Transforming NMSU into a 21st Century University

Employee Council Forum
September 22, 2015
Overview

• Deloitte consulting was contracted to:
  • Analyze staffing levels
  • Ensure alignment with NMSU’s core mission and strategic plan
  • Identify improvement opportunities
  • Provide business cases for improvements
  • Compare NMSU to benchmarks
Goal

- Transform NMSU into a 21st century university, meeting higher education challenges such as:
  - Increasing costs of delivering educational services
  - Declining enrollment
  - Shrinking federal research funding
- Standard & Poor’s has just issued notice that NMSU was downgraded from “AA” to “AA- Outlook is Stable,” citing reason for downgrade as declines in enrollment and operating deficits on an adjusted basis
Phase 1: Discovery

Step 1: Assess Current Organization
- Conduct project kick-off
- Obtain required organization, HR, and Finance Data
- Develop and deploy activity surveys and peer benchmarking survey
- Conduct detailed analysis of employee-level engagement within core activities within a function
- Cleanse data to create Span of Control model
- Conduct analysis of current state spans, layers, and labor costs
- Document current service delivery model and identify opportunity areas
- Compare current state assessment to peer institutions and national Higher Education Benchmarks

Step 2: Identify Organizational Improvement Opportunities
- Identify opportunities for cost reduction through improvements to service delivery model, business processes, policies, and the implementation of enabling technologies
- Create a business case and develop recommendations

Phase 2: Transformation

Step 3: Design Future State Organization
- Establish Teams
- Develop high-level organizational design
- Align business processes and workflow
- Build governance and decision rights framework
- Design leadership job profile
- Develop detailed organization design
- Build job profiles for detailed organization
- Assess organization transformational business impacts

Step 4: Transform Workforce and Organization
- Develop comprehensive organization transformation plan
- Workforce transition
- Processes and policies
- Metrics and KPIs
- Governance
- Change Management and Communications
- Training
- Rewards
- Implement organization transition
- Monitor and evaluate success of organizational transition

NMSU Staffing Study Scope
Peer Benchmarking Survey

• Deloitte Consultants completed a Peer Benchmark survey of 3 NMSU peers (Montana State University, Utah State University and University of New Mexico)

• To enhance the benchmarking data, Deloitte also used other data sources:
  • Publicly available benchmarks included IPEDS and EDUCAUSE
  • Deloitte’s Higher Education Benchmarking Study, which included higher education institutions

• Peer Benchmarking Survey data was not utilized as the sole source
The taxonomy identified work performed by **functions** and **processes** to facilitate analysis and comparison of 2,343 Las Cruces staff.

14 functions and 169 processes were defined for NMSU.

### NMSU Taxonomy - Functions

- General Admin Support
- Operational Management Activities
- Advancement
- Facilities
- Auxiliaries
  - Finance
  - Human Resources
  - Procurement
- Student Administrative Services
  - Award Development, Compliance & Admin
  - Information Technology
- Research, Public Service & Scholarly/ Creative Activities
  - Communications
  - Educational Programs
We Appreciate our Caring Community
Deloitte Consultant’s Key Observations

• Considerable **Fragmentation** at the function level: work being performed is distributed broadly across the University

• Chancellor Carruthers asked Deloitte the question “Is or is not NMSU overstaffed?” Deloitte’s response was that rather than being overstaffed, NMSU is poorly organized
Deloitte Consultant’s Key Observations

• Refining operating models will:
  • Better align transactional and strategic work
  • Increase efficiency and effectiveness
  • Eliminate duplication of effort
  • Increase compliance with state and federal rules and regulations
Considerable Fragmentation at the Function Level

% of Centralized FTEs vs. Non Centralized by Function

- **Auxiliaries**: 99% Centralized, 1% Non-Centralized
- **Facilities Services**: 80% Centralized, 20% Non-Centralized
- **Communications / University Relations**: 75% Centralized, 25% Non-Centralized
- **Student Administrative Services**: 66% Centralized, 34% Non-Centralized
- **Advancement**: 57% Centralized, 43% Non-Centralized
- **Research, Public Service, and Scholarly and Creative Activities**: 57% Centralized, 43% Non-Centralized
- **Finance Activities**: 50% Centralized, 50% Non-Centralized
- **Information Technology**: 45% Centralized, 55% Non-Centralized
- **Research Development, Compliance, and Administration**: 40% Centralized, 60% Non-Centralized
- **Human Resources**: 38% Centralized, 62% Non-Centralized
- **General Admin Support**: 38% Centralized, 62% Non-Centralized
- **Educational Programs**: 36% Centralized, 64% Non-Centralized
- **Procurement**: 22% Centralized, 78% Non-Centralized
- **Operational Management Activities**: 22% Centralized, 78% Non-Centralized

% of Centralized FTE | % of Non Centralized FTE
## Deloitte Identified Key Opportunities

<table>
<thead>
<tr>
<th>Opportunity</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Leverage more support staff versus professional staff across key functions to reduce total operating costs</td>
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<tr>
<td>2</td>
<td>Consolidate management responsibilities university-wide by reducing the number of management layers from six to four</td>
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<tr>
<td>3</td>
<td>Establish a university-wide span of control policy that eliminates all span of control relationships that are less than 3:1 (staff: manager)</td>
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<tr>
<td>4</td>
<td>Assess labor cost per FTE to further validate if the results from the benchmarking effort are accurate</td>
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<td>5</td>
<td>Standardize coverage ratios of administrative support staff</td>
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<tr>
<td>6</td>
<td>Restructure IT service delivery model for greater efficiency and effectiveness</td>
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<tr>
<td>7</td>
<td>Assess Outsourcing the Tier-1 help desk</td>
</tr>
<tr>
<td>8</td>
<td>Redesign the Finance Operating Model</td>
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<tr>
<td>9</td>
<td>Streamline the HR Operating Model for greater efficiency and effectiveness</td>
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<tr>
<td>10</td>
<td>Centralize Procurement authority and direct control to manage more of NMSU’s total expenditures</td>
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<tr>
<td>11</td>
<td>Source Spend Categories Strategically</td>
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</tbody>
</table>
From Deloitte’s Key Opportunities
NMSU Selected 5 for Consideration

• Consider policy and procedures to standardize management span of control

• Consider policy and procedures to standardize Admin Asst staff coverage ratios

• Consider centralizing the IT service delivery model

• Consider centralizing the Finance delivery model

• Consider policy and procedures to standardize procurement
Transformation Project Stages

• Name the Project
  “Transforming NMSU into a 21st Century University”
• Establish Teams
• Assess Deloitte Business Cases
• Plan and Design; seeking NMSU community feedback
• Build and Test
• Implement
### Team 1 - Organization and Span of Control

**Deloitte Findings**

NMSU has higher levels of direct reports at the top and fewer at the bottom.

#### Span of Control by Layer

<table>
<thead>
<tr>
<th>Management Layer</th>
<th>Span of Control</th>
<th>Number of Managers</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>5.0</td>
<td>5.0</td>
</tr>
<tr>
<td>2</td>
<td>4.0</td>
<td>4.0</td>
</tr>
<tr>
<td>3</td>
<td>2.4</td>
<td>2.4</td>
</tr>
<tr>
<td>4</td>
<td>2.8</td>
<td>2.8</td>
</tr>
<tr>
<td>5</td>
<td>4.0</td>
<td>4.0</td>
</tr>
<tr>
<td>6</td>
<td>2.1</td>
<td>2.1</td>
</tr>
</tbody>
</table>

Avg. SoC = 3:1
Team 1 – Organization and Span of Control
Deloitte Identified Opportunities

• Consider establishing policy and procedures to standardize reports to relationships; reducing and/or eliminating any that are less than 3:1 (staff: manager)

• Consider a target span of control range of 8:1 – 12:1

• Consider reducing management layers from 6 to 4
Team 1 – Organization and Span of Control

Deloitte Identified Benefits

• Reducing layers and optimizing span of control will:
  • Increase efficiency and effectiveness
  • Realign Spans of Control within Divisions
  • Decrease organization complexity
  • Reduce the distance between management and support staff
  • Reduce costs
Team 2 - Administrative Assistant Coverage Ratios

Deloitte Findings

Coverage ratios differ across various academic and administrative units.

Divisions below the yellow line have coverage ratios below the NMSU average of 11.33 with facilities.

Without facilities it is 9.18.

Current NMSU unweighted average with facilities 11.33

Current NMSU unweighted average without facilities 9.18
Team 2 - Administrative Assistant Coverage Ratios
Deloitte Identified Opportunities

• Consider establishing policy, guidelines and procedures standardizing the number of administrative staff supporting NMSU departments

• Consider a target best practices coverage ratio of 13:1 (staff/faculty : admin assist)
Team 2 - Administrative Assistant Coverage Ratios

Deloitte Identified Benefits

• Establishing standards will:
  • Balance administrative assistant coverage ratios
  • Focus work loads to provide core admin support
  • Enhance flexibility to prioritize and allocate administrative resources based on workload
  • Improve service delivery through clearly defined administrative services and performance expectations
  • Enhance career prospects
Staff performing IT work are distributed broadly across NMSU

IT function is mostly de-centralized

99.41 FTE decentralized
81.78 FTE centralized
Team 3 - IT Service Delivery

Deloitte Identified Opportunities

• Consider centralizing the service delivery model through the implementation of shared services

• Consider streamlining and standardizing support and processes for greater efficiency and effectiveness
Team 3 - IT Service Delivery

Deloitte Identified Benefits

• Introducing shared services and centralizing IT services will:
  • Increase the use of technology university wide
  • Standardize and improve processes and procedures
Team 4 - Finance Service Delivery

Deloitte Findings

Staff performing Finance work are distributed broadly across NMSU

Too many people touching finance actions

76.09 FTE decentralized
73.56 FTE centralized
Team 4 - Finance Service Delivery
Deloitte Identified Opportunities

• Consider centralizing finance service delivery model through the implementation of shared services

• Seek to simplify and consolidate transactional activities
Team 4 - Finance Service Delivery
Deloitte Identified Benefits

- Introducing shared services and centralizing finance services will:
  - Reduce administrative burden
  - Improve transaction processing times and reduce error rates
  - Improve service delivery experience by providing process-focused and highly skilled staff
  - Increase compliance with policy, procedure and regulation
  - Increase use of technology university wide
Staff performing Procurement work are distributed broadly across NMSU

Too many people touching procurement actions

36.24 FTE decentralized
10.33 FTE centralized
Team 5 – Purchasing Vendors and Authority

Deloitte Identified Opportunities

- Consider establishing procedures to obtain better pricing on goods and services
- Consider organizing procurement spending into logical categories
Team 5 – Purchasing Vendors and Authority
Deloitte Identified Benefits

- Strengthening source spending and procurement processes will:
  - Identify where the University spends its resources for better financial planning, budgeting and forecasting
  - Establish vendor lists and relationships to improve customer service and efficient pricing strategies
  - Increase compliance with policy, procedures and regulations
Transforming NMSU into a 21st Century University

• Project Timeline
  Deloitte indicates a project implementation range of 2-3 years

• Potential Cost Savings
  Deloitte has estimated a potential cost savings of up to $53 million, for the 5 key opportunities combined
Transforming NMSU into a 21st Century University

• If we transform NMSU, we can then begin to:
  
  • Stabilize management and budgeting
  • Generate funds for:
    • Teaching
    • Research
  • Compensation
  • Scholarships
  • Graduate Assistant Programs
Resources

• For information and copies of the Deloitte Consultant Reports, visit the staffing study website at http://staffingstudy.nmsu.edu/

• Questions can be emailed to president@nmsu.edu