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Using Data to Make Choices: The Balanced Scorecard at the University of Virginia Library

by Jim Self, Director of Management Information Services, University of Virginia Library

In early 2001 the University of Virginia (U.Va.) Library began implementation of the Balanced Scorecard. This initiative continues a long history of collecting and using data to improve services, collections, and processes at the U.Va. Library.

The Balanced Scorecard (BSC) allows an organization to focus on a relatively small number of carefully chosen measurements. These measures are aligned with the library mission and strategies, and they provide a quick but comprehensive picture of organizational performance.

The concept dates from a 1992 article in the *Harvard Business Review* by Kaplan and Norton.¹ The scorecard was designed for private business, but is increasingly being used by governmental and nonprofit organizations. In 2001 ARL and OCLC sponsored a three-day forum on performance measures, which featured the Balanced Scorecard.² Several German libraries, under the leadership of the German Research Council, have implemented the Balanced Scorecard.³ However, implementation in North American libraries has been slow to develop.

The Balanced Scorecard examines the organization from four perspectives: User, Finance, Internal Processes, and Learning and the Future. Four to eight measurements, or metrics, are devised for each category or perspective. Each metric has a specific and unambiguous target or set of targets. For example, two of the metrics adopted by U.Va. for 2002-03 are described below. Each of these metrics contains two targets. Target1 indicates complete success in achieving the metric; Target2 indicates partial success.

THE SCORECARD MEASURES ARE "BALANCED" INTO FOUR AREAS

User Perspective

How can we fulfill user expectations?

- Satisfaction rating of our customers in our periodic surveys
- E-metrics
- Turnaround time for patron requests

Finance Perspective

How can we secure and use resources in an effective way?

- Unit cost for various transactions
- Cost per use of purchased materials
- Revenue from state and private sources

Internal Process Perspective

How should we organize internal processes to meet user needs and expectations?

- Throughput times for making available new materials
- Turnaround times for internal service requests

Future Perspective

How can we secure the future capability of our services?

- Staff training outcomes
- Employing the best people
- Replacement/ updating of equipment and technical resources

To recruit, develop, and retain productive, highly qualified staff, the library established a metric for the *Retention Rate of Commended Employees*:

Target1: 95% of commended employees remain on the staff.

Target2: 90% of commended employees remain on the staff.

Method: Staff members who have received at least one extraordinary contributor write-up and faculty who have received at least one "extra-meritorious" or "highest" salary increase over the past three performance cycles are identified at the beginning of each fiscal year. The library may also take other forms of recognition into consideration. At the end of the year, we will determine what percentage of these employees still work at the library.

To provide resources and services that have a high ratio of value to cost, the library has established a metric for *Expenditures for Circulating Monographs as a Proportion of All Monographic Expenditures*:

Target1: Monographs that circulate within the first two years should account for at least 60% of the monographic budget.

Target2: The circulated items should account for at least 50% of the monographic budget.

Method: A yearly study similar to the 1993-95 baseline study will be conducted. The study will track purchased monographs for two years to determine if a customer uses them.

The U.Va. Library is using this technique for several reasons. In essence the Balanced Scorecard enables us to gain better control of our statistical operations. By limiting the number of scorecard metrics, it forces us to decide what is important, and to identify those numbers that truly make a difference. It also introduces some balance into our statistical work. Like many libraries, we have collected many data regarding resources and user services, but other areas have not received the same attention. The BSC compels us to take a focused look at finance, internal processes, and the future. Another important aspect of the BSC is the assigning of targets or goals. We not only decide what measures are important; we also state what constitutes success for each measurement. A final rationale for the scorecard is its intelligibility; each year we can literally see how well we have done. We get a clear picture of organizational performance in the form of a set of pie charts. We have one pie chart for the overall results, and individual charts for each of the four perspectives. We can evaluate, at a glance, the performance of the library. It is equally easy to compare the four perspectives and to note where we are doing well, and where we need to improve.

Choosing the metrics may be the most crucial part of the process. Once a metric is established, it has organizational approval and recognition--as the saying goes: what gets measured, gets managed. The choice of metrics depends upon the values of our organization. There must be some agreement as to what matters, what counts within the library. Adopting the Balanced Scorecard requires the library to confront issues in a more rigorous fashion, to make some hard decisions, and to make those decisions explicit.

The subject matter of the metric (e.g., reference service, cataloging, fundraising, interlibrary loan) is obviously important, but not the only issue. The nature of the measurement is equally important. Do we count the number of times we perform a task? Do we measure the cost of performing the task? Do we calculate the time it typically takes to do the task? Or do we survey our customers and ask them how well we performed the task? Any of these techniques might be appropriate, but our choice of techniques is reflective of the library's priorities.

The metrics also reflect practical considerations. Collecting data generates costs, and we attempt to minimize those costs. We do not want the Balanced Scorecard to be a burden; it should not appreciably increase our costs--either in terms of labor or monetary expenditures. Whenever possible, we use existing measurements, incorporating them into the process as scorecard metrics. The second choice is to use data that can be mined efficiently from databases. The third choice is collection through sampling--preferably carried out by student employees. Only as a last resort, do we ask operational ("front line") staff to spend their own time collecting data.

U.Va. has collected scorecard data for two fiscal years. We are currently completing the FY03 tally, and will soon communicate the results to library managers and staff. At the same time we are collecting data for FY04, and starting the planning for FY05.

The process is still evolving, but thus far we are very pleased with the Balanced Scorecard as a management tool. It has improved our statistical focus, clarified and balanced our organizational values, and helped us develop a culture of assessment. We think its utility will only increase as we become more experienced in its implementation.

Additional information can be found at <<http://www.lib.virginia.edu/bsc/>> or by writing to <self@virginia.edu>.

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1. R.S. Kaplan and D.P. Norton, "The Balanced Scorecard--Measures that Drive Performance," *Harvard Business Review* 70, no. 1 (1992): 71-79. [back to text](#)
2. ARL/OCLC Strategic Issues Forum, "Toward Rethinking Academic Library Performance in the Digital Age," Tempe, Arizona, February 16-18, 2001, <<http://www.arl.org/olms/forum2001.html>>. [back to text](#)
3. R. Poll, "Performance, Processes, and Costs: Managing Service Quality with the Balanced Scorecard," *Library Trends* 49 (2001): 709-717. [back to text](#)

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