

W&M Business Process Innovation Project

March 2011

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).

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.

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.

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.