The Entrepreneurial Library: Creating Revenue in the Age of E-Commerce

Elizabeth E. Kirk

It is one of the striking paradoxes of the day that there seems to be so much new wealth in the United States while American academic libraries continue to be so financially challenged. Everywhere we turn, there are reports of new corporate players in the higher education arena who see us as an industry ripe for profit-taking. We are told that the new meritocracy understands the need of retraining and will pay handsomely to have the for-profit sector provide "real world" education. The Nasdaq implosion of 2000 has dimmed some of that exuberance, but it is clear that the basic proposition—that new wealth and new education are tied to technology—still holds.

The established education world, the one that most of us live in, continues to face costs higher than revenues. In fact, we are a source of the new technology wealth. We pay for technology and train those who will profit through it. In most every institution, the library is one of *many* services suffering from a lack of funding adequate to accomplish the work it needs to do. External and internal demands upon university administration, departments and services outstrip institutional ability to provide the dollars required to meet them. "Demand overload intensifies institutional struggle over the very meaning of the enterprise, let alone the division of resources. It renders the response capabilities of the traditional system highly problematic. Higher education cannot be governed or led from a platform of certainty about what is basic now and what is necessary for the future. Too much is basic, too much can readily be deemed necessary."[1] It is overly simplistic to think it is merely a matter of making hard choices; most all institutions having been making hard choices—and living with the consequences—for quite awhile now, and will continue to do so. Even so, traditional funding models will be hard pressed to meet the costs of doing a limited number of things and doing them very well. And who wants to do things less than very well? The libraries our institutions can afford may not be up to the task. How can we provide our universities and colleges with the libraries they need?

Can we draw upon the new wealth without abandoning our traditional missions? To do so, we need to make radical changes, starting with our mindset. We need to understand the value of our services and then move from being one of

Elizabeth E. Kirk is electronic and distance education librarian at Milton S. Eisenhower Library, Johns Hopkins University.

many resource allocation points (pure recipients of institutional funding) to being a resource attractor (a magnet for many sources of funding). One organization, the Sheridan Libraries of Johns Hopkins University[2], is making that transformation. The libraries are doing this through a strategy of entrepreneurship.

An Entrepreneurial Strategy

What distinguishes this entrepreneurship from conventional fee-based services? It is not just a new, hip name for a longstanding and controversial idea. Libraries have long incorporated a number of cost-control mechanisms, sometimes with internal and external opposition. These include cost recovery charges, such as fee-based photocopying and (more recently) printing. Other fee-based services, such as faxing articles or delivering materials to departmental offices, charge for convenience. Yet these charge-backs, while helpful, do not begin to put a dent in the expanding costs of materials and technology, nor are they designed to do so. In fact, they may not cover cost centers they address. Entrepreneurship, however, is focused on bringing new dollars in—new revenue streams—that begins by a "redefinition of the physical, expertise, and intellectual infrastructure [of the academic library], and a new understanding of the geography, psychology, and economics of innovation."[3]

Sheridan Libraries, like other academic libraries, possess assets that are attractive building blocks for business. The libraries have enormous intellectual capital assets, that is, the accumulated expertise and intellectual infrastructure necessitated to support academic and research library services and collections. The libraries also possess a crucial capital asset, technology, which is built to serve as a means of production, to organize and distribute information and services to the university community. Technology makes national and international markets available. The libraries employ these assets to design and implement entrepreneurial projects that attract revenue from beyond the university.

Assets prepare us to service markets. Despite the recent downturn in the technology sector of the economy, there are still commodities that are highly salable and critically valuable. Information is at the top of this list. Information is a primary driver of the new economy, from the strategic level on down. Information is the currency in the economics of innovation. Information is also extremely expensive and increasingly restricted due to copyright and contract law. Services that locate, evaluate, analyze, and package critical information are extraordinarily valuable and have there-

fore multiple and enormous markets. If the new economy is to grow, and it will (although more prudently than in 1999), it needs access to excellent information services. Sheridan Libraries can provide those services. This basic premise is the foundation of our entrepreneurial strategy.

From Strategy to Action

Deploying this strategy into successful programs and projects has required a multi-tiered approach: projects are multiple, they are entirely focused on external patrons, they offer a selective variety of services, and they leverage the organization's assets effectively. Understanding these elements is critical.

Much of the distaste expressed in regard to fee-based services in libraries is grounded in the belief that information is a common good that should be free to a given community of users. In fact, information is not free at all in higher education, but its costs are most often hidden from the end user. Our core community is paying dearly to support us, through tuition dollars and school and departmental budget lines. By focusing entrepreneurial activities on the outside, we honor those investments. We also share that burden; entrepreneurial projects bring in outside dollars to advance our core mission of supporting the Hopkins community's research and learning needs. This acts as a magnet for other funding down the road. It is a critical step in becoming a true and ongoing *resource attractor*, to use Gary Hamel's term: "If an idea has merit, it will attract resources, in the form of venture capital and talent. If it doesn't, it won't."[4] There is an ongoing effect to this. Organizations, not just ideas, can become resource attractors: "Fee-based information services in libraries enhance institutional image and make members of the business community aware of the value of their local library. This factor alone has implications for attracting more support to traditional library services."[5] Entrepreneurship is rewarded through increased attention from grant-making organizations and donors, larger and more diverse applicant pools for positions within the organization, and inquiries from prospective partners and customers.

Similarly, implementing and managing multiple projects is a critical element in establishing reliable revenue inflow. Placing the revenue-generating burden on a single service creates enormous stress on that service. It also limits markets and revenue. Single service models represent an incremental approach to dealing with funding problems, but the incremental approach will not take us where we need to go. There is a great need to foster an environment where risk

taking is encouraged. Also, some solutions will be temporary in nature, and that needs to be permitted. Burton Clark calls the locus of such projects within a university the "developmental periphery…a place for experimentation. It can have temporary units, serving as salients of exploration, which operate under three- or five- or 10-year "sunset" provisions and are renewed only if they prove their value. An array of such units can serve as a portfolio of small experimental steps so that the institution need not stake everything on one grand investment."[6] Experimental steps can build a foundation for robust, replicable businesses based on accumulated experience in selected settings. Not all will get beyond the planning stages; some will. Just like an investment portfolio, diversification is a factor for stable growth.

The idea of entrepreneurship is often associated in our culture with individual effort. Sheridan Libraries take an organizational view. "[E]ntrepreneurship can also be a positive characteristic of groups: we can appropriately speak of certain academic research groups, interdisciplinary programs, whole departments, entire faculties, even universities as entrepreneurial, in degree and in kind. And while highly proactive attitudes and actions in such groupings can be promoted by certain individuals, at their best they nearly always are rooted in the willingness of a number of individuals to participate in a joint effort. There is a "concert of wills."…. Collegial entrepreneurialism can be seen as a mediating normative order. It produces leadership, but it also listens to and represents the interests of a wide range of internal and external groups."[7] This view of entrepreneurship values the combined knowledge and creativity of the group, encourages new ideas from across the organization, and promotes a sense of organizational ownership. This internal welling up of ideas is key to the success of Silicon Valley: "The third reason why the market for ideas is much more vibrant in Silicon Valley is that there's no prejudice about who is or is not capable of inventing a new business model. The hierarchy of imagination counts for far more than the hierarchy of experience."[8] Staff consult on projects under design. They also submit proposals for new projects; individuals whose proposals are selected for development are credited and compensated for their ideas. While staff offer their ideas, they do not take on the staffing of external projects. One position was identified to work with administration to identify possible markets in the distance education area. Individual projects are staffed with new positions, and most projects at Eisenhower are housed outside of the library's physical space. Projects are auxil-

iary enterprises of the libraries and administration is committed to keeping a "firewall" between these businesses and the staff, services and collections that support the Hopkins community. Organizational entrepreneurship welcomes input from beyond the libraries to the university at large and acts as a strong internal marketing factor. The openness for ideas wins approval and recognition; one benefit is that otherwise unidentified potential customers are now referred to the libraries.

Projects are selective and founded on the libraries' recognized assets and strengths. They are built on a limited number of conceptual models that are highly customizable and tested as sound businesses. This de-risks the design and implementation of new services; the libraries can build a strong framework for sharing expertise among projects, provide a firmer foundation for cost analysis and project management, and create product recognition (e.g., a "virtual library model"). There are multiple projects underway currently. A beautiful and historic space is rented out for special events and as a movie location[9]; the special events manager has developed this into a very successful business. Eisenhower Library's Book and Paper Conservator and Instructional Services Coordinator have drafted continuing education programs for marketing. Eisenhower's long experience in distance education lead the library to establish a department that develops electronic library services for distance learning colleges, educational programs, corporate clients, and personal research services. This department provides the virtual library for a nationally known, accredited distance learning university with over 16,000 students dispersed internationally. This department will bring up a consumer health information service this spring as part of HopkinsHealth, a content licensing service of Johns Hopkins University and Health System. Projects centering on young adult services, alumni services, and corporate services for high technology are currently in discussions. Much like Silicon Valley, the libraries have successfully modeled a business incubator: we spin out new projects developed from our original successes. Companies and schools associated with current customers are now interested in our services. Johns Hopkins itself is highly entrepreneurial, and the university now promotes the libraries' participation in new external projects.

The libraries have adopted standard business practices for entrepreneurial projects. This includes writing professional business proposals with clearly defined financial structures. "Call it what you want—project plan, proposal, strategy document, even an executive meeting—but the prin-

ciples present in a quality business plan must be addressed. A good business plan outlines your approach to an opportunity based upon your understanding and strengths within that particular marketplace. It addresses the known obstacles you will face and, when relevant, the competition in the field. It also clearly describes the products and services you will introduce to make the most of the opportunity at hand."[10] Business plans are a demonstration of business competence. They are an important element of showing our customers that we are expert service providers and that we are proactively competing to enter a wider market in which we have proven professional skill. The business plan is one of our first opportunities to acquaint the customer with the quality of our services, in very specific ways, by addressing our understanding of what an organization needs and how we will meet those needs.

What Does Success Mean?

How have Sheridan Libraries succeeded? In addition to bringing revenue into the libraries, entrepreneurial projects provide a needed laboratory for new services that can be used to improve our responsiveness to the Hopkins community. For example, virtual library activities necessitate a wider repertoire of digital reference service points, or technologies, than have been needed internally heretofore. Within the university now, the traditional distinctions between distant and traditional student—and online versus traditional services—have blurred enormously. The public services librarians are looking very closely at how we develop more interactive modes for online reference in order to learn along with us. Staff in entrepreneurial programs participate on library teams and committees, offering new perspectives from their areas of specialization. Learning flows in both directions.

Our entrepreneurial strategy has helped Sheridan Libraries become a significant resource attractor. Entrepre-

neurial programs are expanding. They draw positive attention and other new funding. While generating revenue to support the libraries' current needs and its transformation for the future, we also learn the skills needed to sustain the future library. And by working in the new economy, the libraries have positioned themselves to survive the coming transition to that economy that the established, or traditional, world of higher education will inevitably make. We have developed new ways to fulfill our historic trust. We confidently take that trust into the future, knowing that we will be able to provide the university with the libraries it needs and deserves.

Notes

1. Burton R. Clarke, "Collegial Entrepreneurialism in Proactive Universities: Lessons from Europe." *Change,* Vol. 32, no. 1 (January–February 2000): 12.

2. The Sheridan Libraries consist of the Milton S. Eisenhower Library and its collections at the Hutzler Undergraduate Reading Room, the George Peabody Library, and the Garrett Library.

3. James G. Neal, "The Entrepreneurial Imperative: Advancing From Incremental to Radical Change in the Academic Library." *Portal: Libraries and the Academy,* Vol. 1, no.1 (2001): 12.

4. Gary Hamel, "Bringing Silicon Valley Inside." *Harvard Business Review* (September/October 1999): 76.

5. Amelia. Kassel, "The Future for Information Professionals: Back to the Future." *Journal of Internlibrary Loan, Document Delivery & Information Supply,* Vol. 10, no. 1 (1999): 104.

6. Clark, 15.

7. Clark, 18–19.

8. Hamel, 78.

9. The George Peabody Library, most recently seen in Barry Levinson's film *Liberty Heights.*

10. Chris Brezil, "Lessons for Higher Education From the Dot Coms." *Educause Quarterly* no. 4 (2000): 47.