**Delaware Will Shine Concept Papers**

**Models of the New American Research University**

**Structure & Process**

**Introduction**

The University of Delaware has entered its recent strategic planning initiative, “Delaware Will Shine” in a collaborative, ground up approach for modeling change in higher education. This initiative consists of three major working groups all working in a parallel path to create a framework and model for the future University of Delaware.

Of the three working groups, The *Models for the New American Research University* has been specifically charged with defining how UD can become the example for modern day research institutions. Within that working group, the Resource Analysis sub-committee has been created to investigate and explore themes and trends in our current educational environment as well as highlight internal and external opportunities for the University of Delaware to leverage in its pursuit of re-defining our Mission and Vision of higher learning. It is within that sub-committee where we will explore all things related to resources and resource analysis.

Resource Analysis can be interpreted many ways, but the primary driver to any fundamental due diligence is to actually define what is a “Resource”. While it is easy to relate resources as tangible things such as cash flow or technology, there are other things that the group defined as resources to the University. Its employees, the facilities, endowment, and even location and attractiveness of our campus were considered as part of the overall evaluation. How the University chooses to leverage, invest, and manage all of these resources will play a role in the implementation of the “Delaware Will Shine” initiative.

As this particular sub-committee held its constituents meetings throughout campus, several trends or themes began to emerge. The major themes included resource allocation and approach in terms of our Mission, Diversity, Curriculum, Students, Employees and Operational Structure. The findings often cross among each other; however, this paper will focus on the Structure and Operating Systems, such as the alignment of personnel, reporting and technological systems, or overall workflow management within our University and the current issues and opportunities that surround them.

**Background**

As higher education continues to evolve, it is important to fully understand the changing landscape of today’s Research University and its resources. At a macro level, Universities are generally high fixed cost models with limited sources of revenue, with tuition usually being the main operational fiscal driver. Large pension obligations, salary commitments, and high facility and operational needs have put significant upward pressure on tuition rates, capital improvements, and overall operational support. Since 1978, tuition expenses nationwide have increased 13-fold, approximately 1,225 percent over a 36-year period – twice the rate of the United States annual medical expenditures and four-times faster than the Consumer Price Index.[[1]](#footnote-1) With the average tuition cost of a 4-year education exceeding $30,000 in 2013, and UD out of state cost of attendance in excess of $40,000 annually, many are wondering how much tuition price elasticity is left.[[2]](#footnote-2) The issue is compounded by continued downward pressure from state-based funding.

In addition to the increased pressure to maximize revenue, the emergence of both for-profit institutions and online environments bring another competing metric when seeking desirable undergraduate and graduate students. The new methods of delivery are posing significant risks to the current educational market. Tuition is only one part of the equation. When factoring in the total cost of attendance at a four-year school versus the equivalent online experience, the expense to the student can be less than one-half in some instances. In addition to reduced cost of attendance, the online institution does not require the infrastructure maintenance, staffing, or support that a traditional college campus warrants, much less a modern research institution.

While everyone is keen on revenue generation, from endowment to philanthropy, fiscal control and resource allocation on the expense side is equally important. Much of the University of Delaware’s current administrative structure is a combination of established operating procedures that originated decades ago when UD was primarily a teaching institution, combined with an infusion of relatively new changes that were part of President Harker’s “Path to Prominence” initiative. Responsibility-Based Budgeting (RBB), decentralizing of business office support, departmental technology initiatives, and marketing opportunities have all been expanded and are now part of the business unit as well as central campus. Many of the resource allocation options that have been presented to the sub-committee often include RBB, Transparency in decision making (or lack there), and the rewarding of resources based on Research. The interconnection of the changes made during the “Path to Prominence” as well as how our systems and structures currently work, or are perceived, is the foundation for many of the issues brought forward during this strategic planning process.

**Lessons Learned**

Based on aggregated feedback throughout our process, UD’s current mission, or perceived lack thereof, in conjunction with the Path to Prominence has led to an “everything to everyone” mantra. The inability for a particular college or administrative area to target how they are contributing to the mission of the University was fairly consistent. In addition, this lack of focus that surrounds our current vision is perceived as permeating into strategic decisions. In a very general sense there is a sentiment that resources are deployed on a broad range of initiatives – many of which will never come to fruition. From course offerings, to athletic teams, the sentiment around campus is that we are “an inch deep and a mile wide”, lacking strategic focus and a true sense of what is important, and hence, funding things in the same manner.

Responsibility-Based Budgeting (RBB) and how it was deployed, while having many positives from an operational perspective certainly carries angst among many divisions across campus. Upon further investigation, RBB really seems to be the scapegoat for what is perceived as a lack of transparency. Almost every area from non-exempt staff, to facility groups, as well as internal administrative units all feel that they are being asked to do more with less – while other parts of campus are being funded and fueled for growth. This holds true for administration, as the sentiment that the institution is top-heavy permeates through most of the staffing areas. Whether this is in fact the case does not seem to matter, the perceived lack of transparency has created an “us versus them” attitude, in contrast to a “we” attitude among colleges and support areas alike.

Curriculum delivery may be the most significant aspect of any higher educational institution. As areas and constituents collaborated through this initiative commonalities began to emerge as it relates to resourcing. The primary sentiment revolved around research, and the rewards it brings your college or functional area. In contrast, teaching based positions or programs where research is not a priority, seem to feel that a once valued part of the institution may become marginalized. This may not be a bad thing, if the underlying mission and vision support this, but the lack of focused direction with a perceived inability to articulate our path, have all created great debates regarding pedagogical approach. Teaching tenure versus Research tenure, the role of adjunct professors all combined with an RBB model that may or may not reward your academic unit based on research revenue has created significant concerns on resource deployment moving forward.

The themes mentioned above are grand in nature and encompass a large sampling of the perceptions throughout the institution. As we delve into some of the particular aspects of these themes, both validations of current methods as well as opportunities for improvement may occur. With all of these major factors in mind, the remaining portions of this paper will discuss some of the administrative functions, systems, and structure that are contributing – both positively and negatively – to the current resource allocation model that exists within UD

**Systems & Structures for Resource Allocation**

Responsibly Based Budgeting (RBB), and other decentralization at UD certainly have its merits. There is plenty of research to support empowering the constituents of each college.[[3]](#footnote-3) As a positive, decentralization couples academic and financial decisions while pushing decision making closer to faculty and support areas. A potential weakness is that anytime there is decentralization, it adds redundancy to staff, invites preoccupation with algorithms and allocation rules and can introduce politics into financial decisions.

While RBB is often used as a catch all phrase for the resources allocated to a college or administrative area, it is unfair to claim all the systems and structural roles of our university are a result of this budgeting method. What is accurate is that the empowerment of the end user has created:

1. Additional Layers of Bureaucracy
2. Redundancy in staffing and systems
3. “Silo” effect in decision making
4. Complexity in intra-departmental decision making
5. Systems driven processes – rather than the inverse
6. Intrinsic Value vs Financially Driven decisions

There are examples from every area in the University that are applicable to the six items listed above. To solidify our discovery process, we will cite specific systemic and structural components that contribute inefficiencies on our current resource model as well as highlight opportunities to better leverage current resources. All of these have been mentioned and discussed by stakeholders throughout the strategic planning initiative.

*Additional Bureaucracy* can be found in any corporation or institution of higher learning, but if one has ever served on a search committee at the University of Delaware, it becomes very clear that we are not leveraging the strengths of Human Resources and are possibly empowering the wrong individuals throughout the hiring process. Tools such as Predictive Index, appropriate research on applicants, and approvals from Human resources for every step of a search have become necessary for risk mitigation and redundant to the committee and HR personnel that oversee the search. Requests to Post a Position, Request to Contact, Request to Interview, and Request to Offer are all part of the process that HR ultimately winds up reviewing, approving or rejecting, and completing. Include class and compensation along with affirmative action review and appropriate background checks and there may be as many as seven separate HR approvals to simply promote an internal candidate or replace an existing individual.

While the home department should have a huge say in the person they hire – it may make sense to increase HR staff and reduce the amount of time and effort a home department spends maneuvering this process and let HR use their knowledge and expertise to ensure appropriate candidates are brought forward and ultimately hired. This is just one example of a process that has all the appropriate intentions, but based on the legalities and expertise needed to truly meet the spirit and initiatives of human resources – has created a lengthy layer of approvals and requests that may not be needed if the right decision maker were to take ownership.

Another example is the necessary but cumbersome involvement of legal, procurement, and the home department in regards to requests for proposals, requests for quotes, and contract negotiations. While the protection of the institution, the department, and the user are equally important, the length and collaboration of so many parties often leads to “creative” purchasing methods – or no purchase at all. Small technology contracts and even hotel or travel arrangements wind up either taking too long and are scrapped – or in worse situations, are broken into split payments, verbal agreements, and other methods that may contradict policy. The decentralization of many purchasing decisions often limits purchasing power at a University level and makes communicating and enforcing campus-wide agreements that much more difficult. Efficiency can be as important as effectiveness in regards to policies that pertain to financial purchases – and in the case of procurement, they are closer to the contracts than anyone and should be leveraged accordingly.

*Redundancy in Staffing* is always the first synergy a Wall Street analyst will discuss regarding a merger of companies. The reason there are efficiencies in back office and administrative support is that they are often scalable in nature – so there is always savings associated. The decentralization of budgets and purchasing decisions drastically changes that dynamic.[[4]](#footnote-4)

The concept of being “an inch deep and a mile wide” is demonstrated across several areas in the form of effort duplication. Both exempt and non-exempt staffs feel they are being asked to do more with less, and as a result claim they are becoming a jack of all trades, and experts at nothing. The lack of focused training and professional development, as well as internal succession planning, leads to less time spent on strategic and value added processes. All of this can be exasperated when trying to navigate our policies and procedures at an institutional level, a departmental level, and in some cases - even a redundant area level.

The “business manager” of each area ultimately has to ensure fiscal responsibility of that area as well as coordinate with procurement, payroll, accounts payable, and all revenue sources as well. In addition, these professionals must create reports that are meaningful to their respective unit as well as build their respective budgets and often times, conduct their audits as well. While these duties are being performed, there are individuals in procurement managing purchasing decisions, central budget creating funding algorithms, and payroll managers controlling payment to our employees.

The current flexibility and creativity of each area is only as successful as the talent that each area employs. Consistency among reports, ability to create customized and meaningful financial data, and ultimately control mechanisms are all pushed down to the end user. Unfortunately, our current financial structure and backbone was created and deployed with a much more centralized approach in mind. As a result, you have multiple people processing, creating, and reporting the same things in different manners – across platforms that may not speak to each other.

Cross platform communication is common throughout the entire University and upon conversations with peers, common at other institutions as well. Linking Student Financial Services, Conference Services, Public Safety, or any other cost center to a home department budget can inherit their own system integration issues. UD Time, Scholarship and Endowment Accounts, Work Order Requests, and the mechanisms that drive them contain layers upon layers of web forms that create redundancy in a fully capable PeopleSoft/Oracle backbone. If a decentralized fiscal approach is going to remain in place, the University needs to leverage the strengths of its technology to simplify cross platform communication. This is no simple task, and may involve consulting firms and additional technology integration. If we were to look at the reporting and communication methods at other institutions that use the same PeopleSoft/Oracle ERP System, it is apparent that we need to investigate and adopt methods to use our current backbone systems’ capabilities, rather than self-develop internal patches – then deploy this campus wide with a true shadow, or Beta-testing approach.

*Silo Effect & Complexity Among Departments –* An interesting theme that was discussed in several meetings is how many decisions are made. Unfortunately, it is apparent that the fewer members of a decision team, and the more focused the effort, quicker the recommendation. This is self-intuitive and is not uncommon across any large organization. In terms of resource allocation, however, concern begins to arise in that many groups also feel that a lack of collaboration is sometimes intentionally introduced due to the complexities created by a larger committee. After reviewing some of the system and structural issues that have been mentioned previously, one can see how this dynamic can occur.

The myriad of operational challenges and bureaucratic layers that exist have resulted in an internally focused approach on decision making. The decentralization of many support areas only reinforces this mindset. Its important to note that members from human resources to budget to athletics all were quick to comment that this is not due to a lack of partnering or ill-will; but rather a means for expediency in their work flow. Almost every constituent group that the sub-committee met with verbalized a greater need for collaboration and partnering. These same groups however, were reluctant to include outside groups in their own initiatives because it simply slows down the process – sometimes to a screeching halt.

The issue of internally driven decisions is compounded by the fact that including external constituents, usually winds up costing scarce budget dollars. Many support areas are able to not just bill, but actually journal voucher money from an area for their services. These areas can set their own rates and home departments have no other option. Parking Services, Public Safety, Media Services, Dining Services, and Maintenance and Grounds all provide support-based services with no competition and collect from other institutionally funded departments. Most departments either do without, or try to perform the task themselves in a more cost effective manner. One can see how this current operating system, when combined with an RBB model focused on unit solvency, results in less collaboration.

The Silo approach has created a culture of overhead units passing the same institutional dollar from one area to the next in an effort to improve their fiscal visibility while choosing which internal constituent gets priority and how much they get charged. This redistribution of institutional dollars differs from most successful managerial accounting principals and violates every free market principal. It also provokes the conversation to consider how many of these “service” based areas need to be University owned or perhaps outsourcing to the private sector can create efficiencies within these “internal” markets.

*Systems Driven Processes –* The complexity of processes at UD combined with the ever-increasing expectation to deliver the desired task at hand sometimes puts the end result ahead of the method. This “reverse engineering” can be seen in how we manage stewardship reporting, audit trails on certain financial processes, and a host of Affordable Care Act processes regarding miscellaneous wage employee payments. More times than not, the system in place determines or plays too large a role in the process that is incorporated.

A good analogy would be to consider hiring or creating an organizational structure for a department. A hierarchy, reporting line, and duties for that structure would be established and included in the job descriptions for each role, ultimately filling the needs of the department appropriately. The same can be said for many of our internal processes and their respective workflow. All of this should be considered before looking at how our technology and systems should evolve. This often requires beta testing, parallel-path path testing, and redundancy in system development. The end result, however, is an appropriate policy and procedure with a working technological system that is integrated and usable. This is not an easy fix, and you always have to deal with feature creep and system limitations, however, more times than not, we try to solve the immediate need rather than look at the larger issue at hand.

*Financially Driven Decision Making & Considering Intrinsic Value* – Empirical information always aids in decision-making. When you can consider financial implications into a decision matrix, it can often solidify or sometimes negate a strategic action, and as a result should always be included in the conversation. The overall mission of the university, and the offerings it provides, however may result in decisions that do not always make sense fiscally. Based on the current allocation of revenues, there are multiple programs and initiatives that meet the mission of our institution, but could be considered a loser financially. Creating a method to communicate and evaluate these groups could aid in bridging the gap between the areas on campus that feel they are subsidizing other areas and those that are tagged as fiscal “drains” to the institution. Financial cost centers and academic programs that are not self-sustaining may still be critical to the overall life of an institution. Methodology and communication on how decisions are made in regards to these areas may aid in collaboration, communication and ultimately how these areas operate under the new initiative.

**Additional Considerations & Recommendations**

In regards to Systems and Structures, there are currently too many variables to set forth a path of implementation. As with any large institution, greater clarity on the type of institution we want to become and where we want to deploy our resources will aid in defining how we want to modify, improve, or change our current operating structure and its systems.

With that in mind, there are some immediate steps that can be made to improve our operating structure both in the short term, as well as moving forward as the Delaware Will Shine initiative grows and evolves.

For starters, the University has a very robust technology platform utilizing Oracle’s PeopleSoft financial platform. Payroll, Procurement, Budget, Development, Legal, FP&C, and all other areas should be considered and integrated into a financial system that was designed to handle many of the issues we are dealing with today. The amount of layers and customization that are performed across our platforms creates duplication of efforts, redundancy in processes and saps valuable resources every time the process is used.

Organizational Structure and reporting lines should make sense. This is an easy statement to make, but any highly functioning organization puts thought and effort into how they structure their company. University of Connecticut underwent a strategic planning exercise that created fantastic dialogue[[5]](#footnote-5). Many of the recommendations were driven around rationalization of spend and revenue generation, there were significant considerations presented in regards to management levels and departmental structures. While there is always a need for the “dotted-line” from a reporting method, it may make sense to reconsider current departmental hierarchy. Student Financial Services does not report to Finance and Payroll Management reports to Human Resources, not procurement. A simplification of the fiscal supply chain could aid in both the short term and long-term needs of the institution.

We need to focus on greater centralization in regards to highly skilled methods used across University constituents. The University simply has too many people in the respective schools doing too many duties. As a result, there is a tremendous amount of time spent on managing the transactions and processes and not enough time spent on strategic planning, customer service, or value added initiatives. Removing some of the autonomy from areas and improving both the systems and tools for those areas to use could greatly improve current operations.

1. Michelle Jamrisko and Ilan Kolet, College Tuition Costs Soar Bloomberg Financial Aug 18, 2014, [↑](#footnote-ref-1)
2. College Data What is the Price Tag of Your Education Collegedata.com [↑](#footnote-ref-2)
3. Scott Scarborough – The Case for Decentralized Financial Management – NACUBO 2012 [↑](#footnote-ref-3)
4. Anguiano, Maria – Bill & Melinda Gates Foundation: Post-Secondary Education Success Cost Structure of Post-Secondary Education December 2013 [↑](#footnote-ref-4)
5. University of Connecticut – Strategic Redesign Initiative, Sept 2011. http://financialreview.uconn.edu/documents/UConnStrategicRedesignInitiative.pdf [↑](#footnote-ref-5)