

Processing time and costs spend on loans by Dutch museums

**Frank Bergevoet (frank.bergevoet@icn.nl)
Netherlands Institute for cultural heritage
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Conclusions

- As a rule the amount of productive time a museum spends on lending out an item is between four and a half and seven hours.
- The costs incurred by a museum in lending out an item are at least EUR 227.
- The costs incurred by a museum when a loan item is returned are often forgotten, but they may be considerable, for example if precautionary disinfection of organic material is required.
- The average number of employees involved in sending out an item on loan is about eight.
- If the number of items lent out is to be increased while the resources remain the same, the average time spent on processing the loans will have to be reduced.
- Many of the steps in the loan process consist of administrative procedures. It seems unnecessary to have (relatively highly-paid) curators carry out these procedures in all cases.
- The average processing time could be reduced by cutting down on the number of museum employees involved in the process. However, then the employees who were still involved would have to have more responsibilities.
- The appointment of a loan item co-ordinator with far-reaching competencies at institutions dealing with more than two loan requests per month might increase efficiency.
- If collections were classified in terms of 1) can be lent out immediately, 2) can be lent out after consultation with curator (or director), 3) can be lent out after preservation or 4) cannot be lent out, it would not always be necessary to involve highly qualified (and therefore expensive) museum employees in processing loans, so that costs could be cut.
- The introduction of buffer collections which could be lent out quickly is recommended.
- Museums are not always aware of the inefficiency of their loan procedures.

Study design

Prior to the study, the case outlined below was formulated. It describes the whole situation surrounding a loan request, from the moment it is submitted to the moment the item is ready for transport. This case served as a point of departure for an analysis of the loan procedures at various museums and the Netherlands Institute for Cultural Heritage (ICN).

A professional museum in the Netherlands – with which there had not been previous relations – requests a long-term loan of one specific item to supplement its own collection. The museum which is to provide the item deals with the request, with the intention of approving it.

The item concerned is in the depot, and on inspection turns out to be in good condition. At most it will need to be dusted and a loose part tightened.

The item and its home location are correctly registered. However, the item must be photographed. The photograph is intended for internal use. The insurance value must also be determined.

The item must be appropriately packaged for transport.

Using this case, the average amount of productive time required by the loan department of the ICN to prepare a loan item for dispatch was mapped out. The focus was on the procedures which recur for every request, such as sending a confirmation of receipt and assessing the condition of an item. A record was made of the following points within the ICN's loan procedure:

- which employee carried out which procedure,
- the wage scales of the employees involved,
- how many minutes on average each procedure took,
- the costs involved in each procedure.

The description of the processing of a loan at the ICN resulted in a system which could be used to analyse the loan procedures of nineteen museums.¹ The museums were selected pro rata from the first three groups in the list of members of the Netherlands Museum Association (NMV). The selection ensured the presence of different disciplines and a sufficiently wide geographical distribution.

- Three museums were selected from NMV category L1 with an annual turnover of more than EUR 4,530,000.
- Four museums were selected from NMV category L2 with an annual turnover of between EUR 2,270,000 and EUR 4,530,000.
- Twelve museums were selected from NMV category L3 with an annual turnover of between EUR 453,000 and EUR 2,270,000.

Processing time

The processing time refers to the number of *productive* hours a museum spends on dealing with a loan request. No statements were made about the average turnaround time – the period within which the productive time was spent. In establishing the processing time, a number of factors were not taken into account which may in fact influence it considerably. The reason was that these factors vary too much depending on the museum and/or the item to be able to make a good comparison. These factors are:

- **Transport**
In most cases the supplier of the loan item organizes the transport. Making arrangements (usually by telephone) with the carrier takes time, as does receiving the carrier, filling out forms and loading the item.
- **Courier**
Valuable items or items going to new borrowers are often escorted by an employee of the lending museum. The time this takes depends entirely on the location of the borrowing institution.

¹ It was decided to examine nineteen museums because this was felt to be a workable number.

- Documentation of the item

In many cases the borrowing party requests documentation on the item for a publication or for exhibition texts. Few museums have such texts immediately available. Gathering this information costs the lending museum time.

Another point not taken into account was that a loan request is generally for several items. If this is the case, the processing time per item is probably reduced.

The fact that an item has been dispatched does not mean it takes up no more time. If the lender wants to check the condition of the items at the borrowing institution every so often, this will take time. And when the item is eventually returned, the lender will have to spend time receiving it, inspecting its condition or possibly disinfecting it.

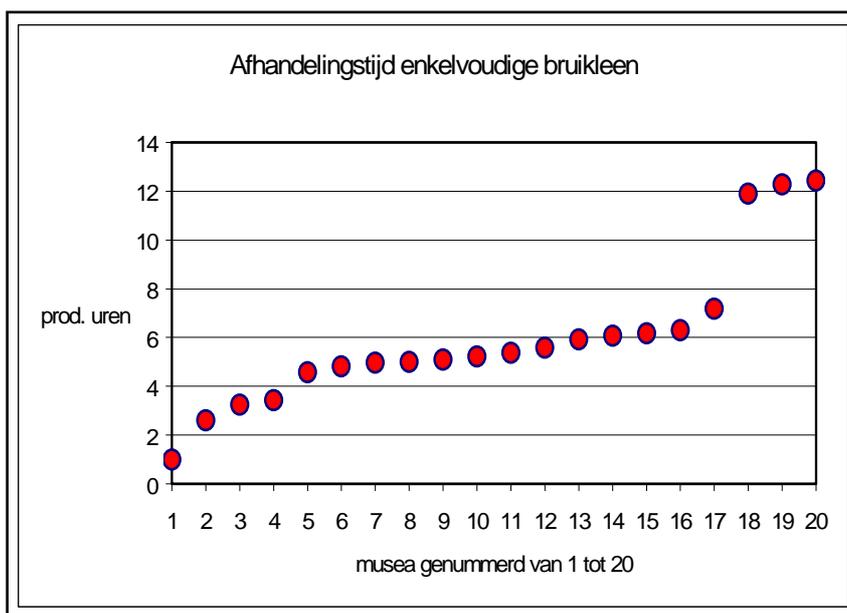
Results of the study

The time spent by the nineteen museums plus the ICN on processing a loan request varies widely, from 1 to 12.43 hours. Table 1 shows the processing times of nineteen museums plus the ICN. Most institutions (13 of the 20) spend between four and a half (4.58) and seven (7.18) productive hours on one loan (Graph 1).

Table 1

hours
1
2,6
3,25
3,43
4,58
4,82
4,97
5
5,1
5,22
5,38
5,58
5,92
6,08
6,17
6,3
7,18
11,9
12,28
12,43

Graph 1



The difference between these values can be regarded as the range. The average processing time is almost 6 hours (5.96). A number of museums scored below (1 – 3.43 hours) or above (11.90 –12.43 hours) the range. There are several reasons for this:

- Simple procedure

At a few museums a loan request can be dealt with by only a few employees. This cuts down on the time spent on a request. Calculated across the nineteen institutions, an average of 8.7 different employees are involved in processing a request. Museums with a processing time under four and a half hours deploy an average of 4.7 employees. Museums with a processing time above 7 hours deploy an average of 14.0 employees.

- Packaging

Museums with many similar items and therefore a more or less standard packaging procedure are able to process a loan request more quickly than museums with a wide range of items.

- External depots

Keeping items in an external depot has a negative effect on the processing time. Time spent by depot assistants, a curator, a restorer or a photographer travelling to and from a depot outside the museum may easily add up to a few hours. Nearly all museums with one or more external depots are in the upper segment as far as processing time is concerned.

Processing costs

In this study, the costs incurred by the twenty institutions in processing loan requests refer only to labour costs. The average labour costs per wage scale or group were used to determine these costs. These average labour costs were calculated using recent wage scale lists. A number of factors which generally raise the processing costs considerably were not taken into consideration. These factors are:

- Above average salary²
 - Costs of packaging materials
 - Freight
 - Courier
 - Documentation of item
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- Periodic checks
 - Costs involved in the return of the item

Results of the study

The average labour costs per loan are EUR 109.07. If the employers' costs are added to these, the costs can easily come to more than EUR 227.

In general it can be said that the costs rise in proportion to the amount of time the museums spend on processing loans. Museums with long processing times quite simply incur higher costs than museums with short processing times. An extra cost-raising factor is whether or not freelance assistants such as photographers or restorers have to be called in. For these assistants, museums have to pay not only labour costs, but also travel expenses, materials and VAT. If the processing time and the costs are set out against each other in one graph, it can be seen how much costs increase due to this factor (Graph 3). In the two museums numbered 8 and 14, a photographer was brought in from outside.

Number of items sent out on loan

In a number of museums the question was raised, more or less in passing, of how many loans (both temporary and long-term) were processed annually. Of the 15 institutions where this subject was discussed, three lend out 1000 or more items each

² Loan requests are usually assessed by experienced museum employees. In many cases their salaries are higher than the average per wage scale used for calculations in this study.

year. Five museums lend out between 200 and 300 items each year and the other seven lend out an average of 60 items a year.

Ten institutions also have data available concerning the number of requests approved. Three institutions approve between 100 and 200 separate requests annually. The rest approve an average of 25 requests each year, or about 2 each month.