Administrative Review & Restructuring
The President’s Charge

Review administrative organization and delivery of administrative services at all levels of the university and propose ways to:

- Improve performance
- Rationalize administrative organization
- Gain cost efficiencies
WHY?
Universities Nationwide are Challenged

Projected Trends

- Government Funding per Student
- Tuition Increases
- Private Giving and Endowment Income
- Federal Research
- Costs
Need for Comprehensive Approach

Temporary Reductions
- Hiring freezes/furloughs
- Spending restrictions

Budget Balancing Acts
- Budget reductions
- Service level reductions

Operational Transformation
- Process improvements
- Leveraging scale for structural cost reductions
- Organizational alignment
The Overall Premise

• Great universities are built on academic excellence
• Academic excellence requires operational excellence
Operational Excellence

Align organization with clear responsibility and accountability

Improve business processes and tools

Optimize costs by leveraging scale, scope and technology

Set appropriate service levels to meet organizational needs
ARR Working Group

- Six months study period: Dec 09 – May 10
- Multiple task forces formed
- Benchmarking with other institutions
- Interim reports to President, Chancellors and Board
- Final Report June 2010
Builds On Ongoing Efforts

- UI-Integrate (Banner) Project completed in 2003
- Administrative Reduction Plan in 2004 led to reductions of $37.4 million
- Ongoing efforts to control energy costs and reduce energy consumption
- $15 million administrative cost reduction plan launched in 2009

**Benchmark:** Administrative overhead costs lowest among Illinois public universities and 7th lowest among Big Ten
Recommendations in Four Categories

- Administrative Structure and Organization
- Delivery of Administrative Services
- Improving Business Processes
- Creating a New Vision for Service Delivery
### Report Reviewed

#### Administrative Services

- Information Technology
- Facilities and Capital Programs
- Business Operations
- Human Resources
- Development
- Alumni Affairs
- Procurement
- Energy and Utilities
- Auxiliary Operations
- Printing and Related Services
- Public Affairs and Communications
Controls necessary to mitigate risks, but need to find appropriate balance between cost of compliance and risk mitigation. Specifically:

- Amend *The General Rules* to allow electronic reviews, signature, and archiving of contracts

- Implement electronic “disclosure portal” for conflict of interests

- Seek amendments to state rules regarding procurement, inventory control and disposal limits and electronic filing of economic interest statements
A New Model for Delivering Services

Shared Service Centers

- Shared by Multiple Units
- Customer Focused
- Service Agreements & Shared Governance
- Economies of Scale & Expertise

Decentralized

Centralized
ARR Report Summary

• Identified $58 million savings from University’s annual recurring costs that can be achieved over 2 to 3 years

• Realization of savings will require systematic effort

• Should also result in improved service levels

• In some cases, upfront investments may be required to realize the identified cost savings
Going Forward
Success Going Forward Requires

- Continued and visible support of senior leadership
- Establish priorities for implementation
- Clear project management structure
- A sustained implementation process with broad involvement
- Clear focus on operational excellence
Governance Structure for ARR Implementation

**ARR Steering Committee**
Chair- President Hogan

- Lead implementation effort
- Consultations and communications
- Approve projects
- Monitor management reorganization

**Coordination**
- Manage and track progress of all projects
- Coordinate functional teams
- Coordinate management information system
- Escalate issues to Steering Committee as appropriate

**ARR Functional Teams**
- Teams with functional expertise and key stakeholders

**Design/Implement functional initiatives**
- Manage to milestones and outcomes
- Lead formal stakeholder engagement process
- Track and report
Where We Are

- Steering Committee formed (Three Chancellors, three VPs, Chair of University Senate, Dr. Ikenberry, President (Chair); Coordinator appointed

- Functional teams initiated for IT and Procurement

- HR and Capital Programs by November 15

- Management Information Systems pilot project underway
A Long-Term Project

Diagnoses and Recommendation
ARR Working Group

Review and Prioritization
ARR Steering Committee

Solution Design and Planning
Functional Teams

Implementation
Functional Teams, Project Management Teams
IT Functional Project

• Functional team: UTMT, CFO (chair)

• Charge:
  – Establish governance structure for University-wide coordination of IT investments and projects
  – Implement specific cost reduction strategies from ARR report
  – Coordinate with campus-based initiatives

• 6 month, 1 yr and 2 yr milestones
Strategic Procurement

- Aggressively develop strategic procurement contracts
- Enhance on-line procurement system (iBuy) and increase volume of purchases made through iBuy.
- Develop electronic workflow management systems (such as e-settlement, online travel reimbursement, and contract management systems) to reduce processing time and effort
- Improve organizational capabilities
Capital Programs

- A major investment area
- Opportunities to leverage scale
- Need to improve processes
- Better results from improved project management
Information is Key

- Need to know how much we are spending on what
- Modify information system to capture functional expenses
- Implementation by all business managers
• Establish center-led HR organization for University-wide coordination of HR operations, including labor relations

• Improve delivery of HR services to units (shared service) and achieve greater efficiency

• Develop human capital strategy for Academic Professionals and establish priorities for implementation

• Review and improve internal HR processes
Campus Perspective

• Administrative reorganization at the campus level on hold pending BOT action on President Hogan’s proposals

• Complementary reviews occurring at the campus level - *Stewarding Excellence at Illinois*

• Restructuring activities are underway in administrative and academic units

• Voluntary programs- 551 individuals- savings of $1.4M per month in payroll expenses
Specific examples

- Seventeen projects - five have received a public response; nine with Chancellor and VCAA for decision; and three have a step in the review process to complete.

- Implementing shared services, e.g., IT in Engineering, campus administration HR.

- Review of doctoral programs.

- Academic program review process to be established.
We Need Your Help

• Implementation requires everyone’s help
• Broaden ideas beyond recommendations in the ARR report
• Suggestions for process improvements and cost effectiveness measures
• More disciplined decision making by all of us
• Need to maintain focus on efforts