STAFF REPORT
ACTION REQUIRED

9.

Acquiring Collections from the Public

Date:	August 21, 2014
To:	Budget Committee
From:	Acting City Librarian

SUMMARY

The purpose of this report is to report to the Toronto Public Library Board Budget Committee on the feasibility of designing and launching a pilot project in 2014 to test the practicality of acquiring collection materials through new channels such as from the public, similar to the way in which university and college bookstores re-purchase textbooks from students.

A detailed investigation into the campus bookstore model of textbook buy-backs concluded that the complexity involved in implementing and maintaining such a system in the public library context would result in significant overhead, inefficiencies, and reduced service to the public. However, applying this approach to expand the volume of donated materials from the public for re-sale by the Library has merit, and a pilot project is recommended. Increased book sale revenue could be directed to the Library's collections budget to support the purchase of new materials.

RECOMMENDATIONS

The Acting City Librarian recommends that the Budget Committee recommends that the Toronto Public Library Board:

1. launches a pilot project in 2014 to test the practicality and value of increasing the volume of saleable material donated by the public for re-sale by the Library, as an alternative to a pilot project for acquiring books from the public for addition to the Library's collections.

Implementation Points

Implementing the pilot project would require the following:
- a generic description of acceptable and unacceptable donations;
- a communication plan, both online and print, to provide this information to the public;
- support to highlight and promote branch local book sales in order to maximize revenue.

FINANCIAL IMPACT

It is estimated that revenue could be increased by up to $50,000 in 2015 if more saleable material is donated.

The Director, Finance & Treasurer has reviewed this financial impact statement and is in agreement with it.

DECISION HISTORY

At its April 17, 2014 meeting, the Budget Committee adopted a number of motions regarding the *2015 Operating Budget Outlook*, including the following:

"requests staff to report back on the feasibility of leveraging the TPL's digital and innovation competencies and vendor management and logistics expertise to design and launch a pilot project in the 2014 calendar year to test the practicality of acquiring collection materials through new channels such as from the public (similar to how university and college bookstores re-purchase materials from students)."

COMMENTS

A detailed investigation into the campus bookstore model of textbook buy-backs concluded that the complexity involved in implementing and maintaining such a system in the public library context would result in significant overhead, inefficiencies, and reduced service to the public. However, applying this approach to expand the volume of donated materials from the public for re-sale by the Library has merit, and a pilot project is recommended. Increased book sale revenue could be directed to the Library's collections budget to support the purchase of new materials.

The Campus Bookstore Model for Purchasing Used Textbooks

Staff investigated how textbook buy-backs from campus bookstores work by talking to the vendor who provides the service to the bookstores and to the Systems Manager for the University of Toronto (U. of T.) Bookstores.

Sellmytextbooks.org (http://www.sellmytextbooks.org/) is a service used by many North American campus bookstores, including U. of T., for most of the logistics of textbook buy-backs, including a mobile app it sells to stores for their university's students.

The process works as follows: Students input or scan the ISBN of the textbook they wish to sell via the vendor app or website. This is checked against the vendor's list of books – titles confirmed to be on the university's curriculum for the upcoming semester. If there is a match, a purchase price is shown and the student must bring the book into the bookstore to complete the sale. The stores have staff trained in handling purchases from the public, including examining materials to ensure they meet the standard for condition and explaining prices and policies. As they are retail outlets, staff are authorized to pay for materials.

Application of the Campus Bookstore Model to the Library

The textbook buy-back programs occupy a specific niche in the campus bookstore marketplace, and have limited analogous applications to the way in which the Library procures materials for its collections. In effect, the bookstores act as resellers for students and the profit they make offsets the staff time involved. In the library context, the material is not resold for a profit.

Given the discounts the Library receives on popular trade titles (the type of material envisaged for a similar program), it is doubtful that the savings in purchase price from buying from the public would make up for the cost of the significant staff time required to implement and run the program. For example, the Library receives a 42% discount on bestsellers so a $32 hardcover book would cost $18.56. Based on the prices of used current bestsellers in very good condition on Amazon.ca (60-80% of list price), we would have to offer at least 50% of the cover price or $16, a savings of only $2.56.

Moreover, the Library would have additional overhead as follows:

- **Providing Support Software** – The Library would have to purchase, install and maintain third-party software, including an app, which would allow the public to check titles wanted for purchase. As noted above, campus bookstores use commercial services that specialize in textbooks, but no such service currently exists for public libraries.

- **Maintaining a List of Wanted Titles** – Library staff time would have to be spent in constantly updating the list of wanted titles and their ISBNs, adding new in-demand titles and deleting unwanted ones. Bookstore staff do not have to update their list of acceptable titles as once the textbooks for the following semester are finalized, it does not change.

- **Paying for Books** – The current process for making payments (other than for a vendor invoice or a p-card purchase) is for staff to complete a cheque requisition, which is sent to Finance to issue a cheque to the payee. The process to issue a cheque involves setting up the vendor on the financial system, printing the cheque, and mailing the cheque. This process would not be feasible for multiple low dollar purchases. An alternative payment method is for staff to use cash to purchase the materials, but this has a number of drawbacks. The Library has made extensive process improvements to minimize cash handling by staff, including introducing point-of-sale machines at every branch to accept credit and debit card payments, eliminating coin-operated photocopiers with the use of copy cards, and introducing on-line fines payment. Making cash payments for collections purchases would involve increasing the cash balances at branches, which increases the risk of loss or theft. Cash registers would need to be configured to handle these new payments, and new internal control procedures would need to be created for authorization to make cash payments and staff trained in these new procedures.

- **Processing Books** – Library staff would have to physically process and link copies to the correct catalogue record either at the branch receiving the books or at Bibliographic Services, which would involve shipping the material there and back to a branch. In the campus bookstore model, there are no processing costs.

- **Allocating Books** – Copies of new titles are allocated across the system by Library selectors based on community demand and branch size. This maximizes the use and life of the collection and is integral to planned collection development. However, the location of the copies purchased from the public could not be similarly controlled. If inappropriate for the community or if too many copies were received in one branch, they would be weeded as underused. Copies could be reallocated, but this would be an additional expense in staff time and shipping. This is not an issue for campus bookstores.

Collection Procurement Efficiencies at the Library

Considerable efficiencies and cost savings have been achieved through an emphasis on economies of scale and standardization of the Library's supply chain for collection materials. For example, the Library deals almost exclusively with several large vendors for acquiring most materials, as these vendors provide value-added services that facilitate library processes and offer volume discounts.

In 2011, staff launched a Lean Six Sigma review of the Library's process intensive operations to increase efficiencies for improved customer service and budget savings. One of the areas reviewed was the procurement process for the Library's collections. Lean Six Sigma focuses on what customers' value, eliminating steps that don't add value and exceptions in processes because they lead to error.

This review resulted in reducing Bibliographic Services staff by 14 FTEs and improving cycle time for the processing of new materials from 30 days to one to two days for 65% of materials. One of the benefits to the increased cycle time for new materials has been that customers get their materials more quickly, fewer holds build, so fewer copies need to be purchased up front. For example, it used to be the minimum number of copies purchased of a bestseller was 145; this has now been reduced to 80, a 46% drop, because new materials are filling holds more quickly. Therefore, if delays resulted from waiting to purchase copies of books from the public to fill holds, the numbers of copies would need to be increased back to 145 or more copies because delays in filling holds results in longer holds queues and additional copies are always required.

Many of the efficiencies gained from the Lean Six Sigma review were the result of setting up processes that eliminated exceptions and ensured materials handling was minimized. It is important to ensure the same title is handled once, not multiple times. This has been achieved by automating the procurement process with batch streaming. Removing copies from automated streaming, puts them in a manual unpredictable process.

A procurement process that relies on purchasing used copies from members of the public raises a number of inefficiency and customer service concerns. Any potential savings from purchasing used materials must be compared with the costs inherent in setting up and maintaining an alternative system to the scalable, cost-efficient standardized one already in place.

Pilot Project to Test the Expansion of Selling Used Material Donated by the Public

As an alternative to purchasing used books from the public, it is recommended that the Library embark on a pilot campaign to encourage the donation of saleable material. It is estimated that revenue could be increased by up to $50,000 in 2015 if more saleable material is donated.

The public is interested in donating material to the Library as, even without publicity, a large number of donations are received. In 2012, when a Lean Six Sigma review of the donations process was carried out, over 200,000 items were received. Of these only 8% were added to the collection, 42% were sold and 50% recycled due to poor condition. They are sold through the two Book Ends stores, local branch book sales and through Better World Books, an online vendor. Dated and read-out material removed from the collection is also sold through these venues. The Book Ends stores are run by the Friends of the Library and revenue flows through the Foundation to the Library. Revenue from local book sales ($73,000 in 2013) and Better World Books ($23,000 in 2013) is included in the operating budget.

The Lean Six Sigma review of the donations process concluded that all donations should be sold or recycled as necessary, as adding them to the collection is not cost-effective because of the low value of the appropriate material received and the extensive staff handling involved. This is in line with the procedures of other large North American library systems such as Ottawa, Edmonton, Los Angeles and Brooklyn. This does not apply to donations made to Special Collections.

An online and print campaign that encourages donations of saleable materials and clearly communicates what the Library will and will not accept would increase sales revenue and reduce the unnecessary staff handling of unwanted donated material.

If the pilot is successful, the opening of a bookstore in the Richview Branch would be investigated. This would be a variation on the current Book Ends stores as the volunteers would be Youth Advisory Group members and the income would flow through the Foundation. Necessary renovations to the Richview space to set up a used bookstore would be covered by the planned 2015 work at Richview under the multi-branch capital program.

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SIGNATURE

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