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

#### REVENUES

<table>
<thead>
<tr>
<th>Description</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><strong>State Appropriation</strong></td>
<td>134,600,000</td>
</tr>
<tr>
<td><strong>Total Revenues &amp; Contributions</strong></td>
<td>547,700,000</td>
</tr>
</tbody>
</table>

#### EXPENSES

<table>
<thead>
<tr>
<th>Description</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>

<table>
<thead>
<tr>
<th>Description</th>
<th>FY 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net Operating Gain (Loss)</strong></td>
<td>(7,900,000)</td>
</tr>
<tr>
<td>Add (Less): Adjustments for Deferred Revenue, Accounts Payable, Accounts Receivable</td>
<td>(1,600,000)</td>
</tr>
<tr>
<td><strong>Total Operating Net Gain (Loss)</strong></td>
<td>(9,500,000)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Description</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue Growth Rate</td>
<td>2%</td>
</tr>
<tr>
<td>Expense Growth Rate</td>
<td>4%</td>
</tr>
</tbody>
</table>
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

*Thanks to Professor Kyle Swanson and the Office of Budget and Planning for this analysis
THE CONTEXT
Planning Resources and Trends in Higher Education

EAB - Making the Case for Shared Services
Renewed Drivers for Consolidated Administrative Support

"Given the current financial downturn, however, academic leaders now realize administrative restructuring to be an unavoidable necessity." EAB

How will UWM close the gap in the long-term?

- Reducing faculty size
- Restructuring academic support functions
- Narrowing scope of research investments
- Cutting back on student services
- Shrinking the facilities footprint
- Hardwiring greater spend discipline
- Reducing overall business service costs
Making the Case for Shared Services

Renewed Drivers for Consolidated Administrative Support

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

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

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

...and promises to break the traditional compromise between responsiveness and scale
Studies indicate university administrative counts rising over the past two decades...

FTE Students Per FTE Back Office Employee

- 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.

“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
“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

Consultant Estimates of Efficiency and Savings Gains at a $1.6 B University (EAB)

<table>
<thead>
<tr>
<th>Efficiency Gains</th>
<th>Savings Potential</th>
</tr>
</thead>
<tbody>
<tr>
<td>Academic Administration and Sponsored Projects</td>
<td>10–15%</td>
</tr>
<tr>
<td>Information Technology</td>
<td>10–20%</td>
</tr>
<tr>
<td>Finance</td>
<td>10–20%</td>
</tr>
<tr>
<td>Human Resources</td>
<td>25–35%</td>
</tr>
</tbody>
</table>

Consolidation

$95 M

Automation

$50 M

$24 M

$12 M
THE CONTEXT
Planning Resources and Trends in Higher Education

http://www.cfe.ku.edu/ssc/
THE CONTEXT
Planning Resources and Trends in Higher Education

• Education Advisory Board
  – Making the Case for Shared Services
    • Renewed Drivers for Consolidated Administrative Support
    • Lessons for Overcoming Obstacles to Business Process Reform
    • End State Support Models

• Academic Impressions
  – Preparing Your Institution for Shared Services Implementation
    • UCSF Case Study

• NACUBO
  – Are Shared Services Right for Your Organization
    • The KU Journey

  – Shared Services: Best Practices in Higher Education

• EDUCAUSE
  – The Many Faces of Shared Services at the University of California

• Accenture
  – Achieving high performance through shared services - Lessons from the masters
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

• What if we utilized an e-platform to streamline and standardize business processes?

• What if we developed deep understanding of business processes among all who worked on them?

• What if we enabled professionals in the functions to spend more time strategizing how to help units accomplish their goals and less time processing transactions?

• What if we identified competencies associated with every level of position within the functions, making career pathways clear and allowing for more meaningful professional development?
EXPLORING ALTERNATIVES

• What if we measured the effectiveness of business processes to allow data to guide thinking regarding process improvement and training?

• What if policy/guideline/process information was easily disseminated across all professionals in any of the functions?

• What if anyone involved in the functions knew where to turn for assistance with their most complex/technical issues and was accountable to someone with understanding of their work?
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

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

Project Sponsor
Robin Van Harpen

Project Core Team

Project Manager
Sylvia Banda

Project Resources
Business Process Management (BPM) team

Functional Teams

Accounting/Finance Team
Procurement Team
HR Team
IT Team

EXPLORING ALTERNATIVES
PROJECT APPROACH
**EXPLORING ALTERNATIVES**

**PROJECT APPROACH**

- **Advisory / Steering Committee**
  - Supports the Project Sponsor
  - Provides high-level advisement and input

- **Executive Sponsor**
  - Champions the project throughout the university
  - Acts as the link between the project, the UWM Budget Planning Task Force, and management decision making groups

- **Project Sponsor**
  - Has overall accountability for the project
  - Provides business expertise and guidance to the Functional Leaders
  - Acts as an arbitrator and makes decisions that may be beyond the authority of the Functional Leadership team

- **Project Manager**
  - Provides process expertise, tracking, and reporting.
  - Responsible for planning, organizing, managing, controlling, and communicating on all phases of a project
  - Resolves issues and escalates to Functional Leaders when required
EXPLORING ALTERNATIVES  
PROJECT APPROACH

• Functional Leadership team
  – Provides subject matter expertise and functional/subject matter expertise, ownership, leadership, and accountability for assigned project results
  – Provides day-to-day leadership for planning and implementation of project
  – Provides business expertise and guidance to the Project Manager
  – Facilitates the identification of project resource requirements and works with resource managers and the project manager to construct project teams
  – Manages their sub teams and pursues the team’s given objectives (i.e. project tasks)
  – Resolves issues and escalates to Project Sponsor when needed

• Project Core Team
  – Attends and actively participates in project team meetings
  – Contributes to overall project objectives and specific team deliverables
  – Performs assigned activities defined in project plan

• Functional Teams
  – Contributes subject matter expertise and input as needed throughout the project
  – Attends and actively participates in project team meetings as needed
  – Performs assigned activities defined in project plan
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. Develop Project Charter and Project Framework for Approval
   – Executive Sponsors and Budget Planning Task Force

2. Communication & Planning
   – Functional Leadership Team pantherLIST: ibc-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