University of Kansas
Changing for Excellence

Phase II Business Case Executive Summary
Research Administration - Lawrence/Edwards

November 4, 2011

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Phase I research administration – Lawrence/Edwards

Huron identified opportunities at the Lawrence/Edwards campuses related to research administration of at least $400K.

Current Challenges and Opportunities
• The number of sponsored awards dollars per research administration FTE is low compared to peer institutions
• Faculty interviews reveal a general perception of frustration with Research and Graduate Studies (RGS) research administration; recent campus user surveys note award set-up and contract review as areas of lesser satisfaction among research faculty/staff
• Research administration staffing balance favors the pre-award area
• Other support in centers and at the school/college/department levels appears to be higher than benchmark averages, but is less formalized than that of Higuchi Biosciences Center/Life Sciences Institute and is inconsistently implemented across campus
• Imbalanced pre- and post-award staffing, the lack of integrated systems/databases, inconsistent local grants administration support, and additional responsibilities (full service proposal preparation service and research funding opportunity searches) are among the contributors to central RGS research administration workloads resulting in higher than average peer staffing levels

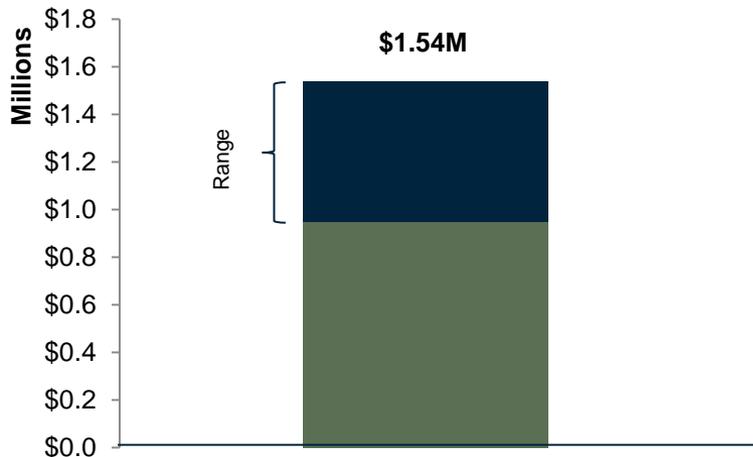| Goals |
|---|
| • Determine appropriate pre- and post-award work load for research administration staff |
| • Realign research administration staffing balance between pre- and post-award |

Annual Financial Opportunity – Minimum Potential		
Cost Savings	Resource Reallocation	New Revenue
$400K		N/A

Research Administration – opportunity

Redesigning how KU administratively supports research presents an opportunity to improve effectiveness, efficiency, and service.

Phase II Steady State Annual Impact	Phase II – Business Case Financial Summary

$1.54M

Millions

Range

$1.8
$1.6
$1.4
$1.2
$1.0
$0.8
$0.6
$0.4
$0.2
$0.0

Note: Savings not beginning to be achieved until FY2014

- Based upon Phase II analysis, steady state savings as a result of research administration improvements range from $948K to $1.54M annually

- IT improvements may take 5 or more years to implement, with full steady state savings starting in 2017

- Savings are achieved primarily through business centers and sizable technology upgrades aimed at making local and central research administrators more efficient

- New F&A revenue is achieved through an R&D position within RGS.

Five Year Cumulative Impact[1] (Expected Case)	$000s (parentheses denote costs)
Labor reductions/new revenue	$4,425
Investment Requirement (total)	($5,813)
Net Benefit	($1,388)

' Year 1 is FY12, which is a partial year

3

Findings overview

Increased research administration effectiveness and some savings may be achieved through process redesigns and technology improvements.

Findings

- Current research administration business processes at KU do not always fully leverage local expertise or authority
- Research processes at KU underutilize technology and as a result many are overly manual, lack transparency, and are difficult to evaluate from an efficiency perspective
- Generally, central (KUCR) pre-award processes are functioning better than post-award processes, although potential gains in efficiency exist in both areas

Proposed Solution

- Seek to better utilize strong local expertise to alleviate central workload and potentially provide a higher level of service to customers
- Generally strengthen KUCR operations, processes , and overall effectiveness (particularly on the post-award side)
- Pursue system improvements that allow administrators to work more efficiently
- Strengthen the caliber of research administration at KU by increasing skills and retaining top performers
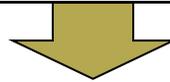
Anticipated Results

- Increased effectiveness at serving KU's research customers both at a local and central level
- Better utilization of technology leading to more efficient and transparent service to customers
- Minimal compliance risk to the University
- Potentially reduced overall cost of the research administration enterprise at KU with minimal disruption to customer service

Financial model – notes and assumptions

A series of assumptions were required to estimate the financial impact of implementing research administration changes.

Notes	Assumptions
Model estimates mid range costs associated with adding leadership to support RA business centers, a strategic assessment of R&D functions, increased training, and significant IT upgrades	In addition to cost savings, overall effectiveness and supportiveness in research administration were primary goals of this business case
Suggested IT upgrades include PeopleSoft AR/Billing, a pre-award/compliance system, and an electronic effort reporting system	IT upgrades are rough estimates assuming sizable KU time contribution to implementation (estimates in this report are not quotations)
Added F&A revenue is gained through establishing an R&D office/function	Shifting to business centers would result in modest repurposing of local staff
Savings as a result of new systems and business centers would begin to be recognized no sooner than FY2014	Adding a dedicated resource to promote and coordinate research would provide a sizable increase in research and F&A return
While 5 year NPV equals ~($1.4M), stable state savings are achieved after full IT implementation and 10 year NPV equals ~$5.75M	Savings are achieved in units by implementing business centers and new/improved technology to increase efficiency
	Savings are achieved within KUCR by better training/empowering of local administrators and improved IT systems

This model identifies estimated costs and savings with improving research administration at KU.

Financial model – summary

The expected benefits of implementing phase II research administration improvements.

Expected Benefits Case ($000's)

Benefits	FY2012	FY2013	FY2014	FY2015	FY2016
Cost savings	$ 0	$ 0	$ 865	$ 1,730	$ 1,730
One Time AR/Unbilled	$ 0	$ 100	$ 0	$ 0	$ 0
Total	$ 0	$ 100	$ 865	$ 1,730	$ 1,730
Costs					
Personnel & training	$ 103	$ 340	$ 350	$ 361	$ 372
R&D Strategic Assessment	$ 100	$ 0	$ 0	$ 0	$ 0
Technology & Systems	$ 1,073	$ 835	$ 585	$ 547	$ 789
License Fees	$ 0	$ 85	$ 85	$ 85	$105
Total	$ 1,275	$ 1,260	$ 1,020	$ 992	$ 1,266
Net	($1,275)	($1,160)	($155)	$738	$464

Net Present Value (Expected Benefits Case): ($1,399,000)*   ** 10 year NPV: $5.75M*

Low Benefits Case

Net Present Value   **($3.6M)**

High Benefits Case

Net Present Value   **$0.8M**

Note: 0.95% discount rate (5 year municipal bond, 8/18/11)

Risk assessment summary

Effective change management is a major factor in successfully implementing the recommendations posed in this business case.

- Of the 19 recommendations posed in this business case, 14 are completely internal to KUCR or present negligible risk in an area (e.g. Office of Research Development, improved reporting to campus). For these recommendations, more risk may be inherent in not implementing most of the proposed recommendations than in implementing them.

- 5 of 19 recommendations in this business case carry with them risk in implementing.

- Within KUCR, fear exists regarding holding local units more accountable for compliance as local support currently has variable skill sets and conflicted reporting relationships. Also, as roles may shift within KUCR, fear exists in how their personal job/role may be impacted.

- Pursuing a business center model may pose the greatest risk to research administration (OS-1). Staff may feel threatened by the change, with PIs perceiving that they will lose personal attention and staff fearing that they may lose their jobs. Generally, there may be the idea on campus that change will not happen as KUCR has not significantly shifted its business model since the days of KRINC.

- The recommendations in this business case touch upon many different areas related to research administration, both within KUCR and externally. As such, the ability to develop a consolidated implementation plan and a clearly defined communication plan are extremely difficult.

- The requirement of a high level of cross-functional collaboration to implement potentially the most impactful recommendations presents a major challenge.

- Elements such as a defined leader, clear executive support, financial resources, and a clear and defined implementation plan pose significant challenges to successful implementation

Approach

The table below depicts a potential approach to implementation.

	Mobilize	Design	Deploy	Optimize
	Outset	**Near Term**	**Medium Term**	**Ongoing**
Business Process	• Establish baseline metrics • Convene cross-functional workgroup	• Define current state processes • Design future state processes	• Test process improvements • Formally implement new processes	• Track metrics surrounding processes and continue to seek optimal results
Organization Structure	• Create business center workgroup (and link with "business centers" team) • Determine and define pilot departments/groups	• Identify and define current state processes • Seek opportunities to more effectively manage pre-award staff	• Determine key aspects of business center (governance, space reqs, accountability, etc) • Conduct externally-led strategic review of KU's research infrastructure	• Create Office of Research Development within RGS • Review key performance indicators and continue to seek optimal results
Technology	• Evaluate the relative strengths/weaknesses of the existing systems (including DEMIS)	• Conduct formal software selection process • Design implementation resources and timelines	• Implement selected pre-award/compliance modules • Implement PeopleSoft AR/Billing	• Track metrics of software implementation and continue to seek optimal results
People	• Benchmark KUCR salaries to local administrators and peers	• Align salaries with internal/external peers • Create four tiers of non-management positions	• Build and conduct formal training programs • Assign current staff to new positions	• Manage workload and performance through metrics
Performance Metrics	• Solicit input from key stakeholders to identify key performance metrics to track	• Identify key processes and success metrics	• Define criteria for achieving success in identified metrics and processes	• Track data and compare internally and externally to benchmarks to continue optimizing

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