

Project SMU: Operational Excellence for the Second Century

DIAGNOSTIC REPORT

OCTOBER 2014

World Changers Shaped Here








SMU[®]

Agenda


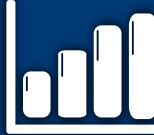
- Operational Excellence for the Second Century (OE2C)
- Findings from Diagnostic Phase
- Design Phase
- What does OE2C mean for you?

Today at SMU, we find ourselves at an important moment in time

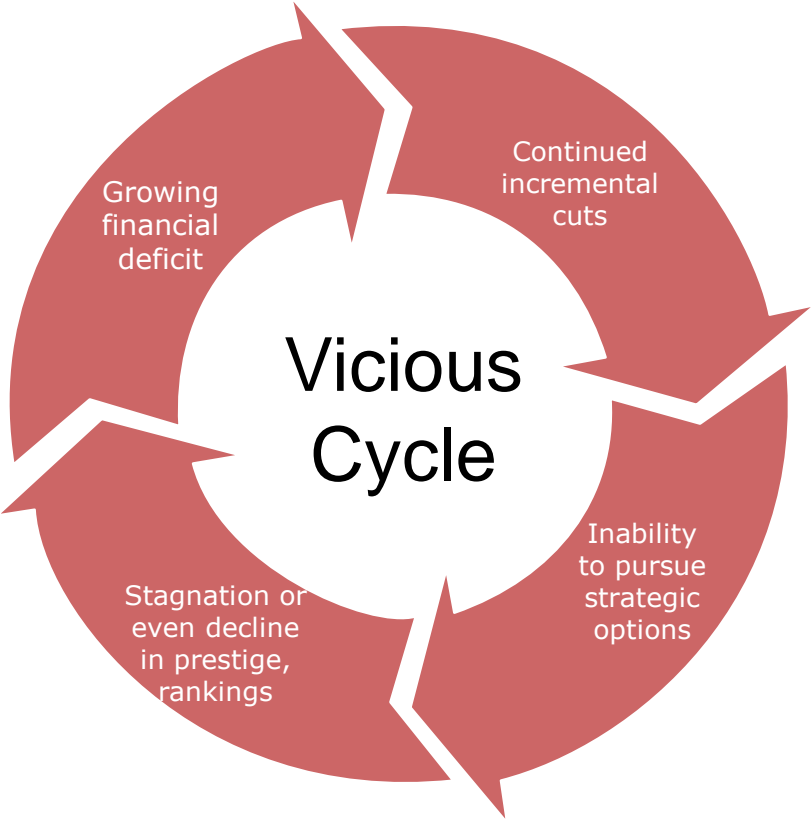
SUCCESSSES TO CELEBRATE

	SMU capital campaign on track to raise \$1 billion by 2015
	Enhanced faculty and student quality
	Rise in SMU ranking
	Opening of George W. Bush Presidential Center
	Completion of the new residential commons

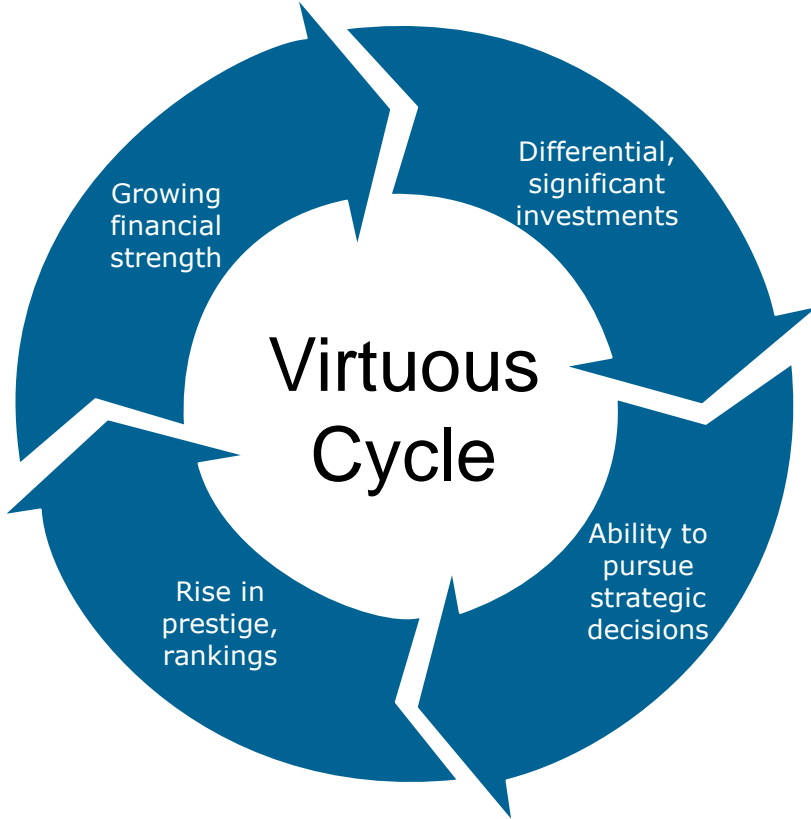
HEADWINDS ON THE HORIZON

	ACROSS THE HIGHER ED SECTOR
	<ul style="list-style-type: none">• Growing costs• Rising student debt• New competition for students• Unsustainable tuition growth
	AT SMU
	<ul style="list-style-type: none">• Rising administrative costs• Limited ability to raise revenue with increases in tuition or enrollment

We must choose a path forward that continuously invests in SMU's core academic mission



Lose degrees of freedom



Release constraints

Operational Excellence for the Second Century (OE2C) frees up resources to re-invest in SMU

- OE2C will meaningfully **reduce administrative overhead** *and* maintain or **improve service levels**
 - Improve decision making and collaboration
 - Make administrative work simpler and more efficient
- Resources made available by OE2C initiatives will **enable new academic investments** that:
 - Are bold and differentiated
 - Enhance cross-disciplinary work



**Realize our grandest ambitions for
SMU going forward**

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The six-month OE2C “Diagnostic” of the SMU organization was inclusive and comprehensive

KEY ANALYSIS

230+

Individual faculty and staff **interviews** conducted on campus

31

Peer and aspirant **schools and universities** studied for best practices

100%

Percent of **non-academic spending** evaluated

50+

OE2C presentations with each school/college or VP area

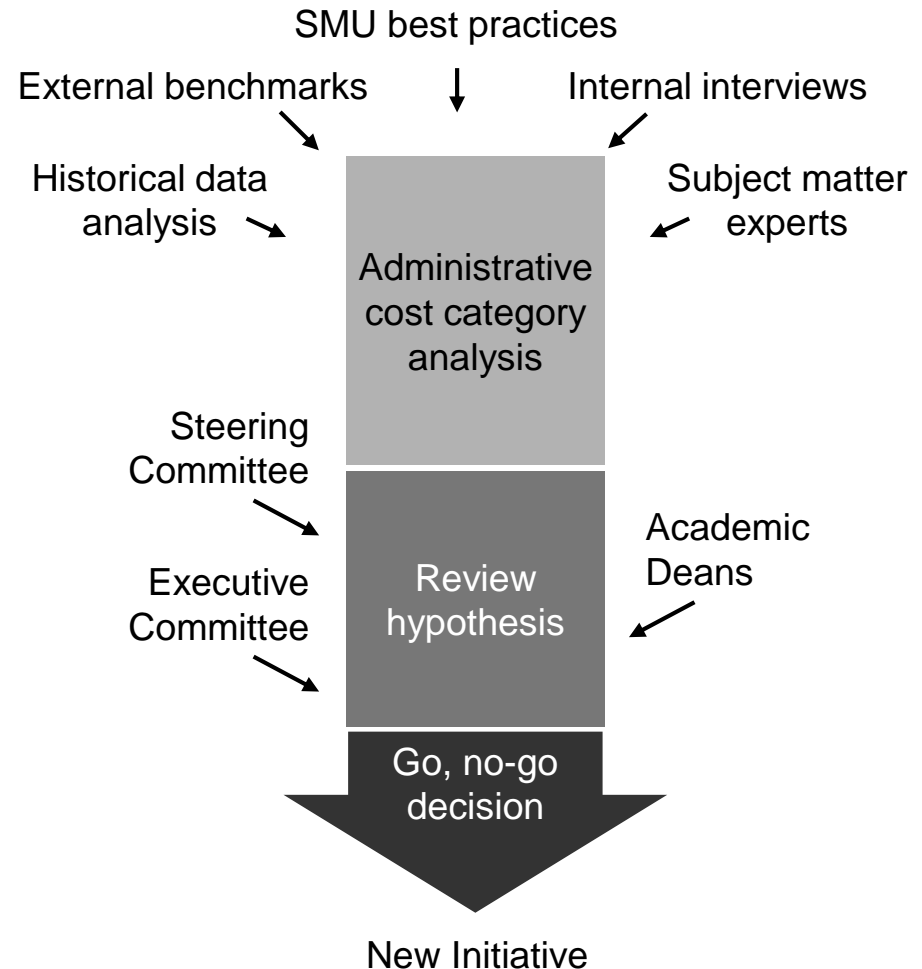
2.5M+

AP invoice and reimbursement **payments** and p-card transactions included in analysis

30+

Databases consulted and used for benchmarking

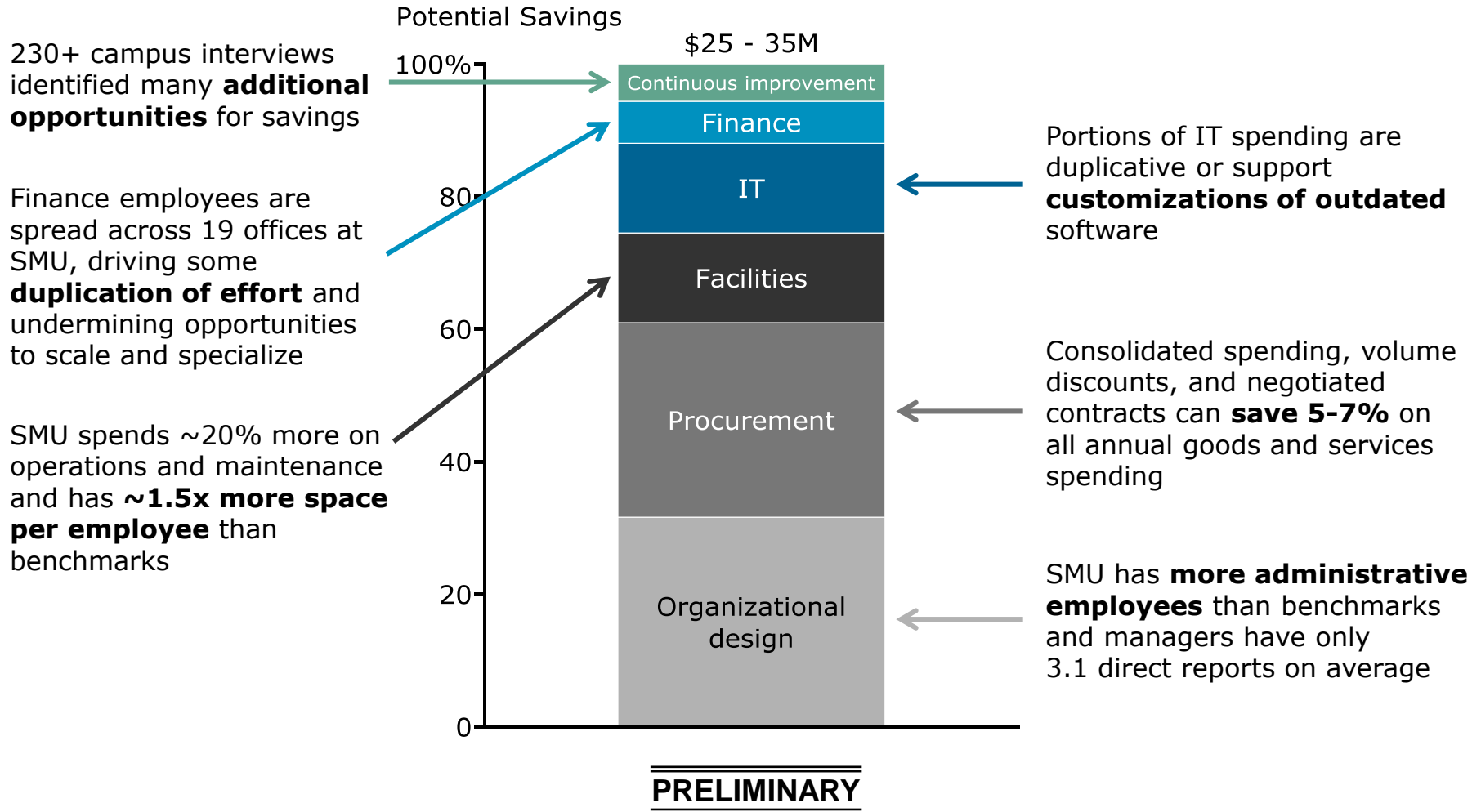
OPPORTUNITY EVALUATION PROCESS



The OE2C Diagnostic suggests we can significantly improve

- SMU has proportionally **more employees dedicated to support functions** (e.g., finance, HR, IT) than other universities
- Two thirds of staff managers have 3 or fewer direct reports, creating **excess management layers** and organizational complexity
- **Decision rights** are unclear between central administration and school units, causing confusion and frustration (e.g., travel, contracts, hiring)
- Schools and VP areas are **siloed**, preventing best practices, ideas, and resources from being shared across the University
- A meaningful opportunity exists to **re-align administrative spending** to invest in our academic core

The OE2C Diagnostic identified \$25 - 35M of potential annual savings at SMU

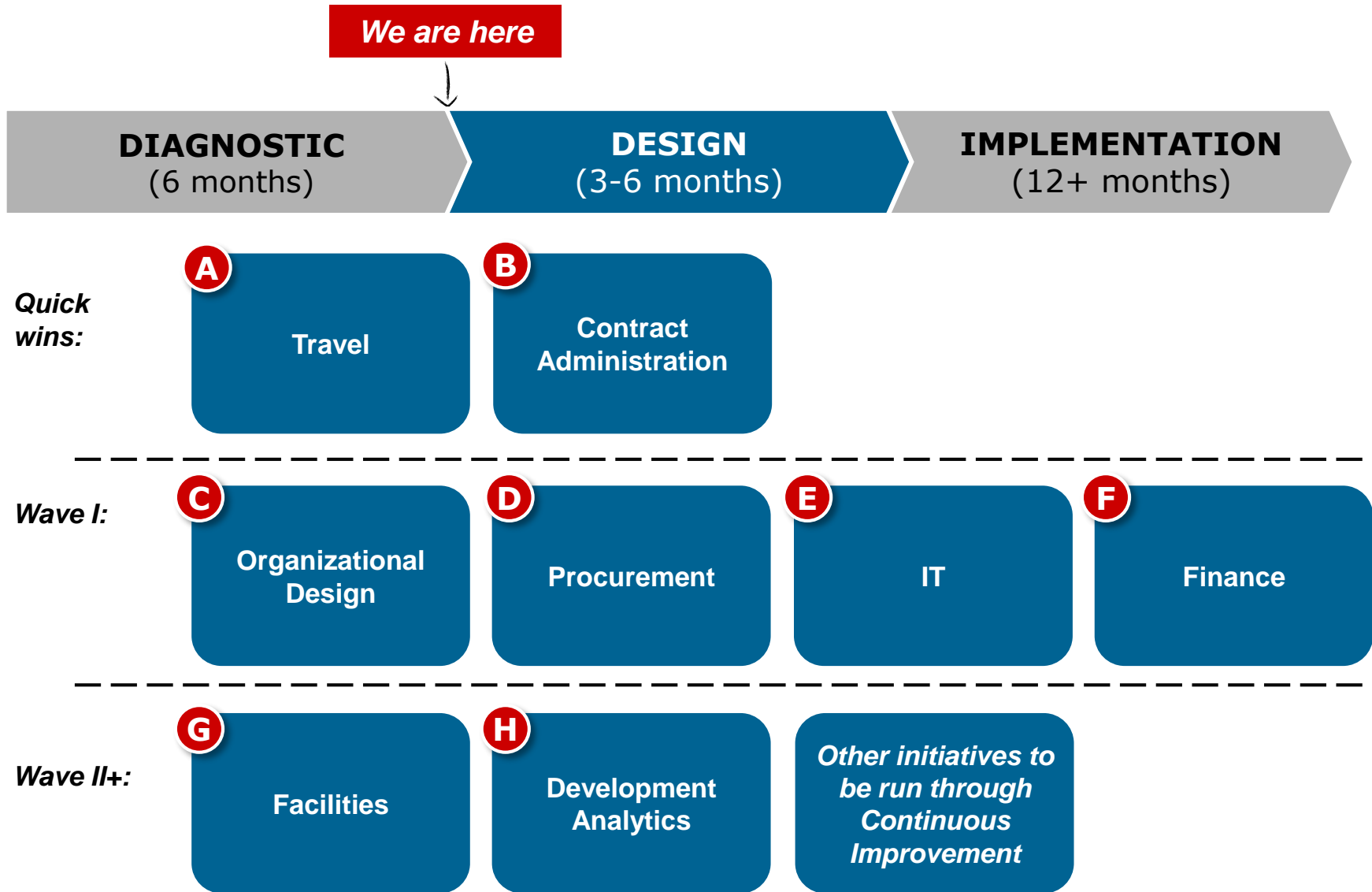


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To kick off the Design Phase of OE2C, the Executive Committee has approved eight initiatives (so far)

We are here



Two SMU teams are already hard at work to advance initiatives and build capabilities within the University



Travel



Contract Admin.

Initiative Overview

- **Simplify travel policies and reimbursement processes**
- Team of 9 end users and process specialists from across campus
 - Vickie Bumgardner
 - Judy Clark
 - Joe Davis
 - Tiffany Khim
 - David Liner
 - Fred Olness
 - Vinh Pham
 - Ginny Shearin
 - Cindy Zhao
- Led by Marc Christensen (Lyle) and Marci Armstrong (Cox)

- **Align risk tolerance and business needs to streamline the contract approval process**
- Team of 10 users and process specialists from across campus
 - Melanie Bailey
 - Niraj Bhagat
 - Terry Conner
 - DeeDee Conway
 - George Finney
 - Buck Hampson
 - Kim Jones-Ross
 - Michael McLendon
 - Sandra Tefft
 - Alison Tweedy
- Led by David Chard (Simmons) and Tom Tunks (Meadows)



Early Successes

- **Selected Concur** as SMU's new electronic travel tool; implementation is underway
- Recommended key changes to **simplify travel policy**

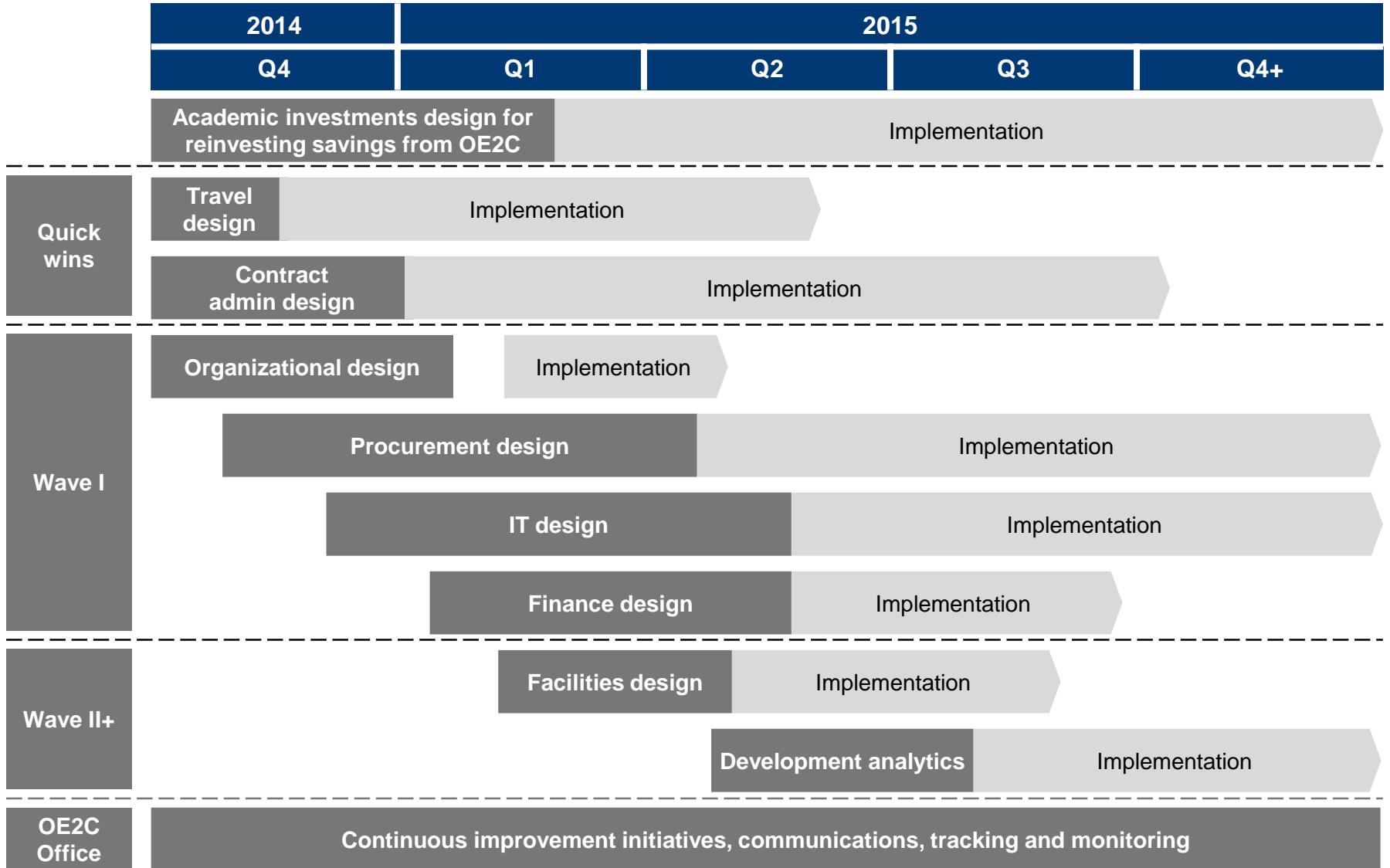


- Documented current contracting processes and **pain points**
- Interviewed peers at **8 other universities** to capture best practices

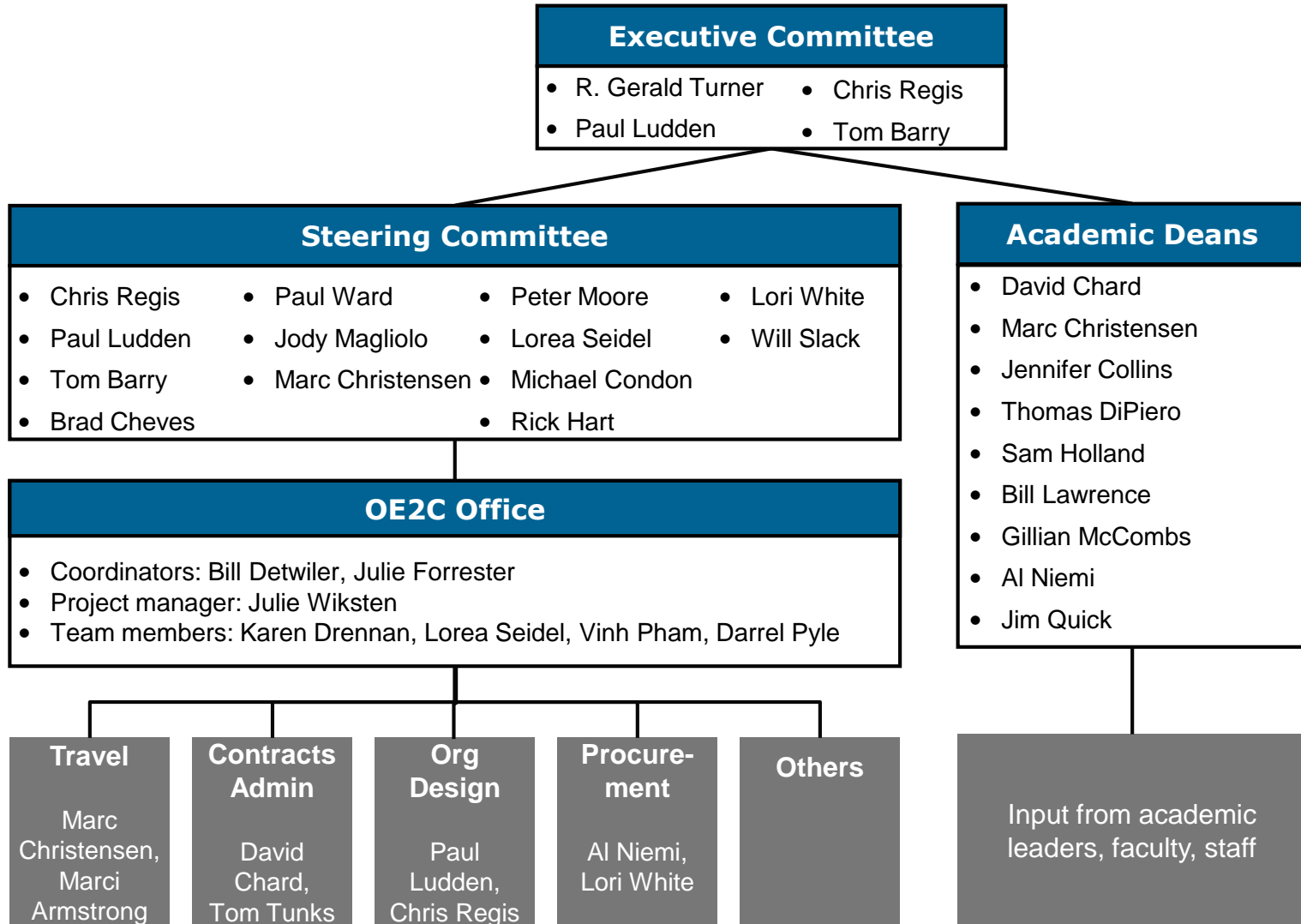


OE2C initiative designs and implementations will be sequenced over the next year

PRELIMINARY



Leaders across SMU are engaged and committed to OE2C's long-term success



OE2C savings and initiatives

Academic investments, strategic proposals

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The Organizational Design initiative generates many questions—here are the most frequently asked

- *What are the reasons for doing this initiative?*
 - Compared with industry standards and empirically validated benchmarks, SMU has an opportunity to adjust the level of staffing in the organization
 - Optimizing areas such as managerial spans of control will enable better and quicker decision-making while unlocking funds to be used for strategic initiatives
- *What does this process look like?*
 - The VP or Dean of each organization will evaluate and determine the right level of staffing, using tools provided by the OE2C team
 - The process will be iterative and collaborative with the OE2C Executive Committee and SMU units/schools
 - As much as possible we will utilize transfers, attrition, early retirement, and voluntary exits to minimize impact to our people
 - Any impacted positions will be handled with respect and care consistent with our SMU community values; this includes providing severance packages and support in job placements
- *What is in scope of this initiative?*
 - All staff positions, both in the Academic Units and Central Administration areas
 - Extra compensation policies

Operational Excellence for the Second Century: What can you expect?

- We are driven by a sense of responsibility to **continue strengthening SMU** as an Institution
 - Operational Excellence for the Second Century (OE2C) will add substantial economic resources toward realizing this vision
- OE2C initiatives are **directed by strong SMU leadership** from across campus
 - SMU Leadership and Board of Trustees are 100% committed to seeing this multi-year effort through to success
 - The OE2C Office will continue to be **guided by four principles**: Being thoughtful, transparent, collaborative, and data-driven
- We **commit to communicating often** with the SMU community
 - Bookmark www.smu.edu/OE2C for the latest information
 - Don't hesitate to share your ideas or leave feedback for OE2C
- OE2C will **advance SMU to an even higher level**