



Transforming Administrative Services

Oregon State University Addresses Service Weaknesses and Improves Process Efficiency through Campus-Wide Shared Service Center Implementation

A report of KU's site visit to Oregon State University in Corvallis, OR on June 4 -5, 2012



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Overview of Visit

In 2007, Oregon State University (OSU) decided to transform its service delivery method by establishing regional shared service centers (SSCs) to provide one-stop services for some of the accounting, research administration, and human resources functions. The implementation consisted of an initial site implementation and gradual roll out of additional academic and administrative centers over the following two years.

Being among the first institutions in the country to implement campus-wide SSCs, OSU and its leaders are considered pioneers in the area. Due to the many similarities between OSU and KU, nine members of KU's SSC Steering Committee travelled to Corvallis, Oregon on June 4-5 to interview Administrators, Deans, and SSC Managers and Staff.

KU Site Visit Team

Kristi Billinger
Paul Farran
Jason Hornberger
Angie Loving
Richard McKinney
Mark Reynolds
Paula Smith
Nick Stevens
Katrina Yoakum

During the course of KU's visit, the team met with various members of OSU's shared services staff:

Linda Adams

Accounting Manager, University Administration Business Center

Cindy Alexis

Finance and Accounting Manager, Arts & Sciences Business Center

Sherm Bloomer

Office of Budget and Fiscal Planning (formerly Dean – College of Science)

Michael Bogan

Human Resources Manager, Agricultural Sciences and Marine Sciences Business Center

Jack Breen

Manager Agricultural Sciences and Marine Sciences Business Center

Joel Colvin

Finance and Accounting Manager, Arts and Sciences Business Center

Brad Dennis

Manager, Auxiliaries and Activities Business Center

Tom Fenske

Manager, Health Sciences Business Center

Christen Harryman

Finance and Accounting Manager, University Administration Business Center

Steve Hoelscher

Finance and Accounting Manager, Auxiliaries & Activities Business Center

Aaron Howell

Director – Business Affairs

Mark Johnson

Manager, Arts and Sciences Business Center

Luke McIlvenny

HR Manager, Business and Engineering Business Center

Bob Nettles

Director – Administrative Services

Itsue Pfund

Finance and Accounting Manager, Agricultural Sciences and Marine Sciences Business Center

Larry Rodgers

Dean, College of Liberal Arts

Kim Stutzman

Human Resources Manager, Forestry, Oceanic and Atmospheric Business Center



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OSU at a Glance

OSU is public land, sun, sea, and space grant university with an enrollment of 22,000

OSU annual budget is \$804M including \$262M in sponsored research

Prior to 2007, OSU operated in a decentralized manner. In the words of one SSC Manager, schools were *“so embedded in [their] own worlds that process improvement couldn’t happen. Departments did not know what great operating processes looked like.”* In 2007, OSU’s President focused the University on reducing cost and improving the administrative core. This initiative became the driving force behind several operational improvements, including SSCs. The University implemented seven SSCs – five of which serve similarly themed academic units, and two of which serve administrative and auxiliary units.

Planning began in 2007, followed by the establishment of a pilot center in 2008, with implementation of the remaining centers culminating in August of 2009.

The OSU visit offered a wide range of opinions and perspectives. OSU’s staff candidly discussed the successes of the shared service center model, as well as the challenges faced during implementation. Key observations include:

- Transaction processing times have improved across the board; for example, travel reimbursements, which once took six weeks to process, now take only seven days.
- Building relationships among the schools and units, central administration, and SSCs are critical to their success; for example, Deans and Administrators now work together to identify qualified candidates for SSC positions.
- Academic departments realize the benefits of working with the SSCs and are requesting additional services and identifying innovative ways the service centers can meet their evolving needs.
- Although OSU’s research portfolio and student body have dramatically increased over the last three years, staffing levels in the SSCs have remained constant, a state enabled by incremental improvements in efficiency over the same period.
- Periodic customer and employee surveys identify areas where improvement is needed. Service levels and performance are continuously monitored by Deans and Administrators.
- Colleagues in SSCs appreciate the clear career path in SSCs, training opportunities, backup during paid time off, and support from supervisors who truly understand their jobs.
- The OSU team underscored the need for transparent communication throughout the implementation by reaching out to staff, faculty, and campus leaders.

The discussions with OSU highlighted the real customer service benefits that KU can achieve with SSCs: enabling staff to specialize in finance, research administration or HR will help our staff to develop professional depth of experience that will benefit the University.

~ Jason Hornberger

While OSU staff and faculty appreciate the current operations of the SSC; they shared that the implementation was challenging, requiring revisions to their plan and increased communication to achieve success. The model continues to evolve to meet the needs of the customers served.



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OSU Shared Service Center Design

While seven centers made sense for OSU, implementing nine at KU will enable us to build on the research SSC model already on campus, creating a strong research administration capacity in three research SSCs.

~ Mark Reynolds

OSU believed the most important factor determining the success of groupings is affinity, or the degree to which one school's activities and personnel resemble the others in its group. At the time of implementation, OSU not only reorganized administrative functions, but also realigned the academic areas, consolidating school into five thematic areas, each under a "super dean." The affinity model paralleled the academic reorganization, and, allowed staff within the SSCs to develop and retain specialized knowledge about the units in order to enhance service.

OSU established the following five academic centers and two administrative centers:

Academic Centers	Administrative Centers
1. Agricultural Sciences & Marine Sciences	1. University Administration
2. Arts and Sciences	2. Auxiliaries & Activities
3. Business and Engineering	
4. Forestry, Oceanic & Atmospheric	
5. Health Sciences	

Organization and Reporting Structure

The organizational chart on the next page represents OSU's current Arts & Sciences Business Center (the name by which OSU refers to its shared service centers). The chart demonstrates the structure of a typical academic shared service center, serving departmental needs for finance, accounting, human resources, and research administration transactions. Some post-award functions are managed by the accounting and finance staff within OSU's centers.

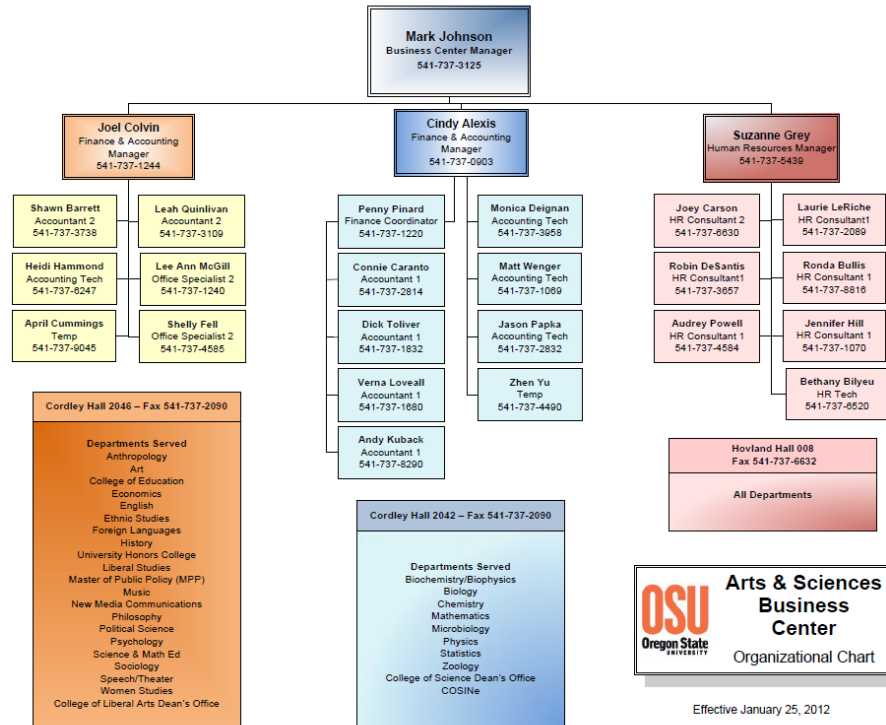
Talking with OSU was helpful as we plan the organizational and reporting structure for KU; we learned about what worked well, as well as what OSU would have done differently.

~ Kristi Billinger



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OSU Organizational Structure: Arts & Sciences Business Center



Effective January 25, 2012

OSU's approach to reporting maintains staff's relationships to the Deans and Schools they serve and improves the institutional and professional support they receive by establishing a direct reporting relationship between the SSC Manager and the Director of Administrative Services. The nature of this relationship not only underscores the SSC's responsibility to provide superb administrative support, but also enables its commitment to provide excellent customer service by maintaining a close, dotted-line relationship with the Dean it is serving.

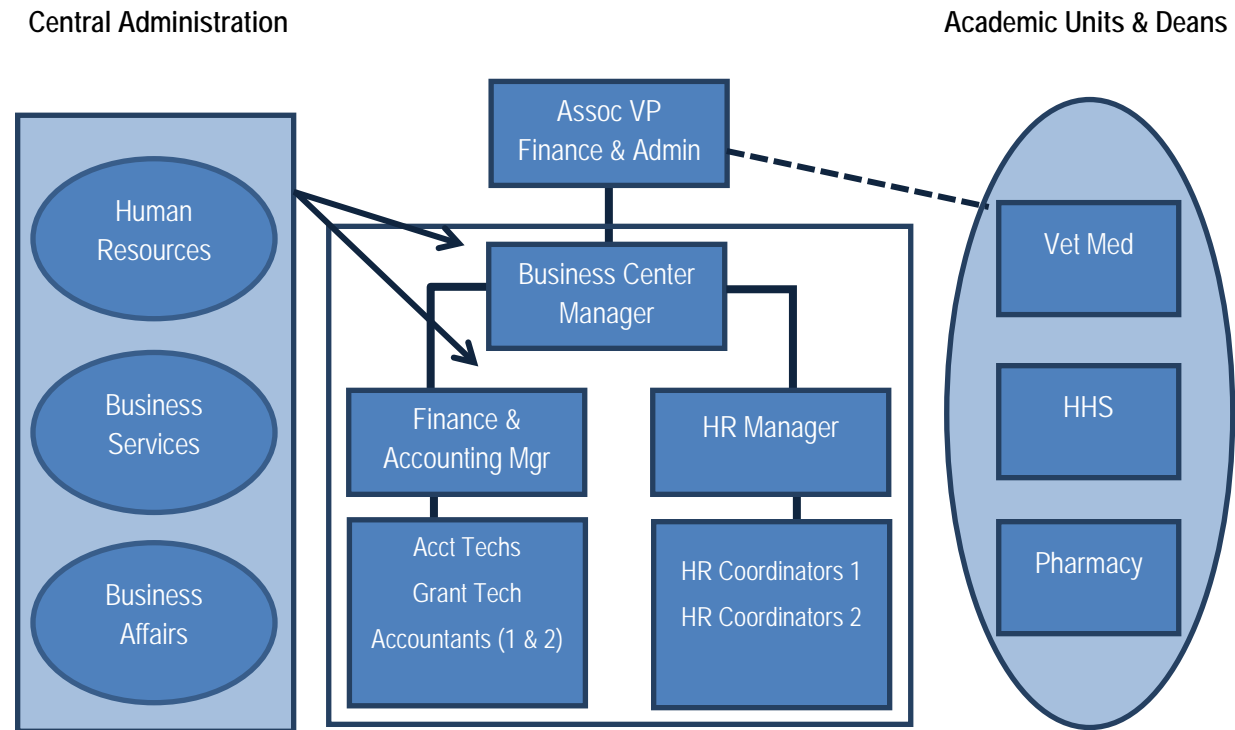
OSU reminded us that moving to SSCs will impact the staff moving into the centers, as well as those who continue serving the academic, research or service missions of the departments; the staff in the departments are critical to the success of SSCs.

~ Paula Smith



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OSU matrix reporting relationship for the Health Sciences Business Center



In addition to the matrix reporting relationship, other elements that enable the SSCs to maintain high levels of responsiveness and service to their customers are regional distribution around campus, a formal advisory board, service level agreements and ongoing metric and customer services assessments.

Funding Model

Seeing the challenges faced by OSU to keep pace with campus growth in the absence of a flexible funding model helped me to think about how we might structure the funding for SSCs at KU.

~ Richard McKinney

OSU funded its shared service center model by transferring budget lines for FTEs which were moved from departments into the centers. Through natural attrition, the SSCs eventually reached a point where savings from reduced FTEs had accrued and the balance of work was appropriately distributed among those who remained in the centers. In addition to transferring budget lines, schools and units also transferred a small annual per-FTE fee to cover overhead expenses.



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Functional Area Overview

The KU team learned how SSCs enable transaction processing which is efficient, timely, and based on best-practice. The following three functional areas have been identified as opportunities for improvement at KU, and were evaluated during the site visit at OSU.

OSU launched business centers and is only now considering process redesign and technology implementation to enable workflow. Our implementation will focus on process redesign throughout, building critical relationships with central departments to facilitate continuous improvement in the future.

~ Paul Farran

Human Resources

Changes to HR processes at OSU have been slow, but productive. Departments now enjoy reliable HR support which is performed by specialized staff within the shared service centers. Job postings, faculty searches, onboarding, and records management are examples of transactions which have shifted to the SSCs, allowing central HR to improve policies and focus on training. One HR SSC Manager told the Steering Committee that, *"fourteen process steps were required just to post a position, but since the work moved into the SSC, this number has been reduced to just five."*

Finance

OSU has capitalized on the efficiency afforded through SSCs by integrating repetitive transactions such as journal entries, travel and expense reimbursements, time entry, procurement, and financial reporting. By performing these transactions within SSCs, OSU has increased efficiency and reduced processing errors. Surprisingly, these improvements have been achieved despite the manually intensive nature of the processes involved. In the near future, OSU plans to implement eProcurement and document imaging systems which will make transaction processing even faster, paperless, and automated.

Research Administration

Principal investigators (PIs) appreciate any reduction in administrative burden that grant coordinators can provide. This is why research administration in the context of SSCs holds so much potential. OSU provides PIs with purchasing services and financial reporting. Much of the research administration at OSU has remained centrally led.

We have an advantage at KU with the opportunity to build on our existing shared research administration services; while OSU focused primarily on HR and finance transactions, we can establish PI-focused research administration services.

~ Nick Stevens

Conclusion

OSU's Staff, Deans, and Administrators overwhelmingly support the shared service center model. Now that it has been in operation for almost five years, staff across campus appreciate the efficiency and standardization SSCs have enabled. However, campus also agrees that the road to implementation was not free from bumps and missteps. OSU provided feedback to help KU develop an SSC model to implement this across KU's campus.



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OSU staff were clear about both the success of the SSCs, as well as the challenges faced achieving a successful implementation—something on which the OSU team is continuing to work with a focus on continuous process improvement.

Key points the KU team left with include:

- An understanding of the potential improvements in customer service to the departments and units: recent OSU customer satisfaction surveys show support for the level of service received by SSC customers:
 - SSC staff respond in a timely manner (79%)
 - SSC staff are professional (87%) and knowledgeable (82%)
- An appreciation for the opportunity that SSCs will provide to the staff moving into new roles
 - OSU staff have realized the benefits of new professional development and promotional opportunities
 - OSU staff reported higher job satisfactions, appreciating having a supervisor that “has their back,” colleagues who share the same challenges and work as they do, and back-up support so that they can take leave time
- An understanding of the efficiency benefits that will be realized once SSCs are operating:
 - OSU's policy compliance has increased and error rates have decreased; in addition, central staff are able to focus on policy development and better able to incorporate the input of those actually performing the work into policy design
 - OSU not only realized FTE savings , but also was able to sustain 20-30% campus growth (in student population and sponsored research) without additional SSC staff
 - OSU is now beginning to streamline and redesign processes, and deploy technology to enable workflow; this will relieve a significant burden on the SSC staff, and will lay the foundation for continuous process improvement

The candor of the OSU staff enabled our team to really see what worked well in their implementation, and to assess what we work into our design at KU—as well as what pitfalls we should avoid.

~ Katrina Yoakum

At the same time, OSU was able to provide insight into lessons learned, helping KU to shape the model and implementation framework in a way that will avoid some of the pitfalls experienced by peer implementations:

- OSU reported that implementation was bumpy: additional planning, better understanding of all stakeholders and continuous communication could have better set the campus up for success
- OSU reorganized staff into SSCs before completing process redesign, developing SOPs or implementing technology changes to create efficiencies; as a result, SSC staff are feeling stretched as they wait for process improvements to create capacity
- OSU chose to move both the budget report creation as well as the strategic budget function into the SSCs; as a result, deans and unit leaders are unhappy with the remoteness and responsiveness of the budget strategy support
- OSU over-estimated the savings possible by SSC, initially falling short of the expected \$11M in annual savings; the staff recommend focusing on the significant service gains to be realized
- OSU staff underscored that change is difficult: departments and units miss the staff who moved to the SSC, and those who continued to serve the academic needs of the department felt stripped of authority as budgeting and staff decisions were realigned with the department and unit leaders