My next six months, in fact, were spent kicking the tires on these ideas, and others. I figured that it was as valuable to identify “non-starters” as to identify promising winners.

Before I discuss what has happened thus far, let me share a suggested matrix for rating ideas and suggestions on a scale of one to ten:

(1) Low income potential.....	(10) High Income Potential
(1) Difficult to Undertake	(10) Easy to undertake
(1) Low Academic Value	(10) High Academic Value
(1) Low Patron Service Value.....	(10) High Patron Service Value
(1) Low Public Relations Value....	(10) High Public Relations Value
(1) High Entry Cost.....	(10) Low Entry Cost*

Let’s focus on what happened, and I’ll start with the ideas that got rejected.

The first was *the idea of licensing or selling software that we have developed*. We have a very strong IT and Digital Development unit, and these folks have pioneered some pretty sexy applications. The most successful is a Business Library FAQ system that is used by 28 of our peer libraries, with credit to **Penn**, and with a collaborative back

end that allows new questions and answers to be rapidly adopted by all the partners.

Our overstretched IT department said that “selling” this or any other software would bring with it a commitment to providing backup and support. It would also commit us to constant enhancement and improvement of our “product,” even if we no longer found it all that useful ourselves. Finally, if we charged for every idea and innovation, our peers might as well charge us for every idea and innovation that they developed.

Even so, there may be times when monetizing a new software application makes good sense. During a recent conference sponsored by **UNC-Greensboro** and **Wake Forest University**, “Innovation, Inspiration, Celebration, An Entrepreneurial Conference for Librarians,” I heard from **Tim Bucknall** of **UNC-Greensboro**, about a search application that his staff developed for their own needs. He decided that this application would be of benefit to other libraries, and offered it at a modest price, with backup. In the end, he developed a strong client base, paid **UNCG** back for the full development costs, sold the application to a commercial vendor who agreed to support it at similarly modest fees, and ended up with a profit!

Another rejected idea was the *deaccessioning of “high-profile” items* from our collections. We own several paintings with high sale value, for example. However, we were advised that the university did not want the risk of adverse publicity that a sale might generate. So we dropped the idea. We do, of course, continue to trade or sell duplicate material, with the funds being used for new acquisitions.

We have also explored “*museum shop*” ideas, and expect to make some small progress in this area. My initial fantasy — that there were Internet and catalog and storefront outlets who were dying for our cool stuff — proved to be very wrong! Some of these “museum store” outlets are dying out. Recently the **Metropolitan Museum** closed 15 of its 23 stores nationwide. Even so, I believe there is money out there if we find the right items and the right sales channels.

The *sale of images* is very tricky. One Internet vendor promised us an annual income of \$4,000 for every one hundred thousand images that we provided. We decided that we didn’t want to be in the “clip art” business! I now believe that it is better to concentrate your efforts on a few hundred interesting, unusual, or unique images — along with anything you own that is just plain famous.

We are talking with the **Alumni Society** about an *expanded-benefit “membership” that would include library benefits*. The most promising benefits would be electronic access to restricted databases. We are starting a **JSTOR** access pilot this summer, and some schools are offering **Factiva**. It would be possible to put together a nice package of databases for under \$200,000 a year — but that represents some serious money. Thus a slightly more expensive alumni society card or membership is under consideration.

I am just beginning the *review of fees and fines*. We have already learned that reproduction services are assessed quite differently at different institutions. Some, like **Penn**, charge a nominal fee. Others, like the **British Library**, charge over \$60 per image. Obviously there is some new income to be made in this area.

Re-Publishing, e-Publishing, and New Publishing

A good portion of my time has been spent looking at opportunities in the publishing area. Thanks to advances in technology, it is possible to scan a public domain book and repurpose the scan for print-on-demand, eBook services, eBooks (like the **Kindle**), and printing in the library through an **Espresso Book Machine**. All of these applications allow the scanning institution to earn revenue, and we are exploring them all.

Other libraries have seized upon this opportunity, and are doing something about it:

- **Cornell** has signed an agreement with **Booksurge/Amazon** to put 80,000 books that it has scanned in the commercial realm for purchase.
- **U. Toronto** has agreed to pilot an arrangement with **Hewlett-Packard** that appears to provide for its 147,000 scanned books to be available for sale on its own library site through a buy button, on the new **Open Library** site (created by the **Internet Archive**),

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and presumably through **amazon.com**, **bn.com** and so on.

Out of Print Titles

The **Google Book Settlement**, through its creation of the **Book Rights Registry**, bridges a major IP hurdle to scanning and re-purposing book content.

The impending **Google Book Settlement** shines a spotlight on the universe of **out-of-print books** (OP). In the **Settlement**, these titles are described as “not commercially available.” There are an estimated *20-30 million* titles in the OP category, and the vast majority of these books are in publishing limbo.

Once the **Settlement** is finalized, **Google** will have the right to scan OP titles for inclusion in its database, and for selective display, and commercial use — unless the rights-holder formally objects. **Google's** right to scan and sell OP titles is *non-exclusive*. This means that any other entity, whether commercial or non-profit (like a library or a university press), could undertake a similar program.

The Espresso Book Machine

The **Espresso Book Machine (EBM)** is a miniaturized printing press. It combines within a footprint of 6' x 3' a high-speed printer and a color cover printer, a binder, and a trimmer. It produces a 300-page paperback book in less than five minutes — indistinguishable from a conventional paperback — and for a materials cost of under \$3.00. The **EBM's** “iTunes-like” software system connects the book machine to a vast network of content, both in-copyright and out, and remits all publisher royalties (public-domain titles, naturally, require no royalty payment).

At the **Penn Libraries** we have formed a small team to explore entrepreneurial ideas, including the use of the **EBM**. This effort is supported by student researchers from the **Wharton School's Sol C. Snider Entrepreneurial Research Center** (<http://wep.wharton.upenn.edu/Research/overview.html>). Our analysis indicates that the **EBM** can “break even” with a relatively low output per day. If the machine “takes hold,” as it has at the **University of Alberta** campus bookstore, it could produce a gross profit in excess of \$100,000 per year.

Drawbacks, Blowbacks, and Pitfalls

Should every academic library hire an in-house entrepreneur — or, as some managers term it, an *intra-preneur*?

I don't recommend it — primarily because it is expensive to deploy someone to work full-time on this task, and it will take years to generate significant revenue streams. I think that it will be better to hire a consultant to come in and study your assets and opportunities, make recommendations, and then let your staff decide what to do with the recommendations.

However you approach it, you will discover several problems with the idea of undertaking new income-producing activities. I can share

against the grain people profile

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BORN & LIVED: Born Chautauqua, NY. Air Force kid. Lived all over: New Jersey, Florida, Bermuda, New Hampshire, Alabama, Kansas, Alaska.

EARLY LIFE: As above; attended 18 different schools between K-12. Learned to adapt.

FAMILY: Catholic, Southern, Conservative Father. Northern, Liberal, Presbyterian Mother. Ended up like my mother.

EDUCATION: BA, MA from **Penn** in American Civilization. MSW, **Bryn Mawr**.

FIRST JOB: Peeling potatoes at the **Kindley AFB Officers' Club** in Bermuda.

PROFESSIONAL CAREER AND ACTIVITIES: Writer, Speaker, Author of four books, Group Therapist, Encounter Group Leader, Conference Center Director, International Development Administrator, Fundraiser, Activist.

IN MY SPARE TIME I LIKE TO: Garden.

FAVORITE BOOKS: *Pride and Prejudice*, *Middlemarch*, *Shantaram*, *Shogun*, *Goodnight Moon*, *Information Rules: A Strategic Guide to the Network Economy*.

PET PEEVES/WHAT MAKES ME MAD: War, racial prejudice, over-packaging of inkjet cartridges.

PHILOSOPHY: Quaker.

MOST MEANINGFUL CAREER ACHIEVEMENT: Building a new library within the walls of the library I used as an undergraduate: the **Van Pelt-Dietrich Library Center**.

GOAL I HOPE TO ACHIEVE FIVE YEARS FROM NOW: Enlightenment, bliss, the ability to levitate.

HOW/WHERE DO I SEE THE INDUSTRY IN FIVE YEARS: Mostly, still wringing its hands and wondering why the parade has passed it by. But, on some campuses, utterly transformed, and probably no longer calling itself “The Library.” 🌿

these under three headings: Money, Mindset, and Mindshare.

Money, Mindset and Mindshare

New business ventures usually require capital. If you are like most academic libraries, you don't have any money to invest. And if you do have a few free dollars, there are probably ten hands outstretched for the money. Our Director has decided to make this program a priority, so that some funds have been made available. First of all, for my salary and benefits. Second, for assistance from student researchers. Third, for selective investments in new technology, including (I hope) an **Espresso Book Machine**, and a high-speed automated scanner from **Kirtas**. I have also begun to develop plans to approach foundations and individual donors for investments in our publishing program.

It will come as no surprise to hear that most librarians take an instant dislike to the idea of “trying to make money.” After all, libraries are not businesses, we are certainly not in the business of making money, and we didn't enter the field with a commercial intent.

But, shall we sit on the well side, like **Snow White**, singing “Someday my prince

will come,” or get out there and garner new resources? It's your choice. Pious Poverty is an option.

Even if you have some money to invest in new activities, and even if your library staff agree that it would be nice to generate extra income for needed programs, you will discover a third problem: *Your colleagues don't have time to ponder your great ideas.*

This was the one unpleasant surprise that I encountered in my first year. Here I was, writing 20-page memos about print-on-demand and disruptive technologies in the publishing industry, and my colleagues literally did not have the time to read them, much less write long responses for me, and much less attend meeting after meeting to discuss these ideas. I started off thinking I was bringing drafts of fresh air to the library and my fellow librarians, but instead they felt my notions just added another demand on their time and energy.

Do I therefore counsel patience? No, I do not. Your job is to be the small voice in the ear, the nudge, the pest. Remember this: in the heated environment of the 21st century academy, if we libraries stand still, we die. 🌿