Shelf-ready

Is it worth the money?

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Core steps for cost analysis

- ❧ Define the item to be costed

- ❧ Understand the purpose of costing exercise

- ❧ Determine the cost basis

- ❧ Gather information on the work process

- ❧ Identify and quantify the major cost components

- ❧ Calculate costs

- ❧ Document your assumptions and perform reasonableness tests

"Define the item to be costed"- can be a product, a service, any work activity, also known as "cost objective" establishes the scope of the analysis

Identification of cost components and the calculation of costs "other steps provide context and ensure results are accurate, explainable, repeatable, and achieve desired result"

Understand the purpose of the costing exercise" – clarify the question cost analysis should answer and how information will be used

"Determine the cost basis" – what data is available for the activity to be costed. Should you use actual costs or projected costs (estimates and can be based on historical data)

"Gather information on the activity or work process" – define work involved in detail, step by step description of the work, detail how it will be performed and list resources needed to accomplish the work

Identify and quantify the major cost components" – "costs fall into one of the following categories: supplies and equipment, services, labor, or indirect costs" (Calvi 3)
Expenses can be either direct (those clearly associated with a specific cost object) or indirect (also known as overhead- "common to more than one cost object and are not directly traceable to a specific product" (Calvi 7)
Supplies – "any materials that are consumed in the process of carrying out a particular activity" (Calvi 8) don't forget to include shipping, staff time in ordering
Equipment – is used over and over again without being substantively consumed" (Calvi 8) "can be incorporated into a cost analysis by amortizing the expenditure over a certain time span and assigning a portion of the equipment's cost to each item produced during that time"(Calvi 9) "total equipment cost divided by quantity of items produced during its life span = unit cost of equipment" (Calvi 10) exclude multipurpose equipment
Service – meaning outsourcing (vendor charges + shipping, insurance, labor costs, supply and equipment costs, working with vendor, selecting, processing, packing, unpacking, performing quality control (calvi 11)
Labor – If staff performs only the activity being costed and productivity rates are known (divide the staff's total compensation (salary plus benefits) by quantity of items produced during that time period. In adjusted labor rate method – workers divide their time among a variety of activities – measure time spent on an activity, multiply that time by staff's compensation rate. To do this first define the activity listing all tasks, determine average completion time

Calculate costs

Document your assumptions"
"

Perform reasonableness tests" – assess the validity of a cost analysis

What we did not measure

- ❧ Equipment

- ❧ Space

- ❧ Staff

- ❧ Acquisitions processes

Does not measure
Equipment: purchase and maintenance of computers, telephones, fax machines, copiers, staplers, tape etc
Space: cost of owning building, maintenance, heat, power, water, toilet paper, soap etc
Staff: interviewing and hiring, training, consultation, non-productive time, mistakes, absenteeism staff development, other assignments
Acquisitions processes: ordering (pre-order searching, order creation
        payment – invoices, statement reconciliation, processing payment, library business office, university business office
        shipment errors, returns
        retaining and maintaining records
Integrated online system - Implementation, initial purchase cost, maintenance and ongoing costs, personnel loading records, orders, invoices.
        Processing for payment – create electronic copy in ILS, library business office, university business office cuts check, library business office verifies and mails.

What we did measure

ℚ Time

ℚ Process

Yankee
Workflow Study

Control #: _____

Yankee Account #:_____

Review Room (Approval Books)

date in_____date out_____

Acquisitions:

date in_____date out_____

time in_____time out_____

Received by:_____

Cataloging:

date in_____date out_____

time in_____time out_____

Cataloged by_____

Cataloging:

date in_____date out_____

time in_____time out_____

Cataloged by_____

Cataloging:

date in_____date out_____

time in_____time out_____

Cataloged by_____

Lettering:

date in_____date out_____

Circulation:

Date received_____

Required modifications for Shelf-Ready Books
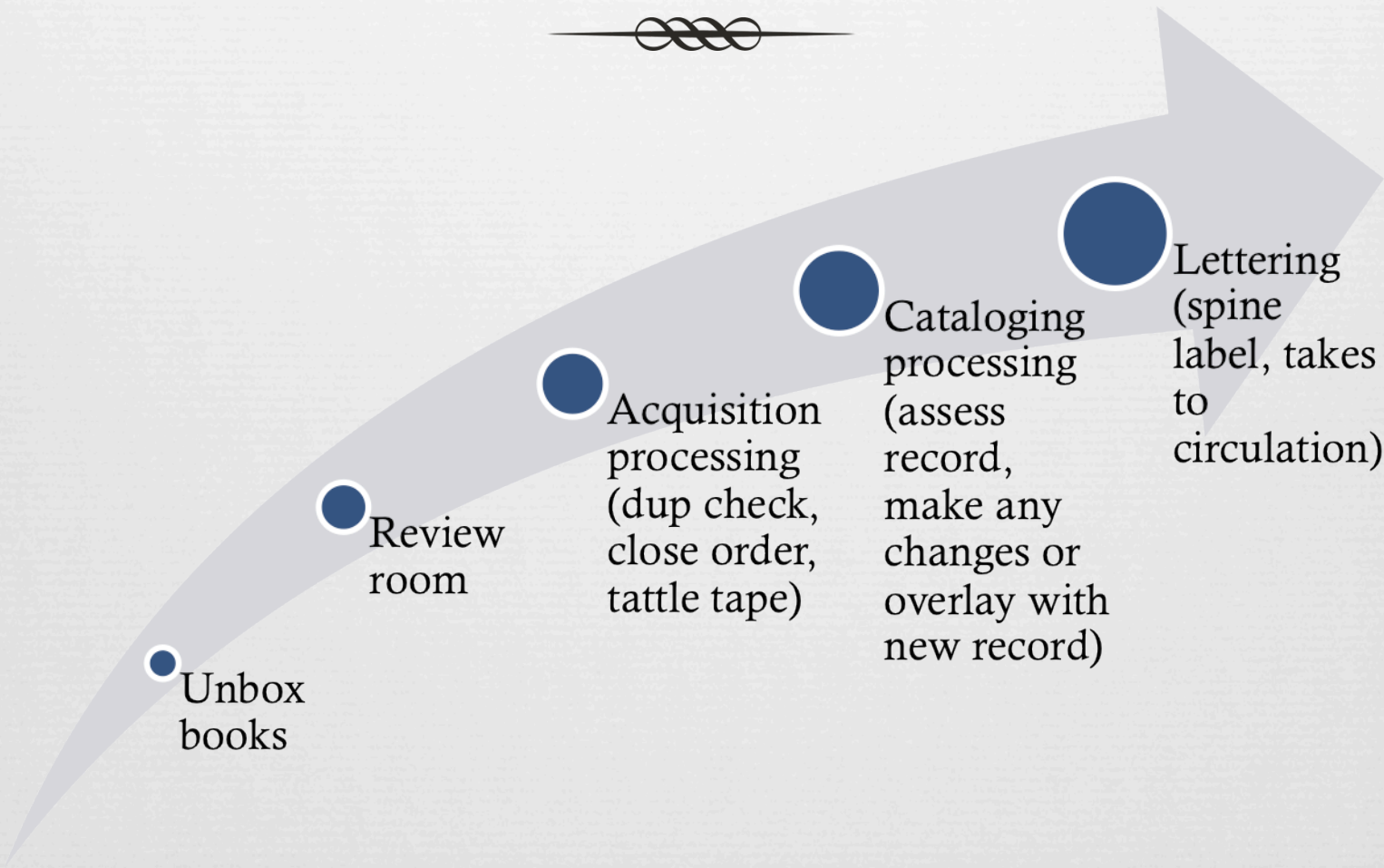
Need new label_____

Need new barcode_____

Sub-accounts

ACCOUNT	NAME	TREATMENT
8116-02	Rush	Nothing
8116-04	Partial Shelf-ready (Juvenile, Music, Literature)	Bib record, order, physical processing
8116-05	Special Collections	Bib record, order
8116-07	Shelf-ready	Bib record, order, physical processing, spine label
8116-10	Firm Order Exceptions	Nothing
8116-11	Approval	Bib record, order
8116-13	Continuations	Nothing

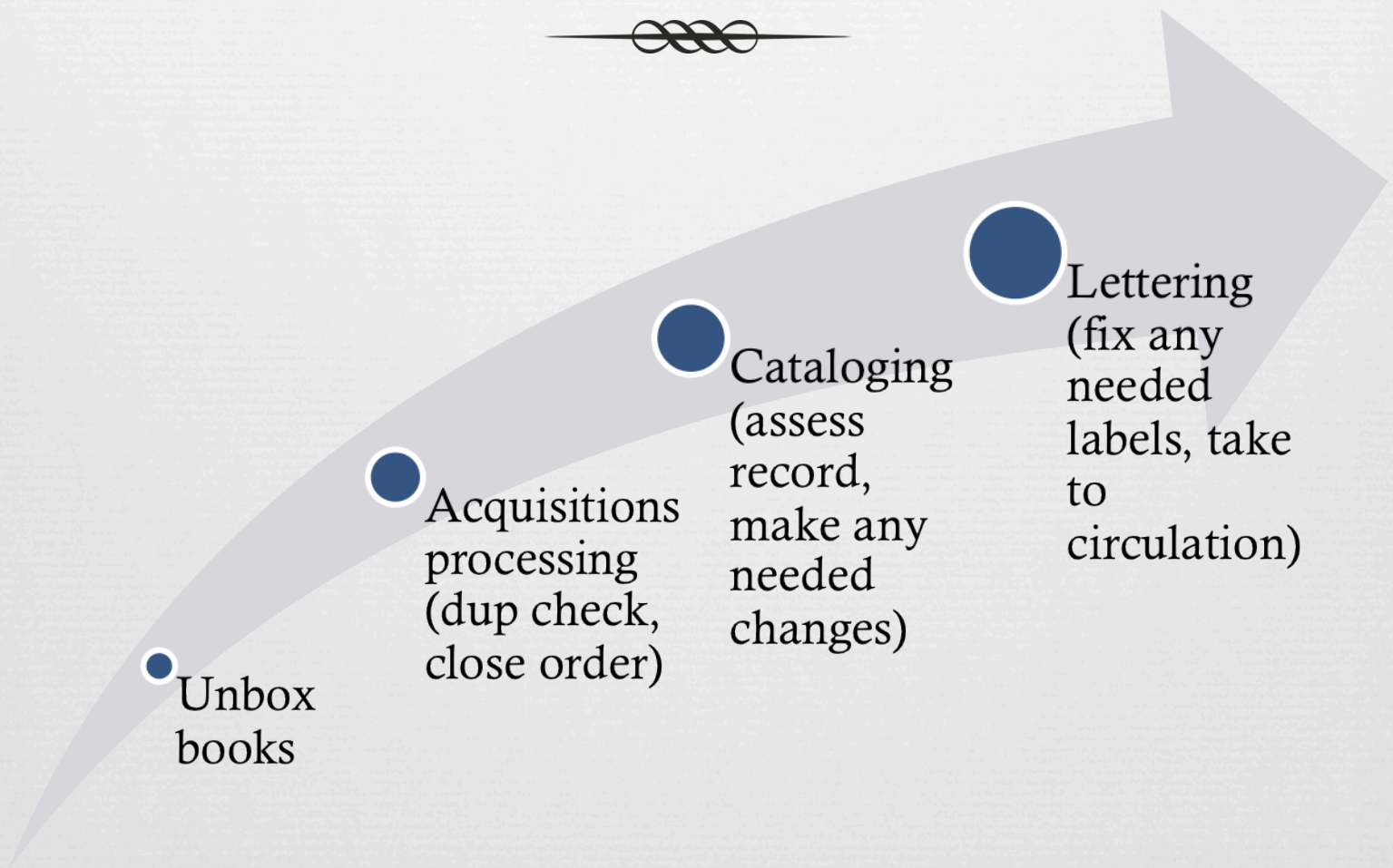Have 7 sub-accounts depending on the way books are sent and the level of processing

02-none -Rush

04-Bib record, order, physical processing (JUV, MUSIC< Literature (P Call #)

05-Bib record and order (Special Collections)

07-Bib record, order, physical processing, spine label (Shelf-ready)

10-none, exceptions another volume in set, replacement

11-Bib record, order, invoice (Approval)

13-none (continuations)

Approval Process

Unbox books

Review room

Acquisition processing (dup check, close order, tattle tape)

Cataloging processing (assess record, make any changes or overlay with new record)

Lettering (spine label, takes to circulation)
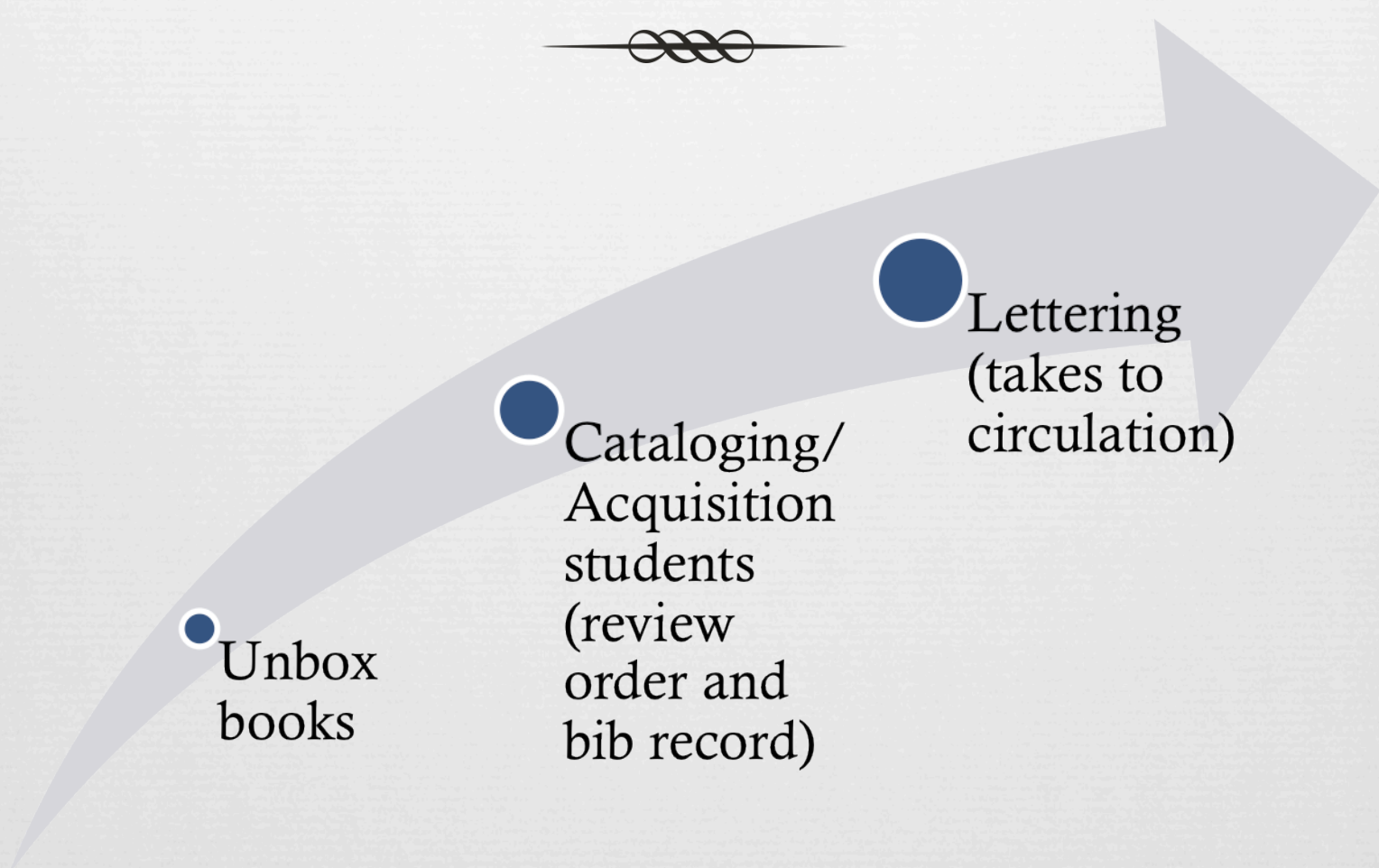
Traditional path - Firm order, Continuations, Special Collections, Rush - these follow mostly the same path

Previous Shelf-ready process

Unbox books

Acquisitions processing (dup check, close order)

Cataloging (assess record, make any needed changes)

Lettering (fix any needed labels, take to circulation)

Current Shelf-ready Process

Unbox
books

Cataloging/
Acquisition
students
(review
order and
bib record)

Lettering
(takes to
circulation)

Cost Comparison

$$\frac{\text{Cataloging Salaries}}{\text{Number of Books Cataloged}} = \$47.64$$

Cost Comparison

Account	Total Average Cost	Acquisitions Cost	Cataloging Cost	Sample Size
Rush Order	**$6.02**	$0.73	$5.08	3
Partial Shelf-ready	**$3.60**	$0.31	$1.86	14
Shelf-ready	**$3.18**	$0.42	$0.83	186
Firm-order	**$4.49**	$1.34	$2.69	16
Approval	**$2.97**	$0.31	$2.09	1,214
Continuations	**$4.95**	$1.92	$2.26	26

Days Comparison

Account	Average Days in Acquisitions	Average Days in Cataloging	Average Days in Lettering	Average Days From Receiving to Circulation
Rush Order	0.00	0.67	0.00	**0.67**
Partial Shelf-ready	0.00	9.85	3.29	**12.86**
Shelf-ready	0.27	6.22	0.74	**3.59**
Firm-order	0.00	19.81	9.64	**24.10**
Approval	0.10	11.67	8.68	**36.66**
Continuations	0.00	9.45	10.08	**23.50**

Days Comparison

Over

90%

speed increase

Time Comparison

Account	Average Processing Time in Acquisitions	Average Processing Time in Cataloging	TOTAL AVERAGE
Rush Order	4:00	12:00	**16:00**
Partial Shelf-ready	2:09	4:40	**6:50**
Shelf-ready	3:24	4:53	**5:06**
Firm-order	9:35	17:11	**26:45**
Approval	2:15	7:42	**9:59**
Continuations	4:02	8:32	**12:32**

Time Comparison

Over

47%

less processing time