

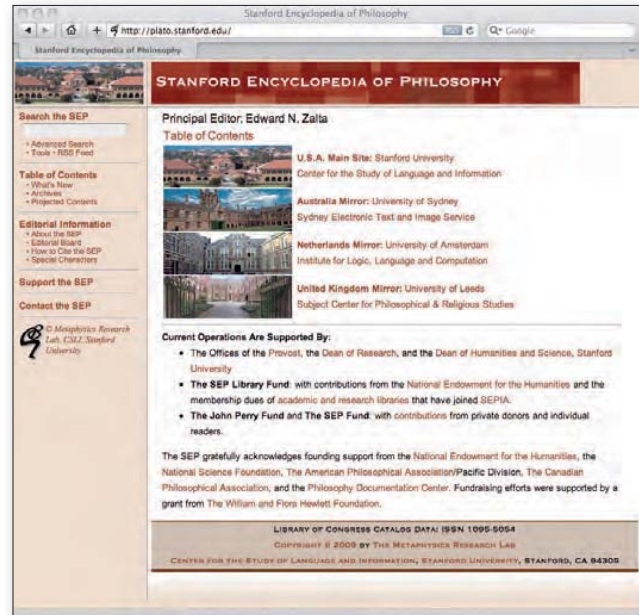


Stanford Encyclopedia of Philosophy: Building an Endowment with Community Support

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Endowments are often thought of as a source of reliable support for established institutions such as universities and foundations, but in recent years online academic resources have also begun experimenting with the endowment model as a means of sustainable funding. The model holds forth the promise of guaranteeing access to a resource in perpetuity, with the investment returns from the endowment continuously generating funds to sustain the resource. Since 2004, the Stanford Encyclopedia of Philosophy has successfully raised three-quarters of a planned \$4.125 million endowment. This case study will highlight the factors that make a project a strong candidate for an endowment model, describe the steps that are necessary for implementing such a model and explore the advantages and disadvantages of endowment funding.



Introduction

In the mid-1990s, Edward Zalta, a researcher at Stanford University's Center for the Study of Language and Information, and John Perry, a philosophy professor at Stanford, recognised a problem: the major print reference works in their field were slipping out of date. One such work, the *Macmillan Encyclopedia of Philosophy*, had last been updated in 1967, and a planned multi-volume compendium, the *Routledge Encyclopedia of Philosophy*, would not be introduced until 1998 – leaving a three-decade gap during which no updated major reference work was available to the philosophy community.¹

Noting the time lag between updates, Perry and Zalta began thinking about how an online resource could help meet the reference needs of philosophers. Would it be possible to create an alternative to print encyclopaedias, which quickly become outdated and take decades to revise? Even today, with online resources widely available, making plans for such a large-scale, academically rigorous project is ambitious. In the mid-1990s – well before the appearance of Wikipedia and Google Scholar – the task was immense.

¹ John Perry and Edward N. Zalta, 'Why Philosophy Needs a Dynamic Encyclopedia', November 1997, Stanford Encyclopedia of Philosophy, <http://plato.stanford.edu/pubs/why.html>

Starting in 1995, Zalta worked with a postdoctoral programmer to plan and develop an online 'dynamic reference work [which] maintains academic standards while evolving and adapting in response to new research'.² The result, the Stanford Encyclopedia of Philosophy (SEP), is an internet-based reference source built on a platform that allows authors and editors to manage the process of updating entries entirely online and to revise entries as frequently as required. This custom-built program provides a password-protected web interface for authors to upload and update their work; an editorial function that allows subject editors to manage the selection and review processes online; and a tracking system that makes it possible to manage hundreds of contributors with only a small central staff.

As of February 2009, the resource included 1,000 entries (with several hundred more commissioned) from nearly 1,300 authors in the academic philosophy community. The entry contributors use the SEP's online editing interface to upload their drafts, which are then dispatched to the appropriate subject editors for evaluation. The subject editors are drawn from a group of over 100 volunteer faculty members from philosophy departments around the world; they vet entries in their area of research expertise for quality and suggest new topics for coverage, ensuring that the SEP develops according to an editorial taxonomy. If the submitted entry meets formal guidelines, and once changes suggested by the subject editors are made, the piece is formatted and uploaded to the encyclopaedia through

² Stanford Encyclopedia of Philosophy, 'About the SEP', <http://plato.stanford.edu/about.html>

the SEP's online submission system. The entries are substantial, with an average length of more than 10,000 words.³ The resource is well known in the philosophy community and won a readers' award for 'best content in an online scholarly resource' from the *Charleston Advisor* in 2005.⁴

“The SEP started as a grant-funded project, but the project leaders' goal is to transition it gradually to dependence on its own endowment for its annual budget.”

The SEP started as a grant-funded project, but the project leaders' goal is to transition it gradually to dependence on its own endowment for its annual budget (approximately \$214,050 in 2008–2009). In 2007–2008, the SEP's pre-recession endowment provided enough payout funding to cover nearly three-quarters of its annual budget; Stanford University has been contributing funding for the remainder as the project works to build its endowment. This case study will highlight the planning and execution of the SEP's strategy and will address a number of key questions surrounding the use of an endowment model for an online academic resource: how and why was an endowment strategy developed, and how has the project been able to raise endowment funds successfully? What roles do users and contributors play in determining the success of the endowment and the development of the resource? What challenges does an endowment model pose for a project like the SEP, and how might this model be replicated by other online resources?

Sustainability model

Goals and strategy

In 2002, after the SEP had succeeded in securing \$700,000 in funding from the National Endowment for the Humanities (NEH) and the National Science Foundation (NSF), the project's NEH programme officer, Helen Agüera, suggested that the SEP's leadership draw up plans for long-term financial sustainability.⁵ 'Given that writing grant proposals every two years was kind of an iffy thing,' Zalta recalled, 'we didn't want to leave that to chance – you never know with a referee panel.'⁶ To support this planning

process, the SEP used grant money from the Mellon Foundation to hire a business consultant, who recommended that rather than acting as or working with a vendor, the project instead form partnerships with academic library consortia.

With this idea in hand, Zalta sought support from academic librarians. Zalta and Perry were committed to the idea that the SEP should remain an Open Access resource, which limits the range of potential funding models – annual institutional subscriptions, for example, were not a possibility. But, in fact, the project leaders' Open Access ambitions aligned well with academic librarians' concerns about the increasing costs of annual subscriptions to print and electronic resources. At a 2003 academic library conference, representatives from several academic library consortia formed a funding planning committee for the SEP. After discussions, Zalta and the committee settled on building an endowment with funds raised from academic libraries; this plan would obviate the need for SEP to charge an annual subscription fee or enter into a licensing relationship with a commercial vendor, and at the same time would test a funding model that the library consortia might be able to extend to other scholarly resources in the future. The National Endowment for the Humanities Office of Challenge Grants endorsed the endowment plan by awarding one of the SEP's supporting library consortia, the Southeastern Library Network (SOLINET), a \$500,000 Challenge Grant to provide the bedrock for the SEP's endowment.⁷ (The grant matched \$1 of federal funding for every \$3 of non-federal funding received, and Zalta believes that this matching grant incentivised academic libraries to contribute to the endowment.) Stanford University further promised to help raise \$1.125 million for the project's endowment.

Costs

The project's estimated budget for 2008–2009 is \$214,050. Staff salaries and benefits account for \$198,000 of this; the SEP has 1.95 full-time employees, including Zalta as principal editor and Uri Nodelman as senior editor (each at 75% of full time), two document editors (one at 20% and one at 15%) and a student administrative assistant (10% of full time). In addition, the budget includes \$4,050 for administrative expenses and \$12,000 is paid back to Stanford in overhead infrastructure fees. Not included in this budget are extra costs associated with significant upgrades to technology and functionality beyond routine costs for replacing hardware; the project leaders hope to obtain grant funding for such upgrades as needed.⁸

Revenues

In 2003, working from an estimate of \$200,000 in annual direct costs, the project's leaders set an endowment fundraising goal of \$4.125 million, assuming a 4.8% annual endowment payout. Their plan called for the academic library community to contribute \$3 million and for Stanford to raise \$1.125 million. A \$500,000 NEH Challenge Grant provided the foundational money for the endowment, leaving \$2.5 million to be raised from the library community.

³ PKP Scholarly Publishing Conference Blog, 'The Stanford Encyclopedia of Philosophy's Publishing and Funding Model: What It Means for Open Access and the Library Community', 12 July 2007, http://scholarlypublishing.blogspot.com/2007/07/stanford-encyclopedia-of-philosophys_12.html

⁴ The California Digital Library, 'Stanford Encyclopedia of Philosophy', *CDLINFO Newsletter* 9, no. 2 (26 January 2006), www.cdlib.org/inside/news/cdlinfo/cdlinfo012606.html#3

⁵ The project received NSF funding through the Foundation's Digital Libraries and Archives programme within its Division of Information & Intelligent Systems. See: www.nsf.gov/awardsearch/showAward.do?AwardNumber=9981549

⁶ Unless otherwise noted, all quotations from SEP staff members and other individuals knowledgeable or associated with the SEP are drawn from interviews conducted as part of this case study between October 2008 and May 2009. A full list of interviewees is included in Appendix A.

⁷ SOLINET wrote the grant for the SEP in part because of a quirk of government grant-making: universities can only submit one candidate for certain grant programmes, and the Stanford Encyclopedia of Philosophy had already lost an internal competition to be Stanford University's nominee for an NEH Challenge Grant. SOLINET agreed to step in, write the grant, collect any contributions to the endowment, and then pass those funds along to Stanford University, which took charge of investing the funds.

⁸ All budget figures and estimates were provided by the project leaders. For further detail on the financial data presented in this report, please see Appendix B: Summary of revenues and costs.



The project solicits donations at specific levels from academic libraries; these tiers are keyed to the highest-level philosophy degree offered by the institution (under the logic that schools with more advanced programmes should shoulder a greater burden of the cost). PhD-granting schools are asked to pay a one-time fee of \$15,000; MA-granting schools, \$6,000; and BA-granting schools, \$3,000. To ease the burden on libraries' annual budgets in a given year, contributions may be split into three equal, consecutive, annual payments. As of the end of 2008, after nearly four years of appealing to university librarians, nearly 600 institutions have contributed \$1.72 million towards the \$2.5 million goal.

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Stanford has met its goal and raised \$1.125 million (which included a single \$1 million donation). Thus, including the \$500,000 NEH Challenge Grant, the SEP's total endowment stands at approximately \$3.3 million – three-quarters of the way toward its original \$4.125 million goal. As of March 2009, the

project was set to receive at least \$160,000 in payouts from its endowment, with the university committing \$56,250 to meet the project's remaining budgeted needs for the coming year.

In addition to endowment funding and direct support from Stanford, the project receives indirect contributions and volunteer support from a number of sources. Stanford provided fundraising help, investment management for the endowment and direct support to bridge the project's budget gap during the endowment-building process. (According to Zalta, Stanford administrators have committed a total of \$181,250 in direct funding from 2006 to the end of the 2008–2009 fiscal year.) Additionally, in return for an infrastructure charge assessed to the SEP (paid partly through endowment funds), Stanford provides office space, networking and administrative support. The SOLINET library consortium contributed billing and invoicing services for endowment contributions collected from academic libraries. The encyclopaedia's contributors and subject editors contribute their writing and editing expertise, and the project also benefits from the efforts of the informal committee of academic library officials who provide guidance on the project's endowment fundraising, and from the SEP's advisory board (made up of members of Stanford's philosophy department), who play a large role in selecting the project's subject editors.

Key factors influencing the success of the sustainability model

Building support in the community

A critical factor in the success of the SEP's model has been winning the support of the library community for this novel approach to sustaining an online resource. While Zalta promoted the resource through speaking engagements at library conferences, outreach to philosophy department faculty members and other means, academic librarians from supporting consortia lobbied for the project within their home institutions and to peers at other libraries. Their pitch was framed not only around the intellectual rigour of the content (including the substantial review process by subject editors) and the size of the resource, but also around the appeal of the idea of the endowment as a test for a new funding model for scholarly resources. As described by Tom Sanville, executive director of the OhioLINK library consortium, 'The notion of trying to keep a resource that is free out of a subscription model on a sustained basis is something we were trying to pursue.'

The funding model was not, however, universally welcomed. Some librarians balked at the idea of supporting an Open Access resource, complaining that they did not want to pay for something anyone could read for free. Others did not feel that they could find the extra money in their budget. At least one librarian asked Zalta what incentive there would be for the SEP's leaders to maintain the quality of the resource if libraries could not voice their disapproval by cancelling a subscription. In response, Zalta pointed out that the project benefits from the guidance of its subject editors and an advisory board of Stanford philosophy professors. Furthermore, according to Zalta, since the project reports to Stanford's Dean of Research, there is an institutional incentive for maintaining the quality of the resource.⁹

⁹ When the endowment reaches its original \$4.125 million goal, Zalta plans to convene a more formal board of trustees which would include representatives from academic libraries.

Despite these voices of dissent, nearly 600 institutions have contributed funding to date. In addition to strong community support for the SEP's content – many librarians knew of faculty members at their institutions who were contributors – other factors that influenced the decision to participate included the appeal of this new financial model based on its promise of a one-time payment for perpetual access. Another factor was the leadership and governance of the project team. The tireless advocacy of Zalta and the core of advisors he gathered lent credibility to the strength of the effort and the sense that the project was going to be around for the long term. Other protections the SEP put in place, including a decision to return library-contributed funds (minus expenses and plus any unspent income) to the contributing libraries should the project shut down, were further intended to reassure participating librarians that their investment was not a risky one.

Creating business infrastructure partnerships

Planning an endowment requires more than just fundraising. The SEP, as a relatively small academic project, was not equipped to handle the collection or management of funds. To build these capacities, the SEP's leadership formed partnerships with academic library organisations. Engaging the library community in the planning of the endowment gave Zalta access to the expertise and enthusiasm of the key stakeholders needed to help the fundraising succeed. With the funding model sketched out, the group worked on securing three key elements of the project's fundraising infrastructure: a system for billing and collecting funds from academic libraries, investment management for the project's endowment, and a membership model that would allow libraries to contribute.

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The project's staff had no internal capacity to bill or invoice libraries, and little experience in selling to library customers. The complicated nature of billing practices within large research libraries means that there are standardised practices for handling invoices from larger, familiar publishers – an advantage not held by smaller projects such as the SEP. As suggested by Margaret Landesman, former head of collection development at the University of Utah's Marriott Library and an advocate for the SEP in the academic library community, leaders of independent projects that lack sophisticated billing and order-fulfilment mechanisms need to think carefully about 'how easily [they] fit into the [library's] workflow'.

The leadership of one of the project's partner library consortia, SOLINET, agreed to put their billing services department to work for the project by invoicing and collecting funds from library contributors and then transferring those funds to the Stanford-hosted endowment. Because SOLINET served as an intermediary between libraries and library vendors, most of the target libraries already had accounts with the organisation and were familiar

with their billing procedures. To support the SEP's fundraising, SOLINET contributed one quarter of a full-time employee to addressing the SEP's billing needs over the first two years of the endowment campaign.^{10,11}

With a system in place to collect the funds, the SEP then leveraged its connection with Stanford to obtain investment management services for the endowment. With the support of the university's provost and dean for research, the Stanford Management Company (the overseers of Stanford University's endowment) agreed to invest and manage the funds collected by SOLINET on behalf of the SEP. This money (the 'SEP Library Fund') is invested alongside Stanford's other holdings, but the endowment agreement stipulates that if the project ever shuts down or leaves Stanford, the money will be returned to libraries in proportion to their original contributions.

One last structural roadblock remained: restrictions on library spending generally preclude donations to other organisations. Libraries *are* able, however, to pay dues to join membership organisations, so the SEP partnered with the Indiana University Libraries to form the Stanford Encyclopedia of Philosophy International Association (SEPIA). The 'dues' paid by academic libraries to this organisation fund the project's endowment.¹²

Understanding users

An important factor for an online academic resource that wishes to appeal to funding sources is demonstrating that it addresses the needs of its users. Because the SEP receives freely contributed content from scholars, it must address the needs of two audience segments: its entry contributors as well as the wider range of readers who visit the site. The SEP's leaders have taken steps to think about both (overlapping) sets of users, and about what they value and require from the resource.

For the SEP to remain financially sustainable, it must continue to attract voluntary article contributions of a sufficiently high quality; otherwise, faculty members would eventually desert the resource, which would in turn dissuade libraries from contributing funds to the project's endowment. At the same time, because librarians are willing to pay for electronic resources in part because of faculty demand, the high opinion of scholars can result in a greater willingness on the part of librarians to make a financial contribution to the resource. One librarian, Michael Stoller from New York University, commented that the 'genuinely

¹⁰ The SEP was later able to reimburse SOLINET \$40,000 for two years of their billing work through a 2005 grant from the William and Flora Hewlett Foundation.

¹¹ Since the drafting of this case study in January 2009, SOLINET merged with another library consortium. As that new combined organisation will be realigning its goals, the SEP plans to shift its billing services to the Philosophy Documentation Center, a not-for-profit organisation that serves the academic philosophy community (www.pdc.org).

¹² According to interviews with academic librarians, in order to write a membership fee into the library's budget, that organisation must provide member benefits to the library. Access to an Open Access resource, however, obviously cannot be counted as a benefit. The situation was further complicated by a condition of the NEH Challenge Grant, which stipulated that the SEP could not offer any membership benefits that carry a tangible value. (NEH Challenge Grants cannot be used to match funds which have been collected in exchange for a membership benefit with monetary value. For example, if the SEP had offered academic libraries a free tote bag for contributing to the endowment, the NEH would only have matched the libraries' donations minus the cost of the tote bag.) To navigate between these two constraints, the SEP advisory committee devised several creative membership 'benefits' that satisfied both the library community and the requirements of the NEH grant. One is the addition of a banner to the SEP website which uses IP addresses to identify a user's home institution as an SEP contributor – considered a 'branding' benefit. (Contributing libraries are also listed on a page of the SEP site.) Another benefit is the option of single-click archival downloads of the resource, and permission to serve those archives to the public if the central SEP project ever shuts down.



enthusiastic' response of the philosophy community to the SEP was one factor in his institution's decision to contribute to the project's endowment.

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The incentive for scholars to contribute to the SEP appears to be a cycle: when the quality of the content is high, the resource's reputation is favourable, and when the reputation of a resource is favourable, scholars benefit from being published in it – and when scholars benefit from being published in a resource, they are apparently willing to do so without payment. Thus, there is a clear incentive for the project leaders to solicit a steady stream of high-quality work. One contributor, Susanna Siegel of the philosophy department at Harvard University, described the revision process for the SEP as equal in rigour to that of a scholarly journal: 'The editors are terrific...They know who to invite to write entries, they solicit sub-entries on topics that people want to read about, and their editing is superb.' Perhaps more important is that she believes SEP entries can garner attention in the academic hiring process; she noted that her own SEP entry was specifically mentioned in her tenure offer letter. But she also mentioned a more general affinity for the SEP as an Open Access resource, both because it means entries will be

more widely read and because she believes there is a need for more alternatives to subscription-based journals: 'As it stands, we're basically robbed blind by [commercial academic publisher] Kluwer, and to no good end.'

The project leaders echo Siegel's assertion that Open Access to the resource attracts writers. However, they also feel that *not* offering Open Access to the SEP would be a disincentive for philosophers to contribute entries. First, if the SEP were offered as a subscription product, senior editor Uri Nodelman believes that contributors would be unwilling to write articles without payment – and the costs of implementing a subscription service and paying writers would, he believes, make the project significantly more difficult to sustain. Second, subscription-based resources may not rank as highly in search engine search algorithms, potentially limiting the project's reach and thus also discouraging professional philosophers from contributing (the logic being that they would especially like their work to be widely disseminated if they are not to be paid for it).

In addition to addressing the concerns of entry contributors, the project leaders must also pay attention to its readers; these readers can be divided into two broad categories. First, there are research scholars, the audience for whom the resource was originally conceived. According to Zalta, scholars can assume that the resource provides quality articles in part because of the oversight by subject editors and an emphasis on detailed analysis – and this perception of quality, in turn, keeps them coming to the site.

And yet, while the SEP's leaders initially assumed that philosophy faculty members and researchers would comprise the majority of the audience for the resource, a survey of the site's users convinced them otherwise. The survey, conducted in 2002,

showed that the SEP reaches a significant non-scholarly market: students made up slightly more than half the site's user base.¹³ With that finding in mind, the project's leadership adjusted their editorial guidelines to advise that contributors' entries be targeted to graduate students and advanced undergraduates as well, and should function as introductions to more advanced primary and secondary sources.

Organisational culture

The governance structure of the SEP has permitted its leadership a great deal of latitude in setting up structures for fundraising and forging key partnerships in the academic community. The SEP is overseen by a core staff of three: Zalta currently manages the project with support from Uri Nodelman, an artificial intelligence researcher at Stanford, and Colin Allen, a professor of the history and philosophy of science at Indiana University. The group operates on a consensus model: the three negotiate and reach agreement before moving ahead with a decision concerning the administration of the project. Any matters that might impact the project's long-term relationship with Stanford, or which deal with a conflict of interest, are referred to John Perry, who serves as the project's Stanford faculty advisor.

Siegel, the SEP entry author and Harvard philosophy professor, praised Zalta's 'imagination' in bringing the project into existence. In her estimation, there is a valuable lesson in this for other academic disciplines: the foresight to know what research resources and tools will be necessary will likely come from someone who is 'enmeshed' in that particular academic community. 'It would be difficult,' she said, 'for someone outside [the] philosophy [field] to antecidentally decide what a resource like the SEP would look like.'

Zalta attributes the early progress of the project to the support provided by Stanford. 'It's because we had the freedom to innovate that the encyclopedia has become a success,' he told us. 'If there were more restrictions in place, it would have taken longer.' A significant amount of Zalta's Stanford appointment and all of Nodelman's appointment are allocated to work on the SEP, and neither holds teaching responsibilities, allowing them to focus their efforts on developing the resource. Perry, a professor emeritus of philosophy at Stanford and the SEP's cofounder and faculty sponsor for many years, speculated that Stanford supports the SEP in part because the project brings the university valuable public recognition and, as a web-based resource, advances its reputation as a promoter of cutting-edge technologies. And a project like this would not thrive, even at a well-resourced university like Stanford, without commitment from key university leaders. (In the case of the SEP, Perry notes that Stanford's provost, John Etchemendy, is a philosopher.) Still, he indicated that the resource would 'probably need to be funded differently' at a less well-resourced school.

Benefits and challenges

Endowment funding is a new business model for digital scholarly resources, and an innovative funding model can attract supporters. In the case of the SEP, academic librarians were eager to support a non-subscription model. The value of the content to faculty members and students seems to be the

first concern for librarians, but the novelty of the funding model is an important secondary consideration – although there is the risk that it may lose that novelty over time. In addition, the endowment model used by the SEP capitalises on relationships in a wider community. Academic library leaders need to believe in the value of the resource and the strength of the business model to feel comfortable contributing. Because the SEP has been able to demonstrate the community support on both these points, librarians have been willing to promote it to their peers.

The most obvious benefit of the SEP's model is that, in a strong economy, an endowment provides a stable yearly income. However, by the same token, it also commits a project to a relatively fixed rate of growth, thereby constraining the potential for the project to grow more rapidly should circumstances warrant (without new infusions of funding). The SEP's leaders have a clear target for the amount of money they want the endowment to generate (an amount needed to cover their current annual budget), with the expectation that for anything beyond that they will have to apply for new grants.

On the other hand, as recent developments have dramatically demonstrated, in a weak economy endowment payouts fall, and project leaders may need to think about cutbacks and strategic shifts to other income sources. The current economic downturn has had a well-documented impact on university endowments: during the second half of 2008, the value of Stanford University's endowment dropped 20 to 30%.¹⁴ Because the SEP's funds are invested alongside Stanford's money, its endowment will likely follow a similar trend. The fund's investment managers have taken steps to mitigate this: the endowment's payouts are disbursed based on an average of the fund's performance over a set number of previous years (a process known as 'smoothing'). Still, if a prolonged economic slump depresses the SEP's endowment payouts, the project's reliance on internal funding from Stanford may increase proportionally – but those funds are themselves dependent on the university's endowment and overall financial health. If the SEP continues to experience budget shortfalls, Zalta and Nodelman say that they may cut costs by slowing the pace of work (by commissioning fewer new entries) or by retrenching the project's travel budget. It is unclear that these cost-controlling measures would be sufficient, given that staff salaries and benefits are the project's largest expense.¹⁵

The economic downturn may also impact the SEP's ability to raise the remaining funds toward the original goal of \$4.125 million. That goal assumes average investment returns of 4.8% per year, which may not be realistic in the present economic climate. Currently, the project lacks between \$35,000 and \$50,000 per year in its operating budget, which Stanford is covering. Regardless, Zalta pledges, 'the central staff will do everything possible to ensure the SEP does not disappear'.

The SEP has been fortunate in its support from Stanford; this level of support from the host may not be easy for other projects to replicate. Not all institutions would be willing (or able) to commit the necessary resources to fundraising, investment management and budget shortfall funding for an emerging digital scholarly project, as Stanford has. At the same time, the SEP

¹³ This examination of SEP usage included a random user survey with more than 1,000 responses, an analysis of the SEP's appearance in Google search rankings and an examination of the usage statistic logs collected by the SEP.

¹⁴ Lisa M. Krieger, 'Stanford suspends \$1.3 billion in construction projects as endowment plunges', *San Jose Mercury News*, 23 January 2009. Reposted at <http://blogs.csun.edu/news/clips/2009/01/26/stanford-suspends-13-billion-in-construction-projects-as-endowment-plunges>. Accessed 22 May 2009.

¹⁵ The SEP also accepts private donations via its website, and it is planning a more structured annual membership programme for individuals, who will then receive access to downloadable, formatted PDF files of the SEP's entries.

demonstrates that high-quality resources do return reputational benefits to their host institutions, which can be leveraged into critical institutional support during a downturn.

“The SEP has been fortunate in its support from Stanford; this level of support from the host institution may not be easy for other projects to replicate.”

Broader implications for other projects

Community support is essential. The SEP created value for its users with high-quality material, but it also rallied a wide range of allies to its cause: the faculty members who volunteer their time to write and edit entries, the librarians who promote the resource in their community, and the internal university allies who arranged access to funding and other resources. And the endowment planning effort was spearheaded by several academic library organisations – the International Coalition of Library Consortia (ICOLC), SOLINET and the Scholarly Publishing and Academic Resources Coalition (SPARC) – along with the Indiana University Libraries and Stanford. (Stephen Ross, the director of the NEH’s Office of Challenge Grants, praised the community effort behind the SEP, calling the coordination ‘unique’ among grant applications his office has handled.) In the case of the SEP, there are clear incentives for these various audiences to participate. Leaders of other projects need to think not just about recruiting volunteers, but about what benefits the project can offer those volunteers. The SEP would have much greater difficulty reaching financial sustainability without the volunteered content creation, promotion and indirect contributions offered by the team supporting this effort.

Different users may have different needs. The SEP’s leaders – who are themselves philosophers – understood what other philosophers would need from the resource they planned; they incentivised volunteered writing from scholars by implementing a rigorous peer review process and recruiting well respected philosophers to serve as subject editors and writers. But they also adjusted the project’s editorial guidelines to encourage use of the site by a slightly less advanced audience – making the resource valuable to a wider audience.

Dedicated leadership is crucial to the success of a project. All those interviewed for this case study pointed to the strong and committed leadership of Zalta as key to the success of the SEP. Committed leadership is necessary to any project’s success, but it may be particularly difficult to attract leaders to a digital project in a university environment where qualified candidates already could have significant teaching and research duties. Project leaders need to be realistic about the commitment needed to foster a project’s success – and institutional heads who aim to

support high-quality digital resources should think about how to recruit, encourage and maintain these dedicated leaders.

Projects can benefit by outsourcing to external partners. By assessing which functions are core to a project’s mission and which can be delegated to an external partner, projects can minimise costs and maximise their comparative advantages. The SEP recognised the costs and time associated with billing and money management, and found partners willing to donate these services – but even without these in-kind contributions, the SEP might have been well-served to outsource these tasks for a fee.

The endowment model to some extent severs the link between the service and its market. Project leaders should weigh the advantages and disadvantages of becoming insulated from the needs of the scholars and librarians who use a resource. The endowment model appeals to many in the community because of its promise of adequate long-term funding – and an endowment-funded project may still respond well to its constituents out of a mission-based desire to serve the user, as the SEP has. But in a difficult economic climate, an endowment-funded resource may be less able to generate needed short-term funding quickly by drawing directly on the value it provides to users – for example, by raising subscription fees or advertising rates.

A project’s relationship with a host institution can play a key role in its success. Stanford has provided a number of valuable services and contributions to the SEP. Without discounting the important roles played by the rest of the SEP community, it is fair to say that a similar project would face greater challenges at a less well-resourced institution. Accordingly, digital projects nested within host institutions should think about how they can communicate the value of their work to decision-makers and better leverage the host’s resources.

Appendix A: Interviewees

Note: An asterisk (*) denotes a primary contact.

Tim Cherubini, Director of Information Resources, Collections and Scholarly Communications, Southeastern Library Network (SOLINET), 31 October 2008

Rick Johnson, Former Executive Director, Scholarly Publishing and Academic Resources Coalition (SPARC), 11 November 2008

Heather Joseph, Executive Director, SPARC, 10 November 2008

Margaret Landesman, Former Head of Collection Development, Marriott Library, University of Utah, 30 October 2008

***Uri Nodelman**, Senior Editor, Stanford Encyclopedia of Philosophy, 28 October 2008 and 8 December 2008

John Perry, Professor Emeritus, Department of Philosophy, Stanford University, 16 January 2009

Stephen Ross, Director, Office of Challenge Grants, National Endowment for the Humanities, 13 May 2009

Tom Sanville, Executive Director, OhioLINK, 28 October 2008

Susanna C. Siegel, Professor of Philosophy, Harvard University, 9 January 2009

Michael Stoller, Director of Collections and Research Services, New York University Libraries, 4 November 2008

***Edward N. Zalta**, Principal Editor, Stanford Encyclopedia of Philosophy, 28 October 2008, 8 December 2008

Appendix B: Summary of revenues and costs

Stanford Encyclopedia of Philosophy

Revenue Category	Description	Approx. amount
Endowment payouts*	Estimated between \$160,000 to \$214,000 in 2008–2009	\$160,000
University support	Direct funds from Stanford University	\$56,000
Total revenue		\$216,000

*Based on pre-recession endowment value.

Cost Category	Budgeted Costs			In-kind/volunteer contributions
	Description	FTE	Approx. cost	
Personnel			Included in budget?	
Management	1 PT principal editor & 1 PT senior editor	1.5	yes	Endowment management provided by Stanford
Content selection & production	2 PT document editors; 1 PT admin. Asst.	0.45	yes	Over 100 volunteer subject editors; 1,300 volunteer author contributors
Sales & Marketing	Partial support from senior editors	0		Librarians from consortia contribute their time
Technology	Partial support from senior editors	0		
Total personnel costs		1.95		\$198,000
Non-personnel costs			Included in budget?	
Administration & overhead	\$4,050 admin. costs; \$12,000 overhead to Stanford		yes	\$16,050 Office space provided by Stanford; billing & fulfillment services provided by SOLINET
Scanning, metadata, etc.	n/a		no	
Hosting & technology infrastructure			no	Hosting; hardware/software upgrades by Stanford; mirror sites at Universities of Amsterdam, Leeds, & Sydney
Total non-personnel costs				\$16,050
Total budgeted costs				\$214,050

Explanatory note

The information presented in this table is intended as a broad picture of revenues and costs associated with the project, not as a detailed financial report. The financial data, which are presented in the currency in which the project reported the information, were compiled as part of the interview process with project leaders and staff, and in some cases were supplemented with publicly available documents, such as annual reports. Project leaders were asked to review the information prior to publication. The column labelled 'Included in budget?' indicates whether or not the organisation includes that category of cost in its own definition of its budget. In many cases, the information was difficult for project leaders to provide because their institution does not record information in these categories, or because the project was combined with other projects in a larger department or unit. As a result, many of the figures are rounded or best estimates. Some leaders preferred not to offer figures at all, but suggested percentages instead. Frequently, certain types of costs are provided as in-kind contributions by the host institution. Although we did not attempt to place a value on these contributions, we felt it was important to highlight the significant role they play in many projects. Because of the variability in the way each institution estimated the various categories of revenues and costs, the information presented in the table is of limited value for detailed cross-project comparisons.

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