

# Marshall University – Administrative Services Report

*Draft Report to University President*

*September 2, 2014*

**rpk** GROUP  
from mission to market

# Background and Project Goals

- Administrative services review emerged from the October 2013 campus leadership retreat. One of eight initiatives.
- Goals
  - Provide a broad review of services, reflecting a largely university wide approach.
  - Focus on services that will support increased net revenue.
  - Capture cost savings for the university.
  - Enhance the level of services at the university/address “pain points”.
- Project Target – \$7-10 million
  - Justification: \$5.8 million of “one-time” items used to balance 2015 budget and one year of faculty and classified raises

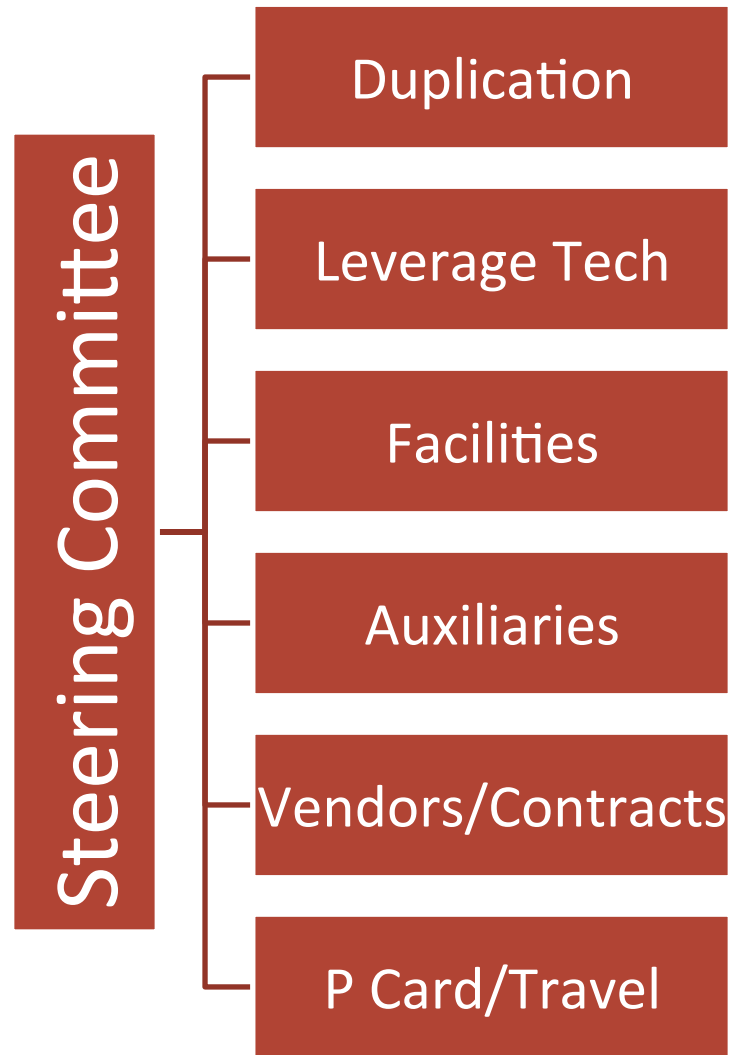
# Steering Committee Members

- John Maher – Co-Chair
- Mary Ellen Heuton – Co-Chair
- Layton Cottrill
- Jan Fox
- Buffy Hammers
- Brandi Jacob-Jones
- Gayle Ormiston
- Virginia Painter
- Matt Turner

# Rapid Response Teams -Subgroups and Leads

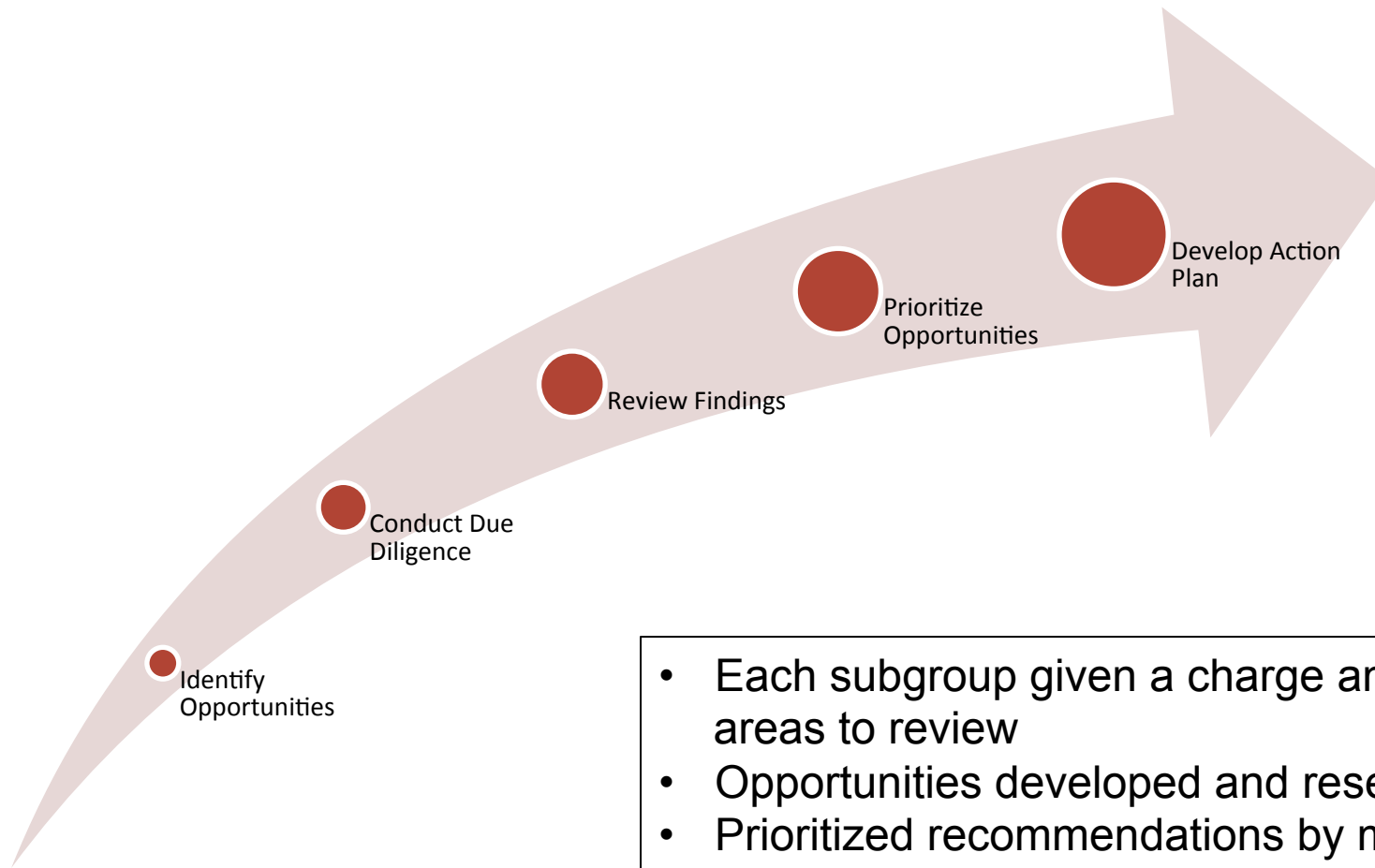
- Duplication of Effort – Denise Hogsett
- Leveraging Technology – Brian Morgan
- Facilities – Joyce Hannah
- Auxiliaries – Karla Murphy
- Vendors/Contracts – Allen Taylor
- Procurement Card/Travel – Cammy Holley

# Subgroups Rolled Up to the Steering Committee



Note: A Steering Committee member also served as a liaison to each subgroup

# Rapid Response Team Approach – 5 Step Process

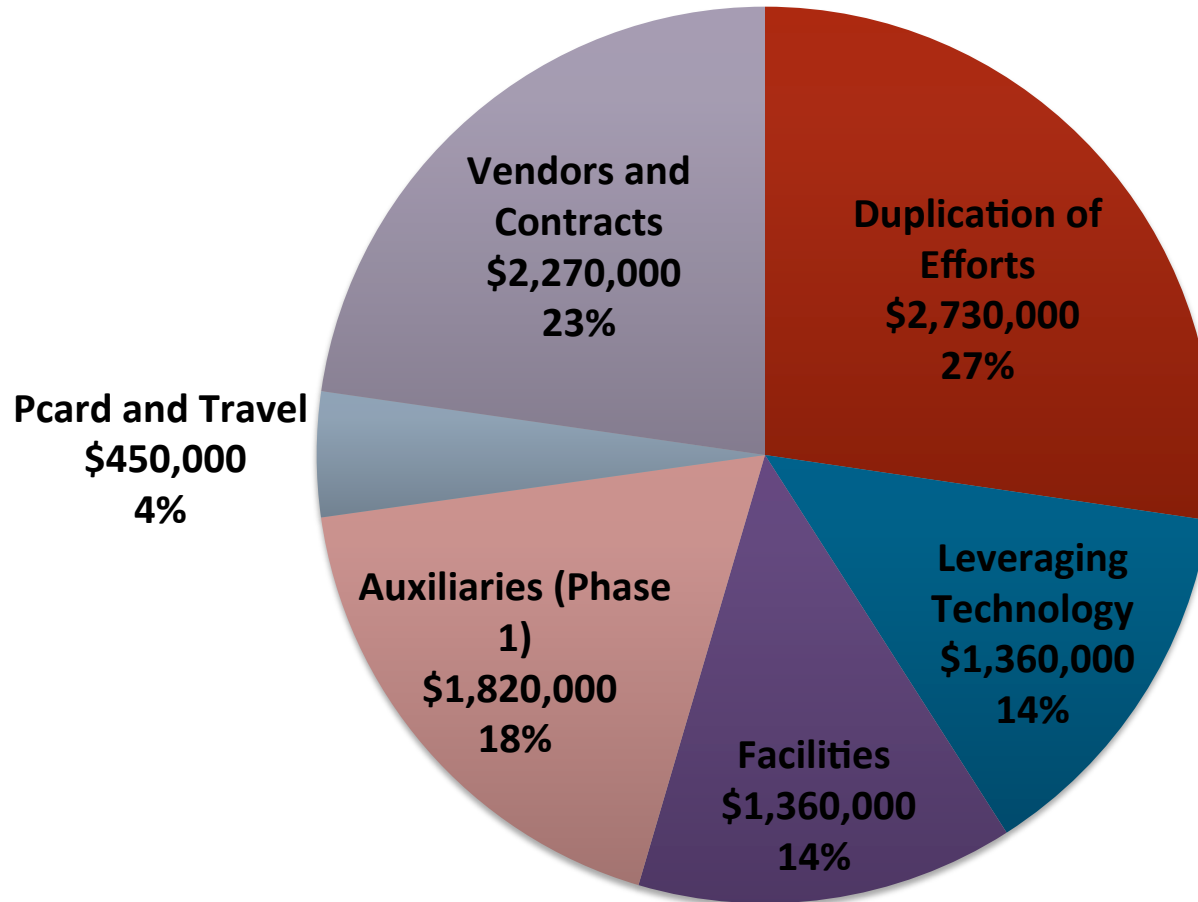


- Each subgroup given a charge and potential areas to review
- Opportunities developed and researched
- Prioritized recommendations by magnitude of cost savings, ease of implementation, speed of implementation and impact on service delivery

# Rapid Response Team Process Timeline

- October 11, 2013 – 1<sup>st</sup> Campus Leadership Retreat
- March 25, 2014 – 2<sup>nd</sup> Campus Leadership Retreat
- April 2014 – Establishment of Steering Committee and Subgroups (leads and members)
- May 16, 2014 – Rapid Response Team Kick Off Meeting
- May – July 2014 – Subgroups met regularly to create recommendations and identify impacts
- July 24, 2014 – Rapid Response Team on site working session
- August 28, 2014 – Steering Committee meeting with final recommendations
- September 2, 2014 – Final report issued

# Breakdown of Target by Groups



Total Target - \$9,990,000

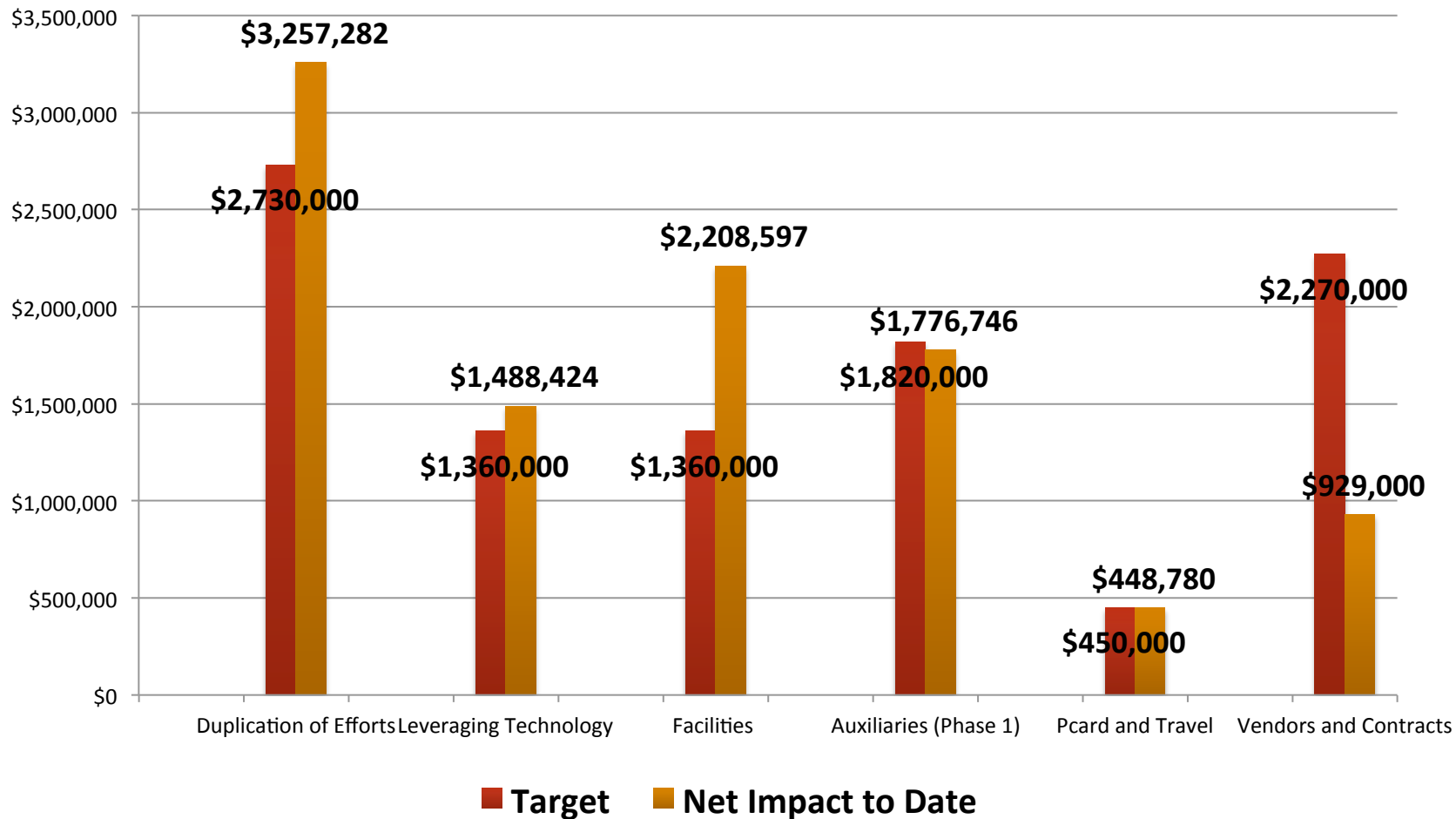


# SUCCESS – Subgroups Exceeded Target of \$10 million

## Marshall University Administrative Services Review Final Net Impact Summary - August 28, 2014

Subgroup	Target	Net Impact to Date	Savings			Total Savings	Net Revenue Enhancement	Investment Required
			Personnel	Operating	Capital			
Duplication of Efforts	\$ 2,730,000	\$ 3,257,282	\$ 1,579,871	\$ 643,161	\$ -	\$ 2,223,032	\$ 1,440,000	\$ 405,750
Leveraging Technology	\$ 1,360,000	\$ 1,488,424	\$ 860,000	\$ 284,922	\$ 188,333	\$ 1,333,255	\$ 360,169	\$ 205,000
Facilities	\$ 1,360,000	\$ 2,208,597	\$ -	\$ 1,282,297	\$ 950,000	\$ 2,232,297	\$ 99,150	\$ 122,850
Auxiliaries (Phase 1)	\$ 1,820,000	\$ 1,776,746	\$ 2,128,046	\$ 116,700	\$ -	\$ 2,244,746	\$ 32,000	\$ 500,000
Pcard and Travel	\$ 450,000	\$ 448,780	\$ 280,000	\$ 273,780	\$ -	\$ 553,780	\$ -	\$ 105,000
Vendors and Contracts	\$ 2,270,000	\$ 929,000	\$ -	\$ 909,000	\$ -	\$ 909,000	\$ 100,000	\$ 80,000
<b>TOTAL</b>	<b>\$ 9,990,000</b>	<b>\$ 10,108,829</b>	<b>\$ 4,847,917</b>	<b>\$ 3,509,860</b>	<b>\$ 1,138,333</b>	<b>\$ 9,496,110</b>	<b>\$ 2,031,319</b>	<b>\$ 1,418,600</b>

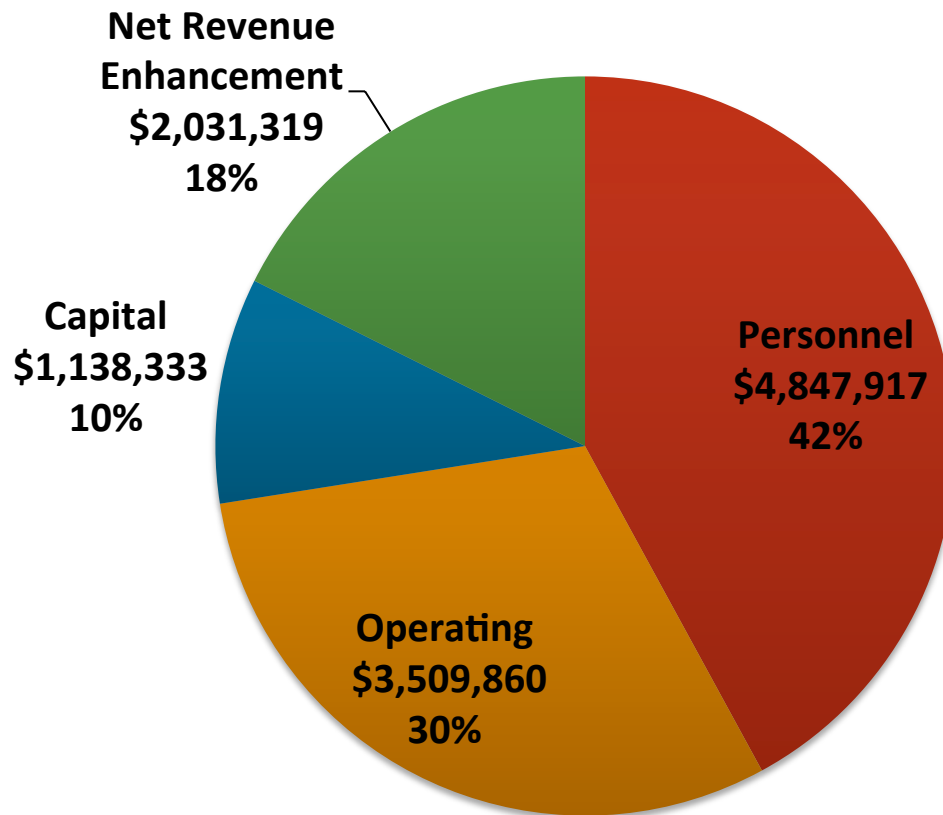
# Most Subgroups Met or Exceeded Their Targets



# Savings/Revenue Opportunities Classified Within Categories

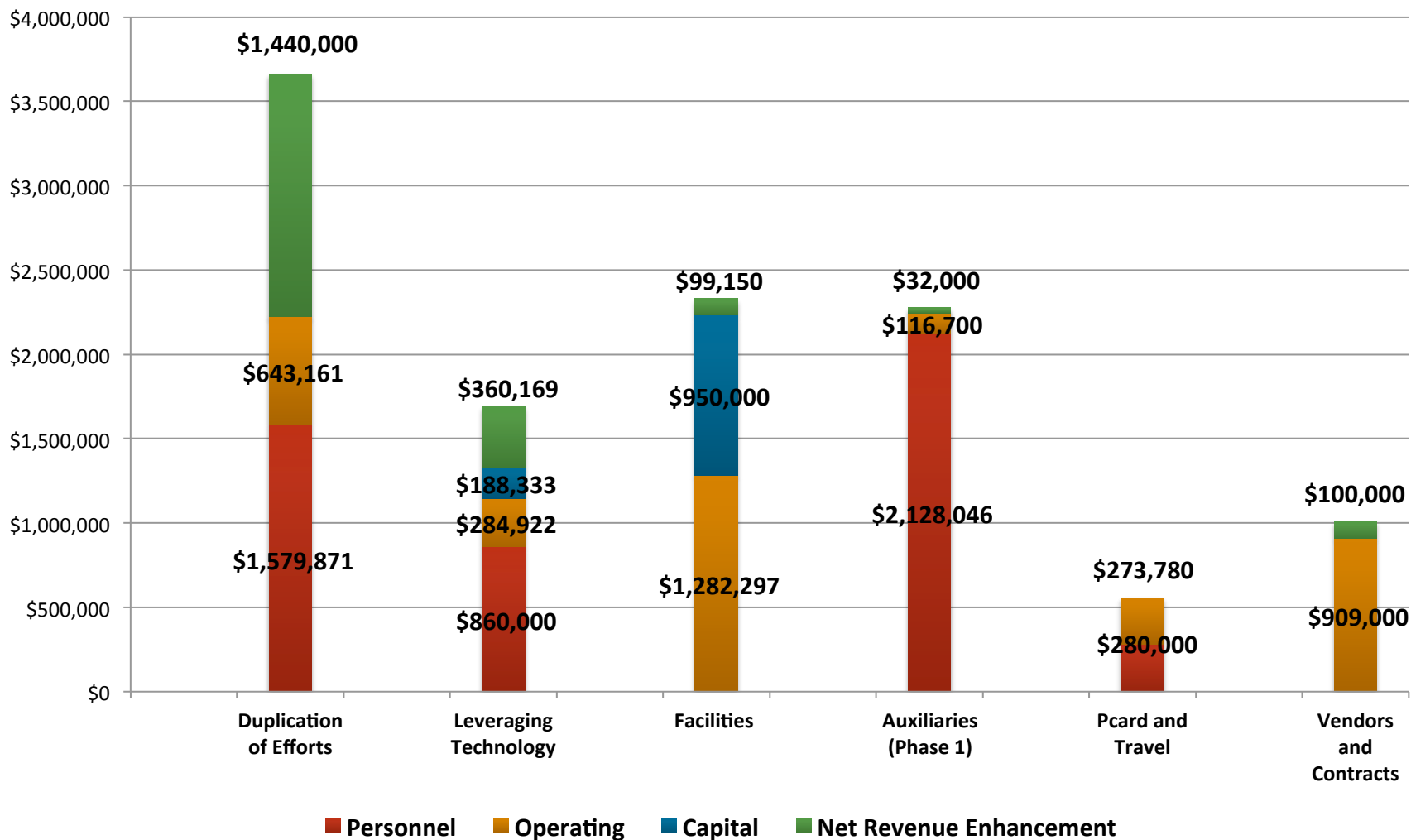
- Personnel – Reduce salaries and benefits expenses through increased productivity, outsourcing, staffing mix and FTE reductions
- Operating – Reduce operating expenses
- Capital – Reduce future capital spends such as buildings, construction and major equipment
- Net Revenue Enhancement – Increase net revenue

# Personnel Opportunities Represent the Largest Net Impact



Note: All savings and revenue are shown net of any necessary investment to achieve target.

# Savings/Net Revenue Categories Varied by Subgroup



# Duplication of Effort Charge

- Review functional responsibilities across all administrative units and identify areas of duplication in service delivery
- Assess opportunities for service outsourcing, consortium or elimination
- Prioritize opportunities by magnitude of cost savings, ease of implementation, speed of implementation and impact on service delivery

# Duplication of Efforts – Recommendations Highlights

- Implement a "business center " model for administrative services which will help equalize the workload among smaller units
- Implement a consolidated hybrid IT organizational structure to improve efficiency and effectiveness
- Discontinue the University printing service that produces marketing, branding, and externally distributed materials- outsource function
- Reduce /consolidate /move HSL and MUGC Library Services. Close the COE Learning Resource Center and move those functions to the main library.
- Consolidate 4 managing groups (Physical Plant, MUGC, Medical School, and Housing) performing Trade Specialist and Campus Services work into 2 groups.

# Leveraging Technology Charge

- Assess hardware and software standards, create standards as needed that can be implemented throughout the university, and analyze projected cost savings and service impacts
- Assess opportunities for service outsourcing, consortium or elimination
- Evaluate current service delivery models and identification of cost savings
- Analyze current utilization of existing technology to determine opportunities for further technology leveraging that enhance services and/or increases efficiency, including enhanced implementation and utilization of Enterprise Reporting System (ERP)



# Leveraging Technology – Recommendations Highlights

- Eliminate the purchase of desktop printers and rely upon networked printers
- Explore the possibility of shared services, such as cloud storage and hosting, negotiated by, and deployed at, the state level
- Develop and implement a formal replacement cycle for technology items. This will result in increased efficiency, productivity, morale, and job satisfaction.
- Exploit current systems to their maximum capacity, eliminating the need for shadow systems.
- Require staff to complete relevant unified (re-)training for support applications (e.g., travel) and offer certifications for those who complete the trainings and demonstrate competency
- Coordinate IT support positions across the campus

# Facilities Charge

- Review of facilities management and maintenance requirements, with consideration of both personnel and operating allocation requirements
- Assess opportunities for service outsourcing, consortium or elimination
- Review of utilities consumption and commodity purchasing to identify opportunities for cost reduction or containment in the utilities budget
- Review of current scheduling practices for facilities to determine opportunities for increased utilization of current facilities, reduction in operating costs and reduction or elimination of future capital investments associated with currently projected facilities expansion

# Facilities – Recommendations Highlights

- Combining summer/evening classes into 2 buildings; consolidate all courses in a relative area; develop an Academic and Administrative central location
- Hire Digital Control Specialist to maintain environmental controls of all MU facilities
- Hire Mechanical Engineer for all campus buildings; position to survey building efficiency and audit campus infrastructure
- Upgrade lighting fixtures on campus to save 10% on lighting cost for buildings and parking lots
- Sell University Heights property Parcel 'C'
- Establish an Energy Policy for the University
- Routine preventive maintenance and training

# Auxiliaries Charge

- Evaluate opportunities to increase net revenue through growth of existing revenue generating areas or through the identification of new revenue generating
- Identification of new revenue or outsourcing opportunities should include all necessary operating or capital investment so that the net revenue impact of these recommendations can be evaluated
- Establishment of clear net revenue expectations for each auxiliary area
- Assess opportunities for service outsourcing, consortium or elimination

# Auxiliaries – Recommendations Highlights

- Evaluate outsourcing of Housekeeping/Grounds Maintenance
- Eliminate University provided insurance policy to athletes given new mandatory student health care insurance requirement
- Remove the duplication of services offered to students (such as tutoring)
- Review Auxiliary positions for reductions through attrition, retirements, etc.

# Procurement Card and Travel Charge

- Evaluation of current purchase card processes to identify opportunities to improve services while being mindful of state process requirements
- Examination of interaction/conflict between purchase card procedures and procurement procedures
- Review of current policy and procedures within the context of federal, state and HEPC regulations related to travel
- Identification of “pain points” in travel procedures
- Identification of opportunities to further leverage technology to reduce cost and enhance services related to travel
- Evaluation of opportunities for strategic sourcing and/or building internal expertise related to travel

## Procurement Card and Travel – Recommendations Highlights

- Develop new procurement card reconciliation process and train staff on new process
- Contract out to external travel agency or assign expert staff to help complete travel arrangements
- Revise current travel policies and procedures
- Create online travel training website for travelers to be completed before travel settlements can be processed
- Create online travel training website for staff who process travel
- Include affiliates in travel recommendations (MURC, Marshall Health, Foundation)

# Vendors and Contracts Charge


- Review of all current contracts for the purchase of goods and services and the creation of a matrix outlining date of last bid, current vendor, value of contract, contract expiration and provisions for terminating the contract
- Identification of contracts eligible for rebid and projected savings
- Analyze compliance with contract policy and procedure and assess need for policy and procedure adjustment or enforcement
- Review SciQuest (myBUY) product to determine whether we should continue use at the current level, enhance use or move to alternate options
- Assess opportunity for pooled equipment purchasing
- Evaluation of opportunities for strategic sourcing (e.g. printing and copying, supply, equipment, etc.) and projected savings



# Vendors and Contracts – Recommendations Highlights

- Consolidate printers and copiers under a managed contract with a price per copy tracked to the department/user. Eliminate personal printers
- Implement a central FAX server to reduce cost. Phase in along with Managed Print/Reprographic services over two to three years
- Bid campus cable service
- Terminate of existing leases; Services moving to University owned property
- Review essential memberships and justify based on business purpose

# Although Target Met, 100% of Savings May Not be Realized

	Consultant's Best Case Scenario	Consultant's Base Case Scenario	Institution's Final Savings Target	Δ from Base Scenario
Org Structure	\$12M	\$3M	\$2.7M	(10%)
Procurement	\$45M	\$40M	\$12.5M	(69%)
IT	\$19M	\$12M	\$7.8M	(35%)
Facilities	\$1.8M	\$1.2M	\$0M	(100%)
Centers & Institute	\$59M	\$18M	\$38.5M	113%
	Consultant's Best Case Scenario	Consultant's Base Case Scenario	Institution's Final Savings Target	Δ from Base Scenario
Org Structure	\$55M	\$40M	\$32.5M	(19%)
Procurement	\$40M	\$25M	\$33M	32%
IT	\$16M	\$10M	\$3.7M	(63%)
Facilities	\$4M	\$3M	\$3.5	16%

Source: The Advisory Board Company - EAB

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# High Implementation Threshold to Achieve Target

Projection: Marshall needs to implement over 90% of recommendations to achieve \$10 million in savings

<b>Total Net Impact</b>	<b>100%</b>	<b>\$</b>	<b>10,108,829</b>
<b><i>Sensitivity Analysis</i></b>	60%	\$	6,065,297
	70%	\$	7,076,180
	80%	\$	8,087,063
	90%	\$	9,097,946

# High Impact/Difficult Recommendations Represent 65% of Total Opportunity

Net Impact (Low to High)



<p>E-Course funding model &amp; development                  Evaluate outsource housekeeping/grounds                  Sell University Heights property                  Training requirements/efficiency                  Business Center Model- Admin Services                  Consolidated IT Sstaff within IT division                  Consolidate Library Services (HSL/MUGC)                  Combine summer/evening classroom bldgs                  Review Auxiliary positions                  Outsource selected Printing Services                  Reorganize managing groups performing Campus Services                  Reduce MURC payroll surcharge</p> <p style="text-align: center;"><b>High Impact/Difficult = \$6,458,809</b></p>	<p>Upgrade lighting fixtures (T5s and LED)                  Hire Mechanical engineer (building efficiency/infrastructure audit)                  Consolidate printer and copiers under managed contract                  Expand use of My Buy                  Hire Digital Control Specialist -Environmental controls                  New Pcard reconciliation process                  Termination of expiring leases                  Eliminate desktop printers; move to network printers                  External travel agency &amp; related policies and procedures                  Eliminate shadow systems/ licenses                  Consolidate marketing and public relations functions                  Eliminate student insurance                  Rebid suppliers of cable services</p> <p style="text-align: center;"><b>High Impact/Easier = \$2,223,334</b></p>
<p>Lease reviews - income/rental                  Increasing distance learning courses - revenue enhancement                  Non traditional partner contracts - revenue enhancement                  Eliminate temp services/develop inhouse pool                  Restart continuing education                  Outsource Fleet Mngt                  Create central fax server                  Shared IT services (State level)                  Consolidate recruiting functions</p> <p style="text-align: center;"><b>Low Impact/Difficult = \$617,819</b></p>	<p>Establish energy policy                  Centralize testing functions                  Coordinate IT support positions across campus                  Reduce memberships                  Improve space utilization                  University website - in house and hosted by University                  Licensing affiliate- increase revenue from trademarks                  Upgrade video multi-plexing controller                  Close underutilized bldg/areas                  Enhance grant administration processes                  Staggering maintenance shifts                  Videoconferencing - Lync</p> <p style="text-align: center;"><b>Low Impact/Easier = \$532,896</b></p>

Ease of Implementation (Difficult to Easier)



# Recommendations

- Support the University's consideration of the initiatives included in the consolidated matrix
- Prioritize efforts on the top left and top right decision quadrant (i.e. those initiatives with the greatest savings/net revenue opportunity)

# Next Steps

- Confirm priority items for implementation
- Identify opportunities for “quick wins”
- Identify organizational structures for beginning implementation of initiatives
- Plan for an October retreat of the campus leadership team, to review initiatives and consider implementation approaches and timeframes

# To Continue the Dialog.....

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