

CHALLENGES OF CALCULATING RETURN ON INVESTMENT: THE HS/HSL EXPERIENCE

BACKGROUND

A Task force was formed to investigate Return On Investment/ Cost/Benefit Analysis tools and their value for use by the Health Sciences and Human Services Library, HS/HSL.

PROCESS

1. Automated calculators were selected from the NN/LM MidContinental Region to calculate ROI/CBA for journals and books including both print and e

$$\frac{\text{Total Benefit}}{\text{Total Cost}} = \text{CBA}$$

$$\frac{\text{Total Benefit} - \text{Total Cost}}{\text{Total Cost}} \times 100 = \text{ROI}$$

2. Sources were identified for HS/HSL data

3. Identified gaps in statistics

4. Outside sources for data were identified

(Salary and unemployment statistics from the U.S. Department of Labor, Bureau of Labor Statistics and Maryland Department of Labor, Licensing and Regulation)

5. Statistics from usage survey completed by an outside consultant provided key information

RESULTS

The CBA and ROI values for the HS/HSL are as follows:

Books: CBA = 27.0 : 1 (for every dollar spent 27.0 dollars are returned in benefit)
ROI = 2,603% (benefit return over and above total cost)

Journals: CBA = 20.0 : 1 (for every dollar spent 20.0 dollars are returned in benefit)
ROI = 1,899% (benefit return over and above total cost)

Combined: CBA = 21.2 : 1 (for every dollar spent 21.2 dollars are returned in benefit)
ROI = 2,017% (benefit return over and above total cost)

CHALLENGES

- Data not maintained
- Incomplete usage statistics
- Inaccuracy in data provided
- Labor intensive manual calculations
- Multiple sources consulted for figures
- Repeated clarification of figures required from HS/HSL sources

FUTURE RECOMMENDATIONS

Establish ROI / CBA standing committee to:

Improve communication of statistical needs within HS/HSL to ensure consistency in maintaining, compiling, and reporting data

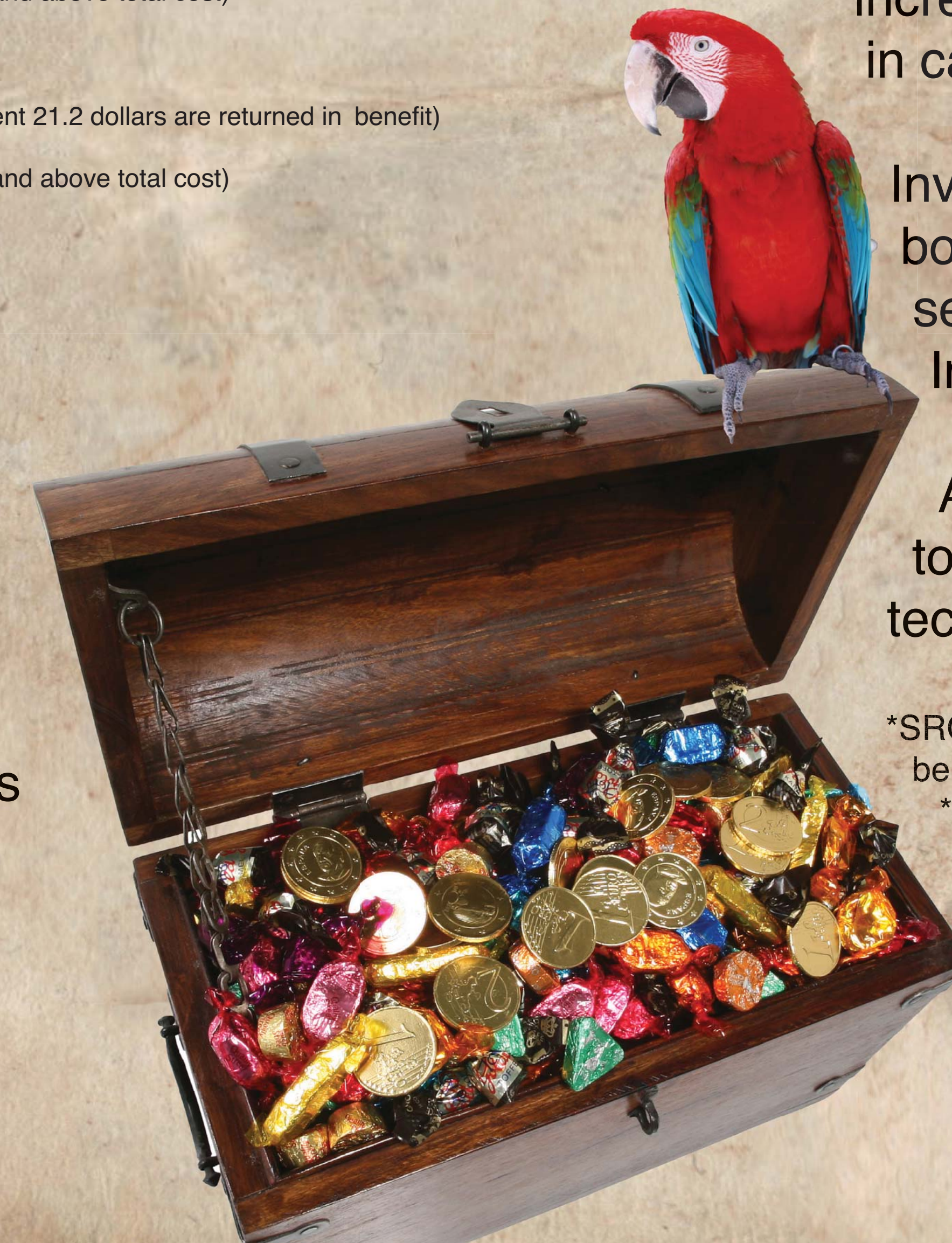
Conduct surveys and institute processes to increase the accuracy of some values used in calculations

Investigate other ROI/CBA initiatives in both the academic and public library sectors such as Social Return on Investment (SROI)*

Analyze current HS/HSL activities to identify intangibles** and possible techniques for valuation

*SROI - Financial measurement of activities that have a beneficial effect on society or the environment.

**Intangibles – Assets such as services, skills, and knowledge that have intrinsic value which is difficult to quantify.



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