

# Administrative Review & Restructuring



**UNIVERSITY OF ILLINOIS**  
URBANA-CHAMPAIGN • CHICAGO • SPRINGFIELD

# 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**

**Operational  
Excellence**

**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 7<sup>th</sup> 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**

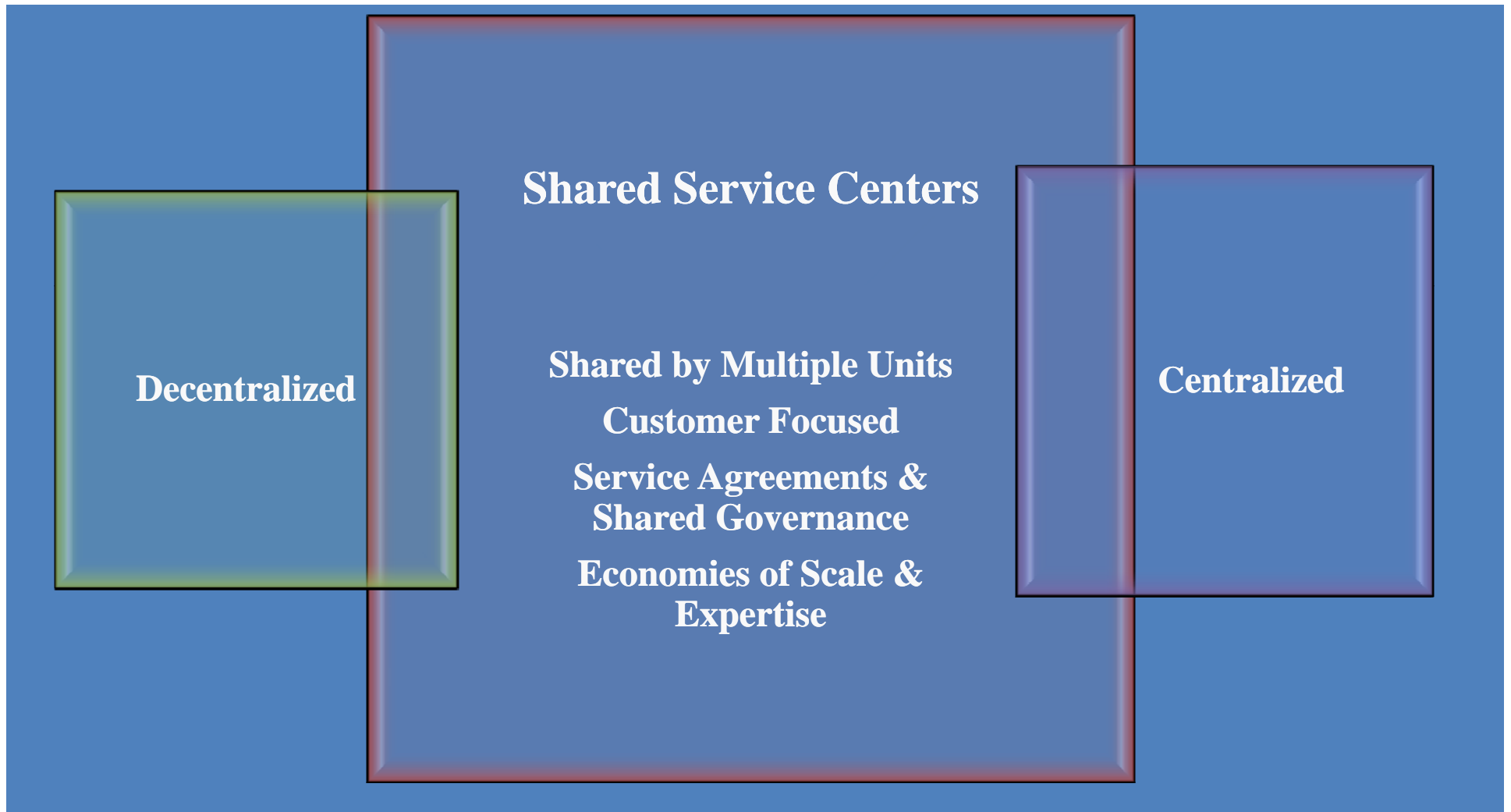
- **Information Technology**
- **Facilities and Capital Programs**
- **Business Operations**
- **Human Resources**
- **Development**
- **Alumni Affairs**
- **Procurement**
- **Energy and Utilities**
- **Auxiliary Operations**
- **Printing and Related Services**
- **Public Affairs and Communications**

# Business Processes Improvement and Regulatory Relief

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



# 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

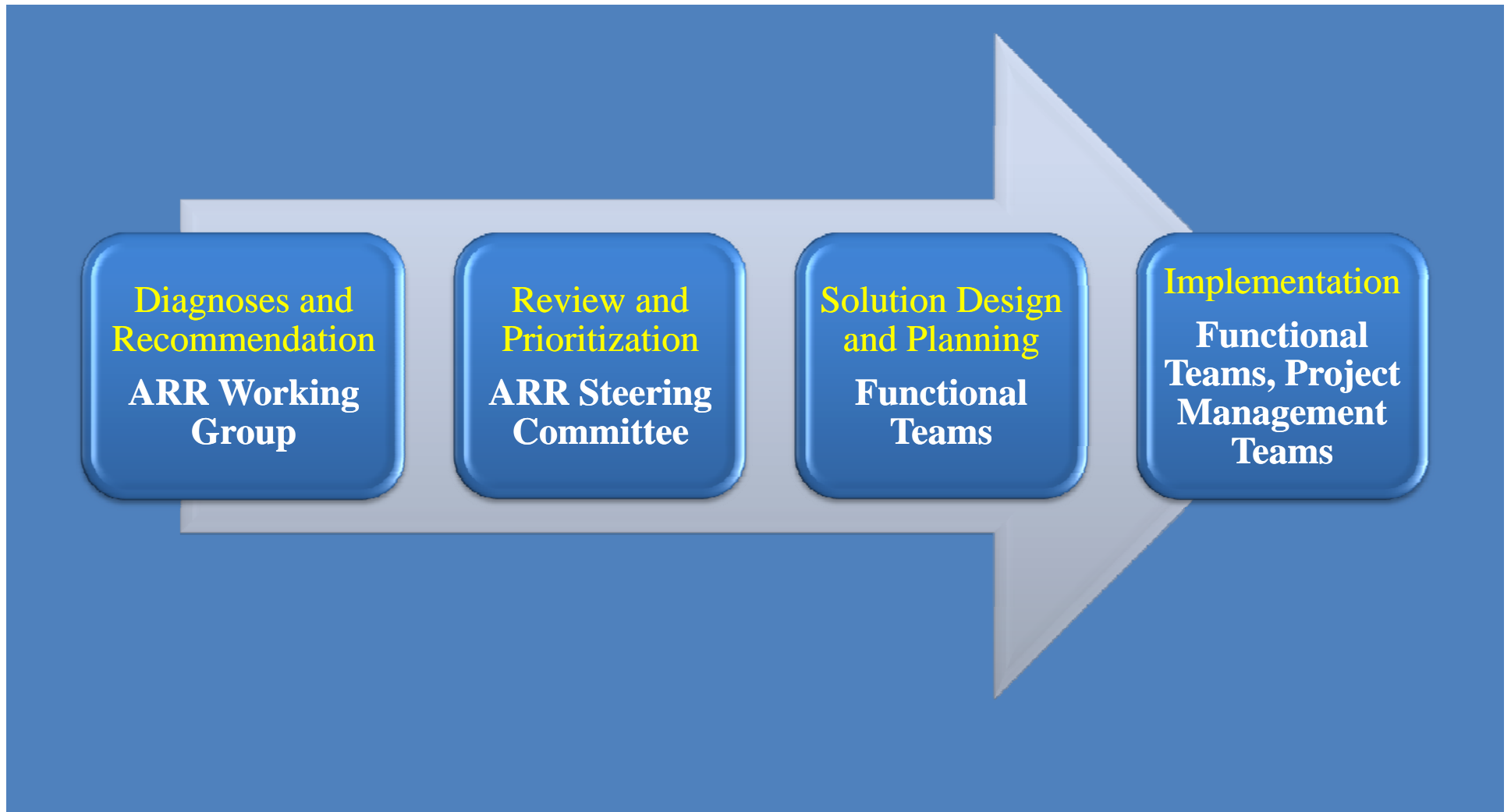
**ARR Functional Teams**  
Teams with functional expertise  
and key stakeholders

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



# 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**

# HR: ARR Final Report

- **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**