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Minutes

Senate Committee on Finance and Planning
Tuesday, November 7, 2006
3:30 – 4:15
238A Morrill Hall

Present:

Judith Martin (chair), Rose Blixt, Steve Fitzgerald, Lincoln Kallsen, Thomas Klein, Mikael Moseley, Kathleen O'Brien, Kathryn Olson, Karen Seashore, Charles Speaks, Warren Warwick, John Ziegenhagen

Absent:

Daniel Feeney, Marcie Jefferys, Joseph Konstan, Michael Korth, Ian Macmillan, Richard Pfutzenreuter, Justin Revenaugh, Terry Roe, Thomas Stinson, Michael Volna, George Wilcox, Aks Zaheer

Guests:

Associate Vice President Terry Bock (Academic Health Center), Associate Vice President Gail Klatt (Internal Audits)

Other:

Meredith Fox (Office of the Vice President for University Services)

[In these minutes: administrative strategic positioning]

Administrative Strategic Positioning Task Force Recommendations

Professor Martin convened the meeting at 3:35 and welcomed Vice President O'Brien to report on the implementation of the administrative strategic positioning task force recommendations.

Vice President O'Brien said she and her colleagues would report on what they have been working on the last several months; they will have a retreat in January to focus on where they stand on thirteen "foundational projects." This is a work in progress and their report today will be about where they are at present. She introduced Mr. Bock and Ms. Klatt, who served as chairs of the two task forces (on administrative structure and on single enterprise). She thanked Ms. Fox for her work as administrative strategic positioning coordinator.

Vice President O'Brien gave a refresher on administrative strategic positioning. As part of their work, they were mindful of President Bruininks's assertion, in his inaugural address, that "the University of Minnesota will be known as much for its service and business innovation as for its high quality research, education, and outreach." In the spring and summer of 2005, administrative strategic positioning had identified seven administrative actions areas (including, for example, looking at the University as a single enterprise, achieving a culture of excellence, service, and continuous improvement, transform the "centralized versus decentralized" administrative structure, adopt best practices, focus administrative support on serving students, faculty, and academic units, and so on). These action areas formed the basis for seven administrative strategic positioning task forces in the fall of 2005.

By winter, 2006, the administrative steering committee had identified four areas on which their efforts will be focused: people, information, organizational structure, and culture. There are thirteen foundational projects directed toward one of those four areas, several of which are already underway and some of which contain a number of projects within them. A number of these projects have been discussed at this and other committees.

The four elements that comprise the goal of becoming one of the top three public research universities are exceptional students, exceptional faculty and staff, exceptional organization, and exceptional innovation. The foci on the administrative side fall primarily in the second and third, although the administrative units do provide service to students and do engage in significant innovation.

One of the unintended outcomes of the administrative strategic positioning team is increased candor and trust. Each administrative function has been striving to improve and this increased interaction helps to align units across functions and leverage continuous improvement efforts. Ms. O'Brien said they hope to transform continuous improvement and not take three to five years to make changes. The President has charged the administrative team as a standing committee of the Executive Committee to ensure efforts are aligned. They are now working on the component projects of the work plan and on metrics (how to measure important activities and what to measure in support and service units.)

Ms. Klatt, who chaired the Single Enterprise Task Force, explained that the charge to the task force was to help the University adopt single-enterprise solutions more quickly and more readily. Doing so does not mean eliminating the unique things that distinguish colleges and campuses; it means recognizing the need not to reinvent the wheel in activities that all units do (so that units are more efficient and employees can be more deployable across the University); the money that is saved by single-enterprise solutions can be directed to academic programs. It is, she commented, wasteful to use money over and over for administrative tasks.

The task force looked at who gets to decide that everyone at the University will do things in one way and identified a process to decide (which considers benefits, costs, and the locus of decision). The decision will be at the level of the senior vice presidents (but could be delegated, for example, to the Chief Information Office in his province). The task force had two projects, best practices and single enterprise, and there was a lot of overlap because many single enterprise activities arise from best practices, Ms. Klatt told the Committee.

As they move to implementation, there will be two phases. First, identify which single-enterprise opportunities are already available and which have the best potential, and two, next spring solicit ideas from anyone at the University and make it easy (e.g., via website) for them to submit them and put the idea in the queue for consideration. (One example of those practices already on the table is security: Vice President O'Brien reported that about 18 departments are now producing ID badges; without requiring that everyone wear an ID badge, the University could establish one process for producing them if a unit determines they are needed.)

An issue raised during the task force consultation that they also built into the single-enterprise effort is a quality review process, Ms. Klatt said.
The University must try new things to improve, but it must also have a quality check to see if the changes are making improvements. On November 30 they will look at the list of options and choose two to four to begin the process. Ms. Klatt affirmed, in response to a query from Mr. Klein, that there will be groups to look at the choices and make a recommendation; the membership in the groups will vary with the expertise required.

Is there a process that allows the University to look not only for the best single-enterprise solution but also IF a single-enterprise solution is best, Professor Seashore asked? Early on, computing was very centralized, which institutions often retained even though it became clear that decentralized computing was better. Is there a way to decide if something should be decentralized, and if so, how? Are the only ones who know the people in the units? Is there a way to filter out the noise (that everyone wants to do things their own way) and identify if there IS a better way to do things? The post-implementation review should consider these issues, Ms. Klatt said. Is there a different way to organize the activity? Is single-enterprise still appropriate? Is the best process being used?

Professor Seashore wondered if there wouldn't be overload for the senior vice presidents reviewing the decisions. Vice President O'Brien said she believed such reviews are a continuous part of their job: what are the functions and services needed, at what levels, in the institution? Looking at a single-enterprise solution may not mean centralizing it; the question could be "who should be doing this?" Local inventions are sometimes best, Professor Seashore commented.
Mr. Fitzgerald agreed that single-enterprise solutions need not mean centralization; it can consist of defining a standard and protocol to allow the entire University to work together. Professor Seashore cautioned that what makes sense now

might not in the future.
The single-enterprise approach eliminates multiple people doing things different ways and wasting money. The question is how flexible the University can be and whether it can decide it does not need central standards.

Led by Professor Speaks, the Committee had a conversation about administrative strategic positioning and its relationship to the goal of being among the top three public research universities. One question was about the relationship between administrative excellence and being among the top three; Professor Martin commented that it is not clear that those universities considered among the best perform all that well administratively. Professor Speaks commented, apropos President Bruininks's inaugural comment, that it is not part of the strategic positioning goal and he expressed doubt that anyone knows much about service and business innovations at the best universities. At least, Professor Martin said, the administrative practices should not PREVENT the University from being among the top three.

Mr. Bock next reported on the Administrative Structure Task Force. Its charge was to examine how to organize or structure administrative services to better support the academic mission and academic leaders in research, education, service, and outreach.
There have been a number of efforts that colleges and central units have considered and in some cases restructured, but no one remembers the last time the University looked at the structure of administrative services as a whole. The task force looked at models for the organization and delivery of administrative services: What worked best across the University and in other organizations, both public and private?

The task force developed a set of principles for a new administrative services model. One, it "clearly defines the responsibilities and authorities of central units, colleges, and departments"; two, it "identifies areas for sharing and clustering administrative services to support multiple units," and three, it "integrates the delivery of administrative services from central to colleges and local units."
The principles are illustrated by a continuum that runs from decentralized to centralized, with integrated services in between.

Mr. Bock said the task force tried to avoid the decentralization/centralization argument. Some services are best provided centrally (for reasons of efficiency, economies of scale, and customer service); others are best delivered locally.
Many fall in the middle, in a shared-services model, which gets the best of decentralization (focus on and responsiveness to the unit) and centralization (economies of scale, etc.). The task force recognized, as it consulted, that the University is complex and each unit has its own needs and environment, but there are common principles/guidelines that make sense.

One recommendation is to define in various areas what is best delivered centrally in order not to replicate expertise; the task force worked with the colleges on this.
They also spent time on a new model for administrative services at the college level (and other administrative units); there were several key recommendations.

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There is a need to consolidate professional staff and services so that units can hire full-time, experience people to do the work (rather than, for example, having one person do HR and IT; these are too complex for one person to do both and provide the support needed).
That means that in some colleges consolidating within the college, or clusters within large colleges, or sharing among smaller colleges, in order to achieve a critical mass.

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Colleges should consider creating a chief administrative officer who is trained in administration and part of the college executive team.

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To help integrate service delivery, heads of administrative units within colleges (e.g., HR) should have a dual reporting relationship: to the dean as well as a dotted-line relationship to Vice President Carrier. Vice President Carrier (or her designee) would participate in the interviews of candidates for HR director in a college, would help orient the new person, provide professional development, and when conducting the annual review the dean would ask Vice President Carrier how the person is doing.

The main reporting line would be to the dean, but a line to the Vice President for Human Resources would help integrate service delivery.

The task force made other recommendations as well that deal with communications, base services to colleges, clarity about expectations of people (e.g., college CFO positions vary considerably in title, salary, skills, and expertise).

Ms. Olson reported that people with generalized positions who were changed to positions with specialized responsibilities are concerned, because they were highly satisfied with the role of generalist. These are principles and models from the "Wave I" colleges, Mr. Bock said, and a team has been assembled to help them. It continues to work with people in those colleges to understand what is working and what is not. A key issue is how to provide professional development if new skills are needed.
And the change will not be entirely to specialists; there will always be a need for department or center administrators. The question is how best to use people.
The task force made it clear it did not see its recommendations as a way to eliminate jobs, although people may need to move into new roles and may need help in developing new skills. Ms. Olson said there has been a lot of discussion about the leadership position; her question is about line staff. People are scared and some are afraid they cannot continue their education.

Professor Warwick said he was concerned about the plan to move Pediatrics across the river to Fairview. What if Electrical Engineering were moved to be a research program for a private corporation so it had better access to grants? What would that do to the relationships with the rest of the engineering departments? What are the implications for Pediatrics moved a mile away and with no daily contact with the rest of the Medical School? Professor Martin wondered if this Committee is the right place to discuss the alignment of space and programs within a particular college. Professor Warwick said his comment concerned relationships among units and if such relationships are also a concern for the Finance and
Planning committee, it should look at the educational and research implications.

Vice President O'Brien observed that Professor Warwick's point raises questions about decisions made in the 1990s, decisions that would be difficult to revisit.
There are painful decisions that must be made that sometimes have an adverse impact on units. The decision about Pediatrics and the hospital will not be made entirely inside the University; the Academic Health Center governance system will be included in the decision-making process.

Vice President O'Brien went on to relate that there had been a fulsome discussion with the deans on the administrative structure; some of the issues raised at this meeting were also raised by the deans. "Administration" exists throughout the University, not only in the relationship between the colleges and the central administration but also between colleges and departments and centers.
The question is how to achieve alignment across the institution, a journey that will take a number of years.

Do the smaller colleges welcome shared services or has there been pushback, Professor Martin asked? Mr. Bock said it has been welcomed (e.g., shared use of information technology staff between CSOM, HHH, and Law).

Professor Seashore said that the effort had focused a lot on human resources and it is laudable to increase the professionalized administrative group.
She said she was concerned, however, that they equated professionalized with specialized. Specialized employees are de facto less nimble—they can move around more but they cannot do different tasks. People tend to be more satisfied with generalist jobs. She suggested that they avoid having positions be excessively specialized. Ms. Klatt said that in her department, she employs auditors—that is what they do.
But they need assistance with information technology, human resources, financial services, and so on, and she "outsources" that to other units—se does not need to find the people with that expertise. That is the good part of specialization, Professor Seashore responded.
Her college is spread over 19 buildings, which can mean one cannot find the person one needs. It is one thing when everyone is in the same building and different when they are spread out. Clusters can help, Mr. Bock said. There will be a period of experimentation for some time, Professor Seashore said, and units will be trying to redesign

administrative structures in a complex organization.

It is important, she emphasized, that it not be said they were done too fast. Mr. Bock said that a coalition of the willing will act with all deliberate speed. This is hard work, Professor Seashore concluded.

One of the most difficult parts of the change is convincing departments that they will receive the same level of service or better with a team working for them.

They may not be able to just run down the hall to ask a question of someone who used to be housed in their departmental office, and they don't want to wait.

This has proven to be an obstacle to forming teams and providing better service, Ms. Blixt said. Vice President O'Brien agreed that this is like driving to Chicago and changing the tires while driving. IBM is bigger than the University, Professor Seashore said, but the University is more complicated.

Professor Martin thanked everyone for their contributions to the discussion and adjourned the meeting at 4:45.

-- Gary Engstrand

University of Minnesota