University of Missouri
Board of Curators
April 12-13, 2018
Finance Committee

Administrative Review Update

University of Missouri System

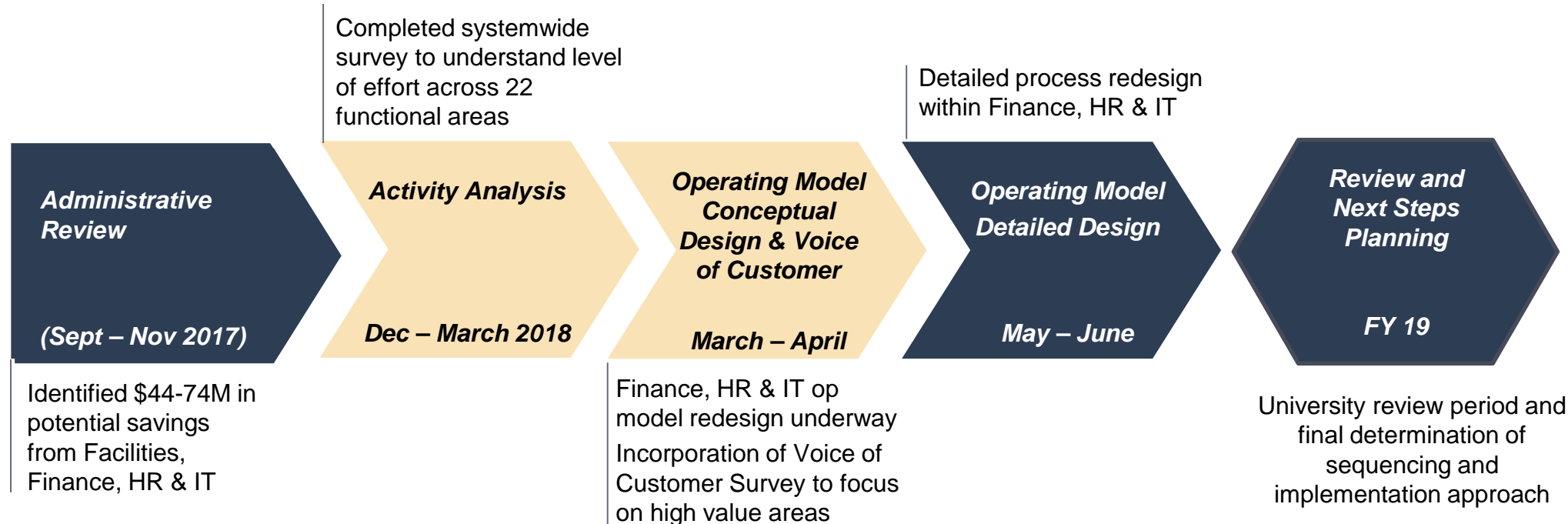COLUMBIA | KANSAS CITY | ROLLA | ST. LOUIS

Today's Agenda

- Provide an update on the Administrative Review

- Communicate preliminary findings around the Activity Analysis

- Share key next steps around Operating Model redesign for Finance, HR and IT

Administrative Review Update

- The University continues to drive towards having implementation ready redesigned operating models for Finance, HR and IT by the beginning of FY19

Completed systemwide survey to understand level of effort across 22 functional areas

Detailed process redesign within Finance, HR & IT

Administrative Review

(Sept – Nov 2017)

Activity Analysis

Dec – March 2018

Operating Model Conceptual Design & Voice of Customer

March – April

Operating Model Detailed Design

May – June

Review and Next Steps Planning

FY 19

Identified $44-74M in potential savings from Facilities, Finance, HR & IT

Finance, HR & IT op model redesign underway

Incorporation of Voice of Customer Survey to focus on high value areas

University review period and final determination of sequencing and implementation approach

Today's Focus

Activity Analysis Overview

- The Activity Analysis survey was a study to understand the job functions that staff are performing and where they reside organizationally

- Survey included all part-time and full-time administrative and staff employees as of 2/13/2018 excluding the health system

- Survey measured work effort information across three levels

   o **Functions:** High-level areas of work across the organization (e.g. Finance, Student Affairs, IT)
   o **Processes:** Categories of tasks within each Function (e.g. Accounts Payable)
   o **Activities:** Discrete activities or tasks housed within each Process (e.g. Check Processing)

- The University achieved **a 96% completion rate** with over 16,694 unique position responses, equivalent to 11,815 FTEs

   o This high level of completion was due in large part to the diligence of employees completing the individual surveys and to the members of the dedicated Survey Completion Team

Activity Analysis Key Findings

- Confirmed the hypothesis that work is largely distributed across the organization with a majority of staff performing functions across multiple examined areas

- University staff spend 31% of their work effort on the Functions from the Administrative Review (Finance, HR, IT, Facilities, and Supply Chain/Procurement)

- Distributed nature of work requires staff to be knowledgeable about multiple functions

- Opportunities to streamline delivery of certain transactional services exist

Survey Results by Function
All campuses, including system office

#	Administrative Assessment Functions	Sum of FTE	% of FTE	Sum of Gross Salary (m)	Headcount
1	Facilities	1530.4	13.0%	$56.5	2,772
2	Information Technology	980.5	8.3%	$49.9	1,672
3	Finance	578.6	4.9%	$28.8	1,945
4	Human Resources	358.6	3.0%	$17.8	1,480
5	Supply Chain and Procurement	156.9	1.3%	$6.4	912
Admin Review Area Totals		**3,604.9**	**31%**	**$159.4**	**8,781**
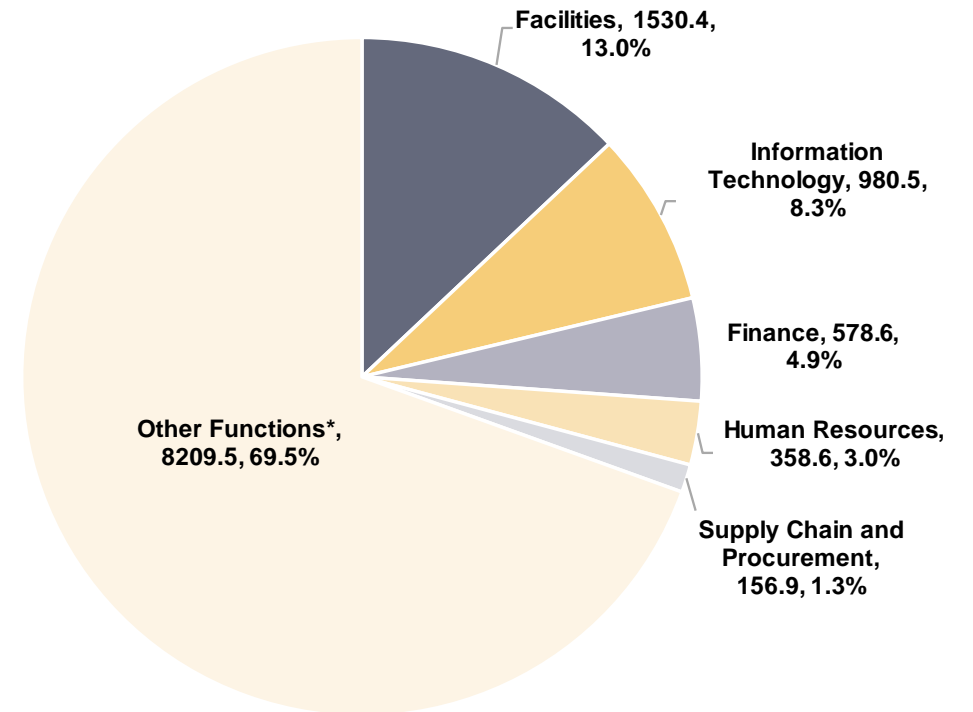
The Functions from the Administrative Review Assessment comprise of 3,605 FTEs – 31% of the overall workforce effort

Pie chart: Facilities, 1530.4, 13.0%; Information Technology, 980.5, 8.3%; Finance, 578.6, 4.9%; Human Resources, 358.6, 3.0%; Supply Chain and Procurement, 156.9, 1.3%; Other Functions*, 8209.5, 69.5%
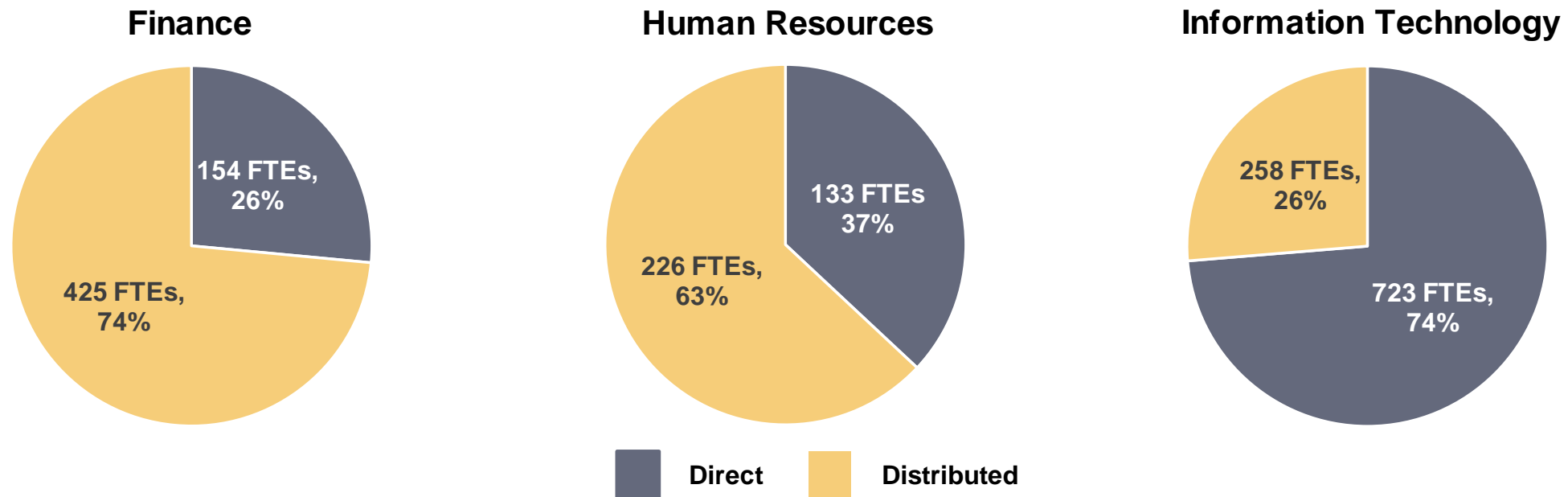
* Student Affairs and Services, Research and Economic Development, Clinical, Academic Affairs, General Administration, Auxiliary Services & Business Operations, Enrollment Management, Community Service and Extension, Teaching, Communications and Marketing, Intercollegiate Athletics, University Advancement, Libraries and Museums, Diversity, Equity, and Inclusion, Printing and Publishing, Legal, and Real Estate Services
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Direct and Distributed FTEs

Finance and HR work is largely distributed, while the majority of IT work is performed by employees within a Chief Information Officer's (CIOs) reporting line (Direct)

Direct: Staff that are organized directly within the reporting line of their respective C-Suite
**Distributed:** Staff that perform Finance, HR, or IT work outside of direct functional reporting lines

Finance

Human Resources

Information Technology

- Finance: 154 FTEs, 26% (Direct); 425 FTEs, 74% (Distributed)
- Human Resources: 133 FTEs 37% (Direct); 226 FTEs, 63% (Distributed)
- Information Technology: 258 FTEs, 26% (Distributed); 723 FTEs, 74% (Direct)

■ Direct   ■ Distributed

Note: Figures are rounded.

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Finance, HR, and IT Functions Performed

The majority of staff performing HR or Finance activities typically work across multiple Functions, whereas those performing IT activities mostly work within one Functional area
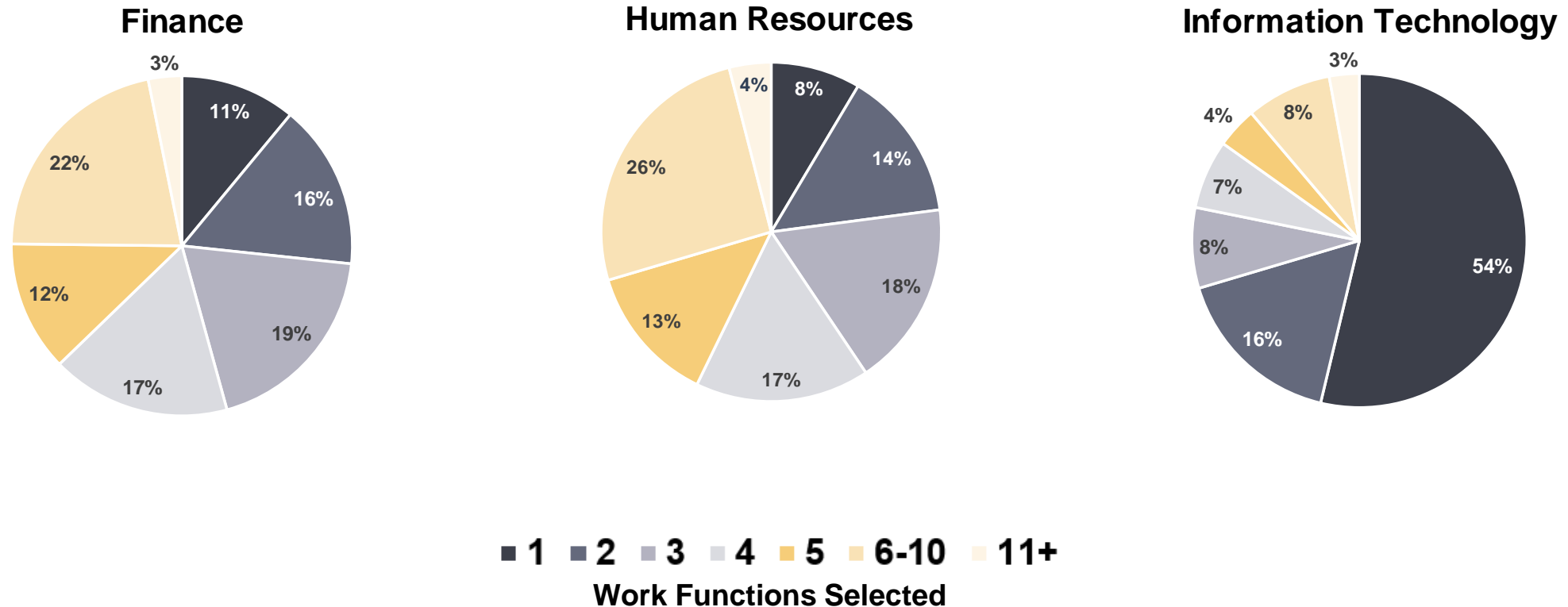
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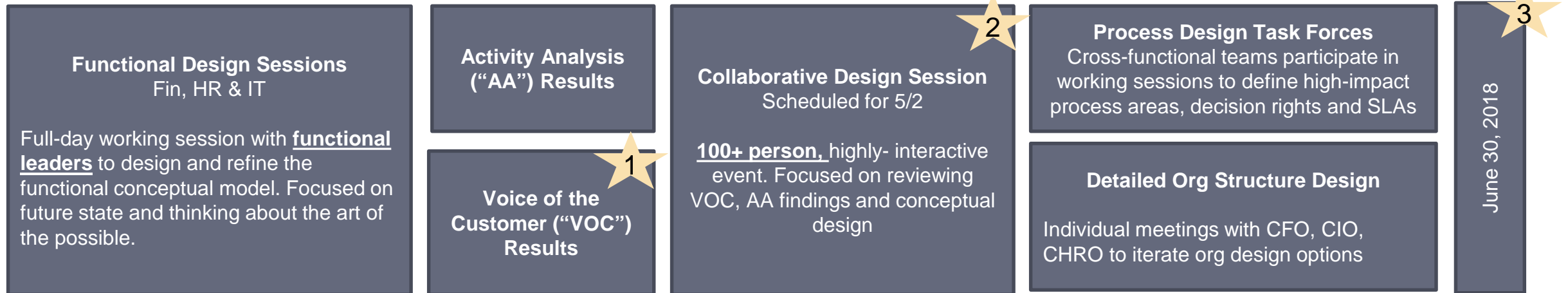
Administrative Review Next Steps

- Full Activity Analysis report will be issued later this month, including all 22 functions
  - Campuses are identifying data owners, who will be responsible for reviewing the data within each function

- Voice of Customer survey also completed, results to be incorporated into operating model design process

- System and campus Finance, HR and IT leaders have been meeting regularly to develop new conceptual operating models
  - Focus on high value processes as determined by VOC and CDS
  - Academic leadership to vet new designs in May
  - Conceptual model is function-wide and identifies key principles and gaps in current state of functions

- Detailed design will begin in May, will focus on processes that will yield the greatest impact to the organization

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Operating Model Milestones and Feedback Touchpoints

There are multiple activities including various touchpoints built into this process to collect and incorporate feedback from campus leadership; implementation will occur by the end of FY19

Planning & Conceptual Design → **Detailed Design**

Functional Design Sessions
Fin, HR & IT

Full-day working session with **functional leaders** to design and refine the functional conceptual model. Focused on future state and thinking about the art of the possible.

Activity Analysis ("AA") Results

Voice of the Customer ("VOC") Results

★ 1

Collaborative Design Session
Scheduled for 5/2

100+ person, highly- interactive event. Focused on reviewing VOC, AA findings and conceptual design

★ 2

Process Design Task Forces
Cross-functional teams participate in working sessions to define high-impact process areas, decision rights and SLAs

Detailed Org Structure Design

Individual meetings with CFO, CIO, CHRO to iterate org design options

June 30, 2018

★ 3

1) Voice of the Customer — Web-based survey sent to 250+ leaders, faculty and staff to understand importance and perform of services delivered by Finance, HR and IT

2) Collaborative Design Session — Facilitated event with pre-read materials meant to allow rapid feedback on preliminary conceptual design models, faculty, staff, and academic leadership to participate

3) Post Detailed Design Phase — Design team roadshow to engage with campus leadership on recommended path forward prior to any implementation which will occur in FY19

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