

## How to create New Revenue Streams for Your Library

– Presented by Ed Rossman

### **The Money Matrix**

-Descriptions

In my money matrix, I've described *revenue types*, or methods, according to various characteristics. The first characteristic is *Source*; is the source the public, a business, or a foundation?

Regarding *revenue amount*, this may vary according to the size of the budget of the library. For descriptive purposes I use:

Low, less than 1k, moderate, 1-10 k, high, 10-25 k and significant, greater than 25k.

For High *Start up costs*, yes or no, I base that on costs for design, construction, and initial operational costs such as extra personnel and/or training,

*Public relations* effort; is it general, anyone in the community, or targeted, towards specific business that might be interested in advertising?

*Board involvement* may also vary according to the situation, but I point out where I believe there would be a general involvement, approving of policies that affect everyone, or a specific involvement, where they'd approve of something with an individual or significant impact on the library, such as Naming Rights.

Likewise, concerning *Policy requirements*, there may be special caveats built into the policies depending on the type of contract required. Under a broad umbrella of a policy providing services to patrons, one section might involve vending machines that would be different than providing meeting room space.

For *Government involvement*, a heads up as to whether Unrelated Business Income tax may be involved or not.

*Renewable contracts* are broken out by the length of the duration of the contract; one-time, continuing, seasonal and legacy are all situations that need to be specifically addressed.

### **Revenue type**

Art show sales - The usual take is about 10% commission. A very popular program with the public, but labor intensive program, susceptible to UBIT, but once the first one is done, the rest are much easier.

Author sales in association with book talks, much easier to do than art sales but you can still generate commissions.

Advertising ; All advertising can generate moderate extra income, and be liable for UBIT, depending how you approach it. Advertising can actually be a kickstarter revenue source of its own. For instance, creating Readers Advisory downloadable podcasts could face some high start up costs at first, but as the service grows, productions become more efficient, the revenue should help the service break even, then produce extra revenue.

Advertising -Newsletters

Advertising -Podcast

Advertising - Program rebroadcast & cable-streaming

Advertising - Web site

Advertising in Calendars & special publications

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Advertising Screen - a TV screen connected with a rotating PowerPoint presentation with a revolving carousel of ad messages near a high traffic area, such as an entrance or book pickup area.

Books- these next 2 have been used in most libraries for decades and useful, for memorialization as well as community involvement . The third is new.

Book /resource templates

Book sales -Community

Book sales - 3rd party - this is more of a tool of the 21st century, thanks to the Internet and furthered along due to downloadable technology. "Buy it now" deals that appeal with high demand material might upset your circ figures, but the hard dollars they produce will probably more than offset that.

Crowdfunding - A tremendous new tool that'll be discussed in part nine.

Debit cards - Depending on your community, this could be a nice easy source of revenue once the start-up process and remuneration details are resolved. Library debit cards were just rolling out in some libraries in late 2014 from Visa and SirsiDynex.

Equipment Rental - Main cost to the library is initial purchase of items like LCD Projectors, kitchens equipment, etc.

Event sponsorship - If this is an ongoing program with a track record, chances are start-up costs will be minimal. If it's a brand new program, the personnel costs might be absorbed by the library whereas other physical costs, tents, stage-building, etc might be paid by the businesses or foundations as part of the sponsorship.

Facility Rental - Many libraries are turning under-utilized meeting space into rental space for social occasions or business functions. Due to the wide scope of activities, very specific policies should be developed. Luckily, MANY are already online, so no one should ever have to totally re-invent the wheel.

Matching Grants/Donations Challenges - Could be used in conjunction with a crowdfunding project, book sale, or any other fundraising effort. Will take a large effort to sort through legalities and delivering a proper package.

Meeting services - Using facility or training labs for competitive market prices takes advantage of under-utilized resources and shows good stewardship of library resources.

Medical Services partnerships - Various life screenings, eye exams, massage and other trending services geared towards boomers could be the catalyst for a new, continuing relationship between the library and the health service. Good for the bottom line as well as circulation and programming figures.

Naming Rights (NR)- Based on the survey, this is a familiar technique. As I've seen, many in the past have been undervalued legacy contracts. I advise a specific term contract, with a payment schedule, maintenance and escape clauses well defined, and the baseline value closely tied to objective metrics and subjective community prestige.

NR-Collection areas

NR-Furniture

NR-Materials

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NR-Rooms.

Passports - A public service with the huge advantage of extended accessibility hours versus government office schedules.

Receipts: Date due - Something Toronto and various other businesses are using. For the library, the initial start up costs should be negotiated into the package so that the business absorbs the initial costs.

Red Box / 3rd party products and services - This covers everything from new DVD rentals to in-house Starbucks. Once set up, the service pays for itself, is a perk for patrons, and the only library staff that should be involved are the ones in book-keeping.

Software App development – Some libraries, most notably the New York Public Library System, have developed apps that they then sell to other library systems.

Sponsorship (SP) - Sponsorships have the same benefits and challenges as Naming Rights, but can be more efficient due to the scalability of the contract. Here, a sponsorship ladder can be applied whereby various areas and means of exposures can be arranged based on the size of the contract. For example, a 5000 annual sponsorship covers a Dewey range, display table 2x a year and newsletter article about the collection area they're sponsoring. 7500 could include these plus 2 special programs. The extra funds could be used for guest honorariums, refreshments or talent fees to help insure a great draw!

SP - Collection areas

SP-Furniture

SP-Materials

SP-Rooms

Tutoring - "Book a librarian" or personalized research instruction is a service most libraries can't afford, for now. However, with proper marketing, families, businesses and seniors might be willing to pay for extra individual instruction for their homework, test preparation, consumer research or eMedia instruction.

Vending Machines - Like some of the services already discussed, this could be a easy source of revenue once the start-up process and remuneration details are resolved. Patrons always need peripheral school and office supplies, not to mention coffee.

Vendor Shows - Essentially a trade show where the library can invite related vendors such as Wedding or Green services into a room, sell table space and/or other equipment, and have them pay a percentage of promotional costs as well as do their own advertising for the event. From experience, you need to prepare for a weather calamity, but that being taken care of, it could be a good, continuing source of revenue. High start up costs with the first few, then the process almost goes on automatic pilot!