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)

<table>
<thead>
<tr>
<th>Area</th>
<th>Opportunity/Options</th>
<th>Estimated Annual Value</th>
<th>Estimated Timing</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Organizational Structure</strong></td>
<td>- Reduce organizational levels</td>
<td>$3 – 12M</td>
<td>1-2 years</td>
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<td></td>
<td>- Establish policies to maintain flattened organization</td>
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<tr>
<td><strong>Procurement</strong></td>
<td>- Invest in adequate systems for data capture</td>
<td>$40 – 50M</td>
<td>2-5 years</td>
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<td></td>
<td>- Restructure procurement organization to invest in strategic support of distributed units</td>
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<tr>
<td><strong>Information Technology</strong></td>
<td>- Consolidate ‘hidden’ IT infrastructure to school or division level</td>
<td>$12-19M</td>
<td>2-3+ years</td>
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<td></td>
<td>- Invest in central capabilities and resolve trust hurdles to facilitate migration of IT services to ITS</td>
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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
The Graduate School

• 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