



## **University of Tennessee System**

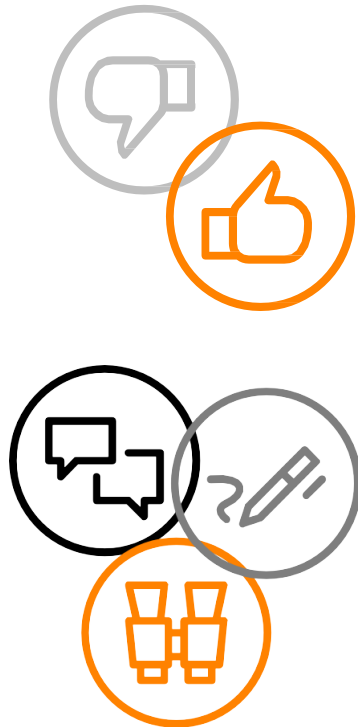
HR, IT & Procurement Roadmap | Presentation to the Board of Trustees

November 8, 2019

## Table of Contents

Section	Page
Project Overview	3
Key Observations	4
Operating Model Frameworks	7
Business Case Findings	11
Q&A	15

## Project Summary



- Moving forward from the findings of the President’s Task Force on Administrative Effectiveness, the University of Tennessee sought to **pursue best-practice operating model frameworks** for the **Human Resources, Information Technology, and Procurement** functions.
- The **objectives** of this next phase included:
  - To draft initial **operating model frameworks**, inspired by industry best-practice and informed by the outputs of the previous engagement
  - To develop a **business case** for the new operating models
  - To solicit perspectives from the Board of Trustees, System-level leadership, and campus leaders across the three functions to inform the operating model development process
- As part of this effort, **29 stakeholders** representing the Board of Trustees, system leadership and campus-level functional leaders were interviewed.

# Key Observations

## Key Themes and Observations

There were several key themes that emerged throughout the project that have informed the operating model framework development process and will be equally important moving forward.



Decentralization,  
Duplication, and  
Underinvestment



Dependency on  
"Heroes" not Process



Insufficient  
University-level  
Governance and  
Oversight



Generalist Staff  
Model and Limited  
Training Creates Skill  
Gaps

## Key Themes and Observations (cont'd)

**There were several key themes that emerged throughout the project that have informed the operating model framework development process and will be equally important moving forward.**



Legacy of Failed  
Coordination and  
Centralization Efforts



Lack of Performance  
Metrics and Continuous  
Improvement



Inconsistent Levels of  
Service Across Units



Risks and Non-  
Compliance

# Operating Model Frameworks

## Wireframe Operating Models | **Division of Activity/Responsibility**

UT should seek to maximize what is done centrally, while acknowledging there are practical and strategic reasons for some activity to reside locally.

### **System**

- Ubiquitous services that do not vary across the system
- Transactional activities that are best optimized in a standardized operation
- Activities that are administered for collective benefit of the whole system
- Activities that enable all campuses and institutes

#### **EXAMPLES**

- IT Security Strategy
- Requisition Processing
- Benefits Administration

### **Local**

- Services that are unique to a campus or department
- High constituent- interaction activities that are specialized, complex, and variable among campuses and institutes
- Activities that are administered for the singular benefit of a specific campus, institute, or department

- Student/Faculty HelpDesk
- Procurement Support
- Departmental HR Planning

### **Hybrid/Exception**

There may be practical and strategic justifications for departures from the system vs. local bifurcation of activities. Any hybrid structures (of shared activity/accountability) or exceptions to the framework should be founded on a clear benefit and be mutually agreed upon by both system and campus stakeholders.

#### **EXAMPLES**

- IT Applications
- Purchasing Category Management



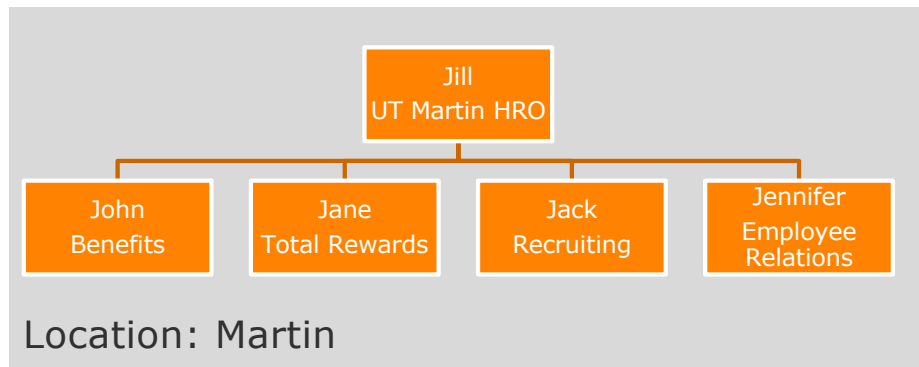
## Wireframe Operating Models | **Division of Activity/Responsibility**

### Illustrative Reporting Structures

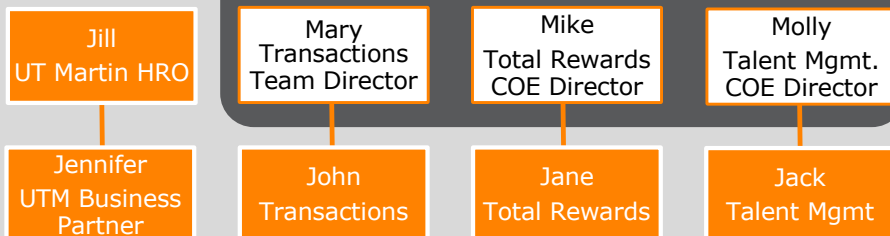
#### Current State

John, Jane, Jack, and Jennifer are located in Martin and all report to the UT Martin HRO. They serve the HR needs of the UT Martin community only.

This reporting structure is organized by geography. All campuses and institutes have a parallel structure, creating redundant activities in each location.



#### Location: Any



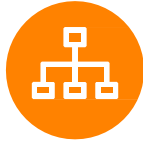
Location: Martin

#### Future State

John, Jane, Jack, and Jennifer are located in Martin. Jennifer reports to the UT Martin HRO and serves only the Martin community. John, Jane, and Jack report to the leadership for their functional area and serve the entire UT System.

This reporting structure is organized by activity or function. Transactional and ubiquitous services are delivered by a common organization all campuses and institutes, streamlining activities across the system.

# Wireframe Operating Models | **Framework Components**



## **Future State Operating Model Frameworks**

Operating model components are intended to outline sufficient information to enable the distributed leadership of the campuses to understand the future state and build out the detailed content. The wireframe operating model outlines the core features of the future state organization but leaves room for campus and institute input on key details.

### **Operating Model Components**

#### **Services Provision**

*Services provided through operating model structures*

#### **Service Model**

*Framework for service provision*

#### **Organizational Roles**

*High-level leadership role to support operating model structures*

#### **Organizational Structure**

*High-level reporting structure for operating model leadership*

#### **Governance Model**

*Structures to facilitate collaboration, accountability, and decision-making within the operating model*

#### **Implementation Roadmap**

*High-level timeline of implementation activities*

# Business Case Findings

# UT System Operating Model Business Case | **HR, IT, Procurement Overview**

## Executive Summary | Methodology



### Overview

- For each of the three functional areas, a high level business case was developed to serve as the rationale for moving toward more strategic, standardized, and centralized operating models for HR, IT, and Procurement and Contracting.
- For each business case, a variety of data sources and information were leveraged to create a hypothesis in support of the operating model transformation. In addition, the business case considered organizational staffing capacity and/or potential savings opportunities.
- The business case output should be socialized with UT stakeholders and supplemented with additional analysis to confirm high-level hypotheses.



### Business Case Inputs

- Functional Area Benchmarking Surveys
- Individual Peer Benchmarking
- Analysis of University of Tennessee Provided Data
- Subject Matter Expert Input
- Interviews with University of Tennessee System, Campus, and Institute Stakeholders (Spring 2019, Summer 2019)

# UT System Operating Model Business Case | HR, IT, Procurement Overview

## Executive Summary | Overall Findings



### Human Resources

High level benchmarking places the UT System below cross-industry medians and selected Higher Education peers for HR staffing metrics. In addition, estimated UT HR spending lags behind all-industry benchmark.

Recent trends show organizations investing in the HR organization by creating Communities of Expertise and transactional teams to optimize processing/administrative activities and enable local HR Business Partners to focus on more strategic work.

**Hypothesis:** the University of Tennessee system has **underinvested in the HR organization**. Targeted investment in a more centralized operating model could improve quality and consistency of employee experience, avoid compliance risk, attract/retain talent needed for the future, and prioritize strategic initiatives.



### Information Technology

Compared to peers and industry benchmarks, the UT system staffing levels fall below the average for Information Technology organizations. Levels of staffing across domains vary widely from campus to campus.

Underinvestment in IT is commonly observed at major public institutions in higher education and could diminish the competitiveness of institutions in attracting and retaining high quality faculty and students.

**Hypothesis:** The UT system **has underinvested in IT**. Strategic investments and a transformation of the operating model could result in improved service levels and quality, innovation, enhanced data quality and business intelligence, and risk mitigation. Operating model shifts and innovation could yield long-term gains in efficiency, effectiveness, and enterprise security.



### Procurement & Contracting

UT system staffing levels appear adequate for the existing operation. However, as systems mature, they can handle greater spend volume as staffing mix evolves to be weighted toward strategic procurement rather than transactional activity.

Underinvestment in Procurement qualifications and talent is commonly observed in higher education which places a challenge on coordinating system level strategy.

**Hypothesis:** Opportunities to **better manage spend exist in focused and addressable categories accounting for \$138M of UT spend**. In higher education, center-led procurement operating models with an emphasis on strategic sourcing and category management have yielded **savings in a conservative range of 3 to 5% in key categories**.

# UT System Operating Model Business Case | Additional Benefits of Transformation

**By further defining and ultimately implementing the wireframe operating models, the University of Tennessee will position itself accomplish the following:**

## Rationalize and Invest in Technology

- Rationalize reduction of duplicative applications to reduce support costs and improve data sharing
- Invest in modern technologies for core platforms and applications

## Enhance University Governance

- Enhance existing or create new governance structures for each function
- Empower governance structures to make decisions and set priorities
- Establish stronger forums or communities of practice for knowledge sharing, best practices, and coordination

## Further Invest in University of Tennessee Staff

- Enhance existing and create new training and development programs for staff to better support faculty and students
- Create clear paths for career development and growth within Units and across campus
- Find new ways to attract and retain talented staff

## Define Services, Roles & Responsibilities

- Establish clear roles and responsibilities between campuses and the system
- Define responsibilities at the staff level to ensure the right people are performing the right activities

## Consolidate Transactional Processes

- Explore ways to standardize high-volume, non-specialized administrative transactions across the system
- Reduce the time campus staff spend on transaction processing to allow them to focus on more mission-critical support for faculty and students

## Better Measure Performance

- Define service levels and performance metrics within each function to measure performance
- Increase visibility on operational performance to both campus and system leadership

# Q&A