

Administrative Process
Leading in the New Economy
Questions and Structure

Preface

The pursuit of excellence at Emory must continue, albeit in the context of a significantly changed global economic context. Specifically, in light of the dramatic decline in the value of Emory's investment portfolio, diminished short-term investment earnings, price constraints on tuition and an increase in demand for financial aid, Emory must plan its future around a significantly smaller resource base than previously assumed.

The following review structure and process have been developed to aid administrative units in developing optimal cost effective approaches for core activities. For fiscal years 2011 and 2012, overall administrative budgets will most likely decrease or, at a minimum, will be flat. Even assuming that the overall administrative budget were to remain flat (which is a best case scenario), certain operating expense components will increase, thereby requiring the reduction in some expenses in order to fund the growth in others.

To prepare for this future in the most thoughtful and institutionally strengthening way, each unit must prepare three budget scenarios, projecting 3%, 5%, and 10% lower budgets than the FY2010 budget and submit those scenarios along with answers to the Planning Review Questions (below) by October 1, 2009. These scenarios will help inform decisions for FY2011 budget parameters.

Units must focus on sustainable, cost-cutting and operational improvement initiatives, i.e., those to be implemented in FY2010, FY2011, or FY2012, but which will be ongoing to allow the units and the institution to continue to accomplish core functions into the future. Also, units should consider ways to enhance new or existing revenue streams, either permanently or temporarily.

The following is a summary outline of the process to be conducted by administrative units:

1. Unit Leaders form Review Teams at appropriate organizational levels **(by June 15)**
2. Unit Leaders submit Review Team roster(s) and chair to Ways and Means (via David Hanson at david.hanson@emory.edu) **(by June 15)**
3. Team conducts Organizational Review based on Structure, Framework, and Principles and answers the Planning Review Questions (noted below) as part of the process **(by September 15)**
4. Unit Leaders submit Review Report (no more than 5 pages in executive level format) of findings and the list of revenue or resource enhancements and/or expenditure reductions compared to the FY2010 base budget. The report should be sent to the Ways and Means Committee by email to Charlotte Johnson at csjohns@emory.edu **(by October 1)**

The report must include three subtotals in order of priority to generate reductions of 3%, 5%, and 10% of the FY2010 base budget (e.g., if the base budget for FY2010 is \$5M, the list of strategies must include items that total \$150K, \$250K and \$500K (with each subtotal of strategies building on the preceding one). The Review Report should also include implications and risks associated with these reductions in budgets and underlying activity levels.

Framework and Principles

As noted above, each administrative unit will go through a budget and operational review, culminating with a review by the Ways and Means Committee. The size, complexity, scale and scope of the process for each unit will obviously depend heavily on the size and complexity of the unit under review. The process and structure should allow for adjustments to accommodate different unit and organizational dynamics. The scope of each unit review will necessarily differ given the functions of the unit(s), but

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should focus on eliminating non-critical activities, cutting expenses, increasing revenue, developing creative opportunities for improvements and identifying collaborative ways to streamline processes that are critical to that unit's (or units') core functions.

Structure and Process

We encourage administrative reviews to be conducted by a team of individuals from the unit, with at least one Emory participant "external" to the unit (i.e., from another division, school or unit). Review teams should have representatives from all levels, including senior, mid- and entry-level staff. Units are welcome to include representation from outside of Emory, as appropriate and as may be helpful.

Significant time and attention should be spent to identify carefully the core functions of each unit and the ways the unit contributes to Emory's vision and mission. This will provide the opportunity for a disciplined sharing of ideas and identification of strengths, weaknesses, barriers, resource needs or other issues to be examined. The process should be as open and transparent as reasonable.

Each team should have an assigned chair to ensure a collaborative approach based on effective and broad communications, as well as to ensure accountability and broad input from all relevant parties. This person may be the unit leader or a representative who is carefully selected, and the chair must be an active participant in the process. Meeting minutes are encouraged to be taken and shared openly with other leaders, as ideas generated may lead to creative solutions for other units. We encourage each team to start the process with a kick-off meeting including the appropriate EVP to discuss the goals of the process and to answer questions.

The outcome will be three budget scenarios and a Review Report including strategies generated during the team discussions that may lead to creative solutions and ideas for other units. The process is advisory to the unit head, who ultimately has the responsibility to submit the budget scenarios, strategies and answers to the Planning Review Questions to the Ways and Means Committee by October 1, 2009.

In conducting the review, the unit leader and/or review team must answer the following list of questions:

Planning Review Questions

I. Defining Core Operations:

1. What are the core operational activities of the unit? Identify those activities that are central to the mission of the unit(s) and without which Emory would be at risk of not achieving its vision and mission?
2. Within the past 3 years, have you examined critically and in a disciplined way your units' work flows, functions and operational processes to assess efficiency, staffing, and/or effectiveness? If so, what did you learn and what can you share about that process? What changes did you make based on that examination?
3. What are 1-3 "big ideas" that might fundamentally reshape the role and/or structure your functional unit(s) at Emory over the next 3-5 years? What would be required in terms of investment (if any) and/or organizational will to make such a transition?

II. Streamlining Operations:

4. What changes could you make within your unit(s) (or changes that may cross into companion units) to improve core functions, by either lowering costs or making the units more effective? For

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example: (a) Are there ways to streamline existing functions to permit sustainable operations and decrease costs with minimal impact to your core functions, even if this requires some change in behavior or expectations within or outside your unit; (b) are there opportunities to cross-train your staff such that Emory could benefit from sharing staff with other critical functions when needed?

5. Are there seasonal or cyclical functions that allow for staff to be transitioned to less than 1.0 FTE or other forms of work flow adjustments that will reduce costs without materially impacting the effectiveness of a unit's functions?
6. What activities are you currently doing that add less value to Emory's primary mission and could be eliminated without unnecessarily disrupting core functions and without creating unacceptable risks to the institution?
7. If you were to remove activities you deem to add less value to your unit (and the institution), what would be the consequences and/or risks to other units and functions at Emory?

III. Reducing Redundancy and Increasing Collaboration:

8. What creative ways can you share costs and spread functions across other units, e.g., shared administrative staff or business centers to support multiple units (either within or outside of your areas of responsibility)?
9. What redundancies or duplications exist in your units (or across companion units, as well as the entire organization) that could be eliminated without material impact on your operations? This may require an agreement on work shifting between units, but given that decentralized organizations usually breed redundancies, almost all units should have some activity that could be considered redundant and a candidate for change.
10. Are there opportunities for process standardization across units or the organization that would result in elimination of work, redundancies or repetition?

IV. Moving forward

11. Given that internal control and fiduciary responsibilities fall on all administrative leaders, as you plan for the post FY2010 period, what steps are you taking to ensure that changes in your operations and resources will not put the institution at risk from fiduciary or compliance perspectives (e.g., wage and hour regulations, ERISA, etc.). What is your biggest concern on this front from your units?
12. What opportunities do you see across the institution (in your or other unit(s)) to create new revenue streams or enhance existing revenue streams or otherwise enhance Emory's resources? Please be as specific as possible and provide useful data or the basis for your ideas.
13. What opportunities do you see outside of your functional domains that you would like to see be improved, either in terms of cost or effectiveness? Please be specific and articulate any data or basis for your ideas, comments and opinions about opportunities in other areas.

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SAMPLE REPORT TEMPLATE – FOR ILLUSTRATION PURPOSES ONLY

The following three budget scenarios project strategies that are 3%, 5%, and 10% lower than the \$5,000,000 FY2010 budget assigned for Administrative Unit X. All strategies are sustainable and focus on cost-cutting, operational improvements to core functions and ways to enhance revenue. The three subtotals for each set of strategies are in order of priority and build on one another.

Strategies - 3% Decrease in FY2010 Base Budget		Impacted Unit(s)	Savings Estimate
1	Eliminate two support staff positions (salary and fringe)	Unit X	\$127,000
2	Share receptionist position with adjacent Unit Y	Unit X and Y	\$23,500
SUB TOTAL			\$150,500

Strategies - 5% Decrease in FY2010 Base Budget		Impacted Unit(s)	Savings Estimate
1	Eliminate two support staff positions (salary and fringe)	Unit X	\$127,000
2	Share receptionist position with adjacent Unit Y	Unit X and Y	\$23,500
3	Convert Executive Director position to .75 FTE Eliminate contracted website vendor and rely on internal	Unit X and clients	\$47,625
4	capability of staff to edit and revise unit website	Unit X	\$52,000
SUB TOTAL			\$250,125

Strategies - 10% Decrease in FY2010 Base Budget		Impacted Unit(s)	Savings Estimate
1	Eliminate two support staff positions (salary and fringe)	Unit X	\$127,000
2	Share receptionist position with adjacent Unit Y	Unit X and Y	\$23,500
3	Convert Executive Director position to .75 FTE Eliminate contracted website vendor and rely on internal	Unit X and clients	\$47,625
4	capability of staff to edit and revise unit website	Unit X	\$52,000
5	Eliminate Programs C and D, which are jointly owned by Units Y and Z (not core activity)	Units X, Y, Z	\$253,500
SUB TOTAL			\$503,625

IMPLICATIONS AND RISKS

- Eliminating two support staff positions (total salaries of \$100,000 plus 27% fringe) will require professional staff to share resources and may result in delivering slower service to clients.
- Paying only .5FTE for a receptionist (current salary of \$37,000 plus 27% fringe) will save \$23,500, but may cause customer service in the two units to external constituents to decline.
- The current Executive Director is 1.0FTE (salary of \$150,000 plus 27% fringe) and decreasing to .75FTE will reduce costs by \$47,625, but will reduce the number of projects that can be absorbed by this administrative unit.
- Our core activities are programs A and B and run entirely by Unit X. Programs C and D are secondary to our mission, although important, and are jointly managed by other units although the salaries (\$125,000 plus 27% fringe) and entire program budget (\$94,750) is within Unit X. Eliminating these two programs will reduce the demands on other units that no longer need to assign staff to jointly manage these programs and will eliminate staff, but will be viewed by the community as a retrenchment of commitments made historically by Emory.