OSU Business Operations Project Plan

Background

In summer 2017, Mike Green, Vice President of Finance and Administration, coordinated with the Office of Audit Services to establish an oversight committee (Committee) to oversee a review of business operations at Oregon State. The Committee engaged the consulting firm, Baker Tilly, to conduct a comprehensive review of the university's business operations, including Business Affairs, Business Centers and the Office of Budget and Fiscal Planning, and their interactions with units across the university (Business Operations). This review was conducted in light of Oregon State's growth, changes in governance structure, and the increasingly complex business environment; recognizing the need to improve business processes, balance service levels and workloads, and provide better forecasting and consultation to administrators.

Baker Tilly conducted 35 interviews and focus groups to collect input and concerns from people across the university community: vice presidents, vice provosts, deans and directors; faculty and department heads; departmental end users; and managers and staff from the relevant business operations groups. They reviewed a wide range of documentation, such as policies and procedures, position descriptions and organizational charts, and performance metrics. Baker Tilly also conducted analysis and benchmarking of key business areas against peer university and industry best practices. Leaders from the business operations units were included at all points of the consultation and review process. Baker Tilly issued their final report at the end of December 2017.

Business Problem

Baker Tilly made recommendations for improvements in ten areas:

1. **Unclear definition of roles and responsibilities**
   There is an unclear definition of roles, decision making authority and communication and escalation lines across business operations. First, Business Affairs and BC personnel do not currently feel like they fall under the same group and are not working as a cohesive team to carry out business operations as a single function. Second, there is confusion by both units and business operations personnel as to definitions of authority between central business functions (i.e., Business Affairs and Office of Budget & Fiscal Planning) and OSU Shared Services; this can lead to issues around what standard should be compiled institution-wide as OSU Shared Services says one thing, and Business Affairs says another. Subsequently, this leads to disagreements between the two groups as to who is responsible for decision-making, overlapping work activities and wasted time and effort across the University when searching for accountable individuals for specific questions or processes.

2. **Need for active communication of a clear vision and strategy**
   There is a need for the VPFA to memorialize and actively communicate a clear business operations vision and strategy. Stakeholders across the Corvallis campus stated that they did not have a clear understanding of the chief goals and objectives of business operations; some felt disconnected from senior leadership and/or not valued as a meaningful element of the University's success.

Stakeholders notably were unable to connect business operations strategy to decisions regarding resource allocation, risk tolerance and prioritization of operational initiatives. This is partially due to a lack of consistent communication from leadership about decisions made, the impact of these decisions, and how these decisions align with the vision and strategy of the function.

3. **Challenges with employee morale and fatigue**
   Stakeholders, especially those within business operations groups, noted challenges with employee morale and fatigue, including increased workload, turnover, lack of process and system improvements, differing approaches to administrative staffing at the unit level, and shifting leadership and priorities.

4. **Differing service approaches to Business Center operations**
   The BCs have differing service approaches, including what services will be provided and by whom. These differing service approaches are attributed to a combination of staffing and process differences, lack of service level agreements with the units and accommodation of customized requests from the units. While intentional college, department or unit based inconsistencies may be appropriate, there is no clear determination and communication of what services will or will not be provided to some or all units. Additionally, it may also be appropriate for there to be baseline services provided by all BCs, and then other services that may also be provided, potentially at an additional cost to the unit.

   Because of these inconsistencies, it is difficult to provide consistent training, even in areas that should be standardized across all BCs, such as payroll. Presently, the payroll process across BC's is highly variable and a payroll employee changing centers must learn an entirely new payroll process.

5. **Challenges with financial reporting, forecasting and budget monitoring**
   Stakeholders both within business operations and in academic and administrative units, including at the unit leadership level, shared challenges with financial reporting, forecasting and budget monitoring. They noted that accurate, real time financial information could not be easily obtained without considerable manual interventions; there is not a single, reliable, comprehensive financial database that currently houses the necessary information to budget, plan, and forecast. As a result, shadow systems are frequently maintained in order to more easily review and piece together the information they need.

   Units rely primarily on Excel for budgeting, which is not automated and does not easily allow for scenario or multiple factor analysis. The University's CORE reporting system received mixed reviews from stakeholders; with many feeling, they do not have sufficient training to utilize the system, and some concern that CORE does not include the specific reports or reporting elements that meet organizational needs. The budgeting process, as supported by current systems, is so cumbersome that it is not feasible to perform multiple budget iterations, leading to budgets that are obsolete by the time they are finalized.

   Unit leaders expect future focus on budget accountability and longer term (e.g., five year and ten year) forecasting, which will further exacerbate the above systems and process challenges. In certain cases (e.g., the College of Business), unit leaders have funded strategic budgeting positions within the school or division to meet these needs. Other units rely heavily on BCs, who receive time consuming, one-off requests for budget analysis and forecasting that generally are addressed by the BC Manager as the most senior, strategic advisor. This decreases the BC Managers' bandwidth to address other strategic challenges, transactional concerns, supervision of BC personnel, and process enhancement or communication initiatives.

6. **Outdated policies and practices not aligned with current leadership vision and risk tolerance**
   As a result of formerly being part of the Oregon University System, OSU currently has policies and procedures that are not aligned with its updated vision and risk tolerance as a standalone institution. Policies and practices are viewed by some end users as overly restrictive and burdensome in some areas, and there is an opportunity to streamline and better align practices with OSU's current culture.

7. **Inconsistent understanding and approach to fiscal policies and processes**
   There is an inconsistent understanding and approach to policies and processes, including establishment and enforcement of baseline expectations, definition of mandatory vs. customizable practices, and consideration of impact on the level of effort required for customized practices (e.g., additional staff, longer cycle time). Specifically, many BCs have developed varying processes, differing expectations, and occasionally, additional policies specific to the BC. In some cases, these local level practices are not in alignment with University fiscal policies.

   Training on fiscal policies and processes is inconsistent, both within business operations and throughout the larger University community, including onboarding, training on new systems, and training on grant administration processes. Much training is left to the discretion of the BCs, who may not have the knowledge, bandwidth, or authority to accurately train their units. Process variety in the BCs including roles (e.g., an Accountant I in one BC could be doing the same tasks as an Accountant II in another BC) and activities (e.g., payroll processing steps) makes it difficult for central business operations units to provide standardized, meaningful training; however, without that training interface the centrally developed fiscal policies may not clearly be explained.

8. **Inefficient use of technology**
   Stakeholders stated that the use of technology within business operations can be inefficient, including:
   - Lack of coordination between business operations and IT leads to major impacts on fiscal management effectiveness. For example, prioritization of business-related technology investments does not appear to be aligned with business strategy and there is no forum to build consensus about priorities between the two groups.

   - Lack of end user input into business-related technology decisions limits the ability to prioritize modules that will most significantly impact process efficiency.

   - Ineffective rollout of implementations leading to failed implementations and less than optimal use of systems. Additionally, when new IT systems are rolled out there often is no mandatory use requirement or proper training administered, causing individuals to forgo adopting the new system.

   - Lack of IT capacity to address critical IT needs.

9. **Need for a comprehensive approach to process change initiatives**
   There is a need for a comprehensive approach to process change initiatives, including targeting those areas most in need of change (either by unit or process). This includes communicating reasons for change, timeline for implementation, and status updates; assigning of specific resources to implement change, monitor change, and communicate progress; and designing of metrics to measure impact of change. Ultimately, individuals need to feel empowered to make and enact change.

10. **Unclear and inconsistent oversight and accountability across business operations**

    There is an unclear and inconsistent approach to holding business operations groups accountable to established goals and expectations. This includes a need for communication and monitoring of original and/or updated goals for the OSU Shared Services Model as well as the central units, and associated meaningful performance metrics that can be used across business operations to compare actual performance with stated objectives.
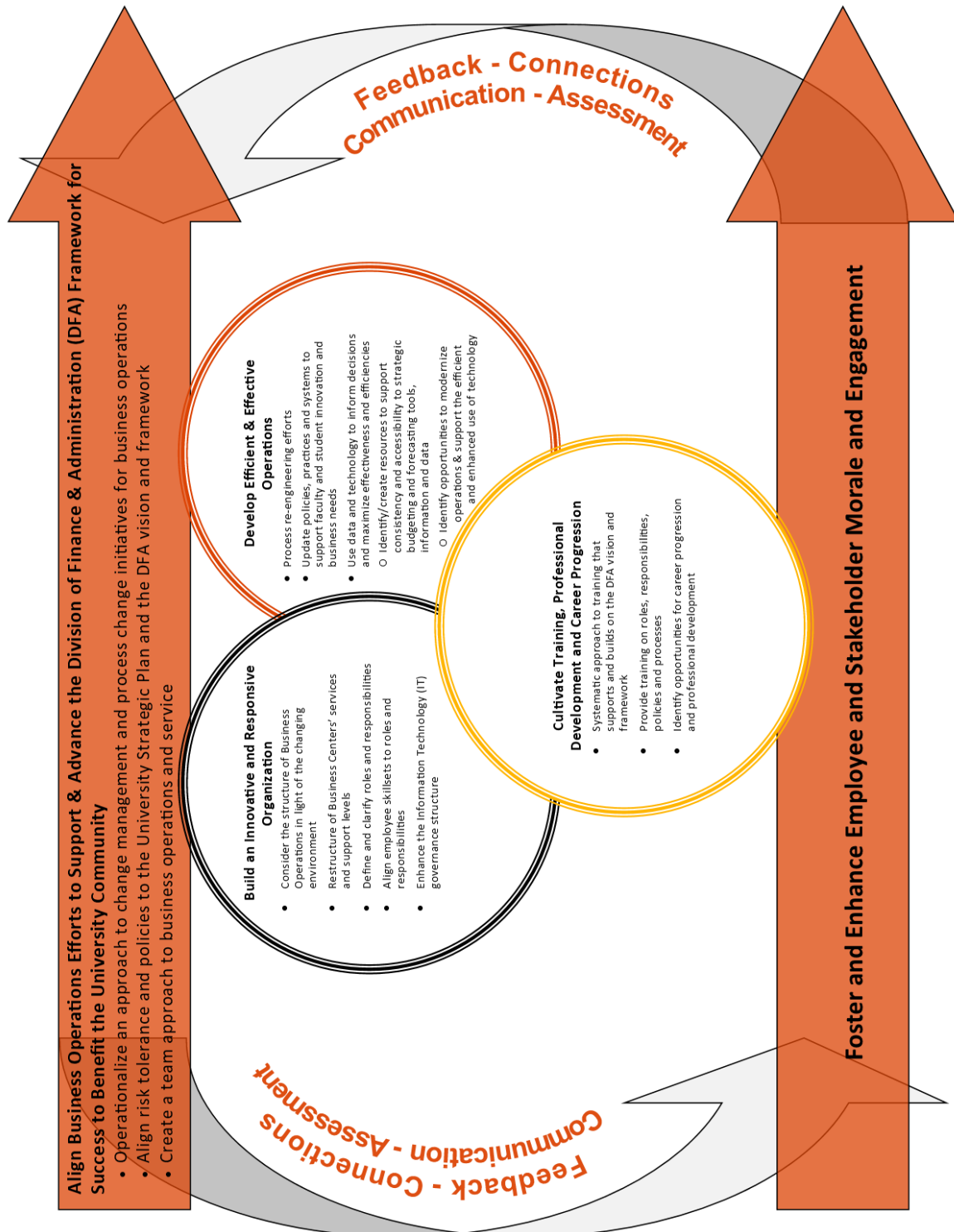
    There is also the potential to more clearly define and communicate service expectations including standard performance metrics (e.g., number of days required to draft an award budget, number of days required to approve a travel reimbursement) to be shared with units to better gauge expectations.

    Most areas of business operations are utilizing some performance metrics, but they are not consistent and do not compare performance across groups. Mostly importantly the current metrics are not defined and monitored at a senior level on a regular basis (e.g., VPFA level).

Project Objectives

Implementation of The Business Operations Project will address the 10 challenges and supporting recommendations brought forward in the review (including organizational structure changes to move the direct reporting lines of the Business Centers to the Controller and the establishment of an IT Advisory Committee). This work will support the following objectives allowing the university to:

- Develop and implement business operations roles, responsibilities policies and processes to fulfill the Division of Finance and Administration (DFA) Framework for Success to support the business needs and strategic plan for the University. These elements will progress through project development and extend throughout the continuous improvement and evaluation process.

- Improve responsiveness, effectiveness of business and financial management, and alignment of resources with strategic priorities.

- Create new partnerships and increase collaboration.

- Streamline the management of critical business operations groups.

- Develop actions that enable appropriate risk mitigation in business decisions and activities.

- Convene stakeholders and experts from across the division and university to identify opportunities and challenges, while developing and supporting strategic, creative and collaborative solutions.

- Build and allow flexibility into the Project to ensure we are continually addressing projects and initiatives that provide effective solutions with long-term sustainability, and high quality impact.

Align Business Operations Efforts to Support & Advance the Division of Finance & Administration (DFA) Framework for Success to Benefit the University Community

- Operationalize an approach to change management and process change initiatives for business operations
- Align risk tolerance and policies to the University Strategic Plan and the DFA vision and framework
- Create a team approach to business operations and service

Foster and Enhance Employee and Stakeholder Morale and Engagement

Feedback - Connections Communication - Assessment

Develop Efficient & Effective Operations

- Process re-engineering efforts
- Update policies, practices and systems to support faculty and student innovation and business needs
- Use data and technology to inform decisions and maximize effectiveness and efficiencies
- O Identify/create resources to support consistency and accessibility to strategic budgeting and forecasting tools, information and data
- O Identify opportunities to modernize operations & support the efficient and enhanced use of technology

Build an Innovative and Responsive Organization

- Consider the structure of Business Operations in light of the changing environment
- Restructure of Business Centers' services and support levels
- Define and clarify roles and responsibilities
- Align employee skillsets to roles and responsibilities
- Enhance the Information Technology (IT) governance structure

Cultivate Training, Professional Development and Career Progression

- Systematic approach to training that supports and builds on the DFA vision and framework
- Provide training on roles, responsibilities, policies and processes
- Identify opportunities for career progression and professional development

Feedback - Connections Communication - Assessment

Business Operations Response Plan

In an effort to fully understand and explore each of the challenges brought forward in the Baker Tilly Business Operations Best Practices Review, the Core Project Team created a visual representation of the

work they will address throughout the Project. The descriptions of the elements of the above diagram follow.
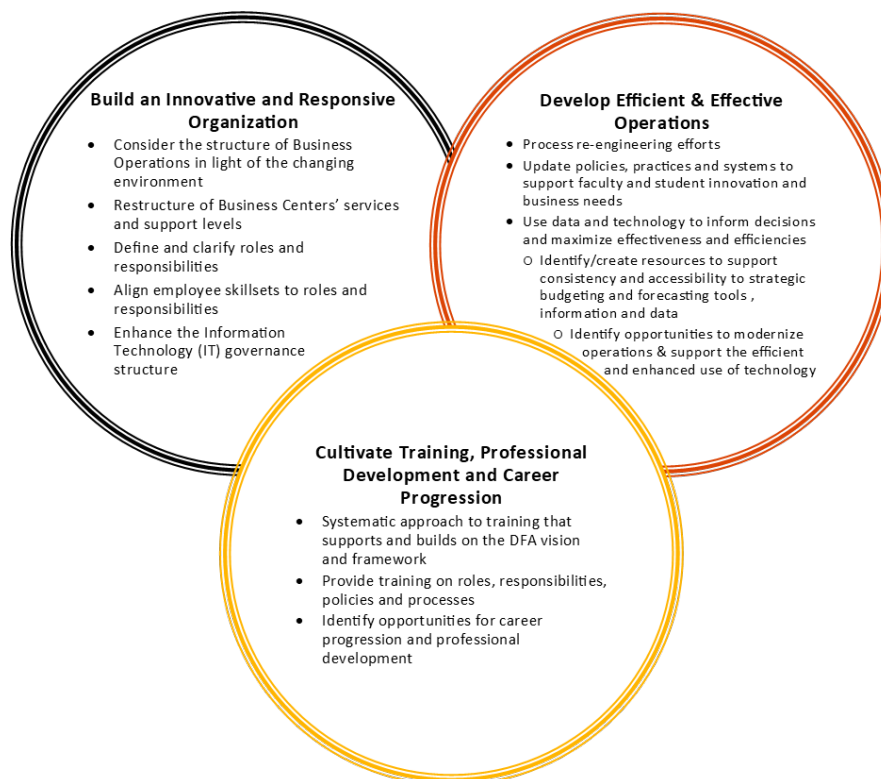
Align Business Operations Efforts to Support & Advance the Division of Finance & Administration (DFA) Framework for Success to Benefit the University Community
- Operationalize an approach to change management and process change initiatives for business operations
- Align risk tolerance and policies to the University Strategic Plan and the DFA vision and framework
- Create a team approach to business operations and service

<u>Align Business Operations Efforts to Support and Advance the Division of Finance & Administration Culture and Framework Initiative</u>

The Business Operations Project will utilize the outcomes of the Division of Finance and Administration (DFA) initiative to create and advance a through a framework centered on the vision, mission, values/ethos and strategic plan. This initiative is separate from the Business Operations Project, but impacts the outcomes and solutions that will be created and implemented throughout our timeline. These elements will progress through project development and extend throughout the continuous improvement and evaluation process. Specifically, the project will address the following:

- Design a comprehensive approach to change management and process change initiatives.
- Align risk tolerance and policies to the University Strategic Plan and DFA vision and framework.
- Create a team approach to business operations and service throughout the DFA and university community.

Build an Innovative and Responsive Organization
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- Restructure of Business Centers' services and support levels
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Cultivate Training, Professional Development and Career Progression
- Systematic approach to training that supports and builds on the DFA vision and framework
- Provide training on roles, responsibilities, policies and processes
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Build an Innovative and Responsive Organization

A key first step is to consider whether the current organizational structure is aligned with and has the resources to meet the current and future needs of the university. Once consideration of organizational structure is complete, development of service levels, roles and responsibilities, and training and career progression will support and strengthen the organization. This work will:

- Consider the structure of Business Operations in light of the changing environment
    - Business Centers reporting directly to the Controller.
    - Structural changes to business operations including, but not limited to, strategic budgeting and forecasting roles, Business Centers, and Business Affairs.
- Restructure of Business Centers' services and support levels.
- Define and clarify roles and responsibilities.
- Align employee skillsets to the roles and responsibilities.
- Enhance the information technology (IT) governance structure.

Develop Efficient and Effective Operations

In support of the OSU Strategic Plan 4.0, we (Business Operations Core Project Team) will address business operations that are foundational to the success of our research infrastructure and administration by improving the efficiency and transparency of policies, processes and practices. Aligning with current risk tolerance, we will engage in

- Process re-engineering efforts.

- Update of policies, practices and systems to support faculty and student innovation and business needs.

- Use data and technology to inform decisions and maximize effectiveness and efficiencies.

    - Identify/create resources to support consistency and accessibility to strategic budgeting and forecasting tools, information and data.

    - Identify opportunities to modernize operations and support the efficient and enhanced use of technology.

Cultivate Career Progression, Professional Development and Training

Utilizing the organizational structure as a foundation, we will build an environment that provides consistent training and professional development by identifying career progression that supports growth and succession planning. Developing and standardizing training for employees and stakeholders will strengthen our organization, and provide an environment for new and existing university employees to understand and deliver business operations efficiently, and effectively. Including:

- Systematic approach to training that supports and builds on the DFA vision and framework.

- Provide trainings on roles, responsibilities, policies and processes.

- Identify opportunities for career progression and professional development to support long-term employee success.

Foster and Enhance Employee and Stakeholder Morale & Engagement

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The Business Operations Project will continuously engage DFA employees and stakeholders to inform, gather feedback and create solutions for the work described. The Core Project Team will bring subject matter experts together, throughout the project, to help with the design and construction of solutions. Their work will be the foundation for proposals and solutions brought to the Steering Committee for review, feedback and approval. Through continuously engaging DFA employees and stakeholders, improved morale and a strong culture of process efficiency will be the outcome for every project and initiative tackled. This work will:

- Foster a project environment that engages key stakeholders and subject matter experts.
- Provide multiple formats and touch points for communicating and gathering feedback on project updates, outcomes and draft solutions.
- Impact employee and stakeholder morale and engagement in every project and initiative we manage.
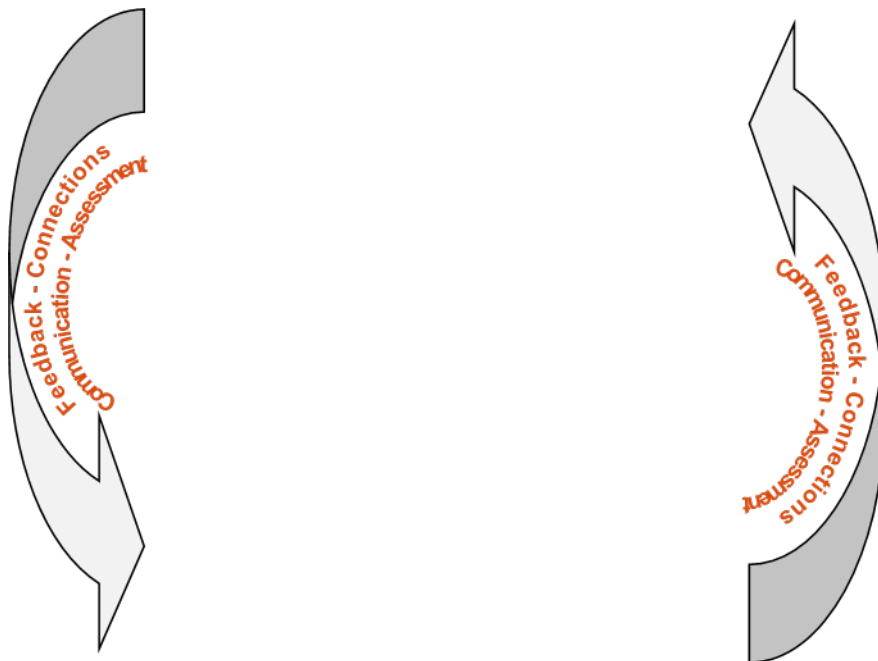
Each of the areas in the overall graphic impact, inform, and relate to one another through continuous feedback, connection, communication and assessment. This will create a culture of continuous improvement driven by the vision and framework and by employee and stakeholder engagement.

Priorities and timelines

The team will begin with the top three priorities that will provide a foundation for continuing to address the areas identified in the Response Plan.

The elements of the plan design are to meet the business needs of our university partners.		
Top Priorities	Align Business Operations Efforts to Support & Advance the Division of Finance & Administration Framework for Success Initiative.	Build an Innovative and Responsive Organization. Support training, professional development and career progression.	Develop Efficient and Effective Operations.
Continuously Support	**Foster and Enhance Employee and Stakeholder Morale & Engagement**		
Goals	Develop and implement business operations roles, responsibilities, policies, and processes to fulfill the Division of Finance and Administration (DFA) Framework for Success to support the business needs and strategic plan for the University. These elements will progress through project development and extend throughout the continuous improvement and evaluation process.	Align business operations structures and resources necessary to meet the current and future needs of the university.	Support the university mission and its strategic plan by improving the efficiency and transparency of business operations policies, processes and practices.
	September 2018 - April 2019	**July 2018 - January 2019**	**September 2018 - March 2019**
Achievements and Timeline	• Engage the Steering Committee to assess business operations risk tolerances and alignment with university vision and DFA vision and framework. • Create a communication plan to inform employees and stakeholders throughout the project work.	• Analyze and collate data collected by Baker Tilly. Utilize focus groups to identify the necessary business operations functions. • Conduct a gap analysis to determine where difficulties and service gaps reside in the current services provided and in service performance. • Identify structures that will address the functions and close the operational gaps most efficiently and effectively. • Present organizational structure options, including pros, cons and recommendations to the Steering Committee. • Create a communication plan for informing employees and stakeholders throughout the project work.	• Further summarization and assessment to determine process re-engineering priorities that address the most imminent business needs of the university community (e.g. travel policy and process as identified in the Baker Tilly review, see page 19). • Launch quick win project teams consisting of key stakeholders and subject matter experts to re-engineer policies and processes based on risk tolerances. • Create a communication plan for informing employees and stakeholders throughout the project work. • Implement and assess quick win project outcomes.
Next Steps	**2019-2021**	**2019-2021**	**2019-2021**
	• Once the division wide framework has been developed, assist business operations teams with implementation in their daily work, initiatives and projects. • Create a DFA IT Advisory Committee and develop a charter. Identify IT investment priorities. • Create a shared and consistent process change approach.	• Implement any new organizational structure(s). • Create service level approach and agreement that supports the new structure. • Define roles and responsibilities • Align skillsets. • Develop standardized training to support roles and responsibilities. • Identify and create career progression for employees.	• Identify/create resources to support consistency and accessibility to strategic budgeting and forecasting information and tools. • Create a timeline for when process improvement teams will begin and end projects. • Launch projects systematically and continuously. • Implement and assess of project outcomes.

Engaging the University Community

Transparency, honesty and continuous feedback are critical to the success of the project. Engagement of stakeholders across the university participating in this project will seek to foster complete communication, stay aligned with strategic plans, make and keep commitments with others, be inclusive in bringing people together, bolster university morale, protect others' reputations and demonstrate appreciation. The project team has heard feedback and concerns from the university community and will work with stakeholders and employees to:

- Develop an understanding how work affects others and vice versa.
- Address challenges with change.
- Analyze project plans and return on investment and ensuring resources are allocated to complete projects.
- Ensure there is diversity of thought and continuous improvement.
- Develop policies and projects that provide for ease of use, balanced risk and transformational improvement (without trying to cover every scenario or exception).
- Prioritize projects and teams to address the risks of stagnation, project stalling, and fatigue.
- Be selective about project implementation (and selecting the right people), and addressing concerns associated with constant change or releasing incomplete or premature information.
- Provide extensive but targeted communication that keeps employees engaged and facilitates a long-term change in culture.

Recognizing and building upon the strength of our dedicated, and committed OSU employees in business operations across the university is key. An essential outcome will be to **ensure roles and responsibilities are clearly defined** between college/department personnel, business center personnel and central administration personnel. Finding the right balance between process consistency across the enterprise and meeting unique client needs will be a key consideration in reaching project goals. All of these **support activities need to be focused on those who are served by business operations personnel**. Deviations from university processes will be needed in certain situations and the processes need to make allowances for those situations.

The Core Project Team will **convene stakeholders and experts from across the division and university**, creating committees and teams as appropriate. These work groups will dive deeply into the detailed report to identify specific needs and develop **strategic, creative and collaborative solutions** to challenges, including developing specific timelines and implementation plans for individual projects, and delivering communication updates to stakeholders.

This work will impact every employee of the university at some level and, as such, **engagement is crucial to our success**. Division of Finance and Administration employees and partners will have many opportunities to engage and provide input as subject-matter experts during the life of the project. We ask for your **support, flexibility and creativity** throughout the process.

Stakeholders

Project Owner	Mike Green, Vice President of Finance and Administration

Project Steering Committee	Mike Green, Vice President of Finance and Administration
	Susan Capalbo, Senior Vice Provost for Academic Affairs
	Jon Dolan, Interim Vice Provost for Information & Technology
	Roy Haggerty, Dean of the College of Science
	Cathy Hasenpflug, Chief Human Resource Officer
	Dan Larson, Interim Vice Provost for Student Affairs
	Mitzi Montoya, Dean of the College of Business
	Javier Nieto, Dean of the College of Public Health and Human Sciences
	Patti Snopkowski, Chief Audit Executive (ex-officio advisory member)
	Kelly Sparks, Associate Vice President for Finance and Strategic Planning (OSU-Cascades)
	Brian Wall, Assistant Vice President for Research Commercialization and Industry Partnerships

Project Manager	Heather Riney, Project Manager-Division of Finance & Administration

Core Project Team	Jack Breen, Business Center Manager, UABC
	Kayla Campbell, Analyst, Office of Budget and Resource Planning
	Sandy Cobb, Associate Director for Cash & Financial Management, OSRAA
	Tammy Jennings, Director of HR Business Partnerships
	Kelly Kozisek, Chief Procurement Officer
	Melora Park, Research Program Administrator, College of Forestry
	Lissa Perrone, Director of Business Affairs
	Marion Rossi, Associate Dean, College of Liberal Arts
	Lisa Silbernagel, Finance and Accounting Manager, HSBC

Project Teams	Stakeholders and experts from across the division and university will be engaged to form committees and teams as appropriate. These work groups will engage to identify specific needs and develop strategic, creative and collaborative solutions to challenges.

Comments or recommendations regarding this project plan should be directed to Heather Riney, Business Operations Project Manager, Heather.Riney@oregonstate.edu.