Determining Value: Using Rank to Identify Library Characteristics that Contribute to the Bottom Line!

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Why Rank?

- Rank could be used to operationalize values of profitability distinguishing high vs low performing organizations

- Rank could be based on many different "measures of success"

- Rank could be used as the dependent variable when statistically analyzing data

Why Law Firms?

- Law firms are information intensive and deal principally in knowledge work

- Law firms workforce is knowledge workers

- Lawyers' productivity and efficiency is greatly influenced by the confidence they have in the information they use

- Information intensive industries are more likely to improve their productivity than non-information intensive ones

- Financial data and rankings of highly profitable private law firms are readily available in the public domain as the annual AM LAW 200

Research Objectives

1. To determine if libraries at Am Law firms are different from other law libraries
2. If Am Law firm libraries are different, which differences, if any, are related to firm profitability
3. To determine the extent to which law libraries serving firms ranked higher in the Am Law 200 were different from firms ranked lower on the Am Law 200 list

Theoretical Framework

- Productivity served as the theoretical construct for this study. It is important because high productivity is associated with competitive advantage which can ensure an organization's viability and sustainable market share.

- Outcomes benchmarking served as the theoretical framework for the design of the study.

Research Design

- A combined qualitative (descriptive) and quantitative (relational) approach was used.
  - Industry standard benchmarks for select private law firm characteristics were compared to characteristics of libraries serving the Am Law 200
  - 26 law firm characteristics were statistically tested to determine their significance in relation to Revenue per Equity Partner rank

Survey Methodology

- Survey sample population = 179 firms
- Survey questions developed from analysis of prior law library studies
- Pilot study resulted in several changes to questionnaire
- Study was tested for validity and reliability
- Announcement letter sent by law library expert Dr. Yvonne Chandler
- Online survey (Survey Monkey) sent to Law Library Administrators – open 3 weeks
- Adjusted response rate was 28.5% (n=51)

Survey Findings

- Four similarities but 17 differences in Am Law firm libraries and other law libraries
  - Am Law libraries have higher budgets (151% higher), double the library locations, 40% more staff firm wide and 33% more librarians than other private law libraries. They also have library staff with technology expertise.

- Six independent variables were a significant factor in Revenue per Equity Partner rank
  - To whom the library admin. reports   - $1,048,663 (+50%)
  - Number of library staff per library   - $2,001,051 (+142%)
  - Budget per library   - $ 380,041 (+82%)
  - Support for Professional Dev.   - $1,310,697 (+62%)
  - Range in library staff hourly bill rate - $1,160,000 (+56%)
  - Practice areas most supported :   Business law - $807,000 (+40%) / White collar crime - $1,015,000 (+51%)

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Future Research

- In depth study of the six characteristics statistically linked to profitability

- Same study in different for-profit industries

- Same study in non-profit organizations using relevant measures of rank, e.g. endowments, membership, or for school libraries student test averages by school or district

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Questions?

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Note: This study was based on my dissertation research detailed in "Using Financial Rankings To Identify Characteristics Of Libraries Serving Highly Profitable Private Law Firms".

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