W&M Business Process Innovation Project

March 24, 2011

Contents **Page**

Appendices

I. Executive Summary

In October 2010, President Reveley announced a project to promote innovation as an integral component of William & Mary's new financial model. As part of that effort, he launched a business innovation initiative to record and communicate gains that had already been made, share ideas across campus, develop and implement plans for even more efficient business processes and new revenue initiatives in each major organization, and initiate projects at the university level to complement and enhance the unit level plans. This report summarizes the results of those efforts through March of 2011 and identifies the projects that are being pursued at the organizational and university levels.

William & Mary (W&M) has been highly productive for a very long time, achieving great results with limited resources. It is difficult, perhaps impossible, to measure all of the outcomes of the university in terms of the quality of the academic experience for students, the level and impact of research completed or the results of outreach programs that touch lives throughout the Commonwealth, the country and the world. Measuring the resources used is simpler, but still complicated, including current operating costs and appropriate consideration of capital costs. Yet the measures that are most widely used suggest that W&M is very efficient.

The widely cited *U.S. News and World Report* rankings for 2010, for example, list the university as the 31st (tie) best national university in the country with resources that rank much lower at 85th. No other top university has as wide a disparity between outcomes and resources. *Kiplinger's* February 2011 edition ranks W&M the fourth best bargain among public universities. W&M has an extraordinarily high

graduate rate (91 percent), so the cost per degree is actually among the lowest for public universities in the Commonwealth.[1] That performance has earned the university national recognition as a "Public Ivy," and our ratio of applicants to available spaces shows that the "market" supports that judgment.

Nonetheless, organizations can always learn and improve. Universities in particular should be centers of experimentation and innovation. W&M's organizations are under constant pressure to innovate. The pressure arises from desires to launch new programs, to sustain current ones despite baseline funding that is usually not adjusted for inflation, to adapt to periodic cuts imposed by state budget reductions and to absorb unfunded mandates.[2] Since 2008 that pressure has been particularly intense, brought on by opportunities identified in the strategic plan, by freezes in salaries and most other spending categories, and by substantial state budget cuts on main campus and at the Virginia Institute of Marine Science (VIMS).

From 2008 to 2010 the College main campus reduced base operating expenditures by $8.152 million. Savings resulted from the elimination of 35 faculty and staff positions, targeted reductions in the law and business schools, elimination of the December 2008 salary increase (non-general fund share), and a variety of non-personnel service operating reductions (Appendix 3). VIMS lost $6.1 million in General Funds for operating support between the Fall 2007 and December 2010. The loss resulted in elimination of 10 faculty and 22 staff positions (Appendix 4). The overall campus cuts have had serious impacts on individual schools. For example, the School of Arts and Sciences absorbed a cut of $.958 million in its instructional budget while maintaining student credit hours and course offerings. Its operating funds per faculty member, measured in constant dollars, are now 38 percent below comparable figures in 1998 (Appendix 5).

Those cost savings did not necessarily represent increases in "productivity" because they were accompanied by several programmatic cuts, and the value of the programs or the erosion in quality may well have been higher than the lost funds. As noted in the "Business Productivity Project for Arts and Sciences" report (Appendix 5):

> In some cases, this adversity has stimulated faculty and administration to accomplish the same goals by creating new efficiencies or tapping new or alternative funding sources. In other cases, recent budget cuts have been absorbed but in a manner that is unsustainable in the long term and which poses real threats to the College's core mission of educating future generations and creating new knowledge.

The record of innovation has been impressive, as recorded in a separate *William & Mary Innovation at Work* document that includes over 100 examples of how organizations identified opportunities, implemented changes and achieved gains either through lower costs, greater benefits, cost avoidance or new sources of revenue. The examples were recorded by business innovation teams in each organization, and they have now been shared across the university as projects that might be emulated as appropriate.

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[1] As shown in the "Expenditures per student per degree for Virginia public institutions, 2008" table in Appendix 5, W&M ranks sixth out of fourteen public institutions in the state in lowest student-related expenditures per degree, four years.

[2] Recent unfunded mandates include changes in eVA (Electronic Virginia) procurement fees, Agency Risk Management and Internal Control Standards (ARMICS), the Small, Women- and Minority-owned Businesses (SWAM) procurement rules, Emergency Preparedness planning and reporting and travel regulations and reporting.

The organizational teams also developed 55 business innovation projects that have been recorded in two-page templates including statements of the opportunity, the changes that will be pursued, the expected improvements, the process that will be used, the individuals involved, the team leader, the project milestones and the expected completion date. The projects are being initiated in the spring of 2011, and they have various completion dates depending on the scope and complexity of the project. Some should be completed by the summer of 2011 and some will take over a year for full implementation. As projects are completed the appropriate Dean or Vice President will record and certify the gains achieved. Section V provides short titles of organizational projects. Detailed templates are provided in Appendix 8 (because of its length, this is a separate document).

During the project, Deans, Vice Presidents, other organizational leaders and the organizational teams also identified projects at the university level that could significantly enhance opportunities for innovation across the campus. The President and Provost selected some of those projects for immediate implementation, and identified others that will be pursued in a second phase as time and other resources permit. Brief titles for those projects are listed below. Section IV explains them in more detail.

Phase I University-Level Projects For Immediate Implementation:

1. Improve Information Technology Coordination.
2. Exploit Opportunities for Expanded Finance and Grants Offices Coordination.
3. Streamline Faculty and Staff Recruitment Processes.
4. Standardize Calendar and Events Coordination.
5. Reduce Costs of Computer Leasing.
6. Place Policies, Procedures and Forms on One Web Site.
7. Investigate Summer Use of Facilities and Expand Net Revenues from Programs.
8. Seek Changes in Fees Paid to the State's eVA Electronic Procurement System.

Phase II University-Level Projects for Subsequent Consideration as Time and Other Resources Permit:

9. Improve Communication Coordination.
10. Improve Development Coordination.
11. Streamline Budgeting, Procurement and Accounts Payable Systems.
12. Expand Use of On-line Processing of Credit Card Payments.
13. Simplify Graduate and Professional School Admission Data Entry.
14. Meter Buildings to Properly Assign Electricity Charges and Create Incentives for Efficiencies.
15. Improve Training.
16. Coordinate Marketing and Programming of Conferences.
17. Establish a Competitive Fund for Business Innovations and Reimburse it from Savings.

The business innovation project will continue to promote sharing of ideas across campus, track implementation of organizational and university level projects, and record and publicize gains achieved.

II. Project Description

President Reveley distributed on October 12, 2010 the memo at Appendix 1 titled "A Financial Foundation to Sustain William & Mary." The memo outlined the importance of innovation as part of a broader effort to develop a new financial model, noting that, "In my view, our capacity to defend William & Mary politically and to raise our philanthropic horizons will depend in no small part on our being able to show that we are doing our best to be cost-effective in all aspects of our life, the academic as well as the non-academic." He divided the effort into non-academic and academic initiatives. He asked Jim Golden, Vice President for Strategic Initiatives, to work with Deans and Vice Presidents to develop plans related to the improvement of business processes, and Provost Michael Halleran to coordinate the effort with Deans in the academic sphere.

This report covers the business innovation project, which has produced three interrelated initiatives. The **first** has been to document the fact that William & Mary has already achieved high levels of efficiency and to share the results of university and organizational efforts to accommodate cuts over the past few years. Section III provides the results of that effort. The **second** has been to identify university-level projects that can help promote innovation across the campus and help organizations become even more efficient. Section IV provides the findings and describes the projects that will be pursued. The **third** has been to identify innovation projects that will be pursued by organizations across the university. Section V lists the resulting 55 projects. As the business innovation effort continues, we will track and report the results of the university-level and organizational projects. Appendix 2 describes the process used during the project, including a timeline and a list of participants.

Goals for the business process innovation project are as follows:

1) Encourage openness to doing things very differently, where appropriate, and finding new opportunities. Foster creative thinking and new solutions. Identify and propose actions to reduce cultural and institutional barriers to innovation.
2) Record and communicate gains in achieving greater efficiency (cutting costs, better results at the same cost, avoiding future costs) and generating new revenue.
3) Share ideas across campus.
4) Identify major opportunities for beneficial changes in business processes and new revenue initiatives at the university level that will complement and enhance the unit level plans.
5) Develop and implement plans for even more efficient business processes and new revenue initiatives in each major campus organization.

Basically, we want to be sure that W&M is using its resources wisely and efficiently, pursuing activities in ways that have the highest ratios of benefits to costs. We would like to avoid activities where costs are greater than the value added. We want to do things in ways that have the largest positive difference between value and cost.

Measuring benefits and costs of activities is difficult, particularly in a complex university. Benefits are often hard, or impossible, to evaluate in dollar terms, and the full costs of activities might not be obvious or available to decision makers. So being productive – using resources wisely and making sure each activity makes sense – involves a great deal of intuitive judgment.

In some narrowly defined practices that are common to virtually all businesses, we have the benefit of comparing our results to established benchmarks. We can also look across the university to see if some organizations have discovered more efficient ways of accomplishing specific tasks. In some activities that generate revenues, we can actually compare revenues to costs. Simply cutting costs would make little sense if the loss in revenue were even greater, and conversely it may make sense to increase costs as long as the gains in revenue were greater. We certainly need to look at the costs and benefits of activities over time, so the analysis must consider "life-cycle" costs. In some cases it might make sense to invest in activities now, increasing current costs, to avoid future costs.

Those points argue against any simple criterion for judging how efficient we are, but in keeping score it would make sense to track the following measures.

1) Reduction of fixed or variable costs compared to prior year outlays.

2) Achieving documented improvements in outcomes at constant cost.

3) Avoiding budgeted or rigorously projected future costs.

4) New sources of revenue.

Each of those measures requires additional definition for consistent application. Appendix 6 provides further details concerning each category and includes examples of how the categories will be used in this project.

III. Summary of Efficiencies Achieved 2008-2010

Organizations are under constant pressure to innovate. The pressure arises from desires to launch new programs, to sustain current ones despite baseline funding that is usually not adjusted for inflation, to absorb unfunded mandates and to adapt to periodic cuts imposed on the university by state budget cuts. Since 2008 that pressure has been particularly intense, brought on by opportunities identified in the strategic plan, by freezes in salaries and most other spending categories, and by substantial state budget cuts on main campus and at the Virginia Institute of Marine Science (VIMS).

As shown in Appendix 3, in response to reduced state support, from 2008 to 2010 the College main campus reduced base operating expenditures by $8.152 million. Savings resulted from the elimination of 35 faculty and staff positions, targeted reductions in the law and business schools, elimination of the December 2008 salary increase (non-general fund share), and a variety of non-personnel service operating reductions.

As shown in Appendix 4, VIMS lost $6.1 million in General Funds for operating support between the Fall 2007 and December 2010. The loss resulted in elimination of 10 faculty and 22 staff positions. The cuts were absorbed by reorganizing administrative offices and functions, demolition of old buildings, IT efficiencies, enhanced cost recoveries, shifting some operations to non-general funds, reductions in centralized services and academic/research departments and centers, and reductions in special initiatives (Clean Marina, Fisheries Resource Grants, Blue Crab Survey, Aquaculture Genetics and Breeding Technology Center).

The overall campus cuts have had serious impacts on individual schools. For example, the School of Arts and Sciences absorbed a cut of $.958 million in its instructional budget while maintaining student credit hours and course offerings. Its operating funds per faculty member, measured in constant dollars, are now 38 percent below comparable figures in 1998 (Appendix 5).

Those cost savings did not necessarily represent increases in "productivity" because they were accompanied by several programmatic cuts, and the value of the programs or the erosion in quality may well have been higher than the lost funds. As noted in the "Business Productivity Project for Arts and Sciences" report (Appendix 5):

> In some cases, this adversity has stimulated faculty and administration to accomplish the same goals by creating new efficiencies or tapping new or alternative funding sources. In other cases, recent budget cuts have been absorbed but in a manner that is unsustainable in the long term and which poses real threats to the College's core mission of educating future generations and creating new knowledge.

The record of innovation has been impressive, as recorded in a separate *Implemented Ideas 2008-2010* document that includes over 100 examples of how organizations identified opportunities, implemented changes and achieved gains either through lower costs, greater benefits, cost avoidance or new sources of revenue. The examples were recorded by business innovation teams in each organization, and they have now been shared across the university as projects that might be emulated as appropriate.

In December 2010, organizations provided preliminary lists of business innovations adopted in the 2008-2010 timeframe. The coordinating committee assembled those and distributed a 36-page compilation of *Implemented Ideas* in January. The organizational business innovation teams then adapted that information to a consistent format, including a short statement of the problem addressed, the changes implemented and the impact in terms of cost and effectiveness. Those "stories" or short summaries have been collected in a separate document, *William & Mary Innovation at Work*, for further distribution throughout the campus, and some will appear in a new innovation website and in external publications.

IV. Major Findings and Proposed Actions at the University Level

The VP for strategic initiatives met with Deans and VPs in October 2010 and the business process innovation coordinating group met with fourteen organizational teams during December 2010. A general conclusion from those discussions is that the university is lean, but that does not necessarily mean that it is efficient. Virtually every organization has been scrambling to adjust to the budget cuts imposed over the past two years and to anticipate potential adjustments to future fiscal challenges. Some of those adjustments have imposed costs on other organizations they serve, often in the form of processing delays. Many of the adjustments have also involved greater use of new technologies, but that has also put more pressure on the IT support structure. Several of the most important issues cut across organizational boundaries and they cannot be resolved piecemeal.

Although each organization has developed plans for even greater efficiencies (discussed in section V below), it is also clear that the university should examine issues that **cut across several organizations.** That was a topic in each of the meetings, and there was a strong consensus that action is needed in several

areas. The coordinating group reviewed those discussions and developed major findings and recommendations for university-level initiatives to increase business process innovation. The President and Provost reviewed the findings and selected several of them for immediate action based on available resources and our ability to implement changes quickly. The following sections enumerate the findings and recommended actions, identify those projects that have been selected for immediate action, and note those projects that will be addressed in a second phase as time and resources permit.

Findings

1. There are many areas in which organizations conduct operations that are redundant with centralized support organizations, so there are opportunities to reduce cost and increase efficiency by shifting resources and responsibility to the central organization.

    - There is no simple answer to the issue of centralization for efficiency versus the desire of organizations for responsiveness and control. There is, however, a tendency for decentralized operations to proliferate in the absence of some system for centralized review. Often organizations are responding to a perceived lack of quality in centralized support, charges that are seen as excessive, or a desire to target resources on issues they see as most important.
    - Organizations raised the following areas most frequently in suggesting a review of how resources are distributed between supporting and supported organizations – information technology, communications, development and finance (including grant post-award management).

2. The collocation of the Grants and Finance Offices provides the opportunity for even closer integration.

    - The Grants post-management function is similar to related functions now performed by Finance. The organizations are now located in the same building, so works in progress can be discussed before various items rise to become issues.
    - There is a strong case to share one position across the organizational boundary. A shared position might help with the F&A cost-accounting, help to aggregate and coordinate the grants portions of the integrated financial statements, and help with the final report.

3. The university, like most organizations, continues to adapt to rapid technological change, but it is limited in capturing the potential productivity gains because of processes that encounter discontinuities due to existing organizational boundaries or incompatible technologies.

    - Organizations across the university report that they are shifting from paper to digital formats and converting from manual to electronic processing. Many processes, however, involve many steps that cross current organizational boundaries. Organizations report that there are often long delays as paperwork moves from one organization to the next. They report particular frustration when there is no initial triage and simple problems that could have been easily resolved are identified only after the paperwork is finally reviewed. Similarly, some stages of a process may have been converted to electronic formats, but other stages still require paper review.
    - Some data are not transferred between programs and some interface functions are ignored or misunderstood causing data inaccuracies. (For example, in many cases, we wait until after receiving an invoice to create the eVA order. This causes a double encumbrance because AP

makes an entry to pay the invoice and then eVA will create the PO through the interface.) Inaccurate initial data entry imposes high costs on other organizations in tracking down errors. Several organizations reported that their accounts were hit with undocumented charges and tracking down the charges took a great deal of time.

- The business community identifies systems with multiple stages as candidates for "lean processes" to eliminate unnecessary steps and reduce error and for quality controls to reduce costs imposed on future stages. There are many software products available to assist in the management of such systems. Many process conversions are underway or planned by various organizations across the university. Most will require investment in new software or programming support from IT, so it will be important to prioritize requirements and focus on steps that will have the greatest impact.
- Business processes that cut across multiple organizations could be improved by streamlining steps and coordinating technologies, thus reducing costs imposed on other organizations. There is potential to reduce time and costs by eliminating redundancy, tracking process flows from initiation to completion, and reducing time needed to correct errors earlier in the process. The four processes most widely cited by organizational leaders were **hiring, procurement, payables and budgeting**.

4. <u>Units felt that greater standardization across the university was needed in scheduling meetings, arranging events and recording events in an integrated calendar.</u>

   - The deployment of new software systems holds great promise in these areas, but that potential can only be achieved if use is coordinated.

5. <u>Extending computer lease periods could produce substantial savings.</u>

   - The computer lease program operated by IT could be shifted from a three- to a four-year lease cycle.

6. <u>Organizations report that they have difficulty locating policies, procedures and forms because they are not consolidated in one place on the Web.</u>

   - Some progress has been made in developing university policies, but they are still not published on one website.
   - The absence of published policies leads to lost time searching for guidance and inconsistent application.

7. <u>There are potential new revenues from expanding summer programs, but expansion will require university-level coordination.</u>

   - The Governor's Commission on Higher Education has highlighted full-year use of facilities as one way of increasing efficiency.
   - Major summer programs include summer academic terms, conferences and sports camps. These activities compete for use of student residences. Only half of the residences are air conditioned and others have to be scheduled for periodic maintenance.

- Many hotels in the area have had low occupancy rates, even in the summer, so there is capacity there, but many summer programs require or prefer housing on campus.
- If the primary goal of expanding summer programs were increased revenue, conferences may offer the highest return. But we have other competing goals that must also be considered.
- Arts & Sciences could expand summer school programs. Beginning in the summer of 2011, a slice of net revenues from summer session will flow back to A&S providing some incentive to expand.

8. <u>State mandated procurement charges significantly raise costs and lower productivity.</u>

- The state's electronic procurement system, eVA, had the noble goal of centralizing procurement to achieve economies of scale through a system that would be paid for by vendors. In practice, agencies pay a one percent fee on all transactions.
- The state's mandate for acquiring furniture through the state prison system also raises costs.
- Universities have pressed for relief from these systems and for changes in their implementation.

9. <u>Payments can be simplified through expanded used of on-line processing of credit card payments, but transaction costs must also be considered.</u>

- On-line processing of credit card payments would reduce manual processing across campus, facilitate sales, make payments timelier and reduce processing risks. Several organizations need solutions for permitting users of university services to pay by credit card. We now use several third party solutions for this at varying costs for individual solutions. Simplifying payment could expand revenue flows. We have explored having a university system, but that has been rejected in the past, in part because of high commission charges. Auxiliary Services and the Bursar's Office are exploring options for a single, reasonably-funded solution that would provide a marketplace for goods and tuition/fees payment. Implementation would include costs for e-marketplace services and transaction fees for credit card processing. Resources from various offices would be needed to implement and maintain the new system. Costs could be offset by transaction charges. Costs might outweigh the gains for very large payments such as tuition and fees.
- Student bills could be consolidated across all campus activities. The current process requires extensive manual and automated coordination with the billing department. Students waste time making multiple payments. Organizations waste time in billing. A single bill will increase demand for a "pay anytime" system via the internet and a credit card solution.

10. <u>Graduate and professional school admission data entry can be centralized in some cases, but steps in that direction should also recognize unique processing requirements.</u>

- Graduate programs handle their own admission data entry. As a result, there are dozens of people with data entry access to Banner, and several different electronic application formats.
- The decentralization increases the risk of data integrity problems, plus it appears to cause inefficiencies and/or personnel strain in many areas, especially the smaller A&S departments.

- The professional schools may have good arguments for maintaining separate systems, but data entry is successfully centralized at many universities, with application review and decisions still resting firmly with the faculty or administrators, as it should.
- Centralization would require a coordination effort, assignment of authority, and probably a staff member or two to handle the actual data entry and analysis itself. Part of the coordination, which would make it complicated at first, would be reconciling the different electronic avenues that are now in place.

11. Organizations in general cannot assess or capture savings from innovations that reduce electric usage.

    - Most facilities do not have meters. Campus electricity charges are allocated to units based on a general formula including the size of the facility.
    - Installing meters in each facility is expensive.

12. Several organizations reported that training others to use services would increase their effectiveness and save time in correcting errors, but there are insufficient resources to conduct the training.

    - For example, development of a fiscal manager's certification program is in progress. This could ensure common knowledge and skills across campus, reducing processing time and frustration.
    - Lack of training in core software, such as Banner and Microsoft Office products, is a problem.

13. With new facilities in the School of Business and the School of Education, there is great potential to expand revenue from conferences, but university-level coordination will be needed to avoid the emergence of competing and perhaps conflicting marketing and programming efforts.

    - Organizations currently marketing space on campus include the Schools of Business and Education, the Alumni Association and Conference Services.
    - Coordination is required to determine the priority of space for conference services and to establish appropriate pricing across different campus venues.

14. There are many, many potential projects with high rates of return that require investment now to save budgeted or projected future costs, but organizations do not have access to sufficient investment funds.

Projects

The coordinating group suggested 17 university-level projects in response to the major findings. The group discussed with the President and Provost the relative importance of the projects, the resources that would have to be committed and the probable timeline for completion. Based on that analysis, President Reveley designated eight projects for immediate implementation in Phase I. The other projects were deferred for consideration in Phase II as formal university-level initiatives, although organizations will continue to pursue normal improvement processes.

Phase I Projects for Immediate Implementation

1. Improve Information Technology Coordination. (See finding 1 above.)

   This sector has a particularly important role in innovation across the university. New technologies provide enormous opportunities for streamlining processes and reducing costs. Their procurement and implementation, however, can also lead to inefficient redundancies. Centralization also provides backup support and cross-trained employees; decentralized IT operations do not have this. Physical security of hardware and security of data are risks in decentralized systems.

   Action: Review IT operations in university development, business, law, and VIMS for duplication of servers, technical staff, and IT management. Establish and enforce coordination of purchases.
   Status: This project was assigned to the IT Steering Committee. The Committee designated VP of Finance Sam Jones and Associate Dean Tom Ward, School of Education, to lead the effort. The Committee is reviewing a draft project template. The Committee will complete a review and provide a report to the President.

1. Exploit Opportunities for Expanded Finance and Grants Offices Coordination. (See finding 2 above.)

   Action: The Vice Provost for Research and the VP for Finance should continue to review steps to take advantage of the collocation of the finance and grant post-award management functions, including the potential to share a position across the organizations.
   Status: The Vice Provost for Research and the VP for Finance will coordinate. This project is being pursued as an organizational business innovation project number 26 listed under the Office of the Provost in Section V.

2. Streamline Faculty and Staff Recruitment Processes. (See finding 3 above.)

   - Organizations report problems with the system and not with the individuals involved in running it. As a result of restructuring under the charter initiatives, the university now operates two personnel systems, the new W&M system and a grandfathered version of the state system. The new system establishes different position levels – executive, professional and operational.
   - The recruitment process involves several organizations – HR, Provost, OEO, Finance – and numerous reviews and signatures. Some parts of the process have been automated, but much of it is still manual. Reviews of the system have suggested steps to streamline the process. Organizations reported that some top candidates for positions had been lost because of slow hiring actions.
   - Organizations noted that efforts to reorganize to capture potential efficiencies have often been slowed or blocked by review processes. They would like more flexibility to make judgments about the level and nature of skills required. Suggestions from organizations also included automating the personnel action form, using electronic signatures, streamlined processes for candidate selection, and enhanced automation of the faculty/professional hiring process.

   Action: Review the recruitment process to see how the system might be streamlined and made more flexible. Build on the *Redesign Task Force New Recruitment Process* study completed in 2009. The review might consider consolidation of the College's various personnel functions that are currently under the Provost's Office, HR and Finance. The review could also evaluate how manual parts of the

process might be automated, how electronic signatures might be used and how electronic tracking could be used to identify the status of each action.

Status: A committee including Provost Michael Halleran, VP for Administration Anna Martin, Coordinator of Legal Affairs Kiersten Boyce, Associate VP for Human Resources Earleen O'Roark and Director of Equal Opportunity Tammy Currie will provide recommendations to the President that will significantly streamline the recruitment process.

3. Standardize Calendar and Events Coordination. (See finding 4 above.)

- Scheduling meetings across the university is time-consuming and frustrating. Several calendar products are currently in use limiting the ability to coordinate all schedules. Users of calendars for scheduling are often not familiar with the most useful features. The key is to have the whole organization on one calendar solution, and that normally required a centralized decision by the organization leader. IT will be providing an "Exchange Calendar" this spring that solves problems of web-connectivity. Users of the Exchange Calendar will have to use Outlook or the Microsoft on-line equivalent (OWA) as their email manager.
- IT is also deploying an Event Management System (EMS) for scheduling use of facilities, which can be linked to the campus calendar being deployed by Creative Services.

Action: Given the timing of these steps and the importance of widespread use for success, the coordinating team proposed that the President announce that the university is moving toward full implementation of these systems, that their use will permit greater efficiency and innovation, and that competing systems will no longer be purchased or supported.

Status: The IT Steering Committee has discussed this project and will develop a proposed rule and rationale and circulate it for comment before revision or implementation. The Committee will provide a recommendation to the President.

4. Reduce Costs of Computer Leasing (See finding 5 above)

- A shift from a three-year to a four-year computer lease cycle would save the main campus approximately $180,000 per year. Longer lease times could introduce capacity constraints in the final year. The new strategy would probably require acquisition of machines with greater capacity. There would be even greater savings in having IT purchase machines and then lease them to departments. There would be savings in bulk purchases and in centralized repair. Shift to this strategy, however, would require funds up front to invest in machines and break the current lease cycle. Several organizations have already shifted independently to the longer lease cycle.
- Some organizations felt that it was significantly cheaper to purchase than to lease copiers. There is a general effort underway to reduce copying volumes. The use of copiers as scanners is increasing. Simultaneously the use of fax machines is declining, and organizations have begun to eliminate some machines and the associated phone lines.

Action: IT coordinate a shift to the four year lease cycle and explore the option of purchasing computers and leasing to organizations. Explore the potential for the purchase of copiers and elimination of additional fax machines.

Status: The IT Steering Committee has discussed the project and will develop a proposed rule and rationale for computer leases and circulate it for comment before revision or implementation. The

Committee will provide a recommendation to the President. The VP for Administration will review copier policies as organizational business innovation project number 1, as noted in section V below.

5. Place Policies, Procedures and Forms on One Web Site (See finding 6 above.)

   Action: Begin consolidating policies and procedures on a central university website with links to material on organizational sites.
   Status: Provost Halleran, Kiersten Boyce, and Susan Evans, Director of Creative Services, and others will develop a Web site including rules for making policies and links to current policies and procedures.

6. Investigate Summer Use of Facilities and Expand Net Revenues From Programs. (See finding 7 above)

   Action: Establish a committee to review the issues involved in expanding summer programs and propose ways to balance competing goals and resources.
   Status: The Provost will convene a group to review these issues and provide a report to the President, including the current level of summer use of facilities.

7. Seek changes in fees paid to the state's eVA electronic procurement system. (See finding 8 above.)

   Action: W&M should seek reductions in eVA fees.
   Status: Pursue immediately. Coordinating group document the costs imposed by fees and inefficiencies in the eVA system and make recommendations for next steps to the President

Phase II Projects for Subsequent Consideration

8. Improve Communication Coordination. (See finding 1 above.)

   There was a comprehensive review of communications across the university in 2009-2010 that led to some consolidation (Creative Services) and improved coordination. Many believe, however, that the organizational structure is still too fragmented and redundant.

   Action: Continue to explore ways to consolidate communications support operations, particularly those involving creative services and video production. Consider consolidation of university-level communications functions into one organization as personnel transitions occur. Have an external review or an internal team examine organizations at other universities, record advantages and disadvantages, and develop a long term plan for potential adjustments.

9. Improve Development Coordination. (See finding 1 above.)

   There has been substantial reorganization including an effort to shift more and more support functions to University Development, freeing organizational development officers to concentrate on primary fund-raising activities. Support functions for multiple foundations are fragmented.

   Action: Continue to consolidate development support operations in university development. Consider some consolidation of multiple foundations across campus and ways in which back-office

operations might be centralized (solicitation, virtual fund separation, audits, gift accounting), perhaps through service agreements. WAMIT provides an illustration of how this might be done. Evaluate ways to eliminate duplication in some annual giving functions and some gift processing functions.

10. Streamline Budgeting, Procurement and Accounts Payable Systems. (See finding 3 above.)

- A clear process map would be useful to describe the entire system and also to highlight changes. Some frustration develops from a lack of communication about the entire process and insufficient training by users of the various systems.
- Budgets are often not loaded until well into the fiscal year. Some auxiliary budgets were not loaded as of December. Organizations suggested simplifying and standardizing the budget process, to include reliable, consistent feedback and a predictable annual process and calendar. Organizations develop their own internal budgeting systems, downloading data from Banner into Excel spreadsheets, Access databases, or other accounting software systems. They could use more functionality within Banner to manage budgets if those capabilities were easier to access or if there were more flexibility in changing the structure of the chart of accounts.
- The eVA procurement system is difficult to use. Many mistakes are made at the point of entry and buyers sometimes bypass eVA and order directly from the vendor. These behaviors are detrimental to the payment, reconciliation, and asset management processes. Accounts Payable and Procurement business processes have to be coordinated to minimize these problems.
- Expense reimbursements to employees cannot now be made through direct deposit, so organizations are required to cut multiple small checks (Athletics cut 800 last year) to make payments, significantly increasing processing time and the potential for error. Direct deposit for student/employee refunds would reduce check processing and save time.
- The travel request and reimbursement processes could be more automated. Processing of invoices and other payment requests could be streamlined by scanning and forwarding invoices electronically, rather than moving paper, and by allowing organization business offices to enter and review financial codes.
- Organizations reported that reimbursements to vendors are often made 30 or more days after receipt (violations of the Commonwealth's Prompt Payment Act), diverting time to responding to vendor inquiries. Some organizations report that accounts payable lapses led to lost grant subcontracts. They note that tasks must be redone multiple times, paperwork is delayed, and procedures change. There are potential interest benefits from the float time between invoice receipt and payment, so there is a need to balance the benefits of paying on or near the due date against the risk of late payment.
- Organizations report that the process of accounting for, authorizing and recording the distribution of faculty time over various grants is cumbersome and time-consuming. Much of the process is still done manually. The multiple sign-offs are redundant and could be simplified by clearer assignments of authority.

Action: Review the budgeting, procurement, accounts payable and grant accounting processes to see how they might become more streamlined, automated and transparent. The VP for Administration and the VP for Finance should review the proper placement of procurement and asset management (property control) in the organization.

11. Expand use of on-line processing of credit card payments. (See finding 9 above)

    Action: Review the findings of the ongoing study by Auxiliary Services and the Bursar's Office and implement an expanded on-line credit card payment system as appropriate. Implement adjustments to Banner to permit one student bill.

12. Simplify Graduate and Professional School Admission Data Entry (See finding 10 above.)

    Action: Explore the costs and benefits of centralized data entry for some graduate and professional programs.

13. Meter buildings to Properly Assign Electricity Charges and Create Incentives for Efficiencies. (See finding 11 above.)

    Action: Establish priorities for installing meters in facilities that probably use the most electricity per square foot and set a schedule for phasing in meters over time.

14. Improve Training (See finding 12 above)

    Action: Explore possibilities for using on-line training programs in use at other universities or the possibility of developing in-house capabilities to create on-line training modules. Consider expanding the Human Resources Training and Development program to manage and oversee all training initiatives.
    Status: Financial training will be pursued right away through Finance organizational project 18 listed below in section V.

15. Coordinate Marketing and Programming of Conferences. (See finding 13 above)

    Action: Establish a committee to recommend appropriate coordination of conference services to include marketing, priorities for allocation of space and parking, use of a centralized software system (EMS), a consistent policy for campus use, and appropriate pricing.

16. Establish a Competitive Loan Fund for Business Innovations. (See finding 14 above)

    Action: Establish a loan fund for innovations that can produce a high rate of return on investment, with savings being returned to the fund. Allow organizations to submit competitive proposals for use of the fund. Establish guidelines and planning rules for the identification of future costs. Create a process for selecting the best proposals.

V. Major Organizational Initiatives

In March 2011, Deans and Vice Presidents submitted business innovation projects prepared by their organizational teams. The 55 projects have been recorded in two-page templates including statements of the opportunity, the changes that will be pursued, the expected improvements, the process that will be used, the individuals involved, the team leader, the project milestones and the expected completion date. Some of the projects are already underway. Others will be initiated in the spring of 2011. They have various completion dates depending on the scope and complexity of the project. Some should be

completed by the summer of 2011 and some will take over a year for full implementation. As projects are completed the appropriate Dean or Vice President will record and certify the gains achieved.

One critical issue in implementing these projects will be IT support. Many of the university-level and organizational projects will require IT involvement, so IT and the IT steering committee will have to assign priorities and work with project proponents to establish reasonable timelines.

The coordinating group will work with the organizations to help coordinate similar projects, to ensure appropriate consultation with other affected organizations, and to track implementation and assemble the data into periodic progress reports to the President. As a result of that coordination and adjustments for the availability of IT support, the project templates will be adjusted over time. The titles of the projects are listed below, and the initial templates are provided in Appendix 8. Because of the length of Appendix 8, it is provided as a separate document.

<u>Administration</u>

1. Financial Assessment of Copier and Printer Usage on Campus
2. Upgrade or Replace the Current ID Debit Card System
3. Improve College Custodial Operations
4. Determine feasibility of significantly altering Tennis Center Purpose and Operations

<u>Alumni Association</u>

5. Return Homecoming Events to Campus, Reduce Costs and Strengthen Campus Connections
6. Streamline Voting for Board Membership and Reduce Costs
7. Increase Revenue through a New W&M Coffee-table Book

<u>Arts and Sciences</u>

8. Grow Summer School Revenue by Adjusting Incentives
9. Expand Revenue through Full Implementation of the St. Andrews-W&M Joint Degree Program
10. Expand Revenue by Adjusting the Summer Security Institute Fee Structure

<u>Athletics</u>

11. Connect Banner and Compliance Databases to Save Time, Reduce Error, Eliminate Penalty Charges
12. Reduce Costs by Consolidating Travel Administration
13. Online/Electronic Processing of Invoices and Other Payment Requests [To be consolidated into a university project.]
14. Eliminate Paper Checks to Employees and Students [To be consolidated into a university project]

<u>Business School</u>

15. Reorganize to Implement the New U.S. Armed Services MBA without the Budgeted Three-person Support Staff

<u>Education</u>

16. Increase Revenue by Marketing Space in the Professional Development Center
17. Increase Revenue by Expanding Professional Development Programs

Finance

18. Develop a Financial Management Certification Program for Department Budget Managers (covering budgeting, procurement, payroll, accounts payable, and technology to establish a clear body of knowledge for effective financial management across campus).
19. Improve the Assessment and Management of College Cash Flow requirements to Maximize Revenue Generated by Invested Funds.
20. Streamline Procedures for use of Standard Vendor Names Required by the eVA System.

Information Technology

21. Deploy a Modern Voice over Internet Protocol (IP) Unified Communications System
22. Implement Work Process and Organizational Changes in Enterprise Information Systems (EIS)
23. Consolidate Business Functions
24. Replace the Current Manually Intensive Banner Access Request Process

Law

25. Launch a Special Education Law and Advocacy Certificate Program

Provost

26. Reorganize Sponsored Research Project Execution and Financial Management
27. Implement Digital Measures to Streamline Academic Data Entry and Access
28. Use Document Imaging to Share Student Records: Admissions/Financial Aid/University Registrar

Student Affairs

29. Co-curricular Database
30. Pharmacy Expansion
31. Student Affairs Organizational Review
32. Student Hiring Expansion using Symplicity Software
33. Recreational Sports Management Software
34. Cohen Career Center Software Management

Strategic Initiatives

35. Improve Discovery II Office Space Utilization
36. Expand Revenue from Technology and Business Center Incubator Operation
37. Increase Visitor and Tourism Revenue
38. In-source Creative Services Projects
39. Reduce Redundancies in W&M Internal Communication

Swem Library

40. Use Online Order Form for Acquisitions Requests to Simplify Process
41. Reduce Staff Time Required for Student Employee Coordination
42. Expand Library Intra-library Loan Delivery Services by Consolidating Positions
43. Centralize Library Fee Payment

University Development

44. Implementation of Advance Web Application as Add-on to Advance Desktop
45. Integrated and Streamlined Annual Giving Direct Solicitation Efforts
46. Data Integrity Improvement Efforts in Partnership with Alumni Association
47. Collaboration with Information Technology for Identification/Implementation of Joint Projects

VIMS

48. Reduce Utility Costs and Maintenance of Old Buildings
49. Improve VIMS Vessel Management and Operations Efficiency
50. Seek Opportunities for VIMS Library Cost Savings
51. Initiate Annual Reviews of Planning, Performance, and Organizational Structure
52. Modernize the VIMS Communications Office Structure and Equipment
53. Improve Tracking of Faculty Productivity to Guide Resource Allocation
54. Realign Research and Advisory Services Missions to Expand Research and Outreach
55. Improve Seawater Research laboratory (SRL) Marketability

Appendix 1. Tasking Memo from President Reveley

MEMORANDUM
October 12, 2010

TO: Vice Presidents and Deans
FROM: Taylor Reveley

A Financial Foundation to Sustain William & Mary as a Public Ivy

I. Important Context

William & Mary is a research university that calls itself a College, and it is an institution that resembles the Ivy League schools more than it does public research universities. The College of William & Mary comprises a species of one.

We want to maintain our powerful commitment to undergraduate education even as we move increasingly into research and nurture graduate and professional programs of serious distinction. We want our tenured professors to keep teaching undergraduates in class and out, with far less assistance from graduate students and adjuncts than is the norm in public universities. We delight in a student/faculty ratio that is remarkably low for a public school, in small classes, available courses, and a superb caliber of instruction and learning. We want William & Mary to stay a residential campus of great beauty and human scale, with a powerful sense of community and continuity. While we know that our student body has grown significantly since 1950, we have been concerned in recent years lest too much continued growth degrade our collegiality and quality. And of course we always want to be worthy of our deep roots in American history and our heritage of public service.

All in all, this is quite splendid. It is also very costly. As a "one of a kind" public ivy, William & Mary no longer has the financial resources to maintain our current excellence, much less move in the directions charted by our strategic plan. Financial crisis, of course, characterizes higher education throughout America, especially public higher education and meagerly endowed private schools. We are doing better than the vast majority of other colleges and universities. But we are not doing well enough. This century will belong to the schools that either already have or can build sustainable financial foundations. We need to build ours.

Over the last generation, taxpayer support for William & Mary has declined from 43% of our operating budget to 14% this fiscal year and less than 12% next fiscal year. This trend is not likely to reverse, given the enormous demands on state revenue going forward and Virginia's practice of low taxation. To the extent there is new funding for higher education in Virginia, and there will certainly be new funding as the Great Recession fades, William & Mary's needs pale in comparison with those of other state schools that have (a) less capacity to charge tuition, attract grants, and develop philanthropic resources and (b) greater willingness to admit ever growing numbers of in-state students. Against this

background, it seems unavoidable that, if William & Mary is to preserve its essential character and realize its potential in this century, the College must increasingly fend for itself financially. Our funding is already dependent on a public/private partnership. Within this partnership, the private side must now do the great bulk of the heavy lifting.

So, what is the course forward? In my judgment, it is a financial foundation resting on four pillars: (1) a residuum of **taxpayer support**, especially for capital projects; (2) growing streams of **earned income** [tuition and fees, research grants and contracts, and entrepreneurial leveraging of our strengths to generate new sources of revenue]; (3) greatly enhanced **philanthropy** [annual giving, endowment, funds for bricks and mortar]; and (4) internal **productivity gains**. These four pillars are interdependent. If we fail to build any one of them, the capacity of the other three pillars to support the foundation will be severely impaired.

William & Mary has the strength in the market to raise in-state tuition significantly, so long as we provide adequate need-based aid and merit aid. While we are already near the competitive limit for out-of-state tuition, there is quite a bit of room to grow if we can raise enough endowment to fund need-based and merit aid. State politics, however, affect our capacity to draw on this market strength. Were our percentage of out-of-state students to be rolled back by legislative action, or were our Board of Visitors denied the flexibility to raise in-state tuition, our capacity to earn income would be greatly diminished. Research grants and contracts are more in our control, as are things entrepreneurial. We are working hard on the grants front. We have barely begun to scratch on the entrepreneurial.

As to taxpayer support, we want to sustain the state's support of capital projects, receiving our fair share of funds for bricks and mortar. We also hope to keep the amount of state operating support that remains after the severe cuts of the last few years (the functional equivalent of a significant slug of endowment at a 4.75% annual spending rate). But we are willing to forego **new** state operating support, once it begins to flow again, in return for the freedom to set in-state tuition and retain at least our existing percentage of out-of-state students. This would enable us to earn more income than we could realistically hope to get in new taxpayer funds, while freeing up the new taxpayer support that would have otherwise come to William & Mary for community colleges in particular.

Philanthropy is utterly essential. Our annual giving must be driven relentlessly up in both participation and amount. It is crucial to help fuel the operating budget, and it is money we can raise in the near term. Serious new support for the operating budget from endowment will take many years to realize, barring a sudden change in our capacity to garner huge gifts. We must pursue endowment vigorously, but without much prospect for substantial near-term relief. In my judgment, William & Mary needs at least $2 billion in endowment (in current dollars), which is almost $1.5 billion more than we now have. All this will take a level of alumni commitment greater than William & Mary has enjoyed in the past. Building this commitment has transcendent importance for the College these days.

And now productivity – how to become more effective so we can do the job with fewer dollars while protecting the caliber of our students' learning, the quality of their campus experience, and job satisfaction for those who work at William & Mary. This will not be easy. People at William & Mary already have the habit of doing more with less. Our faculty, administrators and staff work very hard and are the College's greatest asset. Thus, productivity success cannot be achieved by working harder but only by finding new ways of accomplishing our goals.

In my view, our capacity to defend William & Mary politically and to raise our philanthropic horizons will depend in no small part on our being able to show that we are doing our best to be cost-effective in all aspects of our life, the academic as well as the non-academic. Virtually all other sectors of the American economy have had to become more cost-effective or perish, and the country will not spare higher education from this regime. In short, we need productivity savings for financial, political, and philanthropic reasons. The sooner we can document such savings already made, show that we are spreading successful ideas across campus, and begin achieving new savings, the more effective we will be with the General Assembly, Governor, business supporters of higher education, and donors. And the sooner we will free up some dollars for pressing campus needs.

II. Pursuit of Productivity

A. Non-academic Areas

At my request, Jim Golden (Strategic Initiatives VP and Strategic Planning Co-chair) will lead an evaluation of business practices across the campus. I ask that each of you assemble a small team in your sphere to identify all productivity gains already realized in recent years and consider (1) how our current practices can be improved or ended to make our operations more effective and (2) what opportunities exist to develop new revenue sources (which may include drawing on academic strengths). Please provide Jim with a list of your team members by October 29th.

Jim will meet with your teams to document productivity gains already made, assemble ideas, and work with you to identify ways to explore these ideas, including the potential use of consultants from the Mason School. He will share emerging ideas that might have broad applicability across units.

Early next term, Jim and the Provost will meet with each of you to draft implementation plans, including targets and deadlines. Final plans should get to Jim by March 30th for discussion with me.

Over the course of this year, we will also meet with several outside consultants to see if they can identify any systemic changes to make our processes more effective.

B. Academic Areas

The Provost will take the lead. Some of the possibilities for greater effectiveness mentioned in my SCHEV remarks of last August will require university-level discussion, for example, a year-round academic calendar. For most, however, discussion will be useful only on a more local level, for instance, greater use of technology to teach "hybrid" courses, differential teaching loads depending on various levels of research activity, different blends of instructional faculty, and increased undergraduate enrollment. What might be effective in some disciplines, schools and departments won't be in others.

To get us started, I ask that the dean of each of our five schools take up these matters with their faculties, chairs and programs directors, those that are closest to the action. At the threshold, please identify all areas where steps already taken have resulted in savings. Then three essential boundary conditions should frame discussions: (1) providing a comparable quality of student learning, (2) reducing the overall cost of instruction, and (3) maintaining a serious measure of intense student-faculty

engagement. Michael will meet with each dean later this term to discuss initial progress. He will meet again with each dean in the spring term to review draft implementation plans, including targets and deadlines, with final plans due to Michael for consideration with me before Commencement.

Resources freed up as a result of savings in the academic sphere can be reallocated to pressing campus needs beyond simply repairing budget cuts of the last few years – for example, salary increases, greater research support and more opportunity for intense student learning. We will seek to maximize incentives for generating savings. Thus, units generating them will share in the reallocation of the resulting funds.

III. Not Going to be Easy

There is no doubt in my mind that achieving further productivity gains at a place already as efficient as William & Mary will be difficult. Nor am I unaware that the concept of seeking productivity gains sets many teeth on edge, especially when urged in all facets of the university, not just the administrative. But I believe deeply that we have no viable alternative. The issue is not whether to achieve these gains. The issue is how to do it well.

TR

Appendix 2. Project Process, Milestones and Organizational Teams

During October, VP for Strategic Initiatives Jim Golden met individually with Vice Presidents and Deans to discuss a process that would work best in each organization to produce a draft plan by March 1, 2011. Those discussions led to the following timeline.

November, 2010. Organizations established small teams to assemble ideas and develop a plan. The teams will review each organization's efforts to increase efficiency over the last two years, consider the organization's existing plans for further improvements, gather ideas from colleagues, review efforts underway in other organizations, and develop initial ideas about initiatives or "projects" the organization might pursue. Organizations will provide information about (1) ways in which they have become more productive over the past two years, to include ways in which they have measured the results, (2) any projects underway that will increase productivity, (3) any additional revenue sources developed over the last two years, and (4) any projects underway that will increase future revenues.

A small coordinating group has been established to work with the organization teams. The coordinating group includes the following individuals: Jim Golden (Strategic Initiatives), Bernadette Kenney (IT), Jon Krapfl (Mason School of Business), Lillian Stevens (Strategic Initiatives) and Mike Stump (Audit). The group began the following tasks: assembling information about organizational efficiency gains and new revenue sources over the last two years as it was reported by the organizations; disseminating drafts of that information to all the organizational teams for consideration in their planning; and reviewing business process innovation actions reported by other universities, university support organizations, and materials prepared for and by Virginia's Commission on Higher Education.

Outcomes: (1) Coordinating group and organizational teams established; (2) background material assembled; and (3) initial productivity reviews started.

December, 2010. The coordinating group met with each organizational team. During the meetings the organizational teams described major productivity initiatives that are already underway and substantial initiatives or projects that the organization might pursue. The coordinating group brainstormed with the organizational team to help flesh out the proposed initiatives, discuss related work being done in other organizations, suggest individuals with appropriate expertise on campus who might be useful in shaping the projects, and help identify next steps.

Outcomes: (1) Gains from the last two years recorded in bullet form; (2) initial productivity opportunities assessed; and (3) ideas for university-level initiatives discussed.

January, 2011. Organizational teams will continue to explore potential projects, meeting with others on campus as appropriate. The teams will begin to narrow the number of projects that might be pursued and develop two-page summaries that would include the following elements: (1) define the scope of each project, (2) identify the scale of the resources that might be saved or redirected, (3) estimate the funds that can be captured at the university level, (4) identify costs in time or resources that will be imposed on other organizations and how they will be compensated, (5) describe any increases in risk that may result (and possible mitigation), (6) discuss the measures that might be used to evaluate success, and (7) establish

potential project milestones. **Outcome**: potential productivity projects discussed within each organization.

The coordinating group has developed more detailed formats and examples for the projects, providing guidance to the organizational teams so that cost savings, efficiency gains, cost avoidance, and new revenues are accounted for in a consistent fashion. **Outcome**: Innovation project templates, implementation instructions and a sample project description have been distributed to organizations, and the coordinating group will provide advisory assistance as needed.

At the same time, the coordinating group will be working to identify initiatives that might cut across a number of organizations. Those will be presented to the President and Provost as potential university-level projects. **Outcome**: university-level project proposals prepared by the coordinating group.

February, 2011

Organizational heads will review potential projects with their teams, select those that will be included in the organization's plan, develop final versions of the project descriptions, and send the organizational plans to the Provost and Jim Golden by March 1. **Outcome**: finalized organizational project proposals submitted for review.

March, 2011

The Provost and Jim Golden will review the organizational plans, discuss them with organizational leaders as appropriate, and consolidate them into a submission to President Reveley by March 15. That submission will also identify potential university-level projects. **Outcome**: organizational and university-level proposals submitted to the President for review and approval.

April, 2011

The President, Provost and Jim Golden will discuss business process innovation plans with the BOV and then begin to track implementation of the plans. **Outcome**: productivity plan (including organizational and university-level proposals) reviewed by BOV for implementation.

Organizational Team Membership

Administration

Anna Martin
Carolyn Davis
Dave Shepard

Alumni Affairs

Karen Cottrell
John Kane
Elaine Campbell
Brooke Harrison

Arts and Sciences

Carl Strikwerda, Dean of Arts & Sciences
Margaret Fonner, Director of Administration and Finance
Sue Peterson, Dean of Undergraduate Studies and Reves Professor of Government
Eric Jensen, Director of Public Policy Program and professor of Economics
John McGlennon, Chair of Government department and professor of Government
Tom Payne, Chair of Music and associate professor of Music
Diane Shakes, associate professor of Biology
Destiny Elliott, Finance Manager, Psychology department

The team will be looking at both the academic and business aspects of Arts & Sciences in terms of productivity.

Athletics

Terry Driscoll
Steve Cole
Pamela Mason
Dan Wakely
Pete Clawson

Business

Jon Krapfl will provide the productivity gains info from our AACSB Maintenance of Accreditation Report and Jon is also putting together our team. In addition to Jim and Hector, Jon Krapfl and Gabe Pall would both be good.

Education

The Faculty Executive Committee is serving as the steering group. It includes six faculty (Denise Johnson, Rip McAdams, Pam Eddy, James Stronge, Carol Tieso, John Lavach), two associate deans (Tom Ward and Chris Gareis), Director of Fiscal Operations Dean Neff, and an additional representative for our centers, Gail Hardinge.

Finance

Bert Brummer
Glenda White
Bill Copan
Mary Stebbins
Pam Johnston
Ruth Gilliam

Information Technology

Courtney Carpenter
Bernadette Kenney

Gene Roche
Chris Ward
Rachael Pace
Pete Kellogg

Law

Liz Jackson, chair of the committee
Jennifer Sekula
Martin Gruen
Nancy Archibald
Terri Lorincz

Provost

Adam Anthony
Susan Bosworth
Henry Broaddus
Tammie Currie
Aaron DeGroft
Tatia Granger
Ron Hoffman
Sally Marchello
Dennis Manos
Ronald St. Onge

Student Affairs

Ginger Ambler
Deb Boykin
Mark Constantine
Jenny Fisher
Jodi Fisler* (Coordinator)
Anita Hamlin
Vernon Hurte
Mark Sikes
Trish Volp

Strategic Initiatives

Fran Bradford
Susan Evans
Jim Golden
Leonard Sledge
Lillian Stevens
Brian Whitson

Library

The front-line internal committee reporting to the directors and department heads:

David Morales, Circulation Manager, chair
Leslie Condra, Acquisitions Supervisor
Carleen Cameron, Accountant
Sharon Garner, Operations Manager
Phil Fenstermacher, Systems Engineer
Cynthia Mack, Library Specialist (Inter-Library Loan)
Ben Bromley, Public Services Archivist

Group to coordinate with university efforts will include a combination of two members from the front-line committee and two from the director/department head level:

David Morales, Circulation Manager, dnmora@wm.edu
A second committee member, TBA
Cathy Reed, Director of Collections and Content Services, careed@wm.edu
Bea Hardy, Interim Dean of University Libraries, bbhard@wm.edu

University Development

Teresa Munford (coordinator)
Christine Ward
Karlene Jennings
Linda Vega
Chandra Montgomery

VIMS

Carl Friedrichs, Department of Physical Sciences (faculty)
John Graves, Department of Fisheries Science (faculty)
Carl Hershner, Center for Coastal Resources Management (faculty)
Jennifer Latour, Chief Administrative Officer (PPF)
Tom Murray, Marine Advisory Program (PPF)
Kim Reece, Department of Environmental and Aquatic Animal Health (faculty)
Debbie Steinberg, Department of Biological Sciences (faculty)
Kam Tang, Department of Biological Sciences (faculty)
John Wells, ex-officio

Appendix 3. Efficiency and Productivity Strategies as of September 2010

Summary provided by the Vice President for Finance:

In response to reduced state support, over the past two years the College has reduced base operating expenditures by $8.152 million. Savings result from the elimination of 35 faculty and staff positions, targeted reductions in the law and business schools, elimination of the December 2008 salary increase (non-general fund share), and a variety of non-personnel service operating reductions. Selected actions are highlighted below.

1. **Reorganization of Administrative Office and Functions**
    a. The College has implemented administrative reorganizations in various areas including the offices of the President, Provost, and areas of Finance, Student Affairs, Public Affairs/University Relations, and Strategic Initiatives.
    b. Savings resulting from these reorganizations total $458,500.
    c. Measured by actual savings achieved.

2. **Reduce Rental of Off-site Office Space**
    a. Completion of various construction and renovation projects on-campus allowed the College to reduce its rental of off-site office space housing both academic and administrative functions.
    b. Savings through this action total $244,000.
    c. Measured by actual savings achieved.

3. **Efficiency through Information Technology**
    a. Implementation of the Banner Enterprise Resource Planning (ERP) system allowed the College to complete the close-out of its legacy mainframe system. The College also streamlined its internet access.
    b. Savings through these actions total $361,400.
    c. Measured by actual savings achieved.
    d. Also removed in-room dorm phones freeing up phone system capacity, eliminated free student printing ($50,000), reduced professional development/training ($50,000) and increased network capacity and access.

4. **Eliminated Administrative Support for Jefferson Laboratory**
    a. The College eliminated all support for administrative support at Jefferson Laboratory, an off-campus, activity that is not part of William & Mary. While this resulted in the lay-off of these state employees, to the extent the employees wanted, all were rehired by Jefferson Laboratory as its employees.
    b. Savings through this action total $760,000.
    c. Measured by actual savings achieved.

5. **Increase size of Freshman Class**
    a. The College increased the size of its incoming freshman class first to 1380 and then to 1400 even as it was reducing the number of funded faculty positions. This action provided additional tuition revenue to the institution while increasing its student faculty ratio from 11:1 to 12:1.
    b. Incremental revenue generated through this action is estimated at $1,180,000.
    c. To be measured by actual tuition collected.

6. **Reduce Debt Service supported through Operating Revenues**
    a. The College reduced debt service supporting the implementation of various information technology systems.
    b. Savings through these actions total $1,300,000.
    c. Measured by actual savings achieved.

Additional Actions Included the Following

7. Continued phase-out of Psy.D. in Clinical Psychology ($240,000).
8. Cancelled Swem Library journals ($357,000) and Law journals ($47,000).
9. Deferred faculty hiring in A&S ($396,000).
10. Restructured undergraduate advising ($5,000).
11. Business School reduced organizational memberships ($5,000), adjusted class sizes ($100,000), reduced marketing ($250,000), and adjuncts replaced full-time faculty ($100,000).
12. School of Education faculty hiring ($195,000), course offerings ($24,000), publications and travel ($19,000).
13. Restructured bus operations ($100,000).
14. Reduced rental costs ($210,000), eliminated a car lease ($10,000).
15. Reduced University Development travel/communications ($52,500).
16. Reduced Enrollment printing and travel ($52,500).
17. Reduced legal travel and operations ($9,600).
18. Eliminated Lively Arts concert series ($60,000).
19. Savings from sustainability projects ($22,300).
20. Revised recycling contract ($42,000).
21. Leveraged unrestricted private funds to support a Mellon Grant.

Appendix 4. VIMS Efficiency and Productivity Strategies as of December 2010

VIMS lost $6.1 million in General Funds for operating support between Fall 2007 and December 2010. This loss resulted in elimination of 10 faculty and 22 staff positions. The loss of funds was absorbed through the following actions:

1. Reorganization of Administrative Offices and Functions ($500,000)
   A. Department of Planning and Budget
   B. Vessels Operations
   C. Office of Sponsored Programs
   D. Facilities Management
   E. Aquarium
2. Demolition of Old Buildings ($23,000)
   A. Out-dated Research Buildings (Brooke, Byrd, Davis)
   B. Sheds, Temporary Buildings
3. Efficiency through Information Technology ($100,000)
   A. ESL fiber optic changes
   B. De-centralized Web Services
   C. Purchase of Microsoft Campus Agreement (Savings TBD)
4. Implementation of Enhanced Cost Recoveries ($55,000)
   A. Dive Center
   B. Communications Department
   C. Field Support Personnel
   D. Seawater Research Laboratory
5. Shift Operations from General Funds to Non General Funds (Grants and Contracts) ($1.9 M)
   A. Office of the Director for Research and Advisory Services
   B. Office of Sponsored Programs
   C. Departmental and Center administrative and research staff support
6. Additional Reductions in Centralized Services and Academic/Research Departments and Centers ($3.0 M)
   A. Eliminated Graphic Artist
   B. Reduction in Postal Services
   C. Reduction in Safety Office Personnel
   D. Reduction in operating costs for Fisheries Science, Environmental, Aquatic, and Animal Health, Biological Sciences and Physical Sciences
   E. Reduction in operating costs for Center for Coastal Resource Management, Eastern Shore Laboratory, and Marine Advisory Services
7. Reduction in Special Initiatives ($600,000)
   A. Clean Marina
   B. Fisheries Resource Grants
   C. Blue Crab Survey
   D. Aquaculture Genetics and Breeding Technology Center

Appendix 5. Business Productivity Project for Arts & Sciences, March 7, 2011, Section I

I. Contribution to the College's economic well-being in the face of diminished funding

The College of William and Mary has a well established and continuing reputation for excellence. The College attracts some of the very best students in the nation, in part because it offers a world-class education at a "best values" price. At the same time, the College continues to attract and retain an outstanding faculty who are dedicated to the ideal of pursuing combined excellence in both teaching and cutting-edge research. Over the last several years, the College has managed to maintain its outstanding reputation despite repeated rounds of budget cuts. In some cases, this adversity has stimulated the faculty and administration to accomplish the same goals by creating new efficiencies or tapping new or alternative funding sources**. In other cases, recent budget cuts have been absorbed but in a manner that is unsustainable in the long term and which poses real threats to the College's core mission of educating future generations and creating new knowledge**.

A. Arts & Sciences continues to offer a high quality education to exceptional students. With the second highest graduation rate among public institutions in Virginia, the College provides an excellent return in the number of degrees completed. A wide variety of national rankings testify to the enduring reputation of the College for achieving academic excellence with lean expenses.

Expenditures per student and per degree for Virginia public institutions, 2008

	Raw data				Calculated	
School	2008 4-Year Grad Rate	Size (Undergrad FTE)	Student Related Expenditures Per Student	Student Related Expenditures Per Student vs. W&M	Student Related Expenditures Per Degree, 4 years	Student Related Expenditures Per Degree, 4 years, vs W&M
James Madison University	67.6%	15,905	$8,694	52%	$51,444	64%
University of Mary Washington	70.4%	3,870	$9,219	55%	$52,381	65%
Longwood University	47.7%	3,883	$7,429	45%	$62,298	77%
Radford University	41.6%	7,771	$7,584	46%	$72,923	90%
Virginia Polytechnic Institute and State University	52.3%	22,684	$10,404	63%	$79,572	99%
College of William and Mary	82.3%	5,733	$16,620	100%	$80,778	100%
University of Virginia-Main Campus	85.0%	14,534	$17,519	105%	$82,442	102%
Christopher Newport University	30.9%	4,536	$7,619	46%	$98,628	122%
The University of Virginia's College at Wise	29.0%	1,607	$8,546	51%	$117,876	146%
Virginia Military Institute	58.7%	1,378	$18,265	110%	$124,463	154%
George Mason University	35.6%	15,444	$12,358	74%	$138,854	172%
Old Dominion University	21.9%	13,142	$9,905	60%	$180,913	224%
Virginia State University	21.0%	4,032	$10,456	63%	$199,162	247%
Virginia Commonwealth University	23.6%	18,990	$13,211	79%	$223,915	277%
Norfolk State University	13.1%	4,674	$9,741	59%	$297,435	368%

Note: 4-year costs per degree are calculated by mulitplying annual expenditures per student by 4, then dividing by the 4-year completion rate. Raw data source: College Results Online. Eric Jensen (eric_jensen@wm.edu)

B. **Opening doors for an increasingly diverse student population. Arts & Sciences has stepped up to meet the new and changing needs of the State, seeking ways to provide alternative paths of entry to a four-year degree for a variety of different types of students, including accepting more transfer students from local community colleges.** Between 1999 and 2009 the number of transfer students enrolling at the College increased 132 percent, and the number of transfer students from VCCS schools and Richard Bland College increased 281 percent. Overall, the transfer cohorts have similar four-year and five-year graduation rates and GPAs at graduation as our native students, despite the fact that some community college transfer students enter the College with greater academic needs, such as in math, science, and modern languages. The College's transfer initiative has put increased pressure on A&S to offer additional GER seats and on A&S faculty to work with students who may not have had the same level or type of academic training as our native students.

C. **Created on-line giving pages for all Arts & Sciences departments and programs.** In 2006 A&S launched a multi-party collaboration across campus to make online giving both easy and widely available. By 2008 we had introduced for each of our units (35+) a unique Support web page coded to direct online gifts to the appropriate Foundation account. This system architecture has helped to increase private expendable giving to A&S departments and programs from approximately $40,000 to more than $300,000 annually. These efforts have had an added benefit of strengthening ties between alumni and their undergraduate and/or graduate departments. As current levels of alumni participation and contribution falls short of those at peer institutions, we view this as a potential area for growth. **At the same time, alumni are most likely to contribute to add value to our programs, not to substitute their private dollars for what they see as the state's responsibility.**

D. **Increased Summer School revenue 70 percent for the College with no increase in faculty salaries, a 20 percent cut in M&O, and an increase in the instructional budget of only 27 percent.**

Summer School Report – Summer 2003 – 2009						
Year	**Total Students**	**Total credit hours**	**Tuition Paid**	**Instr. Salaries**	**M&O**	**Net (Tuition less salaries & M&O)**
2003	1490	4782	1,151,168	461,353	6,250	683,565
2004	1266	3993	1,013,818	427,099	6,250	580,469
2005	1487	4565	1,209,505	485,715	6,250	717,540
2006	1461	4392	1,218,770	558,955	6,250	653,565
2007	1515	4584	1,380,926	615,005	5000	760,921

2008	1572	4709	1,452,650	591,395	5000	856,255
2009	1647	4898	1,749,270	585,475	5000	1,158,795
% Change 2009 over 2003	11%	2%	52%	27%	-20%	70%

Note: Figures are for Main Campus only and exclude Applied Music courses and related salaries.

Sources Student counts, total credit hours and tuition paid extracted from Banner Student System for 2003-2009. Year 2002 remains as previously reported from prior student information system. Financial information collected from various summer school finance reports (paper files) by the Administrative Assistant to Dean of Undergraduate Studies and Dean for Educational Policy.

E. Arts & Sciences has generated tuition revenues for College operations while retaining faculty without regular salary increases and absorbing a decrease in its instructional budget. A&S undergraduate tuition provides over 80 percent of the tuition revenue funding the College. Over the last three years, A&S undergraduate tuition revenue has increased 37 percent while there have been no regular salary increases given to instructional faculty. Meanwhile, A&S has left positions vacant and has increased the numbers of students taught. In 2006-07, each TE faculty member generated $139,041 on average in undergraduate tuition dollars. In 2010-11, each generated $194,826. **However, in the long term, these changes are unsustainable**. Continuing salary freezes have led to morale-killing salary inversions between new and mid-level faculty members. Increased class sizes threaten the William and Mary "brand" of close faculty-student interactions and may ultimately threaten our graduation rates if students are unable to get into over-packed introductory courses.

Increase in Student Credit Hours Taught			
	Year *		% Change
Level	2006-07	2010-11	over 2006-07
Activity/Lesson	2,704	2,982	10%
Ensemble	737	702	-5%
Lower Level	76,470	79,958	5%
Upper Level	68,746	69,594	1%
Graduate	9,553	10,007	5%
A&S Overall SCH	**158,210**	**163,243**	**3%**

Report on Changes in Student Credit Hours (SCH) Taught, Filled Tenured/Eligible Faculty Positions and Undergraduate Tuition Rates			
	Year *		% Change
	2006-07	2010-11	over 2006-07
A&S Overall SCH	158,210	163,243	3%
Filled T/E Faculty Positions	365	358	-2%
SCH per T/E Faculty	433	456	5%
Undergraduate Tuition - In state	5,180	7,523	45%
Undergraduate Tuition - Out of state	21,600	28,547	32%

** YEAR includes Fall and Spring term only. 2010-11 accounts for activity through 1/26/11.*

Output from productivity_1011_CourseEnroll.sas produced by the Office of the Dean of Arts & Sciences on 1/26/11. Faculty count derived from Dean's Office's lists of filled tenured/eligible (T/E) faculty by year. Undergraduate tuition only rates available at http://www.wm.edu/offices/financialoperations/sa/tuition/recent/index.php

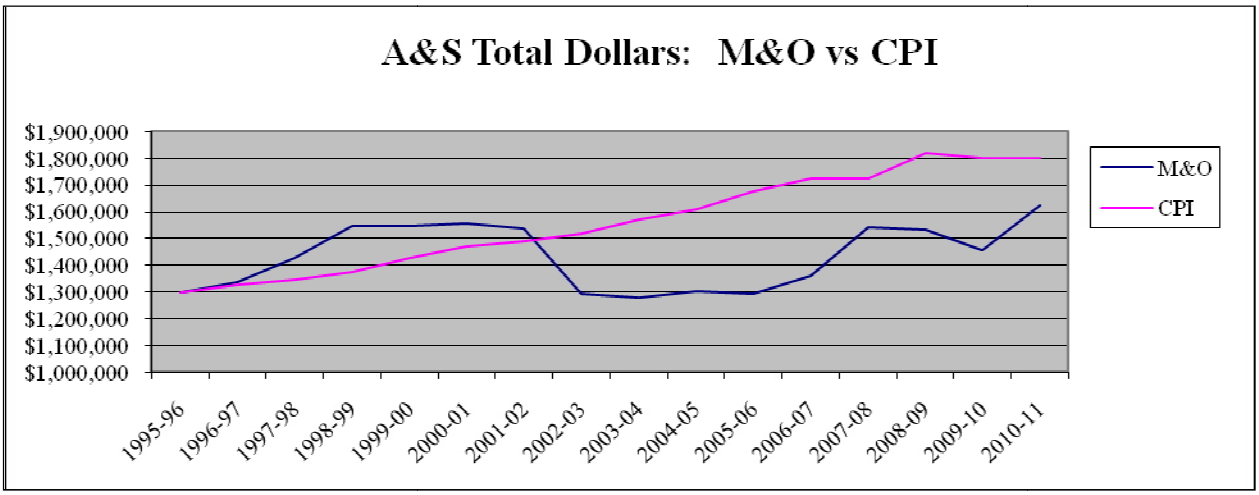
F. **Arts & Sciences has absorbed a cut of $958,000 in the Arts & Sciences instructional budget while maintaining student credit hours and course offerings.** Over the last three years, A&S has re-arranged courses and used non-tenure-eligible faculty and adjuncts to teach courses in order to offer our curriculum at lower cost. **In the long term, these shifts are placing an increased advising and service burden on the remaining tenured and tenure-eligible faculty and threaten the College's long-term tradition of faculty self-governance.**

G. **Expanded reliance on endowment and external grants to replace diminished M&O.** M&O is the essential element in supporting research and teaching in A&S, particularly since A&S has no Annual Fund. M&O allows us to prepare materials for classes, keeps basic operations such as postage, fax, and Xeroxing going, pays for service contracts on equipment, lets departments purchase essential supplies particular to their needs, and supports student and faculty research. While the A&S M&O budget was increased 13 % for 2008, it was then cut 5 % in 2009.

1998-99	**$1,546,521**
2010-11	**$1,624,791**

When we consider increases in the cost of living, measured by increases to the Consumer Price Index, M&O has declined precipitously in the last decade. Our 2010-11 M&O budget is just $1,167,853 in 1996 dollars. O**ur M&O budget remains more than $279,045, in constant dollars, below what it was in 1998-99.**

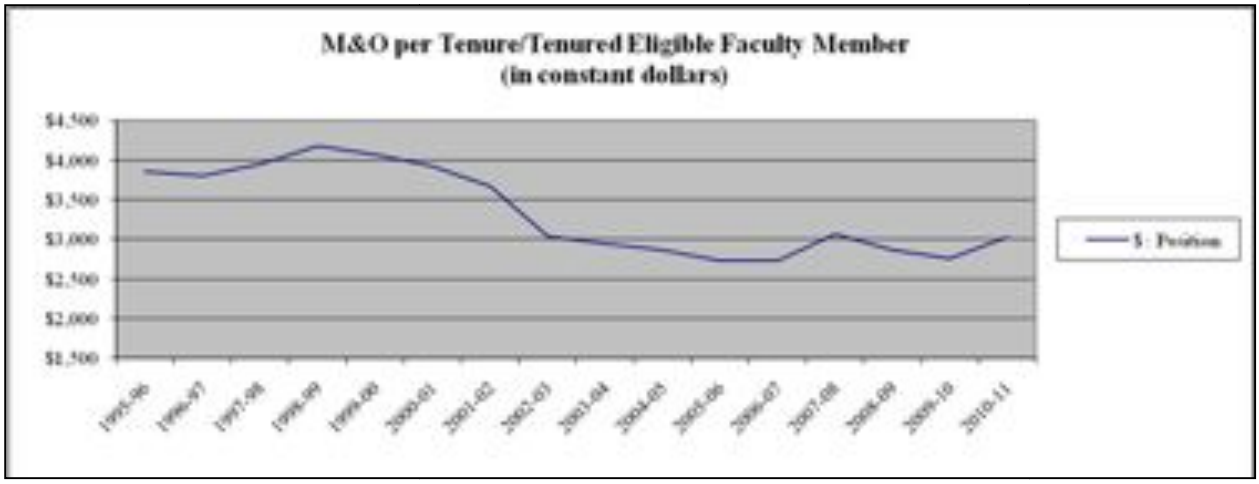
Declining Purchasing Power: Actual Arts & Sciences M&O Compared to the CPI



At the same time that we have experienced this decline in M&O in both real and constant dollars, we have increased the number of faculty members within A&S from 336 in 1995 to 385 today. We also have significantly increased our commitment to research and, therefore, our costs of supporting research. The increase in the 2008 M&O dollars moves us closer to our 1998 M&O dollars per faculty member but, especially with the cut in 2009, we remain well below past years. **We continue to operate with M&O funding/faculty member that is, measured in constant dollars, 38 percent below the level we had in 1998**.

Declining Arts & Sciences M&O per Faculty Member in Constant Dollars

Year	M&O	% change	Constant $	Positions	$: Position
1995-96	1,296,322		1,296,322	336	3,858
1996-97	1,336,429	3.09%	1,300,609	342	3,803
1997-98	1,427,571	6.82%	1,358,107	344	3,948
1998-99	1,546,521	8.33%	1,446,898	346	4,182
1999-00	1,546,521	0.00%	1,419,040	349	4,066
2000-01	1,559,021	0.81%	1,379,064	352	3,918
2001-02	1,536,149	-1.47%	1,316,083	358	3,676
2002-03	1,292,344	-15.87%	1,095,511	361	3,035
2003-04	1,281,171	-0.86%	1,063,574	361	2,946
2004-05	1,304,529	1.82%	1,048,712	366	2,865
2005-06	1,294,502	-0.77%	1,014,969	372	2,728
2006-07	1,363,062	5.30%	1,025,149	376	2,726
2007-08	1,542,809	13.19%	1,159,567	378	3,068
2008-09	1,531,350	-0.74%	1,090,917	381	2,863
2009-10	1,454,782	-5.00%	1,058,571	384	2,757
2010-11	1,624,791	11.69%	1,167,853	385	3,033



Yet such **cuts to M&O budgets are unsustainable**. Everyday operations that rely on M&O are continuing only because departments are expending private funds, the research stipends given to endowed professorships, and in-direct costs from the external grants of individual faculty members. Academic departments have also been forced to make tough choices about how they use their limited M&O funds to support key functions: maintaining and/or replacing equipment that is critical for both research and instructional purposes, paying for journal subscriptions, library books, and/or art supplies, funding faculty to travel to academic conferences, offering special topic classes, and supporting special events that benefit not just the College but also the greater Williamsburg community.

The bottom line is that Arts & Sciences' ability to offer a high quality of education for our students has been sorely tested by the combination of budget cuts, declining M&O per faculty member, and increasing numbers of students.

Since out-of-state tuition is the largest single source of revenue for the College, our ability to offer a high level of quality in our educational offerings is essential to maintain the financial stability of the entire institution. Given that out-of-state students at the College receive little financial aid and that out-of-state students pay almost 70 percent of the tuition, we are able to raise revenue through tuition primarily because of the academic reputation of Arts & Sciences. Our ability to maintain that academic reputation depends on core investments in tenure eligible faculty, laboratories, and support for teaching.

Appendix 6. Classifying and Measuring Outcomes

This project will track four outcome categories as defined and explained below.

1) Reduction of fixed or variable cost. Cuts in this category might also be called "hard" cost savings, because they are easy to measure based on changes from prior year expenditures.[3] Organizations have baseline budgets including personnel and maintenance and operation (M&O) expenditures. Cuts from year to year in those expenditures would count as cost reductions. Cuts are often imposed on the organization, so the loss in benefit could actually be greater than the cut in cost. The organization, however, probably made a decision to cut costs in areas where the benefits were judged to be lowest. We know that W&M cuts in costs over the past two years came to $8.1 million on main campus and $6.1 million at VIMS.

2) Greater benefits at constant cost. Organizations often shift resources from one activity to another. The shifts are most obvious when there is a change in organizational structure, eliminating some positions, creating others, discontinuing some operations, merging activities and so forth. In some cases the shifts might involve adopting a new technology or process and discontinuing other processes. This is a very common form of innovation as organizations adapt to new opportunities within their baseline budgets. The adjustments might be made to achieve increases benefits in existing activities or to accommodate new unfunded mandates. Capturing the value of those increased benefits is challenging, but it is clearly easier to record the improvement when there is some quantitative measure of the change. To be clear, shifting costs from one activity to another does not necessarily reflect an increase in value. The challenge is to articulate the net benefits that result. For example, benefits might include increased capacity to provide new offerings or services, or more of existing ones. This can be achieved by process redesign, more efficient deployment of resources, better technology, and so forth.

It may also be possible to increase net value by incurring additional costs but gaining greater benefit. In our current fiscal environment, this is usually not a feasible alternative unless the benefits are in costs avoided or in new revenues as discussed below.

3) Cost avoidance. This category includes actions that result in actual expenditures that are lower than budgeted or firmly projected. An action may be taken now because it is expected to reduce future costs. The cost of sustaining baseline operations may well increase from year to year

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[3] The key in this category is that reductions in expense can be compared directly to prior year expenditures. Examples: Labor changes that reduce payroll expenditures (most common because most of our costs are labor costs); year-on-year saving over the constant volume of purchased goods/services; changes that reduce cost in existing contractual agreements; process improvements that result in real and measurable resource or asset reductions; net reductions in prices paid for items procured when compared to prices in place for the prior year or a change to lower-cost alternatives; shared services to consolidate resources used in similar activities and reduce expenditures from the prior year; outsourcing at lower cost than originally planned for in-house implementation or in-sourcing to replace outside contracts if that is cheaper.

based on projected program expansion, price increases, emergencies, maintenance backlog requirements, or other factors. Actions to avoid those anticipated cost increases should count toward estimates of increased efficiency. This category is more difficult to measure, however, because avoided costs usually cannot be directly observed. For example, a new cooling system might reduce future electric costs, but we would have to estimate what the costs would have been in the absence of the change. Or we may have projected an increase in staff to accommodate a new program, but find that with some reorganization that expected cost can now be avoided. We want to give appropriate credit for such innovations, but we have to have rigorous guidelines to maintain credibility and consistency. The key in such measurement is to have a clear estimate of the anticipated costs before the action was implemented.[4] Costs can also be avoided through managing the risks involved in business processes, which is the subject of a related university effort.[5]

4) New sources of revenue. New sources of revenue increase both benefits and costs, but in those cases we can measure both in dollar terms, so these projects can be evaluated based on changes in net revenue. There is a question about what activities would qualify as "new" sources. Activities might be "new" in terms of categories (a hotel), location (an MBA program with Fort Lee) or scale (an expansion in the number of conferences on campus). Increases in prices charged for existing activities would probably not qualify.

A starting point for considering projects is a measurement of the current situation (baseline) in terms of dollars, hours, number of full-time equivalent people, and other current outcomes. Improvements may be "one-time" or "recurring." The project may result in "hard" or "soft" dollar savings. The categories of actual cost reduction or net new revenues count as "hard" improvements, while increasing value within

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[4] Here are some examples of cost avoidance projects that would be considered appropriate in our business innovation project. (1) Elimination or reduction of budgeted, but not yet implemented expenditures or investments within the same FY, such as: contractual delay of a supplier's price increase; actual purchase price that is lower than the original quoted or budgeted price; value of additional services at no cost, e.g. free training, maintenance, support services, etc.; significant process improvement, such as the elimination of non-value-added activities, resulting in significant cost savings to the organization. (2) Elimination or reduction of expenditures or investments contained in an approved Planning and Budget Request (PBR) within the same FY. (3) Savings in documented projections of future expenditures, including for example actions that lower projected energy costs (perhaps by taking down old buildings and reducing total space in service).

[5] The university has already launched an effort to develop organizational risk management plans. Athletics and the University Registrar have completed their plans, and the Muscarelle Museum and Campus IT have established their risk management schedules. The Risk Management Committee intends to complete two major assessments and three smaller ones each year. One of the key steps in that process is to identify businesses processes and the potential failures in those processes as risks. Another key step is to develop actions, projects, or initiatives that will be pursued to reduce or eliminate risks. There are several potential overlaps between the business process innovation process described in Section III above and the risk management process. Both focus on business processes, both will lead to follow-on projects, and both will probably be pursued by the same leaders in each organization. That suggests a potential to align the efforts to take advantage of synergies and avoid duplication of effort as much as possible. For example, Athletics and the University Registrar have already identified their business processes during the completed risk management reviews. They have used those processes as a foundation for their business innovation reviews. They already have implementation plans to reduce risks in those processes, and they can align their business innovation projects with those plans.

current costs or avoiding future costs might be considered "soft" savings. Those categories are perhaps more important in communicating results to external audiences. Rigorous documentation of improvements will ensure that our efforts are meaningful and it will help persuade others about our progress.

Projects resulting in gains in one organization may also benefit other units or third parties. These benefits should also be recorded and accounted for as part of the overall initiative. On the other hand, projects to increase effectiveness in one organization may well impose costs on another one, so proposed projects should clearly identify all costs involved. If the project requires investment of time or funds by another organization, the project proposal should identify how the other organization will be compensated.

Appendix 7. Project Template

Project Plan
PART 1. **a. Project Title**
b. Problem/Opportunity Statement (concise description of the general nature of the desired improvement) *Strategic opportunity:* *Specific improvements:*
c. Process Change (describe the specific changes anticipated in clear and measurable terms)
d. Expected Impact (resources now committed to the process and the anticipated measurable net benefit in terms of cost reduction, increased efficiency at constant cost, cost avoidance and/or new revenue) *Resources now committed to the process (budget, FTEs):* *Measurable net benefit:*
e. Project Scope (what areas/functions are or are not included) *Included:* *Excluded:*
f. Project Schedule (key dates/milestones and expected completion)
g. Project Resources Committed (name, position, phone # and e-mail address) *Key Stakeholders (who will be consulted):*

Team Leader: *Team Members:*
h. Support Needed or Impacts on Other Organizations/Functions *Support Needed:* *Impact:*
i. Project Sponsors' Approval for Submission (names, signatures, dates)
PART 2. **Project Completion:** *Date of completion*: *Improvements achieved:* 1. *Cost savings:* 2. *Increased efficiency at constant cost:* 3. *Costs avoided:* 4. *New revenue:* *Certification by Sponsors (Names, signatures, dates):*