

A Concise and Applicable Review of Return on Investment

Melissa A. Lafranchise

San Jose State University

A Concise and Applicable Review of Return on Investment

In “Applying Return on Investment (ROI) in Libraries”, Betsy Kelly, Claire Hamasu, and Barbara Jones (2012) make a compelling case for libraries’ utilization of ROI. The article reads as both a literature review and a practical guide. Ultimately, the authors characterize ROI as one tool among many in a library’s arsenal for demonstrating value—one that can be “incredibly powerful” when used appropriately (Kelly et al., 2012, p. 669).

The authors succinctly encapsulate the major shifts in perception, technology, and financial resources that have resulted in a concomitant pressure for libraries to “prove their value” (Kelly et al., 2012, p. 657). They also provide a concise definition of ROI along with simple and understandable formulas for its calculation.

A comprehensive literature review follows that also provides specific examples of ROI calculation and use in multiple types of libraries (e.g., St. Louis Public Library and the University of Illinois-Urbana Champaign library, Kelly et al., 2012, pp. 659-661). Additionally, the authors specifically mention two online calculators that the reader could access and utilize.

Wonderfully, they spend a significant amount of time on valuation—determining how to monetize the benefit of library services. Ascribing value is a thorny task for libraries whose services are typically free, and the authors deserve applause for making this challenge seem surmountable. However, actual examples for each of their four methods of valuation would enhance this section by moving it beyond generic modeling and into the real-world.

Kelly et al. astutely conclude their article with cautions about knowing one’s audience and knowing when to use ROI to its best effect. Regardless of the popularity of ROI, the library manager must understand when, how, and with whom it can be most effectively applied. Overall,

the authors present a timely and useful analysis of a potentially daunting financial concept in a manner that is understandable and enables immediate and practical application.

References

Kelly, B., Hamasu, C., & Jones, B. (2012). Applying return on investment in libraries. *Journal of Library Administration*, 52(8), 656-671. doi: 10.1080/01930826.2012.747383