We are a university of great promise, and together we can make UCR an institution of distinction. Join the UCR Committee on Organizational Excellence through workshops this winter and spring with more to come, as we seek to define, execute, and fulfill that promise.

**FEB 23**
**“LEAN PROCESS AT THE UNIVERSITY OF WASHINGTON”**
Mark McKenzie  
February 23, 1:30-4:30 p.m.  
HUB 302

**MAR 25**
**“OPERATIONAL EXCELLENCE AT UC BERKELEY”**
Peggy Huston  
March 25, 1:30-4:30 p.m.  
HUB 302

**APR 14**
**“IMPLEMENTATION & STANDARDIZATION OF HR SYSTEMS/PROCESSES”**
Omar Reid, City of Houston  
April 14, 1:30-4:30 p.m.  
HUB 302

**MAY 11**
**“PROJECT MANAGEMENT OFFICE AT UC SAN FRANCISCO”**
Mara Felleris  
May 11, 1:30-4:30 p.m.  
HUB 302

*FREE AND OPEN TO ALL UCR FACULTY, STAFF, AND STUDENTS*

**RSVP via**
bit.ly/ucr-fulfill or (951) 827-6030  

AND MORE TO COME...
Lean Six Sigma – The 8 Wastes

**Defects**
Errors/Misinformation
Reprocessing/Correcting Work

**Over Production**
Information Overload
Producing more than required

**Waiting**
Delays/Meetings Overrun
Waiting for another process

**Non-Utilized Talent**
Wrong Resource Allocation
Not using full intellectual contribution

**Transportation**
Travel/Space Constraints
Unnecessary movement of people/information

**Inventory**
Unproductive Multi-tasking
Inventory/Information sitting idle

**Motion**
Unnecessary Actions
Extra physical/mental activities that do not add value

**Excess-Processing**
Duplication/Excess Work
Adding Excess Value

Eliminate “waste” to focus on “value added” activities!
Our People will inform the development of UCR’s Organizational Excellence (OE) Model

OE Visioning Sessions: Together we will determine what makes sense for UCR.....which may be very different than the course chosen by UW, UCB, City of Houston, and UCSF.

- After conclusion of OE Speaker Series – May/June 2015
- Faculty, Staff, and Students who attended OE Speaker Series invited/encouraged to engage
In the beginning...

Antiquated Systems
Outdated Campus Policies
Low Productivity

UC Berkeley OE

UCR Preeminent Research University
UCR 2020

UC Riverside OE
Engaging the Campus Community in Transformational Change to Achieve Sustainable Results

Peggy Huston
Agenda

• **History**
  - Case for Change
  - Diagnostic Phase
  - Design Phase

• **Implementation**
  - Program Principles
  - Organizational Structure
  - Oversight

• **Current Status**
  - Successes to date
  - Challenges ahead
  - Lessons learned

• **Questions**
Presentation Outcomes

At the end of our presentation we want you to know about...

• How our desired outcomes drive our approach
• How we intertwine project management and change management
• How we change leaders at all levels of the organizational chart
• How we deploy change agents throughout the organization
• How we keep learning and changing our approach
Our revenue sources have changed significantly.

From 28% in 2004, to just under 12% in 2012, declining state support is being offset by increasing reliance on student tuition, gifts and research.
The change is long term
...and our administrative environment makes it very difficult to get our work done

“Our processes are complex: there are multiple approvals required for every sign off”

“Services are fragmented across multiple departments”

“We have duplication of effort – departments across campus all figuring out how to do the same things”

“Few processes are standardized: each department has their own way of doing POs”

“Our incentives are misaligned - individuals optimize locally at the expense of the University”

“There is not enough automation: Many people still fill out time sheets with pen and paper”
We had a unique opportunity

- Aligned and committed campus leadership
- Momentum and energy on campus
- Aligned and committed OP leadership
- Financial imperative
Berkeley's role as a model public university is so important that we must summon ourselves to its highest aspirations.

Any failure to lead as a pre-eminent research and teaching university not only diminishes Berkeley but also diminishes the standards to which public education in this nation aspires.

~ Chancellor Birgeneau  
UC Berkeley Chancellor 2004 - 2013
Our goal is to be the best run public university in the country.

UC Berkeley will be an organization where world-class teaching and research is supported by world-class operations.

- Create a financially sustainable future
- Create an effective and efficient operating environment
- Instill a culture of continuous improvement with greater opportunities for professional growth
How we began - Diagnostic Phase

• Collaborated with a management consultancy to evaluate current operations and recommend areas with the greatest potential for savings

• A comprehensive study of the cost and quality of operational and administrative activities

• Developed concrete options to improve operations while reducing long term costs
High Level Recommendation

Five areas of savings
- Energy Management
- Information Technology
- Organizational Simplification
- Procurement
- Student Services

Two foundational requirements
- Financial Sustainability
- High Performance Culture
OE Vision

World-class Teaching and Research
Supported by World-class Operations

Preeminent academic leadership
Public Charter maintained
Internationally recognized researchers & teachers

Effective organizational performance
- Alignment on priorities, with resources allocated appropriately
- Clear decision-making roles and accountabilities
- Appropriate measures & incentives
- High performing employees with clear goals and career paths

Financial sustainability
- Streamlined organization structure, optimized with a pan-university view
- Highly productive workforce using efficient processes and tools
- Appropriate, consistent service levels to meet functional needs
- Lowest cost for quality goods & services
Three Key Objectives

- Reduce administrative operations by at least $75M annually
- Improve efficiency & quality of administrative services
- Instill an environment of continuous improvement
What differences do we expect from OE?

- Locally-optimized ➞ Pan-university optimized
- Generalist ➞ Specialist
- Manual ➞ Automated
- Distributed ➞ Shared
- Poor/limited information ➞ Good/available information
- Risk/compliance localized ➞ Risk/compliance centralized
- Limited communication ➞ Regular communication
- Blurred accountabilities ➞ Clear accountabilities
- Limited performance appraisal ➞ Regular performance appraisal
- Few rewards for performance ➞ Performance-based rewards
- Cost-plus ➞ Zero-based
- Change uncommon/scary ➞ Change is commonplace
- Study ➞ Action

Today ➞ Future
Design Phase

Given our desired outcomes of effective organizational performance and financial sustainability, we created:

• A **governing process** that engages leadership all the way to the Chancellor and keeps leaders actively involved in the progress of the program

• An **implementation discipline** to engage all sectors of the campus in the exploration and design of proposed projects to achieve OE objectives

• A **program office** to educate and enable effective project management that delivers results

• **New models** for financing projects, and for realizing and sharing of savings
OE Principles

• The need to act with dispatch
• Communications
• Respect for staff
• Guiding principles of equity and inclusion
• Student involvement
• Flexibility in thinking
• Integrity and openness in external relationships
• A look towards implementation
Cascade enrollment down the ‘leadership spine’ of the organization

- Begins at the top, where the change is sanctioned
- Involves leaders whose direct reports are implementers
- Builds sufficient commitment for leaders to perform as sponsors
- Ensures that all implementers hear consistent messages from credible, committed messengers
- Establishes re-usable channel for real-time, two-way feedback
- Accelerates positive momentum
Engaged hundreds of members of the campus community to achieve outcome

7 INITIATIVES
1. Energy Management
2. Financial Management
3. High Performance Culture
4. Information Technology
5. Organizational Simplification
6. Procurement
7. Student Services

∼50 PROPOSALS
Criteria for approving proposals

- Return on Investment
- Probability of realizing or attaining the described solution
- Populations benefitted
- Units benefitted
- Committed and active sponsorship of the impacted populations and units
- Efficiencies gained
- Creates an effective operating environment
- Instills a culture of continuous improvement
- Creates a financially sustainable future
- Promotes an aligned organization
- Workload shifts from staff to faculty
- Human resources are available
- Redeploys money or people
- Generates cost avoidance
- Enhances student experience
- Reduces risk for campus (impact and probability)
OE Project Examples

- Online energy management system (Pulse Energy)
- Common desktop tools (Google calendar/email, Microsoft suite)
- Timekeeping (Kronos)
- Shared services center
- eProcurement system (Sciquest)
- Student business services one-stop-shop
- Financial planning tool (Hyperion)
- Metrics model
- Enterprise data warehouse
Realizing OE

• Operational Excellence represented an unprecedented number and scope of major change projects to improve UC Berkeley

• We had/have the opportunity to fundamentally change our operational culture by the way we implemented these projects and future projects

• Operational Excellence introduced new tools and processes; installing new tools was/is just the beginning

• Real value begins when colleagues try new tools and contribute to making them work best at UC Berkeley
Our beliefs about change

1. Avoid collapsing over the wrong finish line
2. Target behavior change to realize full potential
3. Co-create to drive better outcomes and deepen commitment
4. Change risks are predictable yet different in every case – customize the change plan
5. Change is enduring - build in repeatability and adaptability
OE Project org structure
Accountability and oversight

- **Executive Committee** (Chancellor, EVCP, VCAF, OE Faculty Head) provides overall direction and makes high level decisions

- **Coordinating Committee** (Faculty, Staff, Student representation) addresses overarching challenges and opportunities; recommends strategic and project-related actions

- **Sponsors** for each project are accountable to Executive Committee to achieve project objectives

- **OE Program Office** coordinates overall governance, portfolio management, and communications, and provides support to project teams

- **Project Managers** manage all aspects of projects, collaborate with OEPO on management of risks, communications and success metrics, and report project progress to the campus community
Results Delivery: Integrated Approach

- Planning
- Execution
- Monitoring / Control
- Closeout

- Change Management
- Communications
- Financial Management
- Metrics
- Risk Management
- Change Control
How are we doing - Savings

OE PROGRAM FINANCIAL PROFILE
As of December 31, 2014

The Operational Excellence Program Office tracks the expenses and savings associated with OE projects and reports this information on a quarterly basis on our website.

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http://oe.berkeley.edu/financials
How are we doing- **Service Improvement**

- Staff, faculty, and student leaders provide input critical to realizing operational excellence - effective outcomes for the campus
- Effective communications and collaboration with all sectors improves our solutions
- Demonstrating the value of an integrated project and change management discipline
- Enabling managers to focus on performance management and coaching
- UC Berkeley has a much improved view to campus financials
- Shifting focus to a service culture
Current status- Continuous Improvement

Toward a more together innovative simplified accountable & service-oriented workplace.

Integrating principles of Operational Excellence into our daily operations

http://vcaf.berkeley.edu/what-we-do/leading-best-practices/operating-principles
Feedback loops in place to continually evaluate and make course corrections

Campus Shared Services Leadership and Unit Leadership collaborate on preparations for transitioning to CSS

http://sharedservices.berkeley.edu/
Implementing a clear decision process – making decisions in a more nimble manner

http://technology.berkeley.edu/governance
Leveraging project management and business process improvement to achieve continuous improvement

BPI Governance (Initially)

Establish a scalable governance model for managing end-to-end business processes
Leveraging strengths we developed in OE in new ways

http://oe.berkeley.edu/programs/revenue-generation

Revenue Generation Projects

http://oe.berkeley.edu/programs/revenue-generation
Lessons Learned: Developed a strategy

Good Strategy / Bad Strategy by UCLA business professor Richard Rumelt

1. Diagnosis of the challenge you’re trying to overcome - Diagnostic Phase, Case for Change

2. Guiding policy for your approach to overcoming the challenge - Design Phase, Governance, Rigorous Management

3. Action plan – concrete steps you will take to overcome the challenge in accordance with the guiding policy – Implementation, Communications, Collecting Input, Measuring
Lessons learned

• Deploying new technology is not success
• Changing mindsets and behaviors in order to realize the full potential of new technology is success
• Project management must be coupled with change management in order to achieve desired results
• Changing behavior takes time and effort
• Leverage the strengths of the organization to achieve behavior changes (strong culture, clear mission, committed workforce)
• Leadership must be fully and visibly engaged in the program
• Face-to-face communications is the most effective form of communicating
More lessons learned

- Feedback loops must be built into every phase of the program and the projects
- Iterative and incremental development approach works best
- Program management oversight provided consistency, rigor, view to the big picture, momentum
- Communicate, communicate, communicate
- The results of OE must be realized by the units for OE to be successful
- Consider long-term impact of multiple system implementations including organizational stress and long-term costs
Questions
Break
Table Exercise
Thank you for coming.
Please don’t forget to submit your idea cards.

We look forward to seeing you at the next workshop.

UCRiverside