PRESENTATION OBJECTIVES

I. UNDERSTANDING THE CURRENT CONTEXT
   • UWM
   • Planning Resources
   • Higher Ed Environment and Shared Services Initiatives

II. EXPLORING ALTERNATIVES – “WHAT IF”

III. EXPLORING ALTERNATIVES – PROJECT APPROACH

IV. BUILDING SUPPORT FOR PROJECT APPROACH AND STAKEHOLDER ENGAGEMENT
THE CONTEXT
UWM – Service Models

• **Current Structure**
  – There are x# of clusters of human resources, business services, and IT activity on campus, both distributed and central
  – Duplicate/competitive services exist between the schools/divisions and central administrative units
  – Service providers and customers often don’t understand what services are provided by whom; and who has final decision making authority
  – There is lack of standardization and documentation of processes, resulting in numerous, varied, individual, inconsistent approaches to determining the right course of action
  – Managers and generalists use technology “shadow systems” to support departmental needs, which results in significant time spent on duplicate data entry and reconciliation between systems
  – Process and service level improvement efforts are often focused solely within one school/college/division or department
THE CONTEXT
UWM - Financials

UWM FY14 Actuals

<table>
<thead>
<tr>
<th>REVENUES</th>
<th>FY 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tuition</td>
<td>233,900,000</td>
</tr>
<tr>
<td>Federal Aid</td>
<td>36,800,000</td>
</tr>
<tr>
<td>Sales and Services of Auxiliary Activities</td>
<td>67,900,000</td>
</tr>
<tr>
<td>Segregated and Other Student Related Fees</td>
<td>28,300,000</td>
</tr>
<tr>
<td>Gifts, Private Grants, and Trust Funds</td>
<td>17,200,000</td>
</tr>
<tr>
<td>Miscellaneous Revenue</td>
<td>29,000,000</td>
</tr>
<tr>
<td><strong>Total Operating Revenues</strong></td>
<td>413,100,000</td>
</tr>
<tr>
<td>State Appropriation</td>
<td>134,600,000</td>
</tr>
<tr>
<td><strong>Total Revenues &amp; Contributions</strong></td>
<td>547,700,000</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>EXPENSES</th>
<th>FY 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries</td>
<td>269,400,000</td>
</tr>
<tr>
<td>Fringe Benefits</td>
<td>97,600,000</td>
</tr>
<tr>
<td>Supplies</td>
<td>120,500,000</td>
</tr>
<tr>
<td>Capital and Debt Service</td>
<td>49,400,000</td>
</tr>
<tr>
<td>Aid to Individuals</td>
<td>18,700,000</td>
</tr>
<tr>
<td><strong>Total Expenses</strong></td>
<td>555,600,000</td>
</tr>
</tbody>
</table>

| Net Operating Gain (Loss)                     | (7,900,000) |

Add (Less): Adjustments for Deferred Revenue, Accounts Payable, Accounts Receivable

| Total Operating Net Gain (Loss)               | (9,500,000) |

Revenue Growth Rate 2%
Expense Growth Rate 4%

How will UWM close the gap in the long-term?
Revenue growth has not kept pace with growth in expenditures.
**THE CONTEXT**

**UWM – Service Models**

*UWM Rising Expenses in Support Activities*  
*(Student Services, Institutional Support, Academic Support)*

Support Activity Spend at UWM Increased from 32% of the Budget in FY2011 to 35% of the Budget in FY2015

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*Thanks to Professor Kyle Swanson and the Office of Budget and Planning for this analysis*
"Given the current financial downturn, however, academic leaders now realize administrative restructuring to be an unavoidable necessity." EAB
“Although the term holds varied connotations within higher education...our focus is on models for providing business service delivery within an individual institution, whereby a single provider absorbs transactional activity previously performed by generalist staff across campus.

Through simplification, consolidation and automation, these task-specialized models leverage economies of scale to increase service quality of back-office functions while reducing labor costs through attrition.” - EAB

Shared services indicates a single provider of back-office services to customers within a single university...

...and promises to break the traditional compromise between responsiveness and scale

How is Shared Services Distinct from Centralization?

- Emphasis on continuous business process improvement, through automation, process expertise, and data analysis
- Focus on customer service levels, through service level agreements (SLAs), customer liaisons, and governance boards

THE CONTEXT
Planning Resources and Trends in Higher Education

Making the Case for Shared Services
Renewed Drivers for Consolidated Administrative Support
“While university budget reduction plans will inevitably address teaching and research, where the majority of costs reside, universities must first look for opportunities to cut everything possible from the back-office before impacting mission-critical endeavors in the classroom or lab.” - EAB

Studies indicate university administrative counts rising over the past two decades...

- Between 1987 and 2007, the increase in number of back-office positions outpaced enrollment
- Reflects increasingly complex administrative burdens, but also potential inefficiencies
- An unsustainable pattern, especially as universities need to scale to support growing research and technological needs.
"Representing a proven source of administrative savings not only in private industry, but also in the government sector, shared services routinely achieve 10–30% cost reduction through automation-led headcount reduction and decreases in error-related rework." - EAB

How will UWM close the gap in the long-term?
Compounding the challenge is the looming (up to ) $25M Budget Cut
THE CONTEXT
Planning Resources and Trends in Higher Education

http://www.cfe.ku.edu/ssc/
EXPLORING ALTERNATIVES

• Given the seriousness of the context provided...

• Knowing we exist to serve the employees and students directly involved in the institution’s mission...
  – How do we enhance effectiveness of the support functions we provide?
  – How do we introduce even greater efficiency than what is currently achieved?
  – How do we create greater engagement and satisfaction among those completing the functions?
  – How do we begin to shift more of our investment to UWM’s Academic Mission?
Exploring Alternatives towards Objectives

• Support new business process capabilities
• Enhance focus on campus unit operations vs. back office processing
• Meet process excellence targets
• Reduce cost through simplification and standardization
• Facilitate the deployment of technology
• Attract and retain the best talent
• Concentrate resources on core higher value activities
• Increase service quality to the academic and administrative units
• Improve response to organizational changes
• Align the organization on common objectives
• Meet internal customer satisfaction expectations
• Increase productivity of internal customers
EXPLORING ALTERNATIVES
PROJECT APPROACH

• It will take a coordinated and inclusive approach to identify how UWM may achieve these objectives. Therefore, a project approach is proposed, which will result in:

  • An organizational design for support functions of BFS, HR, and IT (maybe others) with world class effectiveness, efficiency, and security, resulting in reduced costs, improved compliance, and enhanced customer service

  • A plan for implementation of the organizational design, including a staffing strategy and change management

  • A plan for training and communication
EXPLORING ALTERNATIVES
PROJECT APPROACH

Advisory/Steering Team(s)

Executive Sponsors
Robin Van Harpen & Johannes Britz

Project Sponsor
Robin Van Harpen

Functional Leadership Team
Bob Beck, Tim Danielson, Kathy Heath, Jerry Tarrer

Project Core Team

Functional Teams
- Accounting/Finance Team
- Procurement Team
- HR Team
- IT Team

Project Manager
Sylvia Banda

Project Resources
Business Process Management (BPM) team

Change Management Team
Project Approach & Stakeholder Engagement

Steps to Date

– Project Manager Engagement
  • Established formal responsibility for project management structure and support

– Presentation to Deans
  • Background, Project Objectives, and Proposed Project Approach
  • Agreed on follow-up meeting and discussion

– Presentation to UBR and PReP Meeting Attendees
  • Background, Project Objectives, and Proposed Project Approach
  • Invitation for team membership volunteers

– Development of Initial Team Rosters
  • Volunteers and Commitments Confirmed (In process)
# Project Approach & Stakeholder Engagement Communication Framework

<table>
<thead>
<tr>
<th>Category</th>
<th>Stakeholder Group</th>
<th>Communication Purpose</th>
<th>Owner(s)</th>
<th>Method(s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stakeholder Groups</td>
<td>Academic Leadership Council</td>
<td>*Inform stakeholders about project structure, activities, roles and responsibilities, and methods of communication/feedback to project teams.</td>
<td>Functional Leadership team</td>
<td>- Web site</td>
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<tr>
<td></td>
<td>Central Office Staff</td>
<td></td>
<td></td>
<td>- Meeting update - Presentations</td>
</tr>
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<td></td>
<td>Chancellors Cabinet</td>
<td></td>
<td></td>
<td>- Email</td>
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<tr>
<td></td>
<td>Customers – Faculty &amp; Staff Receiving Services</td>
<td>*Provide status updates and project progress.</td>
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<td></td>
<td>Deans</td>
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<tr>
<td></td>
<td>Decentralized Staff</td>
<td>*Inform stakeholders about the organizational, process, and technology changes and provide details about the impact to them and/or gain buy-in on scope, timeline, and expected outcomes.</td>
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<td></td>
<td>FAA AVCs / Directors</td>
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<td></td>
<td>IT Leadership</td>
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<td></td>
<td>Tech Users</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>UBR/Preps</td>
<td>*Inform stakeholders of organization and system/process changes, communicate timelines, and provide training and change support.</td>
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</tr>
<tr>
<td>Project Leadership</td>
<td>Advisory / Steering Committee</td>
<td>*Provide status updates and project progress. Also request assistance in removing barriers to change.</td>
<td>Functional Leadership team</td>
<td>- Meeting updates</td>
</tr>
<tr>
<td></td>
<td>Executive Sponsor</td>
<td></td>
<td></td>
<td>- Written progress reports</td>
</tr>
<tr>
<td>Project Team</td>
<td>Staff directly involved in executing project activities including implementation</td>
<td>*Set a common vision and context for the project; communicate progress and objectives to manage key areas, e.g., issues, risks, change control.</td>
<td>Project Core Team</td>
<td>- SharePoint</td>
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<td></td>
<td>- Meetings</td>
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<td>- Project reporting</td>
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</tbody>
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Next Steps
Project Approach & Stakeholder Engagement

Initial Timeline Estimates

– Phase 1 – Design: Six to Eighteen months
  • Data Gathering
    – Where effort occurs now and associated cost
    – Relevant metrics
    – Functional business case
  • Detailed Design
    – Functional support Grouping
    – Organizational Design

– Phase 2 – Implementation Plan: Six to Twelve months
  • Staffing Strategy
  • Organizational Change Management Strategy & Tools
  • Training and Communication Strategy & Tools

– Phase 3 – Implementation: Six to Twelve months
  • Establish Governance
  • Staged Go-Lives

– Operational – Assessment/Valuation/Continuous Improvement
1. Approval of Project Charter and Project Framework
   – Executive Sponsors

2. Communication & Planning
   – Functional Leadership Team pantherLIST: ibr-uwm@uwm.edu
     • Volunteers, feedback, questions
   – Staff Teams

3. Project Plan Development and Kickoff
   – Estimate effort/costs and identify resources
   – Identify subprojects and milestones
   – Implement Communication Plan