

September 21, 2009

Council of Deans and Vice Chancellors

Chair Robert Powell

Davis Division Academic Senate

RE: Administrative Process Redesign Initiative

Dear Colleagues:

As we manage this fiscal crisis, it is critical that we continue to identify and take advantage of opportunities to increase the efficiency and effectiveness of our administrative operations. At Chancellor Katehi's direction, I am writing today to tell you about an important initiative that will help us begin to address some of the challenges facing UC Davis.

An *Administrative Process Redesign (APR) Initiative* has been developed in response to recommendations from our Budget Advisory Committee (BAC) and our current fiscal emergency. This initiative is about building more efficient and effective administrative services, thereby creating a better future for UC Davis. The *Administrative Process Redesign Initiative* will provide us with a framework to help us systematically improve services upon which the campus community depends, and when appropriate, re-consider some of the assumptions under which we have operated.

This initiative is necessarily aggressive in its goals for improvement and change—the financial crisis is well upon us. We must act quickly not only to avoid taking actions that further compromise our administrative infrastructure and hinder our ability to support the academic mission, but also to take advantage of the current crisis to become a better institution. Therefore, we will harness existing expertise from within the university to manage and support this work. Effective October 1, 2009, Stan Nosek has agreed to assume leadership of the APR initiative and delay his planned retirement until later in this academic year. In addition to her role as Associate Vice Chancellor of HR, Karen Hull will be a key member in the implementation of this initiative and will oversee the design and implementation of shared service centers. Lisa Terry will provide project management, change management and strategic communication support for the initiative. Carolle Juliano will provide analytical and administrative support. In addition, the success of this initiative will rely on support from you, and our faculty and staff stakeholders throughout campus.

The APR initiative has three areas of focus:

1. Coordination of actions and campus communications in response to the BAC recommendations.
2. Management of administrative unit assessments intended to identify efficiencies in the delivery of core services.
3. Development and implementation of Shared Service Centers for select administrative functions.

I offer you a brief summary of each initiative and progress made to date:

Coordination of actions and campus communications in response to BAC recommendations

The Budget Advisory Subcommittees provided many useful ideas and observations, and the campus is already taking action on many of the recommendations. In addition, administrative and academic units are in the process of implementing their own process and structural improvement initiatives to reduce costs and/or improve service. Following are examples of works in progress:

- The consolidation of the Office of Administration and Office of Resource Management & Planning into a single division (effective October 1, 2009) will reduce costs and increase efficiency.

- The restructuring of the Library will help the organization manage its budget cuts while improving services to faculty and students.
- The streamlining of academic personnel processes and procedures will help reduce staff workload in academic departments.
- Improvements in space utilization on campus is already decreasing the use of off-campus leases.
- Restructuring of research gift assessments will result in additional revenue for the campus.

Management of administrative unit assessments

Several recommendations from the Budget Advisory Subcommittees reflect the need to develop an internal structure that systematically and regularly examines administrative units and provides creative ideas and implementation strategies derived from internal and external stakeholders to ensure the campus receives the highest quality service. While all of our administrative units strive to provide the best possible service, services can fall out of step with customer needs and expectations for a variety of reasons. Therefore, through the APR, we will establish a framework and process for ongoing evaluation that enables us to better understand root causes of problems, develop solutions, and hold organizations accountable for action. The evaluation process will include campus stakeholders, service providers, and where useful, outside experts that can assist us in integrating best practices from other organizations.

I have asked our APR team to initially focus resources on joining Vice Chancellor Klein in the administrative unit assessment processes already underway in the Office of Research. Assessment strategies will also be developed in support of reviews for Information and Educational Technology (IET), Outreach & International Programs, and Graduate Studies, as recommended by the administration subcommittee of the BAC. In addition, the Chancellor has asked for an administrative assessment of the Offices of the Chancellor and Provost during this academic year.

The framework developed and used to support these assessments will eventually be available to support similar evaluations in other administrative units with the goal of improving the overall efficiency and effectiveness of service in all of our administrative areas.

Development and implementation of Shared Service Centers for select administrative functions

As our campus has expanded in complexity and size, so too has our infrastructure for providing basic administrative services (personnel, payroll, finance, technology support, for example). Generally speaking, this growth has occurred with a strong departmental focus, with units adding positions or functions as dictated by local demand and priority. This has resulted in a highly decentralized organization, which has strengths and weaknesses. The strengths include the customer focus, local control and an understanding of the specific issues facing the customers served. However, a decentralized model can also be inefficient, redundant and expensive because it seldom benefits from economies of scale and standardization of processes that can occur when larger organizational units centralize service delivery. Centralized services, however, have weaknesses of their own. Detached somewhat from direct experience of the business needs of customers, they can become unresponsive and inflexible.

Shared Service Centers organize administrative systems with an approach that maximizes the strengths of decentralized and centralized service models while minimizing the weaknesses of both. Specifically, Shared Service Centers allow us to focus more of our resources on our campus mission of teaching, research and public service rather than business and technology services that are critical, but serve rather than drive our mission. Shared Service Centers emphasize a customer service orientation and are managed via service level agreements between operating units and the centers. Processes to be included in the Shared Service Centers will be identified by the APR team in close collaboration with campus stakeholders who mutually benefit by realizing reduced costs, improved access to technology and

enhanced levels of service. Shared Service Centers have been or are being implemented at Ohio State University, Cornell University, University of Illinois at Urbana-Champaign and Purdue University, among others.

I have charged a task force representing academic and administrative units to work with the APR team to develop a detailed shared service center framework for the Human Resources function by January 31, 2010. The campus community will have an opportunity to provide input on the design of the HR Shared Service Center via open forums this fall. Simultaneously, Karen Hull will work with providers and consumers of other administrative services to identify additional opportunities for Shared Service Centers, in areas such as accounts payable/purchasing and technology support.

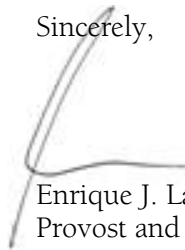
A strategic approach to improving administration

In summary, the *Administrative Process Redesign (APR) Initiative* is a strategic program to improve the efficiency and effectiveness of our administrative processes. This initiative will be accomplished through teamwork, transparency and inclusiveness that engages our campus community while creating a better future for UC Davis. The APR team will respond quickly to several of the Budget Advisory Committee recommendations, but will also serve us by setting the foundation to develop a campus culture of continuous business improvement.

Regular updates will be provided and it will be essential for success that faculty and staff fully participate in the process.

I thank you in advance for your support of this important initiative!

Sincerely,



Enrique J. Lavernia
Provost and Executive Vice Chancellor

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c: Senior Advisors
HRAC