

University of Manitoba

# Project Rose

Cost Reduction ■ Service Improvement ■ Making Change Stick

University of Manitoba Resource  
Optimization & Service Enhancement  
Review

Summary of Phase 1 Review

December, 2009



# Project Review

A review of the objectives, scope and approach for Phase One

## ROSE Administrative Review Phase 1 Objectives:

1. Conduct a thorough **review of the current Administrative operations** of the University of Manitoba across all units and faculties.
2. Recommend **effective and efficient strategies in order to reduce the costs and optimize service** of the University's support functions across all business units both centrally and in faculties.
3. With the examination of data, identify, analyze, and bring forth feasible **recommendations and an action plan for an operating model** (decentralization/centralization/other) that is driven to reducing costs in the short and longer term in an efficient and achievable manner.
4. **Articulate current business processes** to key stakeholders and identify a methodology for effectively undertaking this assignment benchmarking with other public sector/post secondary institutions.

# ROSE Administrative Review

## CORE PRINCIPLES

- 1 Realize cost savings and efficiencies
- 2 Enhance quality of service
- 3 Be premised on fairness and equity
- 4 Advance shared responsibility
- 5 Promote accountability and transparency

## What was the Scope of the Review?

*The following Support Services have been reviewed in central and unit locations*

Finance

Human  
Resources

Legal

Research  
Services

Ancillary  
Services

Physical  
Plant

Information  
Technology

Purchasing  
Services

External  
Relations

Student  
Support Services

## What was the breadth and depth of the Phase 1 Review thus far?

- Conducted over 150 interviews and meetings with stakeholders across the university
- Meetings have been conducted with Faculty and Central Support personnel, as well as unions/associations.
- Met with the majority of the Deans to introduce and provide high level overview of the project and its objectives
- With all of the meetings, the importance of communication was expressed and we offered multiple opportunities to offer insight and feedback
- Overall reception to the project was very positive; majority of people welcomed the opportunity to be interviewed and provided useful feedback into ways to improve services and reduce cost

## Benefit & Cost Summary

### *The business case*

*The size of the opportunity for cost reduction is \$17.9 million - \$28.6 million annualized savings across all support services. In addition, there is an opportunity to improve service levels dramatically - driving “user” satisfaction, flexibility and to significantly increase revenues.*

Area	Opportunity (Savings)	Opportunity (revenue)
<b>Support Functions</b>		
▪ Finance	\$1.7M to \$2.2M	N/A
▪ IT	\$2.65 to \$6.4M	N/A
▪ HR	\$2.05M to \$2.75M	N/A
▪ Legal	\$250k	N/A
▪ Student Support Services	\$550k to \$1.1M	\$1.5M to \$2M
▪ Supply Chain Management	\$4.9M to \$9.3M	N/A
▪ External Relations	\$1M to \$1.12M	\$9M to \$12M
▪ Ancillary Services	\$1.3M	\$200k
▪ Physical Plant	\$1.86M to \$2.56M	N/A
▪ Admin/Other	\$1.6M	N/A
<b>Total*</b>	<b>\$17.86M to \$28.58M</b>	<b>\$10.7M to \$14.2M</b>

•Research	\$5M to \$7M	\$14M to \$24M**
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One Time Costs to Achieve (Estimates)	\$\$\$
Technology	TBD
Implementation Costs	TBD
Phase 2 – Validate and Design (PWC)	TBD

\*Benefits are in Operating, Capital and Endowment expenditures

\*\*Based on a 20% growth in grants, 10% growth in contract. Subject to the funding climate

## Summary of Opportunities and Benefits

### Opportunities for Improvement

- Significant process and organizational inefficiencies across both central and faculty areas (e.g., duplication of effort)
- Lost opportunities to leverage spending operating, research and capital budgets
- Lack of standardization, and defined service levels across all areas
- Lack of a consistent ‘user’ focus in all areas



### Benefits

- Increased annual revenue greater than \$25 million
- Decreased operating and capital costs up to \$28 million
- Increased job satisfaction across the University
- Easier to retain high performing staff members
- Reduced levels of frustration of users and service providers of Support Services
- More time available for people to focus on important rather than urgent tasks
- Move from reactive activity to a continuous improvement environment
- Greater sense of accomplishment

# Summary of Key Findings

What we learned during Phase One.

## Foundational Items to be Addressed

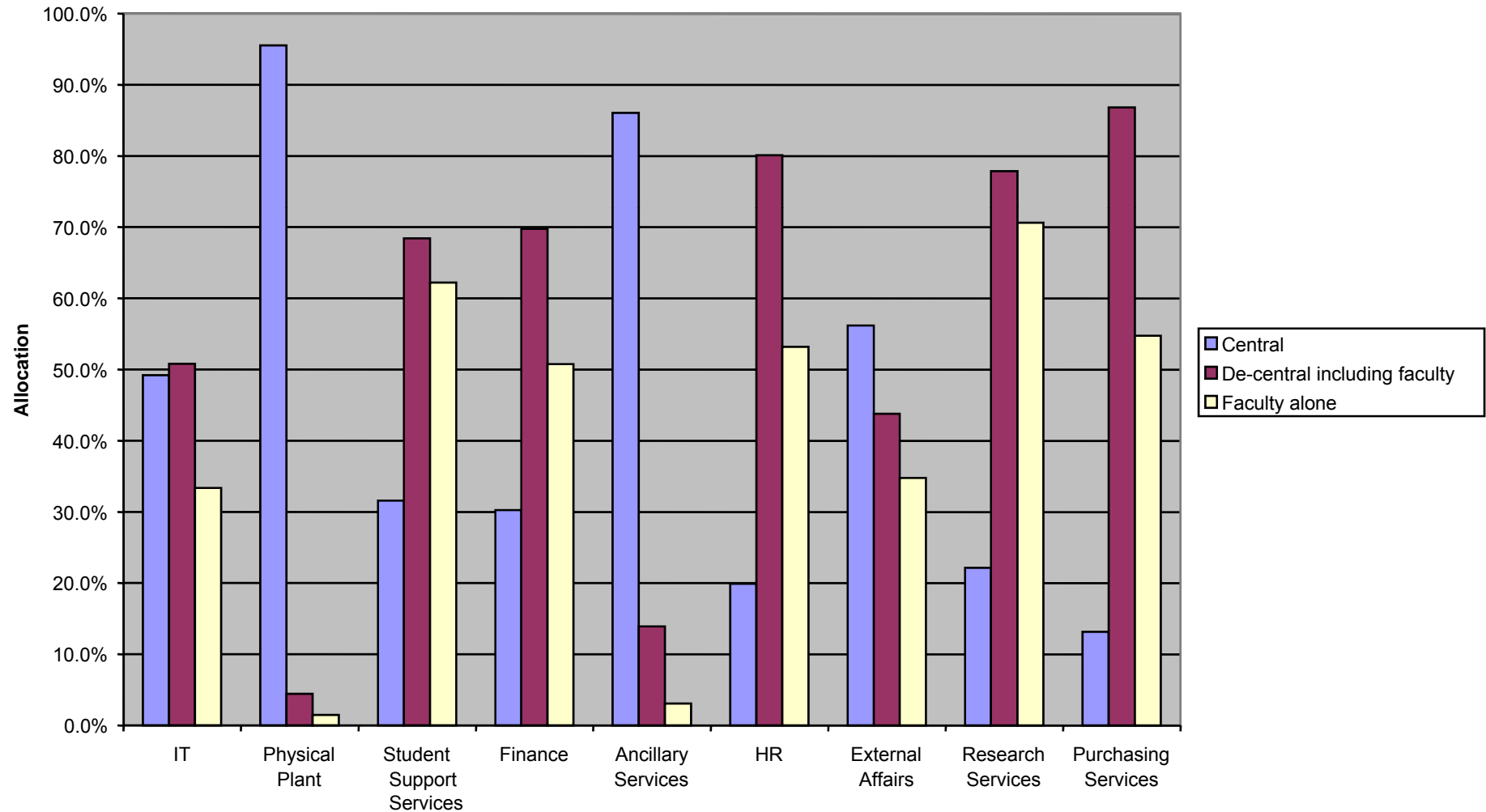
*A consistent message received from stakeholders across the University was the need to address the **Governance issues** in managing the Support Services across the University*

Area	Best Practice	University of Manitoba - Gaps
Planning & Budgeting	<ul style="list-style-type: none"> <li>• Strong link between support services strategy and Organization strategy and vision</li> <li>• Significant involvement of leadership in the planning process</li> <li>• Transparency across the organization with plans and budgets</li> </ul>	<ul style="list-style-type: none"> <li>• Support service groups not clear on strategy and vision and alignment of services to University's strategy</li> <li>• Limited involvement and transparency</li> <li>• Annual business plans lack clarity of goals, objectives, and metrics.</li> </ul>
Roles & Responsibilities	<ul style="list-style-type: none"> <li>• Clear roles, responsibilities and accountabilities across the organization</li> <li>• Clear ownership of processes, functional areas and accuracy of data</li> <li>• Clarity of decision-making authority</li> </ul>	<ul style="list-style-type: none"> <li>• Lack of clarity of roles and responsibilities across the University</li> <li>• Limited single point of accountability across support services to optimize and fix a process, data error or issue which results in significant inefficiencies in resolution</li> </ul>
Performance Management	<ul style="list-style-type: none"> <li>• Establish annual performance measures and be held accountable to these measures</li> </ul>	<ul style="list-style-type: none"> <li>• Very few annual performance measures developed and thus limited accountability to deliver any outcomes</li> <li>• Significant errors/rework</li> <li>• Inadequate leveraging of technology</li> </ul>
Service Level Agreements	<ul style="list-style-type: none"> <li>• Clearly defined service levels defined by support service area</li> </ul>	<ul style="list-style-type: none"> <li>• Service levels not defined resulting in a range of service levels, escalating support service costs and dissatisfied users of services across the University</li> </ul>
Standardization across Support Services	<ul style="list-style-type: none"> <li>• Support service functions drive standardization across organization, process, data, systems:</li> </ul>	<ul style="list-style-type: none"> <li>• There is very little standardization across support service areas</li> <li>• Limited enforcement of policies</li> <li>• Limited consequences for non-compliance</li> <li>• Duplication of effort</li> </ul>

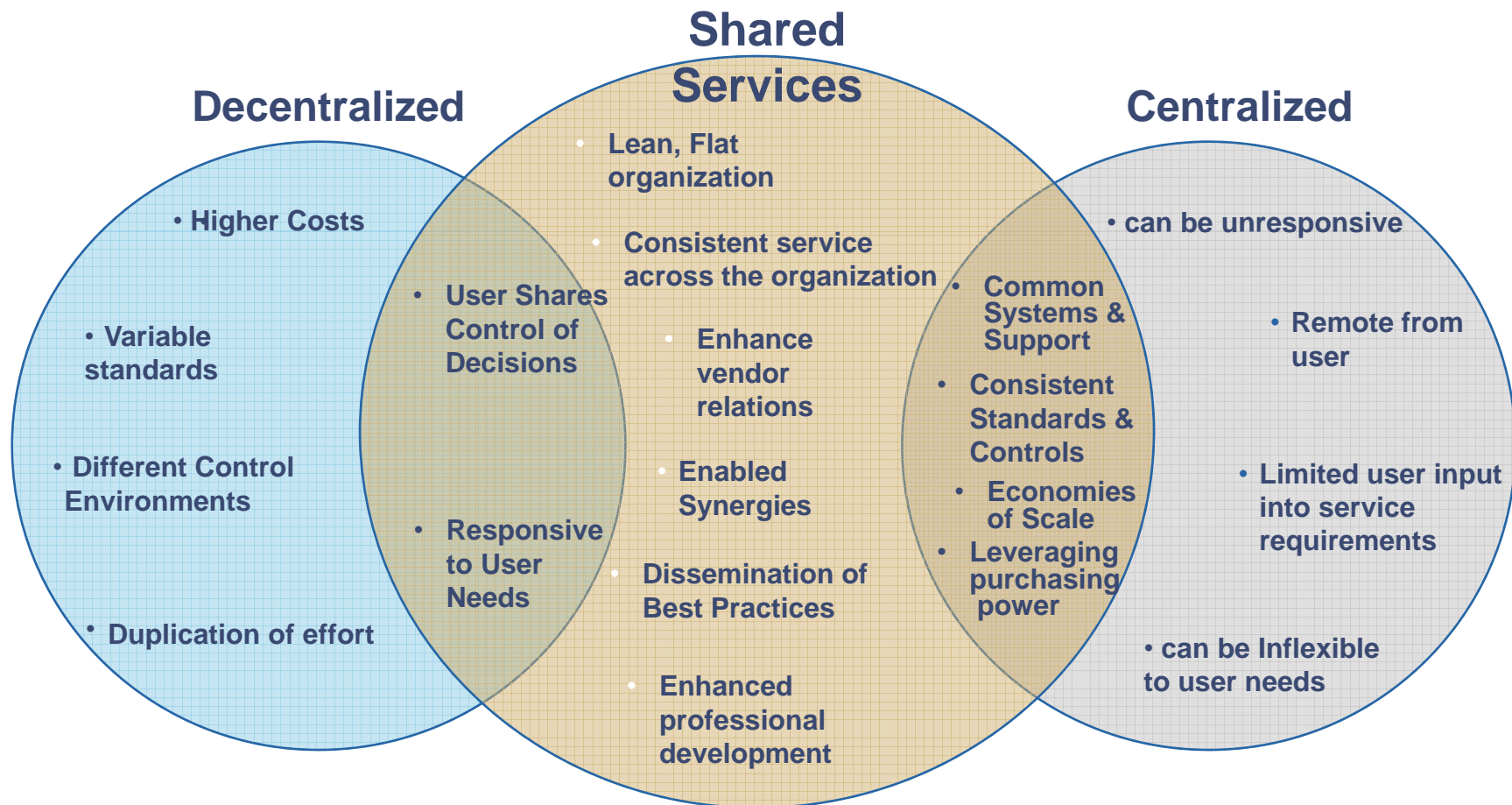
# Current Operating Model

Support service resources spread across the U of M without standard processes or clear accountabilities and responsibilities

Current Operating Model



# Shared Services combines the benefits of centralized and decentralized operations



# Recommendations

Significant Quick Wins Opportunities – to drive momentum and rapid ROI

Functional Area	Highlights
Finance	<ul style="list-style-type: none"> <li>•Leverage the use of technology to drive efficiencies and remove manual paper flow.</li> </ul>
Physical Plant	<ul style="list-style-type: none"> <li>•Consider alternate staffing models for some areas.</li> </ul>
Supply Chain Management	<ul style="list-style-type: none"> <li>•Perform strategic sourcing activities (vs transactional) in the identified commodity types (lab scientific equipment, IT, advertising, office supplies, travel and P-card)</li> </ul>
HR	<ul style="list-style-type: none"> <li>•At the unit Heads discretion, voluntary unpaid days off may be offered to staff to address potential funding reductions (this benefit has not been included in the \$ opportunities).</li> <li>•Bring tighter control and greater visibility through application of OT policies.</li> <li>•Rationalize Advocacy Services within the University</li> </ul>
External Relations	<ul style="list-style-type: none"> <li>•Reduce printed, glossy materials and enforce electronic distribution as an alternative</li> </ul>
Legal Services	<ul style="list-style-type: none"> <li>•Use standardized agreements and devolve signing authority.</li> <li>•Reduction in external spend on HR Legal costs.</li> </ul>
IT	<ul style="list-style-type: none"> <li>•Undertake a desktop printing study (implement a default double-sided printing policy across the UofM)</li> <li>•Shut down underutilized systems</li> <li>•Consider alternate model for printing services and student / staff email services</li> </ul>
Ancillary Services	<ul style="list-style-type: none"> <li>•Consider opportunities to increase parking revenue (eg. citation fees, parking fees for weekend and evening parking, reduce the frequency with which Parking Citations are cancelled/waived).</li> <li>•More rigorous enforcement of on-campus catering policy (avoids indirect taxes (12%) and gratuity (15%), and earns a commission from Aramark (10%))</li> <li>•Increase overhead charge to Ancillaries</li> </ul>

\*Benefits are in Operating, Capital and Endowments

# Recommendations

Significant Opportunity exists to streamline and redesign current processes and redesign the operating model

Functional Area	Highlights
Finance	<ul style="list-style-type: none"> <li>• Standardize rules for time reporting to eliminate waste in the payroll process.</li> <li>• Centralize Cashier function and Student Sponsorship Programs (tuition, residential, parking, and recreation).</li> <li>• Research Accounting – Reduce complications in budget tracking and management of grant funds for researchers and effectively manage over expenditures.</li> <li>• Budgeting Process – streamline and reduce cycle time in current annual budgeting process.</li> <li>• Adopt a shared service model across the university to drive efficiencies, capabilities, standardize processes, policies, customer service etc.</li> </ul>
Physical Plant	<ul style="list-style-type: none"> <li>• Rationalize services for cleaning and general services.</li> <li>• Implement Attendance Management to address high absenteeism.</li> <li>• Redesign project management and work order process to improve user visibility into the process and achieve consistent service delivery.</li> </ul>
Supply Chain Management	<ul style="list-style-type: none"> <li>• Perform strategic sourcing activities in the identified commodity types.</li> <li>• Optimize the current Operating Model: Combine central purchasing, supplier services and other shadow procurement groups into one operating model.</li> <li>• Standardize and simplify the procurement process in order to eliminate any waste in the procure-to-pay cycle as well as apply lean in this environment.</li> </ul>

# Recommendations continued

Significant Opportunity exists to streamline and redesign current processes and redesign the operating model

Functional Area	Highlights
External Relations	<ul style="list-style-type: none"> <li>• Explore alternative models for the Alumni Association with the objective of creating greater synergies with university departments.</li> <li>• Explore greater use of electronic communication to maintain relationships with alumni.</li> <li>• Adopt a shared service model for all marketing/communications to coordinate efforts being conducted by the various units and faculties.</li> <li>• Increase the administrative cost charged to endowment funds to provide a stable, substantive source of funding to hire more staff and to increase revenues.</li> <li>• Have a Development resource within each faculty (smaller faculties can share) who would have dual reporting to the Director of Development as well as to the Deans of the respective faculties.</li> </ul>
Student Support Services	<ul style="list-style-type: none"> <li>• Explore the transfer of responsibility for Summer Session from Extended Education to the faculties/Registrar.</li> <li>• Consider a more integrated approach to student advising.</li> <li>• Improve coordination of Aboriginal Achievement initiatives.</li> <li>• Increase the level of automation in the Admissions process through modification of existing IT applications.</li> <li>• Implement a Customized Recruitment Management (CRM) database to enhance recruitment efforts.</li> <li>• Increase administrative coordination between the two ESL programs within Extended Education and Enrolment Services.</li> <li>• Implement financial incentives with the Faculties related to international student programs.</li> <li>• Streamline the process for the approval of financial awards.</li> <li>• Merge the administration of two Emergency Loan programs within Financial Aid &amp; Awards and the International Centre for Students.</li> <li>• Coordinate administrative functions between Graduate Studies and Enrolment Services (eg. admissions, awards)</li> <li>• Implement KPI's.</li> </ul>

# Recommendations continued

Significant Opportunity exists to streamline and redesign current processes and redesign the operating model

Functional Area	Highlights
IT	<ul style="list-style-type: none"> <li>• Implement a Shared Services model for IST that encompasses all IT staff across the UofM.</li> <li>• Implement standards for IT services, such as: hardware, software and other IT components used and purchased by the UofM. All assets should be centrally tracked and managed.</li> <li>• Exploit the full functionality of existing systems available across the UofM and reduce the number of enterprise applications used to only a standard set of applications supported by IST.</li> <li>• Improve IST internal and external processes to enhance service levels and user satisfaction and improve user involvement/collaboration. (e.g. KPIs, Service Level Agreements).</li> <li>• Leverage use of Faculty and Academic IT Advisory Committees.</li> <li>• Implement processes/systems that enhance classroom utilization (eg. centralized timetabling, etc.).</li> <li>• Locate all central IST staff in the same physical location, with the exception of the Bannatyne campus.</li> <li>• Use video-conferencing to reduce travel costs.</li> <li>• Rationalize all UofM teaching and technology services (LTC, UTS, LDS, CHERD, and IST Teaching) to consolidate IT requirements and eliminate redundancies.</li> </ul>
Research Services	<p>Grants:</p> <ul style="list-style-type: none"> <li>• Introduce faculty liaisons and formalized faculty mentoring process.</li> <li>• Create a tiered structure of information dissemination and support.</li> <li>• Reduce complications in budget tracking and management of grant funds for researchers.</li> <li>• Pilot workflow software system to provide tools for proposal development, document management and collaboration for researchers.</li> <li>• Streamline contracts process by standardizing agreements and having a university policy for research contracts.</li> <li>• Research Procurement- Effectively manage research expenditures via preferred vendor contracts to obtain institutional cost benefits.</li> </ul>

## Recommendations continued

Significant Opportunity exists to streamline and redesign current processes and redesign the operating model

Functional Area	Highlights
Legal Services	<ul style="list-style-type: none"> <li>• Create contracts repository for managing history.</li> <li>• Eliminate duplication with Research Services related to contract administration.</li> <li>• Create policy database with consolidation of university policies and clear accountability lines.</li> </ul>
Ancillary Services	<ul style="list-style-type: none"> <li>• Consider alternate models for provision of caretaking services in residences.</li> <li>• Rationalize Computer Department resources through greater standardization of IT hardware and software and implementation of a more effective organizational model for purchasing IT; increased standardization will reduce sales consultation time. Optimize the Supply Chain model for internal procurement and resale.</li> <li>• Consider alternative delivery models for Special Functions/Retail Postal Outlet.</li> <li>• Consider developing incremental sources of revenue (eg. Student Housing internet fee).</li> </ul>
HR	<ul style="list-style-type: none"> <li>• Improve quality of HR process outputs to reduce errors and information gaps that drive rework and error correction.</li> <li>• Consider modifications to current service delivery model and organization of HR (self-service).</li> <li>• Implement attendance management strategies to address excessive sick time.</li> <li>• Currently there are 685 designated administrative support personnel across the university completing a wide array of administrative activities. If streamlining activities are completed across all of the other functional areas it should provide an opportunity for the University to rationalize these numbers.</li> </ul>

\*Benefits are in Operating, Capital and Endowment

# Next Steps

## Phase 2 – Validate and Design

ROSE draft high level plan

