Board of Regents Fall Retreat

Discussion on Effectiveness & Efficiency (E&E)

The State of the E&E Program –

E&E is a process, one that is built on a commitment to continuous organizational improvement. One year after the Regents' decision to reinvigorate the E&E program there are signs of success.

- The original campus-based version of E&E remains in place. The most recent year-end report indicated that cost savings of approximately $30 million were generated. These savings, which are largely one-time in nature, will fall to the fund balance.

- The E&E 2.0 program is becoming increasingly ingrained in the everyday work of the organization. On the academic front, the Board's decision to pursue the student success agenda through the application of analytics is well underway. Every campus is involved. On the administrative side, a multifaceted review of system-wide procurement policies and procedures is also moving forward.

Leadership has adopted E&E as a first-order priority. E&E 2.0 in the System is being led by a large group of campus officers (27 in total) at the vice president level and includes provosts, chief information officers, and vice presidents for finance and administration. They are the leaders of the campus-based E&E activities.

E&E 2.0 differs from the original program in several important ways. In large part, E&E 2.0 is a response to the broad disruptive forces in the higher education environment. The disruption has more to do with the issue of effectiveness on a large scale – the teaching and learning process, enrollment management, human resource development, etc. – rather than the efficiency of policies, processes and practices of the organization. For example:

- E&E 2.0 appears to be more reliant on technology solutions. Most of the projects in California's Working Smarter Program (i.e., that state's E&E program) involve the application of information technology to multi-campus business operations. Our situation is similar.

- Culture change has proven to be a critical success factor for E&E 2.0 projects. The larger initiatives tend to be more collaborative in nature and this means changing the mind-set of significant numbers of employees across an institution or at multiple campuses in order to be successful. A supportive and nuanced *"tone at the top"* is, of course, important. But,

operationalizing change requires engagement at many levels of the organization; thus, marketing is an important aspect of E&E 2.0. The new initiatives under E&E 2.0 differ from the earlier program simply because they affect many more people – students, faculty and staff. The very direct involvement of leadership is the norm. E&E 2.0 also involves the additional dimension of leveraging the combined assets of the multiple campuses simultaneously in order to create long-term cost savings.

- Project financing is becoming an increasingly important issue for E&E initiatives. In addition to the benefits of known financing to project planning, budgeting and control, dollars bring much needed momentum to a project. It is especially important to multi-campus initiatives. To meet this need we are conceiving a plan to utilize the USM's fund balance to accelerate initiatives.

E&E Challenges –

- Building a change management mentality that supports consideration of variable approaches to problem solving while adhering to sound leadership and management principles.

- Maintaining the political support for continued legislative action that enables and encourages new approaches to meet our priorities and achieve State goals.

- Building an appropriate performance and accountability mechanism for measuring results.

Framework of E&E Activity

Activity Focus	Governance (all legally under USM BOR)	Time Frame	Scope	Outcomes FY2015 estimates	Metrics/Outcomes
Campus Initiatives	Institutional Leadership	E&E1.0 and on-going	Single instituton	~$30M (CA, CS, R, SA)	Cost Avoidance (CA) Cost Savings (CS) Revenue (R) Strategic reallocation (SA)
Shared Campus Initiatives (e.g. shared academic programs, shared IT activities, etc.)	Participating Institutional Leadership	Some historic examples but on-going	Several institutions	Software Licensing $3M (CS) Many others that need to be documented	Cost Avoidance Cost Savings Revenue Strategic reallocation Improved Academic Outcomes
Joint Ventures (e.g. M-Power/UM-Ventures, HPC facility, Cybersecurity FFRDC)	Participating Institutional Leadership	On-going	Several institutions	Growth in IP commercialization; Increase in sponsored research; more collaborative research projects; growth in start-up funding; increased capabilities	
Consortia (MEEC, MDREN, USMAI) + CAI	Shared Governance Boards + Advisory Board for CAI	On-going	All of USM plus many entities outside of USM	MEEC ~$15M (CS) some effectiveness elements MDREN ~$2M (CA) some effectiveness elements USMAI $8M (CA) substantial effectiveness elements CAI mainly effectiveness elements	Cost Avoidance (CA) Cost Savings (CS) Improved academic outcomes
Multi-institutional and System Initiatives	USM E&E2.0 Leadership Group reporting up to and including BOR Workgroup	Currently in planning with an implementation horizon of 1-5 years	From 'more than one USM institution' to USM as a whole	Most are currently aimed at improved effectiveness	TBD