May 12, 2016

Robin Van Harpen
Vice Chancellor
University of Wisconsin – Milwaukee
2200 E. Kenwood Blvd.
Milwaukee, WI 53201-0413

Dear Ms. Van Harpen:

We are pleased to propose, on behalf of Huron Consulting Services LLC, ("Huron" or "we") our engagement to provide University of Wisconsin – Milwaukee ("UWM," "you" or "the University") with consulting services related to the development of a business case and implementation plan to assess the feasibility of shared services at UWM.

Our Understanding of Your Needs

We understand that the University of Wisconsin Milwaukee (UWM) is embarking on a path to implement a shared services model (Integrated Support Services) across the university to both increase the effectiveness of service delivery and reduce the costs of administrative services in response to dramatic state appropriate reductions. While such a delivery model will take into account the unique nature of each of the colleges comprising UWM, and will be accountable to the colleges served, the goals of this effort also include process standardization and simplification.

The initial assessment of opportunities has been conducted by the central administrative team across UWM, and focuses on the supporting business functions (i.e., non-academic) of the colleges, including: Human Resources, Finance (Financial accounting, reporting and reconciliation, A/R, A/P, Procurement and Travel and Expense), and Information Technology. UWM is at a critical project juncture, at which point the leadership team must determine the immediate next steps forward.

To determine the path forward and establish a clear set of appropriate next steps, Huron recommends that UWM develop a business case that incorporates both stakeholder input and institutional needs and goals to inform a high level model and path forward. Such a business case should outline costs, benefits, key assumptions, and risk factors of moving to shared services, as well as a high-level model design. In addition, we suggest that a detailed implementation map and change management / communication plan be developed to ensure UWM’s success in this effort.

How Huron Can Help

To support UWM in this important endeavor, we are proposing to provide leadership guidance, to facilitate the decision making process, and to support development of the business case, implementation map and change management plan recommended above. Understanding that the UWM leadership team will be driving this effort, and recognizing that UWM intends to pursue a model through the most cost effective means possible, we are proposing a hybrid approach to assist the leadership team in developing a path forward that.

We propose a three-pronged approach to this work, with the UWM team conducting the Campus Meeting and Assessment and Consensus Building components, and the Huron team completing the Business Case and Deliverable Development. The work conducted by the UWM team across campus will be critical to inform the development of Huron’s final work products.

Task 1: Campus Meetings and Assessment (UWM Responsibility)

The campus meetings and assessment phase includes interviews and conversations with UWM leaders, key administrators, functional directors, managers, and faculty. These discussions, conducted by the UWM team, are intended to solidify and deepen the understanding of the challenges in the current environment and operations across the colleges and administrative units. The discussions should also capture the full range of activities and processes supported by the units.

A key component of this assessment will be interviews across each of the colleges. Interviews should include leadership and staff within the identified functions under review, as well as a select group of campus constituents. This work is underway by the UWM project teams. In support of this, one of the first activities that Huron will engage with UWM will be to evaluate the UWM efforts to date and recommend any additional discussions that should take place. This will be coordinated through the Change Management Team. We expect that the UWM team will synthesize the results of these discussions and share the findings with the Huron team.
Task 2: Develop Business Case and Deliverables (Huron Responsibility)

In this task, we will assess the current state of administrative support functions across UWM in order to determine feasibility and opportunities for cost savings and improved effectiveness through shared services. This assessment will be based on data provided by the UWM team and the results of the interviews conducted by the UWM team.

Huron will provide an assessment of the potential opportunity identified through the data analysis and summary of campus interviews through the development of a business case. This business case will be based on the data reviewed as well as all additional information provided by UWM. Huron will analyze the operations and financial performance of the units through detailed data collection and analysis. The team will provide a detailed data request at the project outset to be completed by the UWM team. With the help of internal benchmarking data, we will develop quantitative assessments of the opportunities identified to close the operational gaps, which will take the form of cost-benefit analyses. Given the timeframe of the engagement, and the potential limitations of data, estimates of costs are intended to demonstrate scale of the opportunity, not project specific savings targets. For each of the functional areas in scope for our report, we will include an assessment of the implications to service levels and attendant risk exposure, which will allow you to understand the unquantifiable costs of the opportunity.

Our initial work and business case will explore the following questions (note, different models may be recommended for each of the in scope functions):
- Will there be one service center or many?
- How will service groups be defined (e.g., by geography, by affinity)?
- How will the center(s)' reporting relationships be aligned with both unit and central university staff?
- What services will be provided (at the functional level; e.g., post-award research administration)?
- What level of customization or flexibility will be needed to account for varying customer needs?
- What is the most appropriate implementation approach (e.g., incremental by unit, incremental by function, full launch)?
- What is the framework for considering KPIs, and what are sample metrics that might be assessed?
- What are different staffing strategies that might be used to staff the model, and what are the risks and benefits of each?

It is possible that some of these decisions will be ultimately tabled to the detailed design phase. This distinction will be driven by the degree to which a clear direction is apparent from stakeholder discussions and the perspective of the UWM leadership. This report is intended to draw on Huron’s industry experience, but will also be guided by the needs and culture of UWM, as shared by the leadership team.

We will also begin to assess the difficulty of implementation and highlight implementation concerns within the business case. The business case developed in this task will be used by UWM leadership in order to make a go/no-go decision on moving forward with the shift to a shared services model. This business case will also provide the framework for development of the detailed design. This framework will specifically address an approach to developing meaningful metrics, as well as initial guidance on metrics that UWM may track; however, this list of metrics is expected to be revised in the design phase once roles and responsibilities, activities and processes are finalized. The case will also include a discussion on alternative staffing strategies to provide context for the decision on this which may be made later in the design phase. In addition to this business case, we will develop a change management plan to identify the broader base of stakeholders, which will be critical to the success of Design efforts if UWM chooses to move forward, as well as an implementation map.

During this task, the Huron team will work primarily with the Integrated Support Services Project teams, depending on the teams to gain campus input and provide campus perspective. The Huron team will require weekly discussions with the Project Manager and ongoing discussions with the Project Core Team to gain insight into the UWM environment and culture.

<table>
<thead>
<tr>
<th>Key Activities</th>
<th>Key Work Products</th>
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<tr>
<td>Analyze Data</td>
<td>Note – work products are expected to be developed in collaboration with the UWM Leadership team</td>
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<tr>
<td>Conduct Internal Benchmarking and Baseline Analysis</td>
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<td>Identify Service Delivery Model Opportunities and</td>
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<td>Implementation Recommendations</td>
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<td>Identify Costs, Benefits, Key Assumptions, Risks and Mitigation Strategies</td>
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<td>Develop Business Case</td>
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<td>Develop Implementation Plan</td>
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Task 3: Consensus Building (UWM Responsibility)

Once Huron has completed the report, it will be the responsibility of the UWM team to share the report with critical stakeholders and gain buy-in and support for the proposed approach. During this final step, the results and opportunities identified should be discussed and reviewed by key UWM constituencies to ensure a shared understanding of the work and the potential impact on the colleges and units. This step is essential as it is necessary to address communication and foster dialogue in order to provide for buy-in. This process allows for validation, refinement of priorities, changes, and, potentially, supplemental analysis, all for the purposes of increasing the effectiveness of and ultimately shortening the subsequent period of implementation.

Huron is able to support this consensus building, particularly with the implementation team committees and Steering Committee established by UWM, as well as the Chancellor’s Cabinet and CCOET committee, if desired. These presentations and discussions are most effective when delivered as a UWM / partnership, providing the opportunity for the UWM team to share the model and future state vision, with the Huron team sharing best-practice, examples from other higher education implementations and helping to answer questions.

Task 4: Business Process Redesign – Staff Training Model (Optional)

Redesign of how work is performed is critical to the future state effectiveness of a new service delivery model. Efficiency and effectiveness across the university will come primarily from reimagining how the work will be delivered in the future state. Huron’s methodology uses a logical approach to identifying gaps and opportunities in the current state, and working closely with stakeholders to develop an optimal future state that meets customer needs in the most effective and efficient manner possible. The process of redesigning work looks for current opportunities to: eliminate bottlenecks (steps or organizational elements); identify and reduce frequent errors; eliminate rework; eliminate redundancy or work; and, identify and remedy control gaps. Solutions to challenges may include basic workflow redesign, realignment of controls and implementation of technology solutions.

The redesigned process will result in a future state process map and accompanying narrative, as well as identification of roles and responsibilities, and handoff points. To reach optimal solutions, the redesign work should include individuals currently performing the work as well as central functional staff. In addition, the participation of central IT staff will help identify enabling technologies for future state processes.

While Huron teams are well-equipped to support UWM with business process redesign, an alternate approach, at a much lower cost, is to engage in training of UWM staff so that the team can execute the work in-house. Such a training model would include a four step approach to tailor the training content to the needs of UWM:

1. Define business process analysis objectives (new process design, process improvement, or service delivery realignment)
   An understanding of the goals of the efforts will be used to refine the training materials and approach to best serve your needs.
2. Confirm and configure process tools
   a. Business Process Diagram template
   b. Business Process Analysis workbook
   c. Charter
   In this second step, the Huron training lead will work with the project sponsors to confirm the templates and approach of the business process. This will ensure that trainees have the tools and templates to be successful in redesigning work to meet the university’s goals.
3. Prior to conducting the training, it will be key to establish principals of business process redesign and continuous improvement that will be utilized by the group going forward. In this step, the Huron trainer will work with the UWM project sponsors to both establish process session agendas (which will be incorporated into the training) and also to develop the “Voice of Customer” strategy that will govern ongoing improvement.
4. In the final component, the Huron trainer will conduct a series of process redesign trainings to prepare the UWM team to redesign how work is conducted as part of a new service delivery model. Lessons from a variety of business process design methodologies will be shared, along with their applicability to the higher education environment.

Training Modules (each training is typically one hour, with additional time for group exercises)
a. Part 1: Purpose of business process analysis and various frameworks (e.g., lean, 6 sigma)
b. Part 2: Definition of a process and process mapping mechanics (symbols, etc.)
c. Part 3: Applying analysis to processes
d. Part 4: Developing solutions

To be most effective, business process training can be conducted in conjunction with business process redesign of a select process, and/or as an apprenticeship program, launched at the onset of the Design Phase. Our team can work with the project sponsors to identify the best and most effective fit for UWM’s needs.

University of Wisconsin Milwaukee Responsibilities

With the intent to minimize both the consultant cost and presence at UWM, this engagement has been purposefully structured to be a partnership with the University, with clearly structured responsibilities for both the Huron and UWM teams. Aligned with the scope of activities detailed above, UWM will perform the tasks, furnish the personnel, provide the resources, and undertake the responsibilities specified below.

- UWM will complete the current state analysis of stakeholder needs, providing a synthesized report of challenges, gaps and opportunities related to in-scope activities based on discussions with a broad range of stakeholders from across the university.
- UWM will designate an employee or employees within your senior management who will make or obtain all management decisions with respect to this engagement on a timely basis. UWM will agree to ensure that all assumptions set forth below are accurate and provide us with such further information we may need and which we can rely on to be accurate and complete. UWM will cause all levels of university employees and contractors to cooperate fully and timely with us. We will be entitled to rely on all of your decisions and approvals and we will not be obligated to evaluate, advise on, confirm, or reject such decisions and approvals.
- To help maximize the value of our work to the university and to keep the project moving on schedule, UWM agrees to comply with all of our reasonable requests and to provide us timely access to all information and locations reasonably necessary to our performance of the services.

The successful delivery of our services, and the fees charged, are dependent on (i) UWM’s timely and effective completion of your responsibilities, (ii) the accuracy and completeness of any assumptions, and (iii) timely decisions and approvals by UWM’s management. UWM will be responsible for any delays, additional costs, or other liabilities caused by any deficiencies in the assumptions or in carrying out your responsibilities.

Project Timeline

The project duration to complete the project activities and deliverables in Task 2 and to provide support for Task 3 above will be 11-12 weeks, allowing for additional iteration of the model with the leadership team, as well as the opportunity for more than one “model” to be presented in the final iteration of the deliverables.

In addition to the discussion above, this includes:
- Weekly meetings with the UWM Project Manager
- Up to Six (6) meetings with the Functional Leadership Team
- Up to Six (6) meetings with the Project Core Team
- Up to Four (4) meetings with the Change Management Team
- Two (2) meetings with each of the four Functional Team (eight total discussions)
- Meeting with the Steering Committee
- Meeting with the President's Cabinet
- Meeting with the CCCET team

UWM may choose an alternate set of meetings; this list is intended to address the expected breadth of meetings that can be convened within the scope outlined.
Pricing

Based on the scope of work outlined in this document, we estimate a range of fees to Develop the Business Case and Deliverables for UWM’s potential shared service model. This engagement will be billed based on actual time and materials, with “not to exceed” fees of $144,000 for tasks 1 through 3, plus travel expenses.

11-12 weeks: $130,000 - $144,000

The pricing of the optional Business Process Redesign – Staff Training Model will ultimately be defined by the training design determined by UWM; additional apprenticeship components—including redesign of business processes and/or ongoing support of UWM staff who have completed the program, will be more costly than a delivered set of training modules. Typical costs for this effort range from $15,000 - $25,000, plus reasonable out of pocket expenses. This optional add on work, or any modifications to the scope and timing of the engagement, can be executed through a mutually agreed upon contract addendum at the completion of Tasks 1 – 3, based on UWM’s needs.

Out of pocket expenses (including transportation, lodging, per diem, etc.) will be billed at actual amounts incurred and will not exceed 16% of project fees. Included in these expenses, Huron will bill UWM for a technology fee, at 1% of project fees to recoup the costs of telecommunications incurred during this engagement. Invoices will be presented monthly.

Business Terms

The Business Terms associated with this agreement will be the same as the terms in the Master Services Agreement with the UW-System Contract #RG-09-2434 dated 1/8/09.

Sincerely,

HUROn CONSULTING SERVICES LLC

By: ____________________________

Derek Smith
Managing Director

Acknowledged and Accepted:

UW- Milwaukee

By: ____________________________

T. Scriver
Title: Director, Purchasing

Date: 5/12/2016