Organizational Excellence & Lean Initiatives at UC Riverside

April 26, 2016
Overview

› Vision
› Strategy
› Impacts
› Q & A
Our Vision

21st Century National Model of Excellence

“To be a preeminent research university that epitomizes excellence in all that we do.”

“UCR 2020: Path to Preeminence”
Developing a Preeminent Research University for the 21st Century

Enhancing Opportunity for Graduate, Professional, and Undergraduate Students

Serving as a National Exemplar for Diversity, Inclusiveness, and Community

Shaping our World

UNIVERSITY OF CALIFORNIA, RIVERSIDE
Our Path
Roadmap for Change

Preeminence

- AAU member profile
- student to faculty ratios
- “Finish in Four”

Reshaping and Growing Enrollment

- Increase number of students to 25,000 students by 2020 (16% increase)
- Increase Graduate Students to represent 88% of student growth
- Increase PhD students by 74%

Faculty Growth

- Hire 300 new faculty members by 2020 (50% increase)
- Partially offset faculty costs by recruiting an additional 1,500 non-resident students by 2020 (170% increase)

Research, Scholarship and Creative Activity Growth

- Plan to achieve 500% increase in Federal C&G expenditures by 2020 ($40M to $200M)
- Increase number of PI by 50%
- Plan for 240% growth in expenditures per PI

Foundation of Organizational Excellence

- UC Path
- IT Rationalization
- Budget Redesign
- Student Information System
- OE Workgroups
  -- Streamline Business Process (e.g. T&E Reimbursement)
  -- Culture of Collaboration & Innovation
  -- Process Standardization
- Professional & Leadership Development
  -- Collaborative Leadership
  -- Leaders of Excellence & Distinction
  -- Book Club and Skill Building

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Professional & Leadership Development
- Collaborative Leadership
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Create cost effective, timely, and high quality lean services that supports UCR’s promise of becoming a national model of best-in-class administration.
### Define the Organization’s Purpose
The product or service must provide value to customers in order to prosper.

### Improve the Process
Design and use smoothly flowing value streams that add value and eliminate waste.

### Encourage and Promote Collaboration
Engaging every employee that touches the value streams (including support streams) to sustain and improve the flow.
Challenges to Organizational Excellence

<table>
<thead>
<tr>
<th>Organization’s Purpose</th>
<th>• Is not clearly defined in terms of solving the customer’s problems and through customer defined value.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Organization’s Processes</td>
<td>• Are not clearly specified, outlined, mapped and standard across the organization.</td>
</tr>
<tr>
<td>Organization’s People</td>
<td>• Are not engaged in optimizing the whole value stream rather than the point where they work.</td>
</tr>
</tbody>
</table>
Organizational Excellence Speaker Series

Lean Process At The University of Washington
Mark Mckenzie

Operational Excellence at UC Berkeley
Peggy Huston

Implementation & Standardization of HR Systems/Processes at City of Houston
Omar Reid

Continuous Improvement at the Program Management Office at UC San Francisco
Mara Fellouris

“Leadership is the capacity to translate vision into reality.” - Warren Bennis
View the speaker series and additional resources at

http://excellence.ucr.edu/resources/
Our Strategy
Create a Lean Enterprise

Organizational Excellence “OE”

- HR
  - Compensation Optimization
  - Performance Management
- Space Design
- Budget Redesign
  - Activity Based Costing
  - Reports Project
- Student Information Systems
- OE Workgroup
- IT Rationalization
- UC Path
- Ongoing & Planned Projects

- Streamline BP
- Culture of Collaboration & Innovation
  - Process Standardization
- Professional & Leadership Development
  - Collaborative Leadership
  - Leaders of Excellence & Distinction (LEAD)
  - Lean Training Book Club
  - Lean Skill Building

- UC Path
- Ongoing & Planned Projects

- Capital Projects & Physical Plant
- Faculty/Staff Onboarding
- Travel Reimbursement
- ePay Reimbursement
- Changing Majors Across Colleges
- Payroll Systems
- Staff Recruitment
Lean Six Sigma

Lean (Speed)

- Focus on Client
- Improve service speed
- Eliminate waste
- Remove non-valued steps
- Streamline processes
- Increase flow of value

Six Sigma (Quality)

- Focus on Client
- Improve service quality
- Eliminate variation
- Reduce process defects
- Standardize processes
- Increase uniform output

Organizational Excellence

- Satisfied Clients
- Higher Quality
- Faster Service
- Reduced Cost
- Lean Administration

*Lean Thinking*: Deliver the most value from your customer’s perspective while consuming the fewest resources.
Our Strategy
Create a Lean Enterprise

- Organizational Excellence “OE”
- OE Workgroup
  - Streamline BP
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- Professional & Leadership Development
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- Capital Projects & Physical Plant
- Work Orders
- Faculty/Staff Onboarding
- Travel Reimbursement
- ePay Reimbursement
- Changing Majors Across Colleges
- Payroll Systems
- Staff Recruitment
Our Method

Lean Processes

- **Identify the client and define value** from our client’s perspective

- **Map the value stream** to identify the end-to-end process and evaluate its performance

- **Create flow** by removing waste to increase speed and improve quality of service execution

- **Establish pull** to allow clients to pull value from the process as needed

- **Pursue perfection** by continuously analyzing processes for improvement
Our Method
Six Sigma (DMAIC)

- **Define** the business opportunity or problem to solve
- **Measure** the current state process
- **Analyze** the root cause of waste and defects
- **Improve** the process by eliminating waste and variation
- **Control the process** by implementing methods to sustain improved performance
## Our Method

### Elements of Waste (DOWNTIME)

<table>
<thead>
<tr>
<th>Category</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Defects</td>
<td>• Errors or mistakes</td>
</tr>
<tr>
<td>Over-Production</td>
<td>• Producing more than what the client needs</td>
</tr>
<tr>
<td>Waiting</td>
<td>• Idle time waiting for work or work waiting to be processed</td>
</tr>
<tr>
<td>Non-utilized Resources</td>
<td>• Under-utilizing people, processes, and systems</td>
</tr>
<tr>
<td>Transportation</td>
<td>• Unnecessary travel/movement</td>
</tr>
<tr>
<td>Inventory</td>
<td>• Excess inventory that consumes space and capital</td>
</tr>
<tr>
<td>Motion</td>
<td>• Unnecessary movement to complete a process step</td>
</tr>
<tr>
<td>Extra-Processing</td>
<td>• Doing more work than necessary to complete a task</td>
</tr>
</tbody>
</table>
## Process Issues

<table>
<thead>
<tr>
<th>Category</th>
<th>Issue</th>
</tr>
</thead>
<tbody>
<tr>
<td>Design</td>
<td>• Process was not designed well initially</td>
</tr>
<tr>
<td>Change</td>
<td>• Customer needs or technology changed - process did not</td>
</tr>
<tr>
<td>Documentation</td>
<td>• Process dependent on a few individuals - not documented</td>
</tr>
<tr>
<td>Time</td>
<td>• Process owners rarely take/have the time to review a process</td>
</tr>
<tr>
<td>Resources</td>
<td>• Those working on a process don’t have a mechanism to fix the process</td>
</tr>
<tr>
<td>Workarounds</td>
<td>• Shadow systems, non value added supplemental procedures, and workarounds are added over time</td>
</tr>
<tr>
<td>Performance</td>
<td>• Department policies and procedures are often developed in lieu of individual performance management</td>
</tr>
</tbody>
</table>
## 5S

<table>
<thead>
<tr>
<th>5S</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sort</td>
<td>• Distinguish needed items from unneeded; eliminate unneeded</td>
</tr>
<tr>
<td>Straighten</td>
<td>• Keep needed items in the correct place for easy access</td>
</tr>
<tr>
<td>Shine</td>
<td>• Keep workplace tidy</td>
</tr>
<tr>
<td>Standardize</td>
<td>• Method of making steps 1-3 a habit</td>
</tr>
<tr>
<td>Sustain</td>
<td>• Establish procedures to maintain improvements</td>
</tr>
</tbody>
</table>
IMPACT – BAS SHARED SERVICES
Business & Admin Services (BAS) Strategy

- Act with integrity in all that we do:
  - Our People: *We care for and develop our people!*
  - Our Processes: *We continuously improve our processes!*
  - Our Resources: *We use our resources wisely!*
  - Our Customers/Clients: *We anticipate our Clients’ needs!*
About Shared Services

• A way of organizing common administrative and transactional activities

• Focused on delivering value as defined from our client’s perspective

• Activities performed by a team of highly skilled and engaged service professionals

• Characterized by the application of best and leading practices, such as process standardization, process simplification, and utilization of enabling technology
BAS Shared Services - Our Processes

Current and Emerging Menu of Service

**Payroll**
- Time reporting
- Appointment & salary changes
- Cost transfers
- Merit and wage administration

**Onboarding**
- Draft offer letters and contracts
- Schedule appointments
- Conduct onboarding meetings

**Leave of Absence**
- Determine eligibility
- Prepare leave paperwork
- Administer, monitor, and report on leave records

**Recruitment**
- Development and advertising
- Applicant screening
- Interview questions & scheduling
- Reference checks

**Desktop Support**
- Tier 1 client support
- Purchasing and licensing
- Imaging and installation
- Upgrades and maintenance

**Emerging Needs**
- Travel reimbursement
- Granting systems access
- E-Pay
# UCR Shared Services Waste Walk Summary

(HR, Payroll, Leaves of Absence, and Desktop Services)

<table>
<thead>
<tr>
<th>Type</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overprocessing</td>
<td>More work or higher quality than is required by the customer.</td>
</tr>
<tr>
<td>Defects</td>
<td>Efforts caused by rework, scrap, and incorrect information.</td>
</tr>
<tr>
<td>Overproduction</td>
<td>Production that is more than needed or before it is needed.</td>
</tr>
<tr>
<td>Motion</td>
<td>Unnecessary movements by people (e.g., walking).</td>
</tr>
<tr>
<td>Talent</td>
<td>Underutilizing people’s talents, skills, &amp; knowledge.</td>
</tr>
<tr>
<td>Transportation</td>
<td>Unnecessary movements of products &amp; materials.</td>
</tr>
<tr>
<td>Inventory</td>
<td>Excess products and materials not being processed.</td>
</tr>
<tr>
<td>Waiting</td>
<td>Wasted time waiting for the next step in a process.</td>
</tr>
</tbody>
</table>

3,575 Annual Hours of Waste = 1.7 FTE

<table>
<thead>
<tr>
<th>Type</th>
<th>Hours</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overprocessing</td>
<td>1,001</td>
</tr>
<tr>
<td>Defects</td>
<td>962</td>
</tr>
<tr>
<td>Overproduction</td>
<td>624</td>
</tr>
<tr>
<td>Motion</td>
<td>312</td>
</tr>
<tr>
<td>Talent</td>
<td>312</td>
</tr>
<tr>
<td>Transportation</td>
<td>208</td>
</tr>
<tr>
<td>Inventory</td>
<td>104</td>
</tr>
<tr>
<td>Waiting</td>
<td>52</td>
</tr>
</tbody>
</table>
Our Process Improvement Initiatives

- BAS Shared Services LEAN Projects
  - Evaluating all shared service functions
  - Meeting with clients to identify value
  - Mapping end to end processes
  - Integrating performance metrics
  - Identifying and removing non value added activities
  - Ensuring value flows quickly to clients
  - Continuously improving service execution
Our Resources

Time Driven Activity Based Costing (TDABC)

Promotes cost awareness and assists with determining resource utilization

- **Op. Expense**
- **Practical Capacity Mins**
- **Capacity Cost Rate Per/Min**
- **Unit Time**
- **Volume**
- **Activity Cost**

- **SS Operating Expenses** – The total annual costs of all employees, supervisors, equipment, materials, and technology.
- **Practical Capacity** – The total annual minutes the employees performing the work are available.
- **Capacity Cost Rate** – The cost rate per minute charged for the completion of the service activity.
- **Unit Time** - The average processing time to complete service activities. Determined by process mapping each service activity.
- **Transaction Volume** – The total quantity of all service activities.
- **Service Activity Cost** = The total cost for all contracted services
Our Resources
Time Driven Activity Based Costing (TDABC Example)

- Proposed Service Cost = $239,202 (2.17 FTE)

- Current Service Cost = $467,604 (4.0 FTE + System)

- Annualized Savings = $228,402 (1.83 FTE)
Overview of the Balanced Scorecard ("BSC")

• **Strategy Management System**
  • First seeks to identify overall strategy and objectives.
  • Then develops initiatives and measurements to monitor the organization’s progress toward those objectives.

• **Successfully Tested & Applied**
  • Rated #6 among Bain & Company’s “Top 10 Management Tools & Trends” used worldwide.

“If you can't measure it, you can't manage it,”
-- Kaplan & Norton
Why Balanced Scorecard?

- **Traditional Approach:** Financial perspective only
- **BSC Approach:** Multiple Perspectives

“*How do you measure how you’re doing?”*
## Our Process

### FY 15-16 Time Reporting Performance

- **Accuracy**: 99.7%

### Table: FY 15-16 Time Reporting Performance

<table>
<thead>
<tr>
<th></th>
<th>PRELIMINARY AUDIT</th>
<th>ROSTER VALIDATION</th>
<th>CHECK WRITE VALIDATION</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Before Roster Open - Roster Close</td>
<td>Roster Close - Check Write</td>
<td>Post Check Write</td>
</tr>
<tr>
<td>Employee Count</td>
<td>19,359</td>
<td>14,785</td>
<td>19,310</td>
</tr>
<tr>
<td>Special Handling</td>
<td>4,574</td>
<td>17,619</td>
<td>19,310</td>
</tr>
<tr>
<td>Routine Handling</td>
<td>14,785</td>
<td>1,740</td>
<td>49</td>
</tr>
<tr>
<td>Employee Count (As %)</td>
<td>100%</td>
<td>91.0%</td>
<td>99.7%</td>
</tr>
<tr>
<td>Special Handling (As %)</td>
<td>23.6%</td>
<td>9.0%</td>
<td>0.3%</td>
</tr>
<tr>
<td>Routine Handling (As %)</td>
<td>76.4%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
“We are what we repeatedly do. Excellence, therefore, is not an act, but a habit.”

– Aristotle
Our Resources and References
Questions?

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VC - Business & Admin Services
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