

UNC Chapel-Hill Efficiency Task Force Summary of Findings

Task Force Overarching Goals:

1. Improve the university's operating cost structure;
2. Identify more efficient and effective operations;
3. Facilitate long-term growth for the institution.

Guiding Principles for Task Force Members:

1. Must follow all regulatory, statutory, and administrative university policies.
2. Must maintain the institution's academic quality.
3. Must preserve the institution's reputation.
4. Must sustain internal control and compliance.
5. Must carefully evaluate costs against relative value.

Completed a diagnostic on the following areas:

1. Central administration and each college/school.
2. Expenses paid for by the general fund.
3. Auxiliary services (examined costs).

Major inefficiencies discovered: (1) Significant shadow data management and redundancy; (2) Processes that were the result of exceptions had become practice; (3) Too many paper-based processes; (4) Overall fragmentation within the university structure.

Key Stakeholders:

- Space planning and utilization
- Centers and institutes
- Energy services
- Facilities and campus services
- Finance
- Human resources
- Information technology
- Procurement
- Research support and compliance

10 Primary Task Force Findings/Recommendations:

1. Organizational Structure

Primary Problems Identified: Excess complexity in institution's organizational structure resulted in 9-10 layers of management. Potential long-term consequences identified include (1) disconnect between staff at the bottom and upper levels; (2) too much bureaucracy; and (3) a lack of empowerment among staff, resulting in high levels of uncertainty.

Key Strategies Identified:

1. **Change in Administrative Hiring Policy:** Create new guidelines and policies to prevent new administrative layers, involving a clearer definition of the approval processes for new positions.
2. **Organization Change:** Eliminate excess supervisory layers to increase spans of control. Doing so would result in better proximity and communication among senior managers and frontline workers. Benefits also include more efficient use of time, i.e. less meetings, less duplication, and quicker turnaround.

Potential Challenges:

1. New/additional HR approval requirements may tax the central HR Office.
2. If no longer promoting into supervisory roles, an alternative reward/recognition must be developed.
3. Employee resistance to restructuring and reductions.
4. Redefinition of success is needed in lieu of fewer management positions (individuals will not be promoted to these positions).

2. Procurement

Primary Problems Identified: Too much spending on goods and services using central funds resulted in decentralized purchasing practices and overly complicated processes (i.e. some are automated and some are processed manually). This also often results duplication of data entry/shadow databases.

Key Strategies Identified:

1. **Strategic analysis:** Identify ways of reducing the number of vendors and consolidate volume.
 - a. **Develop short-term solutions:** Seek feedback from stakeholders while waiting for all procurement processes to be available paperless.
 - b. **Eliminate non-core storage:** (digitize files).
2. **Share resources:** Use existing systems at state level to reduce levels of manual processing by payment/procurement and improve data/spend analysis.
3. **Hire a third party provider for procurement functions:** UNC procurement would still process all university-specific categories and indirect costs, while a third party manages vendor negotiations. A benefit of using third party's technology is that it would allow UNC to focus on university-specific categories, and also attain better pricing.

Potential Challenges:

1. Strategic analysis is limited until system and data capture issues are resolved.
2. UNC departments would likely resist increased involvement from procurement in managing spending on goods/services.
3. Fear of being locked into unfavorable rates through state control may not benefit entire institution.
4. Expense of hiring a third party and resistance of internal staff to an outsider managing spending.
5. Once entire system is online, may create unnecessary redundancy of efforts.

3. Information Technology Services (ITS)

Primary Problems Identified: The current ITS provides centralized services/support to some parts of UNC; other parts are managed by IT specialists within the colleges and departments. This division of labor creates numerous problems because half of campus sites/servers are managed through ITS, while the remaining are run by individual colleges. Also, a lack of clarity was identified over how IT decisions are made and who makes them, resulting in high levels of mistrust at different levels. Potential long-term consequences identified include continued duplication of efforts, particularly with regard to software use and desktop imaging.

Key Strategies Identified:

1. **Unit Consolidation:** Bring “hidden” IT support staff up from departments and strategically cluster within the colleges/divisions. This would result in cost savings and better security sensitive data.
 - a. **Strategically cluster some schools and divisions together:** Establish clustered service centers or anchor IT organizations for several colleges/divisions.
2. **ITS Consolidation:** Centralize IT for all web service, network management, databases, server management, etc. This would require/result in building a support network of ITS among the campus, cost savings, increased collaborations, and overall consistency.

Potential Challenges:

1. May be difficult to consolidate specialized services in some areas/divisions.
2. Perceived loss of control/autonomy among departmental ITS providers.
3. Clustering may create issues related to governance, where it is housed, payment, duplication of services, etc.
4. Existing negative perceptions of ITS and past experiences of poor customer service (departments feel they can handle ITS needs more effectively by doing in-house).

4. Finance

Primary Problems Identified: Decentralization of financial functions among six key funding sources (each with its own rules and regulations). Finance personnel are confused by the excess number of budgets, as well as system inefficiency that results from state funding policies.

Key Strategies Identified:

1. **Identify all core polices and processes, and determine the ultimate source/enforcing body:** Remove all self-imposed policies and indentify those that are most/least complicated.
2. **Consolidate existing financial systems into one single, user-friendly platform:** Identify a system that is easily accessible and utilized by all department and sub-units. Streamline processes wherever possible to improve efficiency.
3. **Unit Consolidation:** Similar to the ITS suggestion, centralize finance personnel from departments and consolidate within schools/divisions.
 - a. Possibly cluster some schools and divisions together in centers to serve multiple schools and divisions. This would provide dedicated finance professionals to better serve the units.
4. **Central Finance Consolidation:** Move all finance personnel to a central finance office, resulting in more strategic finance support. This would result in cost savings and analysis/planning by dedicated finance professionals.

Potential Challenges:

1. Difficult to develop a single system flexible enough to meet diverse department/sub-unit needs.
2. Perceived loss of control/autonomy from departments/divisions regarding fiscal decisions.
3. Cost-savings may be unrealistic given the diverse responsibilities of finance personnel.

5. Human Resources

Primary Problems Identified: Overlap among the 375+ HR facilitators, resulting in significant overlap and a general lack of clarity over roles and responsibilities among various HR entities. Essentially, UNC has an abundance of HR personnel with varying levels of experience and capabilities. An additional problem identified involved unnecessary complexities within the HR system and processes.

Key Strategies Identified:

1. **Efficiency Improvements:** Establish one HR system that is user-friendly and flexible enough to be used by different departments, yet also integrates with other systems. This would enable HR facilitators to spend less time on administrative tasks and become more efficient/accurate due to using one system (for filing EPAs, for example).
2. **Organization Structure Changes:** Consolidate all communication channels to route through school/division HR Cluster Directors. This enables the central administration to focus more on value-added services, and also ensures policy compliance.
3. **Unit Consolidation:** Transition HR task executions from departments and consolidate within schools/divisions. This strategy utilizes the shared service center/cluster model, and would enable greater HR support for university system.
4. **OHR Consolidation:** Identify universal tasks across departments and elevate them to the central HR Office. This would result in cost savings from fewer personnel needed to execute the same HR tasks.

Potential Challenges:

1. Responsibilities of HR facilitators may change due to simplified systems and centralized processes.
2. High levels of training are required for HR Directors.
3. Loss of autonomy among departments to make decisions.
4. OHR culture would need to be assessed to determine where capability gaps exist and need to be addressed.

6. Centers and Institutes

Primary Problems Identified: UNC maintains over 100 Centers and Institutes (C&Is) that perform research, instruction, and public service. Many of these are supported by state funds and are part of UNC's annual budget. Key issues involve (1) where to better position the C&Is in the institutional structure; (2) how to consolidate resources; and (3) how to better manage the C&Is.

Key Strategies Identified:

1. **Streamline C&I reporting structure:** Recommend a central oversight committee for the C&Is to ensure policies are consistent and enforced. This central oversight body (reporting to the Provost) would determine if a center or institute should be university-wide or reside within a college. If the former, then the staff report to central committee; if the latter, then the staff report to the dean.
 - a. **Share support services:** An additional option to reporting centrally would be to create Unified Business Clusters for smaller university-wide C&Is. This would enable cost savings by reducing state funds and help smaller C&Is that cannot afford full-time staff.
2. **Amend funding policies:** Assess the rate of dependence of state funds on each C&I and modify, decreasing amounts wherever possible. Allotment of state funds would be directly related to the mission of the C&I. This would yield a state fund savings, and also push C&Is to become more self-sufficient.
 - a. **Develop start-up policies:** Define clear policies for new C&Is, including criteria for approval, location within the university, and funding model. This would be determined/overseen by aforementioned oversight committee.
 - b. **Develop review policies:** Establish careful review criteria, including when/how/who reviews C&Is, and how performance is evaluated.

Potential Challenges:

1. Changing a reporting structure would be a challenge given its historical, cultural or political significance to a particular area.
2. Developing Business Clusters may be difficult given the resistance to transition support functions over to a central office.
3. Staff who have been associate with one Center/Institute may not feel a connection to other centers or institutes.
4. If sufficient funds are not given to C&Is, this may adversely impact the ability for future funding.
5. It may not be possible to reclaim funds from C&Is that don't have much access to state funding.
6. Identifying universal start-up and review policies for all C&Is may prove to be difficult.

7. Research Support and Compliance

Primary Problems Identified: Over 25% of UNC revenue comes from sponsored research (\$678 in 2008). Expected rapid growth is hindered by strained resources and manual reporting processes within research support offices (particularly those receiving stimulus funding). Also, logistical problems exist with support offices in different locations, as well as overlapping responsibilities.

Key Strategies Identified:

- 1. Automation of reporting:** Either (1) Hire additional contractors into the Research Office to automate key processes that support research before and after the awards are processed, or (2) purchase existing software for these tasks.
- 2. Hire additional FTEs in selected research areas:** Identify areas with the most need and hire personnel accordingly.
- 3. Streamline structure:** Better integrate the Office of Sponsored Research pre-and post-award.
 - a. Consolidate the Office of Research Development and the Office of Information Communications:** Combine grant searches and interdisciplinary research activities. This would eliminate redundancies and inefficiencies.
 - b. Consolidated focus on industry:** Providing one point of contact for industry may attract more industry research funds. This would result in better customer service to industry/commercial sponsors.
- 4. Co-locate research support offices:** Relocate all research support offices into one physical location. This would eliminate logistical problems and decrease resources and support staff (offices could share), while increasing collaboration.

Potential Challenges:

1. Training on new software would result in a temporary decline in productivity.
2. Automation of processes would result in a decrease in monitoring data accuracy (assumption that data entered is always accurate).
3. If more staff are hired and then processes become automated, this could result in over-hiring of unnecessary staff.
4. Confusion may ensue as a new structure is created.
5. Physically moving staff would cause temporary disruptions.

8. Energy Services

Primary Problems Identified: Energy services are centrally provided to campus, however, further expansions to accommodate new capacity needs would result in high fixed costs and high debt service costs.

Key Strategies Identified:

- 1. Decrease operating expenses:** More efficient use of transported coal used to generate steam and electricity by allowing larger deliveries. This would result in easier logistical coordination of deliveries

and less costs.

- 2. Reduce Consumption:** Determine energy conservation projects to produce savings and modernize the campus. This would be in conjunction with state goal of reducing energy consumption 18% by 2015.
- 3. Change Business Model:** To reduce debt load, UNC could spin-off the current Energy Services Division as a 501 (c)(3) to increase operational flexibility.

Potential Challenges:

1. UNC location and small coal needs limit delivery options.
2. Transitioning to a 501 (c)(3) would require ample time and effort at the administrative level.
3. Limited short-term fiscal benefits.

9. Facilities Services

Primary Problems Identified: Facilities has historically cut its expenses despite campus growth. However, the need for level 2 APPA service (desired rating of overall cleanliness) can only be balanced with an increase in 40% more staff.

Key Strategies Identified:

- 1. Reduce Installation staff:** To balance the decline for new landscapes supporting capital projects, grounds services could reduce staff by 5 FTEs, dependent upon the capital projects schedule. Essentially, uses model of attrition over time.
- 2. Improve materials purchasing and delivery:** Improve morale of skilled landscapers by hiring material runners to execute purchasing and delivery tasks. This lowers the number of vendors used and monitors spending better.

Potential Challenges:

1. Personnel who install landscape are usually the best at maintaining it.
2. Lag time between purchase and delivery may create idle time for FTEs, as well as time spent communicating specific material needs to runners.
3. Resistance from FTEs used to working with specific vendors.

10. Space Utilization

Primary Problems Identified: Student growth has increased 20% over a 10 year period, creating problems of classroom space shortage and issues relating to central scheduling.

Key Strategies Identified:

- 1. Standardize class times:** To avoid gap times in classroom schedules, standardize class start times and optimize each day of the week. Increase the number of course options by reducing the number of overlapping classes, resulting in reduced schedule complexity.

2. **Increase peak utilization:** Increase in the number of general purpose classrooms to facilitate higher utilization during peak hours (increase in peak utilization by 15%). This would avoid additional operating expenses and increase the number of classes during the peak daytime hours. This would also enable the Registrar to better match class size to room occupancy.
3. **Increase off-peak utilization:** Recommended increase in the number of general purpose classrooms to facilitate higher utilization during off-peak hours (increase in off-peak utilization by 8%). This could yield the same advantages as #2, in addition to a wider timeframe that decreases the amount of schedule overlaps that force students to choose between courses at competing times.
4. **Better use of residence hall space:** Recommended use of 16 residence hall classrooms not currently occupied. This would be advantageous for residents living on or close to campus, and the classrooms are generally smaller.

Potential Challenges:

1. University culture goes against central coordination of schedules and classroom control.
2. Issues of time needed for lab preparation may hinder the standardization of class times.
3. Departments may resist using classrooms outside of their generally defined spaces.
4. Faculty and students would be required to be more flexible with schedules.
5. Travel time for students and faculty from residence hall classrooms to main campus classrooms.
6. Faculty may not want to leave traditional teaching space to go to residence halls.

Additional Recommendations Identified

1. **Document Imaging:** Manual scanning of projects and documents results in significant use of employee time. Suggestions: (1) a centralized document imaging group within Information Technology equipped with better/faster scanning equipment; or (2) outsourcing large scanning jobs. Both recommendations would result in cost savings and better use of employee time.
2. **Alumni Development:** Duplication and dated alumni databases lead to multiple points of contact and decentralization of gift processing. Suggestions: (1) invest in a modern donor management system; (2) clearer definition of roles and responsibilities of distributed and central development; (3) centralize and automate gift processing functions.
3. **Library:** Smaller branches of library perform duplicate functions of central libraries. Suggestions: Absorb smaller libraries into central libraries to create more space to be used by university.
4. **Compliance:** Changing government regulations in the areas of personal information, HIPPA, environmental, health, and safety, and export control. Suggestions: Increase investment in internal controls and systems. This would result in continued compliance and minimized legal consequences.