

Positioning for Recovery in Tough Budget Times



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Taking Advantage of Ongoing Efforts

- Two major initiatives underway when economic crisis hit
 - An ERP project
 - Efficiency study by an outside consultant
- UNC is taking advantage of each to position for recovery



Time Line

- 2006 – Carolina begins an ERP project to connect various business systems
- 2008 (spring) – Study by an outside consultant of business processes is envisioned
- 2008 (fall) – Bain group begins a lengthy study of business processes at UNC-CH
 - Study focuses on procurement, IT, HR and finance
- 2008 (fall) – Economy tanks
- 2009 (spring) – Report of Bain group released
- 2009 (fall) – Implementation of Bain group recommendations begins [Carolina Counts]



Bain Project Objective and Guiding Principles

Objective

- Identify options to improve operating cost structure through more efficient operations to facilitate long term growth within boundaries of guiding principles

Guiding Principles

- Options must comply with regulatory, statutory and policy environments
- Academic quality must be maintained
- Carolina's reputation must be preserved
- Must sustain sound internal control and compliance
- Costs must be evaluated against relative value they generate in return



Potential Options (examples)

Area	Opportunity/Options	Estimated Annual Value	Estimated Timing
Organizational Structure	<ul style="list-style-type: none"> ○ Reduce organizational levels ○ Establish policies to maintain flattened organization 	\$ 3 – 12M	1-2 years
Procurement	<ul style="list-style-type: none"> ○ Invest in adequate systems for data capture ○ Restructure procurement organization to invest in strategic support of distributed units 	\$40 – 50M	2-5 years
Information Technology	<ul style="list-style-type: none"> ○ Consolidate 'hidden' IT infrastructure to school or division level ○ Invest in central capabilities and resolve trust hurdles to facilitate migration of IT services to ITS 	\$12-19M	2-3+ years



Next Steps

- Chancellor leads selection of options
- Establish program management, process and tools to lead and track change initiatives
 - The Carolina Counts program
- Identify and assign sponsors and owners for initiatives to drive change
- Bain company will ultimately return to help measure progress



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- The ERP project is allowing us to streamline operations
 - Moving to a paperless office
 - Better communication between 'systems' may lead to re-assignment of staff
- Implementation of some of the goals of the Bain study
 - Taking advantage of retirements to re-organize
 - This is improving our efficiency

