Service Excellence Transformation Interim Report

November 2020

UNIVERSITY OF ALBERTA | U of A for TOMORROW

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The University of Alberta respectfully acknowledges that we are situated on Treaty 6 territory, traditional lands of First Nations and Métis people.

EXECUTIVE SUMMARY

The University of Alberta has embarked on a period of transformation with the *U of A for Tomorrow* initiative. The scale of the challenges facing the university and the speed at which we must move to address them is extraordinary.

Deep cuts to provincial funding amount to $110M in 2020/21 with additional cuts anticipated in the next two years, requiring staff reductions of at least 1000—and COVID-19 is compounding these pressures. Without a strategic approach to these financial challenges, the risks to the university are significant:

- declining student experience,
- reduced ability to attract talent and external research funding, and
- a diminished role in the province and beyond.

Success will depend on all of us working together as we restructure and reorganize how we work and deliver the university's core mission.

A key aspect of the *U of A for Tomorrow* initiative is the Service Excellence Transformation program or SET. The goal of the SET program is, first, to create administration structures that focus the maximum amount of the university's resources and energies on its core mission of excellence in teaching, research, and community engagement; second, to restructure so that we achieve financial sustainability; and third, to reimagine how we do our work so that we can continue to provide high-quality services with fewer staff members. The SET program is comprehensive, pan-university, end-to-end, and high-paced.

Since it was first formed in spring 2020, the Service Excellence Steering Committee (SESC) and the SET team have been working toward the development of a new administrative operating model for the university, which was approved by the Board of Governors on October 16, 2020. This new operating model centralizes a number of administrative services and will require a redistribution of the workforce from faculties and units to the centre, which will allow the university to take advantage of economies of scale and provide these services in a more efficient manner. While the approval of the operating model is a significant milestone, it is only the beginning of the administrative restructuring process.

This document is an overview of the information, analysis, and rationale that helped inform the decisions and approval of the new administrative operating model. The Board, subcommittees, deans, and other leadership groups at the university have been working with the SET team since March 2020. Over that time, there have been many iterations of the content that you see here, which has been provided in various forms to multiple audiences. This report seeks to communicate this information to the U of A community in a clear and accessible way.

Understanding how administrative restructuring is integral to the goals of *U of A for Tomorrow* is key. This report provides an overview of the administrative restructuring process, the case for change, and an outline of the overall SET program, which includes an analysis of the operating models and approaches, progress of the work done to-date, and next steps in the administrative restructuring process for our community.

INTRODUCTION

University of Alberta for Tomorrow

The University of Alberta has embarked on a period of major transformation, building on its long history of leadership in the province and Canada's post-secondary sector. We are at a critical turning point, precipitated by multiple significant pressures, and we must take urgent action.

Through this period of change, we are driven by the university's vision stated in For the Public Good:

> To inspire the human spirit through outstanding achievements in learning, discovery, and citizenship in a creative community, building one of the world's great universities for the public good.

To sustain this vision over the long term, the U of A has embarked on an intense period of academic and administrative transformation. This process—*U of A for Tomorrow* (UAT)—will reform our university. Throughout, we are guided by our enduring commitment to excellence in teaching, research, and community engagement.

Vision

With fundamental systemic reform, we can set a bold new direction for the university of tomorrow. We can strengthen our core teaching, research, and community engagement mission and enrich student experience, while addressing the current funding crisis. Together, we can renew and grow U of A's global leadership in higher education and research and drive even greater social and economic growth, innovation, and creativity for the public good of the province and beyond.

Values

U of A for Tomorrow as a whole embodies the university's core values, as affirmed in *For the Public Good*. The university community of students, faculty, staff, and alumni relies on shared, deeply-held values that guide behaviour and actions. These values draw from the principles on which the university was founded in 1908, and they reflect a dynamic, modern institution of higher learning, leading change nationally and internationally.

- Above all, we value **intellectual integrity**, **freedom of inquiry and expression**, and the **equality and dignity of all persons** as the foundation of ethical conduct in research, teaching, learning, and service.
- We value **excellence in teaching, research, and creative activity** that enriches learning experiences, advances knowledge, inspires engaged citizenship, and promotes the public good.
- We value **learners** at all stages of life and strive to provide an intellectually-rewarding educational environment for all.
- We value **academic freedom** and institutional autonomy as fundamental to open inquiry and the pursuit of truth.
- We value **diversity, inclusivity, and equity** across and among our people, campuses, and disciplines.
- We value **creativity and innovation** from the genesis of ideas through to the dissemination of knowledge.
- We value the **history and traditions** of our university, celebrating with pride our people, achievements, and contributions to society.

Pillars of U of A for Tomorrow

We will achieve the UAT vision through the two pillars of *U of A for Tomorrow*: academic and administrative restructuring.

Academic restructuring
The Academic Restructuring Working Group (ARWG) is working with the organization of the university's faculties, departments, and leadership. They are reimagining our academic structures with a view to reducing cost and continuing to support excellence in teaching, learning, and research over the coming decades.

Administrative restructuring
The Service Excellence Transformation (SET) program is focusing on how we deliver core administrative functions across the vice-presidential portfolios and the faculties—in areas like finance, HR, and IT—to drive service improvements and greater efficiency, and ultimately better support the university's academic mission. This pillar also includes reviewing our procurement practices and space and facilities footprint.

Overview of administrative restructuring

Administrative restructuring of the university is facilitated by the Service Excellence Transformation (SET) program, which focuses on transforming institutional business processes and tasks, with a concentration on the following initiatives:

1. Redesigning **procurement practices**, including consolidation of suppliers and implementation of a strategic procurement framework;
2. Reviewing the current approach to **space and facilities** and accelerating plans to use space and facilities more efficiently; and
3. Examining **administrative support functions** throughout the university and redesigning the services and processes with a focus on achieving economies of scale and specialization which will also enable better staff career progression and satisfaction.

These changes are not simply a stop-gap measure to meet the significant budgetary constraints; in the long term, by re-examining and restructuring how we provide administrative service, the U of A will continue to:

- Serve and support the core teaching and research mission of the university effectively and efficiently;
- Provide high-quality services (with fewer staff members); and
- Create sustainable, meaningful careers for the future.

Administrative restructuring critically supports the *U of A for Tomorrow* vision by:

- Enabling academic staff to focus on the frontline delivery of our mission, rather than unit-level administration;
- Resetting our administrative structures to be more consistent and more student-focused;
- Simplifying workflows, automating processes, reducing bureaucracy, and finding efficiencies;
- Creating a more strategic, nimble, collaborative, and accountable leadership forum allowing us to respond to strategic opportunities; and
- Supporting institutional objectives for equity, diversity, and inclusivity.

Principles for administrative restructuring

In addition to being guided by the university's core values, the SET program has adopted a set of principles—endorsed through the administrative governance process—to guide the development of recommendations for the university's administrative structure. The SET program has five key principles:

- **Commitment to taking urgent action**:
  The SET program started quickly and is focused on simplifying processes and improving service experience while undertaking detailed operating and organizational design work.
- **Genuine openness to thinking differently**:
  The SET program is committed to working with leaders and staff to solve the problems that exist and build solutions collaboratively that set the university up for long-term success.
- **A transparent consultation process**:
  The SET program has established robust change-management and consultation strategies led by the SET Program Office to ensure the approach is transparent and sustainable.
- **Entire-university engagement**:
  The SET Program Office and leadership will communicate frequently and openly, addressing known challenges and creating an inclusive space for meaningful engagement throughout the process.
- **Regular progress evaluation**:
  University governance will regularly evaluate the transformation process against agreed-upon criteria and clear metrics.

Governance and authorities

Under the Post-Secondary Learning Act of Alberta, the Board of Governors has senior oversight of the institution and concerns itself with the long-range planning and the business affairs of the university. The Board provides final approval of the university's new administrative framework, operating model, and organizational structure.

Commitments to equity, diversity, and inclusivity

The U of A has a strong commitment to equity, diversity, and inclusivity (EDI), and the administrative restructuring process must support and reflect our Strategic Plan for Equity, Diversity, and Inclusivity. The Service Excellence Steering Committee (SESC) is committed to applying an EDI lens and evaluating EDI impacts throughout the administrative restructuring process. As a first step, we are developing a list of services that support the university EDI programs to ensure that these programs are protected during the transformation process.

Engagement and consultation

Throughout the administrative restructuring process, the Vice-President University Services & Finance (formerly called the VP Finance & Administration) and the SET Program Office team have been working—and will continue to work—closely with leadership teams and staff across faculties and units to hear their voices and ensure consultation and engagement. To date, this has included the following activities:

- More than 30 one-to-one consultations with different stakeholders across the university in the initial scoping stages of the program;
- 32 leadership workshops and 11 redesign workshops with more than 152 leaders of faculties and central portfolios;
- Student consultation through the Students' Union, the Graduate Students' Association (GSA), and the Council on Student Affairs (COSA);
- UAT roundtables with faculties and central portfolio units;
- Regular updates at Deans' Council, the President's Executive Committee—Strategic (PEC-S), General Faculties Council (GFC), and to the Board of Governors;
- Regular update and consultation meetings with the unions: Non-Academic Staff Association (NASA) and Association of Academic Staff University of Alberta (AASUA);
- Bi-weekly meetings of the Staff Advisory Team (SAT), with monthly meetings beginning January 2021; and
- Monthly pulse surveys sent to 700 staff across the institution throughout the process.

The SET Program Office will continue consultation and engagement on the implementation of the new administrative operating model throughout the rest of this fiscal year and beyond, through a combination of town halls, online input, faculty-specific meetings, targeted workshops, focus groups, engagement with unions, and discussions with Dean's Council, the President's Executive Committee—Strategic (PEC-S), General Faculties Council (GFC) and the Board of Governors. We will also regularly survey deans and associate vice-presidents to understand at a high-level the potential impact on service quality throughout the transformation.

THE CASE FOR CHANGE

U of A for Tomorrow is a process affecting every part of our university. Ultimately, SET is designed to meet cost savings targets necessary to operate within a reduced operating budget. To meet these financial targets, the university will need to drastically reduce its administrative workforce. With the magnitude of the reductions required, an unsustainable workload for remaining staff will result unless the university reorganizes functions and improves process efficiency to continue to provide the necessary services.

We can continue to excel—but only if we transform. UAT is fundamentally about enhancing excellence. It is about ensuring that our academic and administrative structures enable us to thrive today and in the future.

Our challenge

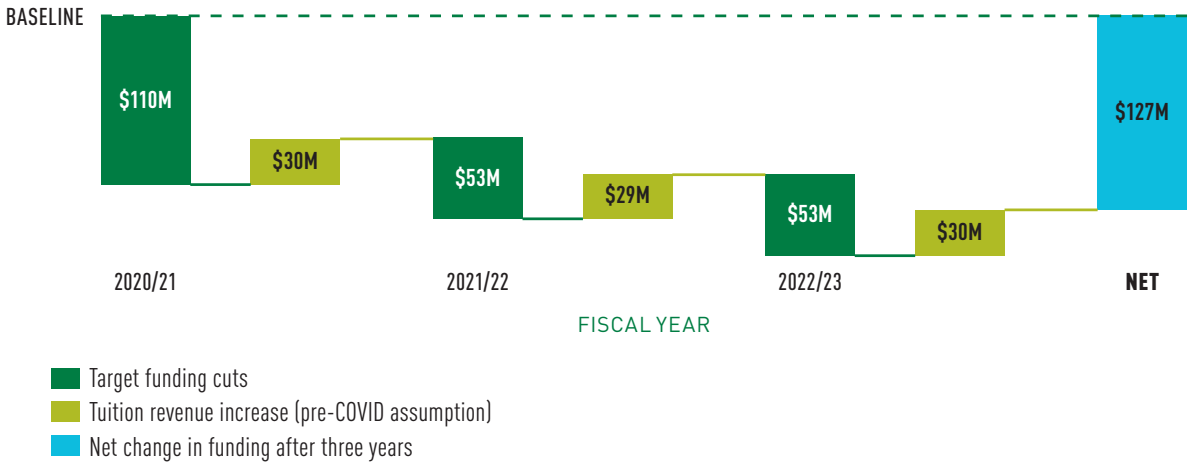
Funding reductions

In February 2020, the Government of Alberta tabled its 2020 Budget, which outlined an average reduction of 6% to the base budgets of Alberta's post-secondary sector. These cuts were much deeper for the U of A, amounting to an 11% reduction for 2020/21 in addition to a 6.9% in-year cut in our Campus Alberta Grant in the province's 2019/20 budget.

Collectively, this amounts to a $110M reduction in annual funding. We cannot absorb these substantial reductions without major changes, so we must consider how we can reform our operations, the initiatives we can support, and our ability to maintain our global reputation for outstanding research and teaching.

Taking into account additional income from tuition revenue, the U of A faces a net reduction of at least $127M by 2022/23.

FIGURE 1 INDICATIVE FUNDING CUTS AGAINST BASELINE ($M, 2019–2023)



Size and speed of our challenge

The scale and speed of the university's budget reductions are unprecedented as compared to other universities across the globe. The SET Program Office is aware of no other university—pre-COVID—that has had to respond to the same scale of funding reductions. No Canadian university has faced similar funding cuts. Although the university can learn from Australian and UK research-intensive universities that have conducted major restructuring because of funding reductions, they were not of the same order or speed as the U of A. We must implement the first stage of funding reductions by March 31, 2021, in order to reach the government-imposed financial targets.

FIGURE 2 GLOBAL FUNDING REDUCTIONS IN THE POST-SECONDARY SECTOR

	UALBERTA	UNIVERSITY A	UNIVERSITY B	UNIVERSITY C	UNIVERSITY D	UNIVERSITY E
TIME PERIOD	2020–21	2013–15	2017–19	2015–17	2012–15	2014-16
DURATION	1 year	3 years	2 years	3 years	4 years	2 years
AVERAGE REVENUE	$1.95B	$1.59B	$0.9B	$1.68B	$1.78B	$0.6B
ANNUAL COST REDUCTION	$110M*	$73M	$37M	$61M	$49M	$13.5M
COST REDUCTION % OF REVENUE	5.6%	4.6%	4.2%	3.7%	2.8%	2.3%

Source: Source: Australian Department of Education, Finance Statistics, 2012–2017, HESA Financial statements 2015–19.
Note: All monetary values are converted to Canadian dollars.
* We note that there is an additional $106M to come, with the possibility of further reductions beyond this.

Job losses

As a result of government funding reductions in 2019/20 and 2020/21, the University of Alberta announced in March 2020 that at least 1000 full-time equivalent continuing positions would be lost through layoffs, attrition, and retirements. At fiscal year-end on March 31, 2020, approximately 400 of these 1000 positions had been cut. Since then, layoffs have continued, and through this year and next, the university will need to continue to reduce its workforce by approximately 650 full-time equivalent continuing positions. Consistent with the projection in March, we expect the total job loss will be in the range of 1050-1100 jobs—the final number will be dependent on the financial savings achieved.

FIGURE 3 APPROXIMATE POSITION REDUCTIONS (FULL-TIME CONTINUING)

FISCAL YEAR	2019/20	2020/21	2021/22	TOTAL
POSITIONS	400	325	325	1050

Distribution of FTE

The future state FTE targets for each central unit and faculty (beyond April 1, 2022) is tied to a reduction in the current operating budget. The FTE allocation is therefore determined based on the average total cost to the university of an administrative employee ($92,000 per annum). Actual FTE per central unit/ faculty post transformation is likely to vary to some degree depending on the average cost of employees that remain within the operating budget.

Analysis and drivers of cost inefficiencies

To respond strategically to the funding reductions, the university aimed to answer the following questions:

1. *How might we optimize our non-labour costs (e.g. procurement, space and facilities)?*
2. *What opportunities are there to increase efficiency in administrative services? What activities should be stopped?*
3. *What is the right scope and design of the program to deliver cost-efficiency improvements in administrative services?*

This line of questioning led to an assessment of opportunities for efficiencies and the design of the SET program. In the assessment, U of A leadership analyzed activity-based costing data, key financial, HR, research, and procurement data, and feedback from individual interviews with over 40 senior U of A leaders, drawing on best-practice models and approaches to delivering administrative cost reduction programs from other universities in Canada and globally. This next section lays out the critical analysis and findings from this review.

The U of A's key opportunities for savings

1. Operational spending

The University of Alberta's operational costs are significant—over $410M in 2019. Compared to other post-secondary institutions in UniForum—an international benchmarking dataset—this spend is estimated to be 29%, or $100M, above the comparable costs for a university of similar size and research intensity. While the operational costs are similar to our Canadian peers, analysis of activity-based costing suggests that most operational functions offer opportunities for some cost efficiencies.

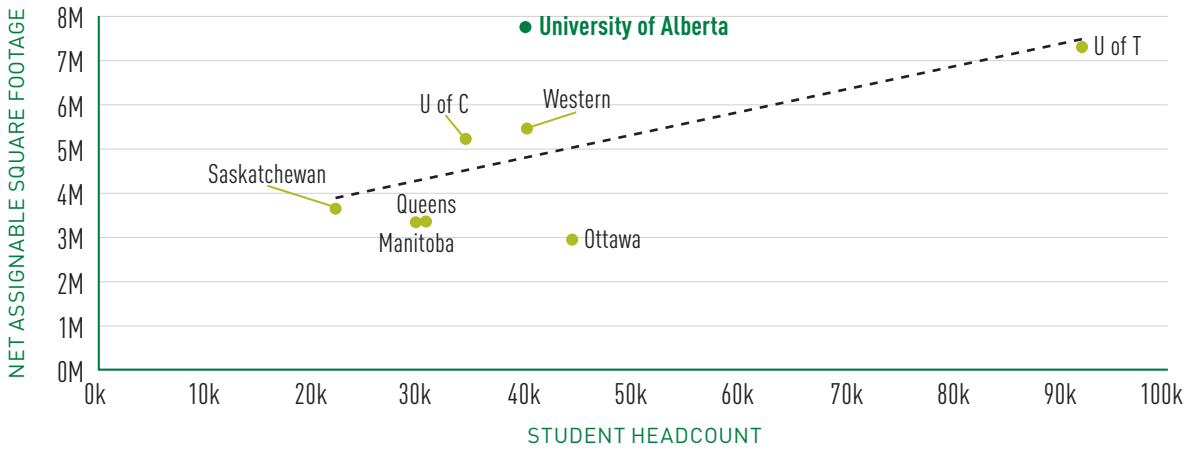
2. Procurement spending

Typically, a university of our size undergoing a thorough procurement review can find efficiencies between 4% and 9%, which could save up to $29M over two years. The SET program is investigating opportunities to reduce expenditure through actively managing demand and enterprise-wide, co-ordinated negotiation with select suppliers. The money spent on procurement has a direct correlation to demand for the goods and services to be procured, so additional savings could be realized if demand across the institution is reduced, some of which may be sustained post-COVID-19.

3. Size of footprint

With five campuses—four in Edmonton and one in Camrose—and 150 buildings covering 50 city blocks on North Campus alone, the U of A has a significant footprint. While unique factors about each campus will remain, we need to consider the size and complexity of our footprint and how we effectively use our spaces. Our considerable space footprint drives high overall maintenance, utility, and infrastructure spending. While our maintenance standards are comparatively low in the U15 (Group of Canadian Research Universities), our very high infrastructure footprint has resulted in unsustainable levels of deferred maintenance that place unacceptable risk to the institutional mission.

FIGURE 4 NET ASSIGNABLE SQUARE FOOTAGE (NASF) OF BUILDINGS OWNED AND/OR USED BY INSTITUTIONS V. STUDENT HEADOUNT

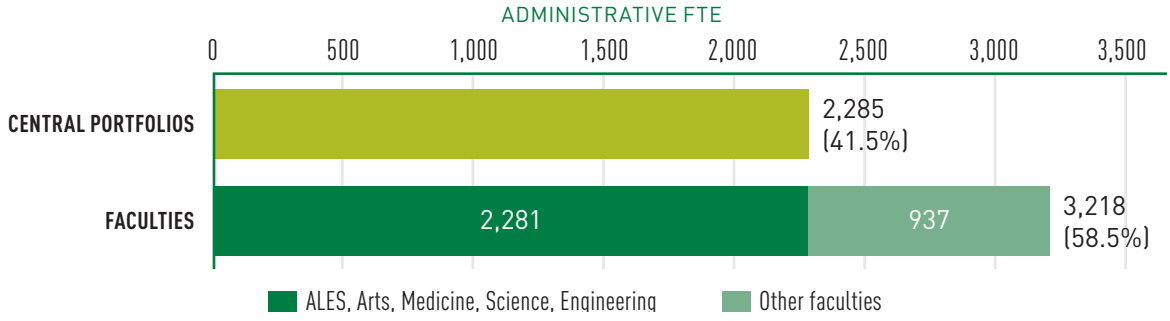


4. Distribution and cost of administrative staff

As people are the university's greatest asset, it makes sense that salary expenditure is generally the highest component of expenditure at universities. More than 60% of all U of A expenditure is on salaries and benefits, representing a consistent spend of over $1.1B annually.

Sixty-four percent of the university's employees are administrative staff. This percentage is high for a research-intensive institution. Administrative staff are widely distributed across the U of A's 18 faculties and have a relatively high cost-base reflecting operational inefficiencies. More than half of the administrative activity at the U of A takes place within the faculties instead of in central units; this is before taking into account faculty members who carry out administrative tasks.

FIGURE 5 DISTRIBUTION OF ADMINISTRATIVE FTE BY FACULTY/CENTRAL PORTFOLIO



5. Process efficiency

Analysis of activity-based costing data suggests that transactional processes take up a large amount of staff cost and effort—56% of the U of A's operational costs are associated with transactional activities. Transactional activities are typically high-volume activities (e.g. payroll, expenses) that should be standardized across the university. These processes provide the greatest opportunity for service improvements, as high costs are frequently associated with duplicated services, inefficient manual processes, and low levels of automation.

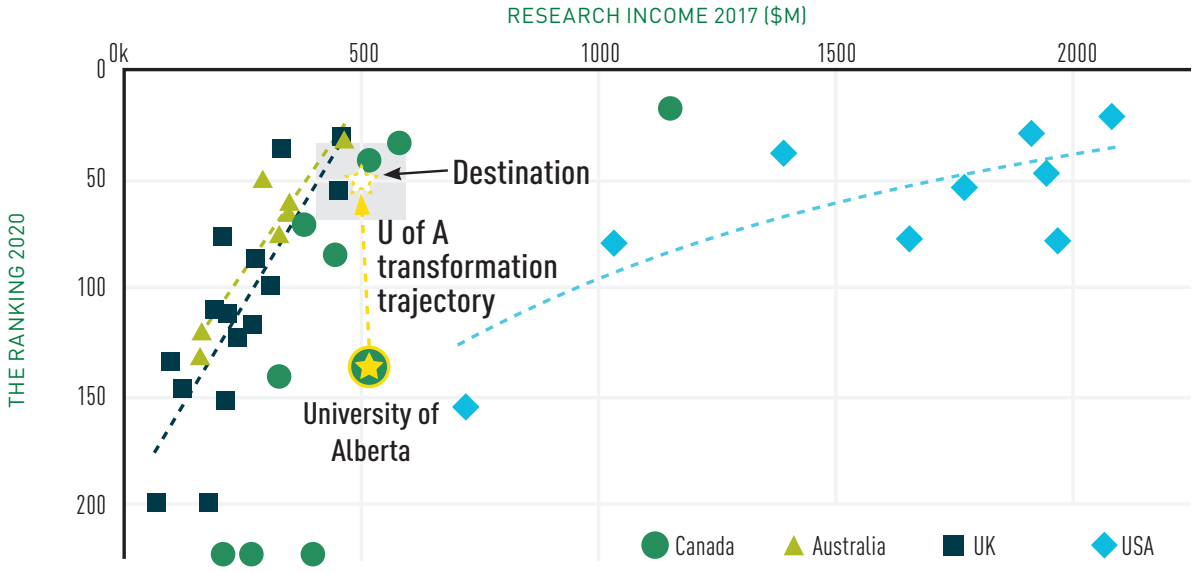
Also, compared with other universities, the U of A has a high proportion (43%) of staff in 'generalist' roles (as opposed to 'specialist'). Administrative generalists work across various functions (e.g. HR, Finance, general administration), spending more than 20% of their time splitting their focus rather than specializing in a single function or activity. While some generalist administrative roles at the U of A are necessary, by increasing the ratio of specialist to generalist roles, we can improve efficiency in role and organizational design as well as create more clarity in career progression opportunities and satisfaction.

6. Use of research resources

Benchmarking against other similarly-ranked institutions globally suggests that more efficient use of U of A's substantial research funding could place the university much higher in global rankings.

The current organizational structure means researchers spend time and money on administrative tasks that they could spend on delivering greater research outcomes. As Figure 8 below sets out, our current research income is similar to many universities that have stronger research rankings (as one indicator of research output). By improving processes and administrative support systems delivered by central portfolios, including the research administration functions, we can more efficiently use our resources for research activities.

FIGURE 6 RESEARCH INCOME ($M) AND TIMES HIGHER EDUCATION (THE) RANKING



Source: THE World Rankings 2020; HESA data on research income; HERDC data on Australian income; US University financial statements; NZ university financial statements, Financial Information of Universities and Colleges prepared by CAUBO and Statistics Canada.

THE SET PROGRAM

There is no doubt that the U of A is facing unprecedented challenges. In order to achieve the necessary financial savings, we must rethink and restructure how professional and administrative services support and enable the academic mission while continuing to provide high-quality services with fewer staff members. This is where the Service Excellence Transformation (SET) program comes in.

Scope

The SET program was created to initiate structural change in response to funding reductions. It is a pan-university program, transforming the university's institutional business processes, units, and tasks. For SET to be successful, all areas of the university must play a role, from the central units to the faculties and departments. Implementation must be high-paced with dedicated internal resources and external support. Please see Appendix A for a SET program overview.

Objectives

The following objectives were established for the SET program:

- Prioritize resources for frontline teaching and research.
- Develop an agreed-upon operating model for administrative services.
- Establish a functional delivery model with cohesive teams and defined consistent workflow.
- Optimize organizational design by optimizing span of control and development of workstreams.
- Redesign the structure, roles, responsibilities of administration staff across the whole university.
- Consolidate procurement contracts and develop or improve supplier relationships.
- Establish better supply and demand practices and reduce internal demand for non-essential goods and services.
- Rationalize the university's workspace (administrative, teaching and research) to use space more effectively and to be able to sustain our facilities.
- Remove bureaucracy to allow for more focus on core activity.
- Simplify and streamline process to deliver services more efficiently at lower cost.
- Enhance services through the use of new or existing technology.
- Reduce manual processes and automate as a priority.
- Develop agreed upon service levels and monitor actual process versus the service levels.
- Simplify process and remove unnecessary steps and duplication.
- Increase tolerance of risks and remove excessive controls where appropriate.
- Streamline compliance or change risk approach to enable processes to be more efficient.
- Change quality or quantity of services to what's needed to achieve outcomes.

Governance

The Service Excellence Steering Committee (SESC) was formed in spring 2020 with a mandate to develop recommendations for administrative restructuring as part of a strategic and proactive response to the university's funding reductions. In addition to providing oversight of—and guidance to—the SET program, the SESC acts as the conduit between the SET Program Office and existing governance bodies at the university, including the President's Executive Committee—Strategic (PEC-S), which has responsibility and accountability for the overall SET program.

While final decision-making authority rests with the Board of Governors with due consideration of the recommendation of General Faculties Council, the process of developing proposals and recommendations for change will be a collective effort of our community.

Led by the Vice-President University Services & Finance (formerly called VP Finance & Administration), SESC membership is drawn equally from both senior academic and administrative staff to ensure that all SET initiatives incorporate a range of university perspectives. SESC works in parallel with the institutional efforts for academic restructuring through the Academic Restructuring Working Group (ARWG) and the initiatives related to structural changes to academic units at the U of A.

The current members of SESC include:

- Chair: Todd Gilchrist: Vice-President University Services & Finance
- Steve Dew: Provost & Vice-President (Academic)
- Fraser Forbes: Dean, Faculty of Engineering
- Bob Haennel: Dean, Faculty of Rehabilitation Medicine
- Melissa Padfield: Vice-Provost & Registrar
- Wayne Patterson: Associate Vice-President Human Resources, Health, Safety, and Environment
- Andrew Sharman: Vice-President Facilities & Operations
- Jennifer Tupper: Dean, Faculty of Education

Note: the VP University Services & Finance portfolio was renamed from VP Finance & Administration (F&A) on November 5, 2020. We would like to thank Gitta Kulczycki, who was VP F&A until September 30, 2020.

Program design

SET Program Office

The SET Program Office is the engine room of this change. It coordinates the SET program and ensures alignment and cohesion of effort across five key areas: governance, engagement, resource management, reporting, and benefits realization. The SET Program Office reports directly to SESC and implements approved changes and initiatives.

Membership of the SET Program Office is composed of U of A employees who have been seconded from across the university and who are recognized for their knowledge and expertise. For a complete organizational chart of the SET Program Office, please refer to Appendix B.

Key implementation principles for the SET Program Office are as follow:

1. Prioritize early wins

Rapid Process Improvements (RPIs) focus on quick wins in process efficiencies. Putting these in place in the short-term can resolve administrative pain points while the more detailed design work is undertaken. Opportunities for administrative improvements have been submitted by staff and leadership in both faculties and central units. Feedback on process improvement will continue throughout the SET process. Some examples of RPIs include the following:

- Simplifying processes by removing unnecessary steps and duplication.
- Better allocating processes by changing where and by whom they are completed.
- Changing quality or quantity of services to what is needed to achieve outcomes.
- Automating or enhanced through the use of new or existing technology.
- Building specific and technical capability of staff to enhance service performance.
- Streamlining compliance or change risk approach to enable processes to be more efficient.

2. Manage change carefully

There is a strong and growing body of evidence that demonstrates the value of well-established change management practices in improving the success rate of large-scale projects. Research highlights the following best practices that make change effective[1]:

- Prepare for the change by gaining insight into the complexity of the change, and plan accordingly.
- Use a change management methodology aligned with a project management methodology.
- Build and apply skills in sponsors, change managers, and empowered staff.
- Invest in change management.

The SET Program Office has created a robust change management strategy, crucial to ensuring that the transformation is sustainable and well-received. Change management expertise supports the transformation by building leadership capability, redefining key performance indicators (KPIs), developing training programs, and reviewing governance mechanisms.

Effective change management

Effective strategic and organizational change services allows organizations to decrease the uncertainty and risk associated with changes and shortens the time to realize benefits.

- Projects with excellent change management were six times more likely to achieve objectives than projects with poor change management effectiveness, 93% to 15% respectively. Excellent change management also correlated to staying on schedule and budget.[2]
- A 2002 study[3] was conducted evaluating three key factors to gauge the effectiveness of change management (senior managers, middle managers, and frontline staff). When change management was above average across all three factors, companies saw a return that was 143% of what they were expecting.

According to a 2014 study[4], the value-add of applying effective change management methodologies and tools includes:

- increased readiness, flexibility and adaptability,
- reduced risks—eliminated challenges,
- increased engagement and involvement,
- minimized disruption to operations,
- increased likelihood of achieving results,
- improved adoption of the change, and
- optimized long-term sustainability.

1 *Smith et al., 2015*
2 *Prosci. Best Practices in Change Management, 2017*
3 *McKinsley Correlation Study, 2002*
4 *Building Capacity to Manage Change, Conference Board of Canada, April, 2014*

3. Communicate relentlessly

> Communication and engagement are at the heart of any change initiative. Thorough plans for implementing change may well be in place, but ultimately it is the people impacted by change who need to be prepared to adopt new ways of doing things. If stakeholders have not received sufficient communications or had opportunities to be actively engaged in the process, there will be much greater resistance to the change initiative.
>
> Many potential barriers can get in the way of successful communication. Organizations include diverse groups of people with perceptions, interests and expectations. Add into the mix high levels of anxiety due to fear of the unknown, which is inevitable during change, and it is easy to see how meaningful exchange of information and ideas can be hindered.

A well-thought-out approach to communication and engagement ensures that the right level of interaction occurs with the right people, at the right time, in an efficient way. Given the scale of work in the SET program, communication activities must be targeted, timely, comprehensive, and frequent. The SET Program Office and leadership teams are committed to communicating frequently throughout the transformation process—making sure to be transparent, clear, and authentic and to address known challenges openly.

4. Evaluate progress regularly

The SET team evaluates the transformation process monthly and provides SESC with a progress review. The review includes an analysis of baseline, current state, and future trends for the university's labour savings, non-labour savings, and operating expenditures.

SET projects

As part of SET, three key projects or initiatives are being reviewed for cost efficiencies:

1. **Procurement**: streamline how we buy goods and services across the university.
2. **Space and facilities**: find cost savings and efficiencies from space and facilities across the university.
3. **Administrative transformation**: how to restructure the university for success in six functional areas (outlined below).

Executive sponsors

In each of these three areas and related sub-areas, academic and administrative leaders have partnered up and taken on the role of sponsors to help guide the restructuring process. Each sponsor works with their fellow co-sponsor to review their respective initiative or functional area, with support from staff in the SET Program Office. This includes:

- Critically and objectively analyzing functional areas for opportunities and efficiencies.
- Seeking ideas through consultation and staff expertise.
- Reviewing all opportunities openly and constructively, learning from each other and from staff.

The sponsors also seek guidance from staff subject matter experts to help define specific processes, activities, and services in each area.

FIGURE 7 EXECUTIVE SPONSORS

INITIATIVE/WORKSTREAM	DEAN SPONSOR	ADMIN SPONSOR
INITIATIVE 1: PROCUREMENT	Joseph Doucet	Martin Coutts
INITIATIVE 2: SPACE AND FACILITIES	Stanford Blade	Andrew Sharman
INITIATIVE 3: ADMINISTRATIVE REDESIGN	Greta Cummings	Wayne Patterson
1. RESEARCH ADMINISTRATION	Steve Patten	Walter Dixon
2. INFORMATION TECHNOLOGY	Fraser Forbes	Mike MacGregor
3. HUMAN RESOURCES	Demetres Tryphonopoulos	Wayne Patterson
4. STUDENT SERVICES	Barbara Billingsley	Melissa Padfield
5. FINANCE	Brenda Hemmelgarn	Martin Coutts
6. EXTERNAL ENGAGEMENT	Matina Kalcounis-Rueppell	Catherine Swindlehurst

1. Procurement

The procurement initiative is reviewing and will redesign the expenditure strategy for goods and services across the university. It is also examining the staffing involved in procurement and how to streamline these staffing processes.

The university contracted KPMG through a competitive bid process to review enterprise-wide procurement practices, including the following:

- **Strategic sourcing**: benchmarking existing prices against the market and analyzing the university's current suppliers, which includes multiple suppliers of similar services and products, to find where consolidating suppliers and spending can achieve lower prices.
- **Category management**: reviewing specifications available for key items, reviewing internal and supplier compliance, and reviewing opportunities for better supplier performance management.
- **Demand management**: reviewing spend policies against sector best practices, reviewing stock management, and utilization levels for key categories.

The procurement initiative team will report on findings from this review and make recommendations later in November 2020. The team anticipates that the review will identify several areas where the university can achieve cost savings. The SET team will develop action plans to implement the recommendations.

Phil Webb is the Project Manager leading the team through the procurement review. Phil has been with the U of A for over 30 years and was seconded to the SET program from Supply Management Services where he was the Director of Logistics & Business Services. The procurement initiative regularly reports to the SET Program Office and is accountable to the Service Excellence Steering Committee (SESC).

2. Space and Facilities

The space and facilities initiative will review operational costs associated with all university spaces, facilities, and estates as well as how to better optimize space usage.

KPMG was also contracted through a competitive bid process to review space and facilities practices across the university. Their report will be released in late November and will provide:

- An assessment of in-scope space and facilities, highlighting those that are most viable, high-quality, and aligned with the university's vision, mission, and goals;
- An assessment of facilities that require immediate investments (highlighting those for decanting and/or demolition), those that are not optimized and/or under-utilized, and any opportunities to accelerate the decommissioning or repurposing of buildings and spaces;
- Best practice approaches to the exiting of existing leases and other long term obligations;
- Initiatives to proactively reducing the impact of deferred maintenance to improve cost and quality outcomes;
- Strategies to improve the utilization and minimize the cost associated with the operation of existing space and facilities;
- Creative approaches to partnerships or other opportunities for cost savings and/or revenue generation; and
- An assessment of the impact of this work as well as confirmation and adjustments of the university's Integrated Asset Management Strategy.

Rajesh Bali is the Project Manager of the space and facilities initiative; he was seconded to the SET program from his position in Facilities & Operations where he was the Director of Trades and Infrastructure Maintenance since 2017. The space and facilities initiative regularly reports to the SET Program Office and is accountable to the Service Excellence Steering Committee (SESC).

Efficiencies found from the procurement and space and faculties reviews are essential to meeting the university's financial targets and contribute to non-labour savings.

3. Administrative transformation

A significant amount of our attention is focused on the third SET initiative, administrative transformation. A specialized team within the SET program is designing the new operating and organizational structure and completely redesigning major processes across all university functions to align administrative services with the new operating model. This team is supported by an international management consultancy known as the Nous Group, which has significant experience partnering with higher education institutions to solve strategic challenges, drive performance, and build capacity.

The administrative transformation initiative encompasses six functional workstreams that reflect the key areas of administration services at the U of A:

1. Research Administration
2. IT
3. HR
4. Student Services
5. Finance
6. External Engagement

Brian Stewart is the Program Director of the administrative transformation initiative. He has been with the U of A for over seven years, most recently as the university's Deputy Chief Information Officer. For a complete list of administrative transformation team members, please see Appendix B.

OPERATING MODELS AND APPROACHES

Organizational redesign

While there are unique elements to managing change at this scale in universities and post-secondary institutions, many administrative processes are universal. Therefore, we will also look to other sectors and industries for insights. We will ensure that the university's administrative services support the academic mission while finding the funding reductions required and creating a more sustainable operating model.

The university has taken a six-step approach—set out below—to determine organizational redesign.

1. **Understand drivers for change, strategic direction, and current organization design**: map the current structure and present data.
2. **Understand current and future functions**: identify the work that is currently done by the organization and what the future work of the organization will be.
3. **Define design criteria**: define the criteria used to assess the different potential organizational designs.
4. **Identify a range of options**: explore structural options and develop potential designs, including indicative full-time equivalent (FTE) and high-level costing for each option.
5. **Assess options against the design criteria**: assess the options against design criteria using qualitative and quantitative analysis.
6. **Test and refine preferred option**: test preferred option with key stakeholders; define roles, purpose, core activities, accountabilities, and KPIs for all areas of the new structure.

> ***Organizational change in universities***
>
> Organizational change in universities—and administrative transformation—is unique. Financials need to be carefully balanced with the university's vision, goals, and academic mission; multiple and different stakeholders—students, staff, faculty, and others—require administrative services; and service excellence is expected and must be maintained. The transformation must also instill confidence from staff and academic members in order to retain and continue to be attractive to new hires.

Other considerations for the new operating model

- Faculties must be enabled to focus on their core mission of teaching, research, and community service.
- The model must be flexible to academic restructuring.
- The model must drive standardized approaches and continuous improvement.
- The model must incorporate EDI commitments.
- The model must create clearer career pathways for staff.
- A shared vision of service culture must be created.

Design criteria

The operating model is fundamentally about structuring the university for success. Eight design criteria were developed that would support an improved operating model and culture of service excellence. While all eight are important, the SET Program Office conducted leadership workshops to identify the relative importance of these criteria. We captured the views of 152 individual leaders across faculties and central portfolio units over 30 initial workshops.

These criteria will be a key reference point as we progress through functional reviews to ensure changes are embedded.

The design criteria were ranked in the following order:

FIGURE 8 DESIGN CRITERIA EVALUATED IN LEADERSHIP WORKSHOPS

DESIGN CRITERIA	POLLING*
More efficient and leaner processes: The model is developed to optimize process flows, targets automation of activity and reduction in approval thresholds.	66%
Reduce role duplication: Where possible functions are delivered by a group of central specialists with no/minimal duplication of functions in satellites.	43%
Adapt to ongoing change: A flexible model that supports temporary or permanent resource reallocation within the model based on immediate or predicted need.	43%
Retain relationship interface: Ensure that the model preserves and prioritizes opportunities for service-user and service-service interactions and autonomy.	39%
Ensure clear accountabilities: Ensure that all agents have clarity on accountability on activities that they are responsible for, risk is mitigated through the standardized approvals process.	35%
Enable collaboration across the university: Develop consistent scalable models across departments and units; alignment supports the sharing of information and/or resources.	33%
Provide an equitable resource allocation: Resources are available according to a value-based assessment, units that produce most value have greatest access to resources.	26%
Support administrative specialisms: Activity is grouped by function to allow agents to develop maximal specialization and increase the overall efficiency of that activity.	15%

*Each attendee was allowed three votes and voted individually (n=151). Weighted polling was then used, where one 'vote' was allocated per workshop (faculty or functional group), allocated proportionally based on the votes of those attending, such that each unit's vote was weighted equally. For example, if

Please note that the administrative operating model relates to the administrative transformation initiative of the SET program and does not include procurement or space and facilities initiatives.

Common operating model archetypes

Universities globally use a variety of shared-service models ranging from fully-centralized to fully-decentralized. Four common operating model approaches are set out below, from most centralized to least centralized. An overview of these models is provided in Figure 11 below.

FIGURE 9 OVERVIEW OF TYPICAL UNIVERSITY ADMINISTRATIVE SERVICES OPERATING MODELS

Centralized → Decentralized

	CENTRE-ONLY	CENTRE-LED "EMBEDDED PARTNER"	"HUB AND SPOKE"	FACULTY-ONLY
SERVICE DELIVERY	Managed from shared services	Managed from the functional department	Managed from both faculty and department	Managed from faculty and department
PROFESSIONAL STAFF REPORT TO...	Shared services division	Functional department	1. Functional department (back-office) 2. Campus, faculty or department (front-office)	Local management
PROFESSIONAL STAFF LOCATED IN...	One central shared-services division	A campus hub, faculty, or department	Faculty, hub, or department	Faculty or department, report locally
SERVICE PROVISION	Managed through service level agreements	Managed through individual service expectations	Local provision of non-transactional corporate services; student and market-facing services and academic services	Local provision of corporate services; student and market-facing services and academic services

1. Centre only

The 'centre only' model is the most centralized model—sometimes fully centralized. All administrative services staff are located in central portfolios and deliver services to all faculties and departments in the university. In this model, little or no administrative support is delivered from within faculties.

2. Centre-led or "embedded partner"

This model is still very centralized but not completely. Central shared services provide all administrative services; staff from central functions, delivering these services, are embedded in faculties. These embedded staff report directly to their central administrative portfolio and are responsible for ensuring service is provided to their designated faculty.

3. "Hub and spoke"

In this model, faculties have a limited set of administrative services that they deliver themselves (or that they share among a few faculties) while at the same time making use of central shared services. Central administrative staff report directly to their faculty but are accountable to their relevant central administrative portfolio.

4. Faculty only

This model is the most decentralized. In this model, a small services group (mostly reporting, regulatory compliance, and monitoring) is shared. Otherwise, each faculty manages its own administrative services. Service functions are embedded within and managed by faculties. Some faculties may share services with each other.

Benefits and limitations of each model

Each model has benefits and limitations as set out below.

FIGURE 10 BENEFITS AND LIMITATIONS OF EACH MODEL

Centralized ← → Decentralized

	CENTRE-ONLY	CENTRE-LED "EMBEDDED PARTNER"	"HUB AND SPOKE"	FACULTY-ONLY
BENEFITS	✓ Single point of accountability ✓ Standardization of service delivery ✓ Single set of IT systems ✓ Economies of scale/ skill/outsourcing	✓ Understanding of service delivery needs ✓ Single set of IT systems ✓ Economies of scale and skill	✓ Proximity to customer ✓ Tailored/responsive service provision	✓ Proximity to customer ✓ Tailored/responsive service provision ✓ Sense of control in faculties and schools
LIMITATIONS	✗ Perception of less control locally ✗ One-size fits all service delivery ✗ Reliant on mature service levels	✗ Perception of less control locally ✗ Perception of service can change	✗ Lack of standardization ✗ Process and systems inconsistency ✗ Difficult to address organizational-wide engagement and academic challenges	✗ Lack of standardization and skills ✗ Inefficient processes and systems ✗ Difficult to address organizational-wide challenges

The university's leadership considered each model and how it might apply to the U of A context and current challenge (including the size of funding reduction and timelines). The following section lays out this evaluation.

Evaluation of constrained options

Fundamentally, the administrative operating model must allow faculties to focus on the core mission—teaching, research, and community engagement—and allow central administrative portfolios to build the scale and standardization needed to realize a service-centric culture.

The proposed operating model must also be feasible, given the funding reality. We have a significant funding reduction and very short timeframes to make changes. As a result, the two polar options were eliminated for the following reasons:

- A highly-centralized model is not possible within the time constraints as it would be a huge shift from the U of A's current mode of operation.
- A fully-decentralized model, with each faculty provided with dedicated resources, is too expensive and does not achieve the scale of cost-reduction necessary.

Consideration of blended models that achieve the savings target

In determining the preferred model, U of A leadership considered three 'blended' options that would each achieve the savings target. Again, these options had varying levels of centralization:

- **Option 1**: Breaking down functional silos.
- **Option 2**: Moving towards cross-functional centres and hubs.
- **Option 3**: Driving functional excellence.

Each option has different approaches to the same core components:

- front-end engagement with staff and students,
- staff organization in central teams or faculties,
- interaction between portfolio units and faculties, and
- transactional processes.

A comparison of the core components of the three options that were considered is set out in Figure 13 on the next page.

FIGURE 11 CONSIDERATION OF BLENDED MODELS

	OPTION 1: BREAKING DOWN FUNCTIONAL SILOS	OPTION 2: MOVING TOWARDS CROSS-FUNCTIONAL CENTRES AND HUBS	OPTION 3: DRIVING FUNCTIONAL EXCELLENCE
FRONT-END SERVICE	Universal front-end contact centre for staff and for students.	Universal front-end contact centre for staff and for students.	Enquiries to be sent directly to the relevant portfolio, with no service centre.
CENTRAL TEAM ORGANIZATION	Expert multi-functional teams grouped by streams into service-delivery centres e.g. student services, research support, staff management.	Expert teams within each functional portfolio to manage non-transactional activity.	Functional portfolio teams manage both transactional and non-transactional activity.
BUSINESS PARTNERS	Function-specific business partners work in cross-functional teams on behalf of the relevant service delivery centre and are embedded in faculties where necessary.	Function-specific business partners work directly with their relevant functional portfolio and are embedded in faculties where necessary.	Function-specific business partners work directly with their relevant functional portfolio and are embedded in faculties where necessary.
TRANSACTIONAL PROCESSES	A universal processing hub manages simple and moderately complex transactions across all administrative functions.	A universal processing hub manages simple and moderately complex transactions across all administrative functions.	Functional portfolio teams manage both transactional and non-transactional activities.
FACULTY ADMINISTRATION	Few administrative staff in faculties apart from embedded business partners, a few generalist assistants, specialist staff, and a faculty general manager.	Few administrative staff in faculties apart from embedded business partners, a few generalist assistants, specialist staff, and a faculty general manager.	Few administrative staff in faculties apart from embedded business partners, a few generalist assistants, specialist staff, and a faculty general manager.
PROS	Efficiencies, economies of scale, and standardization through universal service and transaction hub. Cross-functional teams have central ownership of user experiences and support greater flexibility/adaptability.	Efficiencies, economies of scale, and standardization through central service and transaction hub. Functional portfolios have expert teams (non-transactional) focused on specialist tasks.	Portfolios have end-to-end ownership of functions (both transactional and non-transactional activity). Closer to faculties and able to provide a more-tailored approach. Closer to current state and lower cost to implement.
CONS	High degree of change from current state and high establishment costs. Difficult with expansive faculty structure. Less focus on local complexities/one size fits all with potential for overly standardized processes. Uncommon in other universities.	Less focus on local complexities Does not bring additional benefit of multi-function expert teams and overall user journey focus.	Lacks additional benefits in terms of service synergies, supporting processes/technologies of which a service centre and transaction hub would provide. Multiple points of entry for staff and student enquiries. Greater risk of process/system inconsistency and multiple IT systems across functions.

Endorsing a preferred operating model framework

Senior leadership groups considered how well each option achieved cost-saving potential, impact on service quality, capacity to manage change, and ease of future reform. Even though all the options would achieve the required savings, Option 2 most fully balanced investment requirements with scalable efficiencies.

FIGURE 12 ENDORSING A PREFERRED OPERATING MODEL FRAMEWORK

FACTOR	OPTION 1: BREAKING DOWN FUNCTIONAL SILOS	OPTION 2: MOVING TOWARDS CROSS-FUNCTIONAL CENTRES AND HUBS	OPTION 3: DRIVING FUNCTIONAL EXCELLENCE
COST-SAVING POTENTIAL	**High**. More beneficial than Option 3 in balancing investment requirements with increased efficiencies.	**High**. More beneficial than Option 3 in balancing investment requirements with increased efficiencies.	**Moderate**. Least upfront investment requirements but limits potential future efficiencies.
IMPACT ON SERVICE-QUALITY	**Very positive**. Cross-functional teams have central ownership of user experiences and support greater flexibility/adaptability.	**Positive**. Dedicated service centres and expert teams but without overall user journey focus of Option 1.	**Mixed**. End-to-end ownership of functions but discretion to determine the level of service provided across functions.
CAPACITY TO MANAGE CHANGE	**Unlikely**. Due to high degree of change from current state structure, process, and culture.	**Likely**. Requiring significant leadership support, and change in culture and process.	**Very likely**. Requiring significant process improvement, but closer to current state.
EASE OF FUTURE REFORM	**Very likely**. Efficiencies, economies of scale, and standardization; and structural change aligns with service needs.	**Very likely**. Efficiencies, economies of scale, and standardization through universal service and transaction hub.	**Possible**. Lacks additional benefits in terms of service synergies. Requires very central governance.

Other reasons for selecting Option 2 included:

- Option 3 can be very efficient but requires a command and control environment that is not compatible with the university's governance and culture.
- Option 1 is an extension of Option 2. It is difficult to quantify the additional labour savings that would arise in Option 1 to justify this shift, and this scale of change presents greater implementation risks. Also, it would be possible to transition from Option 2 to Option 1 in future years, if required. Option 3 requires very central governance to be successful long-term.

Option 2 was endorsed as the preferred operating model framework for the administrative transformation by:

- The Service Excellence Steering Committee (formally, unanimously),
- Leaders at the Senior Leaders Retreat *(not a decision-making body),*
- President's Executive Committee—Strategic (PEC-S) and Dean's Council, and
- The Board of Governors.

THE NEW ADMINISTRATIVE SERVICES OPERATING MODEL

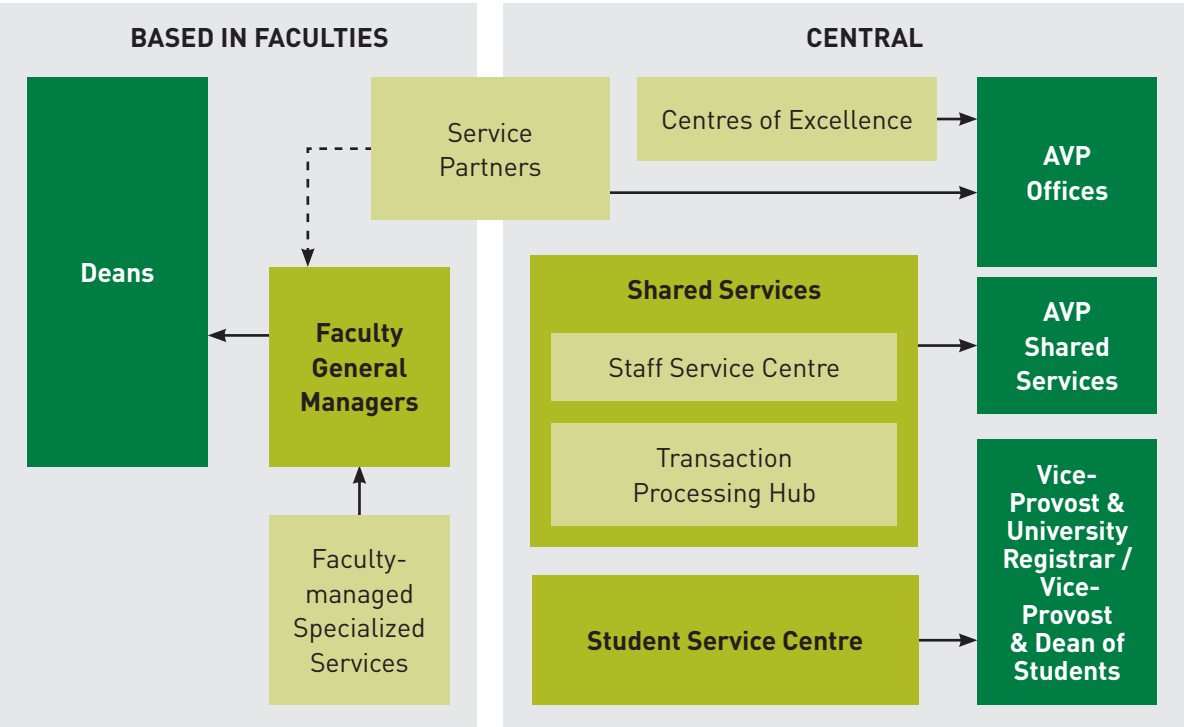
On October 16, 2020, the Board of Governors approved the new administrative operating model as proposed by SESC. The new model allows the university to reduce funding strategically by restructuring how services and functions will be delivered across the institution. In addition to meeting fiscal targets, this model meets SET's goals to serve and support the core mission of the university while also ensuring that staff have rewarding, sustainable roles and clearer career paths in the future.

Overview

The approved operating model consists of a hybrid of centralized and decentralized services and functions. With two service centres—one for students and another for staff—and a universal transaction hub, the model will centralize many of the services and administrative activities, processes, and functions that are common to faculties and units across the university.

At the same time, where specialized services and administrative needs are integral to academic programming, these will be provided in faculties, under the direction of a faculty general manager. To ensure a strong connection with and conduit into central services, service partners will be embedded in the academic units and report into portfolio centres of excellence; they will bridge their functional expertise together with specialized knowledge of the divisions and faculties.

FIGURE 13 NEW ADMINISTRATIVE SERVICE MODEL OVERVIEW



The five core components of the model are set out in detail below. Please note that while the model has been finalized, the details that will make this model functional (eg: defining processes and activities, determining organizational structure) are still being worked out with leadership and through consultations with the staff doing the day-to-day work.

Service centres

Service centres provide users with a central space that can address and triage user enquiries according to need and complexity. The U of A will have two service centres: one for student needs and one for staff and faculty needs. They will include a digital platform where teams can resolve queries virtually and will be complemented by a walk-in location providing users with access to self-service portals or in-person services.

Within the service centres, teams of support staff will be focused on specific areas. However, for the user, the service centres will be the "front door" to all services—no matter their question or need. The staff in the service centre will either be able to serve the user or connect the user to the office that can best help.

> Example of services offered at the Student Service Centre: connect students with counselling services, provide confirmation of enrolment, support student payments (e.g. tuition). *For an example of how the Student Service Centre will triage requests, please see Appendix D.*
>
> Example of services offered at the Staff Service Centre: respond to benefits and payroll queries, provide expense reimbursement, IT support.

Centres of Excellence

Centres of Excellence consist of teams of functional specialists. Under the leadership of vice-presidents' portfolios, these centres will provide strategic expertise and specialized service in their specific functional areas, such as finance, HR, IT, or communications. They will provide broad institutional leadership both in terms of setting service standards and ensuring service satisfaction.

> Example: Within the AVP HR, Health, Safety & Environment portfolio, there may be Centres of Excellence such as Talent Management, Health & Wellness, Safety & Environment.

It is critical to note that specialized functions and services that are integral to the delivery of specific academic programs will continue to be delivered within the faculty. See the "Faculties" section below.

Service partners

Service partners are experts in one functional area and provide functional support to a faculty. They will be embedded in faculties—working with the faculty general manager—but report directly to their 'home' function. For example, an HR service partner would be embedded in a faculty and work with the faculty general manager, but report directly to the AVP.

They will be the link between the faculty and the specialists in the central Centres of Excellence, listening carefully to the faculty's needs and figuring out ways to achieve these objectives. They will provide strategic advice to deans, associate deans, chairs, and unit leaders and be the main point of contact for matters relating to their functional area.

> ***Note on names***
>
> The SET Program Office recognizes that *Centres of Excellence* is a confusing name because of its established association with research funding; as well, the title *Service Partner* may not accurately reflect the nature of the role in some cases.
>
> Therefore, SESC will be reviewing options for new names for these elements.

> Example: An HR service partner embedded in the Faculty of Arts would work with the Department of Sociology to provide HR support, such as recruitment, and manage the work done by the team at the Talent Management Centre of Excellence. This service partner would report to the AVP Human Resources, Health, Safety & Environment.

Faculties

Where specialized services and administrative needs are integral to academic programming, faculties will provide these services under the direction of a faculty general manager who will work closely with the dean and provide strategic advice and leadership on all administrative functions in the faculty.

> Examples of faculty-managed roles: Academic student advisor in each faculty, farmhand at the University Farm/Ranch, dental assistant at the School of Dentistry, program administrator of the Engineering Co-op program.

Transaction Processing Hub

A Transaction Processing Hub streamlines transactional services and processes to create consistency across the university, often taking advantage of automation technology. Teams of highly-specialized transaction staff support the hub. The transactional activities that these staff and systems manage are typically high-volume activities that require standardized processes across faculties and units. Transaction staff focus on end-to-end process design, efficiency, and automation.

A key element of the hub will be the Continuous Improvement Team, charged with measuring service satisfaction levels and ensuring that activities are meeting the needs of the institution efficiently and effectively.

> Examples of services provided in the Transaction Processing Hub: support for payroll, expense reimbursement, accounts receivable and payable, job posting administration.

Organizational changes in the new model

Administratively, faculties and central portfolio units are organized to support the establishment of the features set out above. The administrative restructure presents an opportunity to realign the structure of many faculty and central units with widely-accepted best practices—in particular, spans of control (how many staff report to each manager) and the number of reporting layers within the organization.

Optimal spans of control are six to 10 direct reports per manager (five or fewer should be avoided where possible)[1]. Narrow spans of control create unnecessary complexity throughout the organization. When the span of control is too narrow, employees with seemingly distinct titles perform work at the same level of complexity, which limits the accountability of each manager and slows down the speed of decision making.

With spans of control kept above five, an organization of the size of the U of A should have no more than six reporting layers including the President and any other individual within the organizational structure.

1 *Mckinsey & Company, 2017*

Executive team restructuring

Administrative restructuring must include all aspects of administrative services on all our campuses and research stations, including leadership positions in the President's Office. Earlier this year, there were changes to the executive team, which included reducing the number of vice-presidents through the merger of University Relations and Advancement and reducing the number of presidential direct reports through the merger of General Counsel and University Secretary into one role. As a result of those changes, the executive team has decreased in size by 22%, with a savings of 25% as compared to 2018. These changes have resulted in reducing salary expenditures in the executive team by over $900,000 a year.

Vice-president-level restructuring

To set the stage for further planning, senior leadership roles and responsibilities in the university's vice-presidential portfolios have changed to support continued restructuring of services and functions in alignment with the new operating model. This has seen an increase in functions and responsibilities for VPs and AVPs in central units.

One of the primary changes is the renaming of the Finance & Administration portfolio to University Services & Finance. This highlights its focus on leading and delivering the university's administrative services, with a commitment to providing common, high-quality, professional services to faculties and units across the institution. The portfolio will be the home to the AVP Shared Services, who will look after the Staff Service Centre and the Transaction Processing Hub (collectively known as Shared Services).

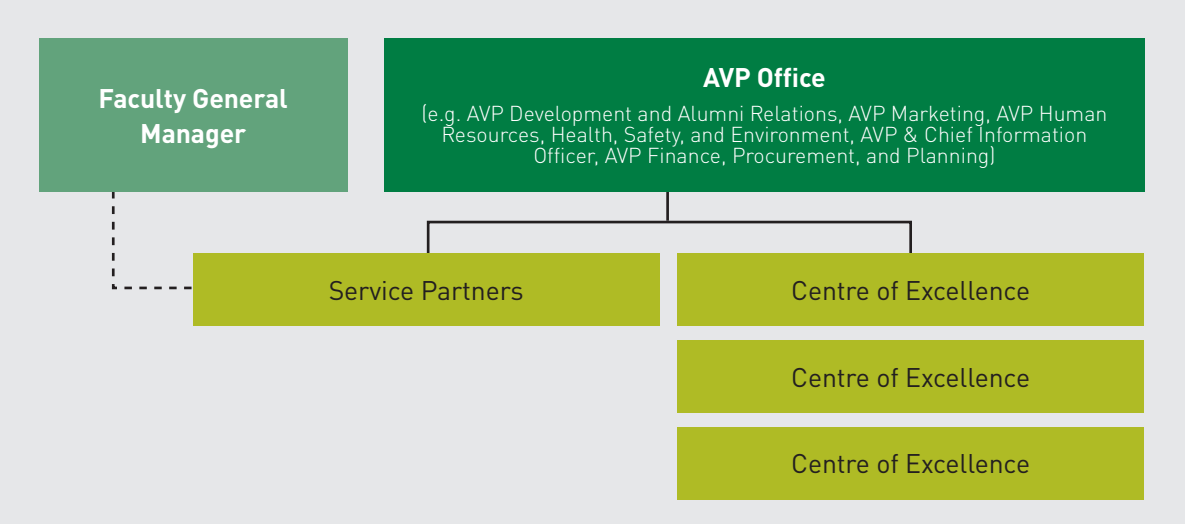
The level of change in the other portfolios varies, but all will have a clearer, expanded, and more consolidated set of responsibilities and functions, with a tighter focus on their areas of expertise; this will allow faculties to focus on their core mission of research and teaching. A number of difficult decisions have been made, with some units and activities being moved, consolidated, or redistributed within and across the portfolios.

This new structure reduces the number of direct reports to most senior leaders and streamlines to six to eight per senior leader. This results in a 33% reduction in the number of direct reports to the VPs, excluding deans. Please see Appendix C for the full Vice-President Reorganization chart.

Associate vice-president structure

Within each central, vice-president portfolio, associate vice-presidents (AVPs) will lead the delivery of portfolio services, including Centres of Excellence and service partners.

FIGURE 14 NEW ASSOCIATE VICE-PRESIDENT STRUCTURE



Service partners are accountable to AVPs and indirectly to the office(s) in which they are embedded. Centres of Excellence (three to five within each central unit) oversee important strategic activities that require specialist expertise.

Proposed faculty structure

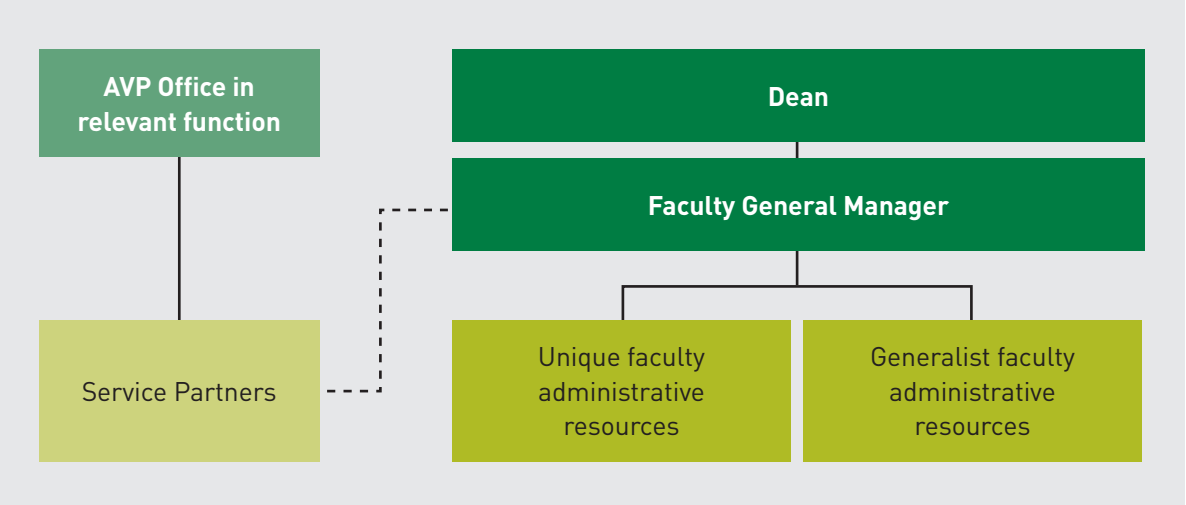
The new operating model includes standardizing administrative roles within each faculty. One significant change is the proposed introduction of a faculty general manager (FacGM) role for most faculties (smaller faculties may choose not to introduce this role). Some faculties already have an analogous position in place under a different title.

Each dean will have administrative support (e.g. an executive assistant) and will also have direct oversight of the new FacGM role. Deans will be supported by this FacGM, who will manage any administrative resources in the faculty with additional support from service partners.

FacGMs will be the interface between service partners and faculties. Service partners will report directly to their central unit portfolio, but will have a dotted line responsibility to FacGMs.

The FacGM will manage administrative resources unique to the faculty or funded through restricted funds and directly appointed (e.g. medical secretaries, farm hands) as well as generalist faculty administrative resources such as executive assistants, teaching administrators, and department administrators in large departments. Central units will provide services such as research administration, HR, finance, IT, and communications. While central units, such as the Student Service Centre, will play a greater role providing student services, faculties will retain academic, program-specific, and regulated elements of student services provision.

FIGURE 15 NEW FACULTY STRUCTURE



Service culture

Core to the operating model is the enhancement of the U of A's service culture and a commitment to continuous improvement. All administrative functions and activities must serve and support the university's mission to the highest possible standard with the resources available.

It's important to note that implementing and training in new processes and modes of delivery is disruptive and can initially lead to a drop in service and satisfaction levels. However, with a commitment to continuous improvement, the long-term outcome can result in higher levels of satisfaction, as has been seen at other universities that have undertaken similar organizational change.

How will we ensure continuous improvement of service excellence?

1. The SET program has put in place pulse surveys for faculty and staff—and will soon start this for students as well. This gives us check-in points on the current state and helps to identify needs.
2. We will be developing clear service standards to measure performance and adjust as needed (e.g. response time, cycle times, engagement survey results, etc.).
3. We will be implementing a Continuous Improvement Team, which will be trained and devoted to dealing with issues proactively and effectively throughout the implementation process and beyond.

NEXT STEPS

Although the SET program continues to move quickly to meet upcoming financial targets, full implementation of the operating model will unfold over the next 18 months. The most immediate next steps involve staff transition planning and functional reviews to change and improve processes through the six functional streams. It also includes a commitment to support our staff through this challenging transition. An overview of next steps as well as a proposed timeline is included below.

Transition planning

The university is now preparing central unit-level and faculty support plans to implement the new operating model. As a result of the more centralized operating model, there will be a significant shift of university administrative personnel from faculties to central units. It is anticipated that approximately 400 new roles will be created and filled in central units. These may be direct transfers or expressions of interest from current staff.

In addition, in order to meet our imposed budget constraints, the labour force will have to be reduced by an additional 325 positions in the 2020/21 financial year and 325 positions in the 2021/22 financial year. These reductions will reduce labour costs by a total of approximately $60M. A more detailed transition implementation plan will be released in early December.

Human resources principles

This is an enormously challenging time, particularly for those directly affected by job loss. The university is committed to offering support to our staff during the upcoming transitions and will adhere to the following principles throughout the administrative restructuring process.

To our employees, in the context of the pace at which we must progress, we commit to the following:

- Recognize and acknowledge the anxiety and confusion that staff are feeling through the *U of A for Tomorrow* transformation;
- Treat staff with compassion, dignity, empathy, and respect in our actions;
- Understand the important and meaningful work that administrators do within our faculties and units and the valued contributions staff make to the university's success;
- Create a vibrant and healthy working environment that provides staff with meaningful work, engaging experiences, and fulfilling career paths;
- Support staff if changes to their role and responsibilities occur;
- Share consistent, transparent, clear, truthful, and timely information;
- Provide services and supports to help staff build and maintain good mental health and wellbeing;
- Be guided by the principles of equity, diversity, and inclusion in our decision making;
- Engage NASA and AASUA in meaningful consultation regarding changes affecting staff terms and conditions of employment;
- Follow the employment processes and practices outlined within our collective agreements, handbooks, policies, and legislation; and
- Share the processes and steps being used to implement the new model once we have completed consultation with the unions.

Functional reviews and engagement

With a new operating model in place, the SET team has been meeting with leadership in faculties and central units for more detailed analysis and planning as to how and where services and processes are best delivered within the model (eg: HR, Finance, IT, External Engagement, etc). As part of this process, sponsors for each of the administrative workstreams have composed focus groups of staff subject matter experts to help create an exhaustive list of all the activities or services in a particular functional portfolio and where it would be best placed within the model. The end result is called a service catalogue and begins to formalize how the operating model will function. These service catalogues also assist in the decision-making of the faculties and central units as they prepare their staffing transition plans.

Following the development of the service catalogues, functional reviews will be initiated for each of the six workstreams and will require considerable engagement and feedback with staff who know the processes best. Staff will be engaged to review each of the activities and services in the service catalogue and help inform how processes and other functional elements must change or shift to work within the new operational model.

Functional reviews for each stream will follow a three-step process, which will start in mid to late November 2020 and will take approximately one year to complete.

1. The first stage is a **Process Impact Assessment**, which identifies and prioritizes the key processes being undertaken in the university for each of the six workstreams: IT, Finance, HR, External Engagement, Student Support, and Research Administration. This stage will generally involve consultation with the managers in units, although some front-line staff may also be engaged. IT, HR, and Finance are the initial streams to be reviewed.
2. The second stage or **Functional Analysis** will include more front-line staff engagement, including round tables for each functional workstream. In this stage, we undertake a current and future state analysis to determine how we can improve the operations of the university.
3. The third phase will be the **Implementation of Redesigned Processes**, where front-line staff will be heavily involved. The exact timing of this engagement will vary by stream, and each may be at a different pace, but current timelines have the second phases starting in January and the third phase starting in March.

Timeline

FIGURE 16 SERVICE EXCELLENCE TRANSFORMATION PROGRAM OVERVIEW TIMELINE 2020–2021

PHASE	DETAILS	2020 Q1			2020 Q2			2020 Q3			2021 Q4			2021 Q1		
		APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN
1. VISION AND FRAMEWORK	Articulate requirements for SET program from UAT vision															
	Develop new operating model framework to enable admin elements of UAT															
2. STRUCTURE AND ROLES	Agree to resourcing changes across units to move to new operating model and reach labour savings target															
	Work with leaders to determine planned structure for service delivery in faculties in central units															
	Develop phased staff transition plans															
	Implement phased transition of staff												325			

Timeline continued on next page.

PHASE		DETAILS	2020 Q1			2020 Q2			2020 Q3			2021 Q4			2021 Q1		
			APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN
3. PROCESS AND SERVICE QUALITY	FUNCTIONAL REVIEWS	Launch functional reviews across key corporate areas to drive process and service quality improvements															
		Develop service expectations for major business processes															
	TRANSACTION PROCESSING HUB	Establish comprehensive list of eligible processes (within HR and Finance function initially)															
		Undertake 3-part "discovery" phase with support from function leads and staff; determine systems required, effort allocation, and key process steps to deliver services															
		Undertake process improvement review to ensure that processes are optimised for TPH prior to formal transition															
		Develop business case to support implementation															
		Hub piloting and launch with initial services													launch		
	STUDENT SERVICE CENTRE	Locate all existing student service delivery groups throughout central units and faculty															
		Current state review of all student services to determine suitability and expected benefit of a transition to the student centre															
		Create "front of house" and "back of house" service packages															
		Develop business case to support implementation															
4. CULTURE AND LEADERSHIP		Develop Service Culture Plan															
		Develop and deliver service excellence leadership program															
		Train managers and front line staff in service culture															

CONCLUSION

We can address the current funding crisis and enhance delivery on the U of A's vision and mission, but this will require profound change. *U of A for Tomorrow* is an opportunity to turn our challenges into a strategic transformation. Since June 2020, the Service Excellence Steering Committee and SET Program Office have been working closely with university leadership and other stakeholders throughout the university community to develop the new administrative operating model, which centralizes administrative services to create greater efficiencies.

Next steps will involve the implementation of this model, which includes the development of a transition plan to redistribute the workforce from faculties and units to the centre. Early in December, the SET Program Office will release a more detailed transition implementation plan.

> ***Stress & Wellbeing***
>
> We recognize that this is a very challenging time given the impact of budget reductions, the uncertainty of COVID-19, and the pressure of organizational restructuring. We appreciate all that staff are doing. Thank you for all your efforts. Please reach out to Human Resource Services if you need some support: ualberta.ca/faculty-and-staff/health-wellbeing

While the future is still unknown, one thing is clear: the U of A is undergoing the greatest transformation in its history. The challenges we are currently facing may be unprecedented, but by working together to change, we can set a bold new direction for the university of tomorrow, making even greater contributions to advancing the public good.

APPENDICES

A. SET Program Overview
B. SET Program Office Organization Chart
C. Vice-President Reorganization Chart
D. Student Service Centre Triage Diagram

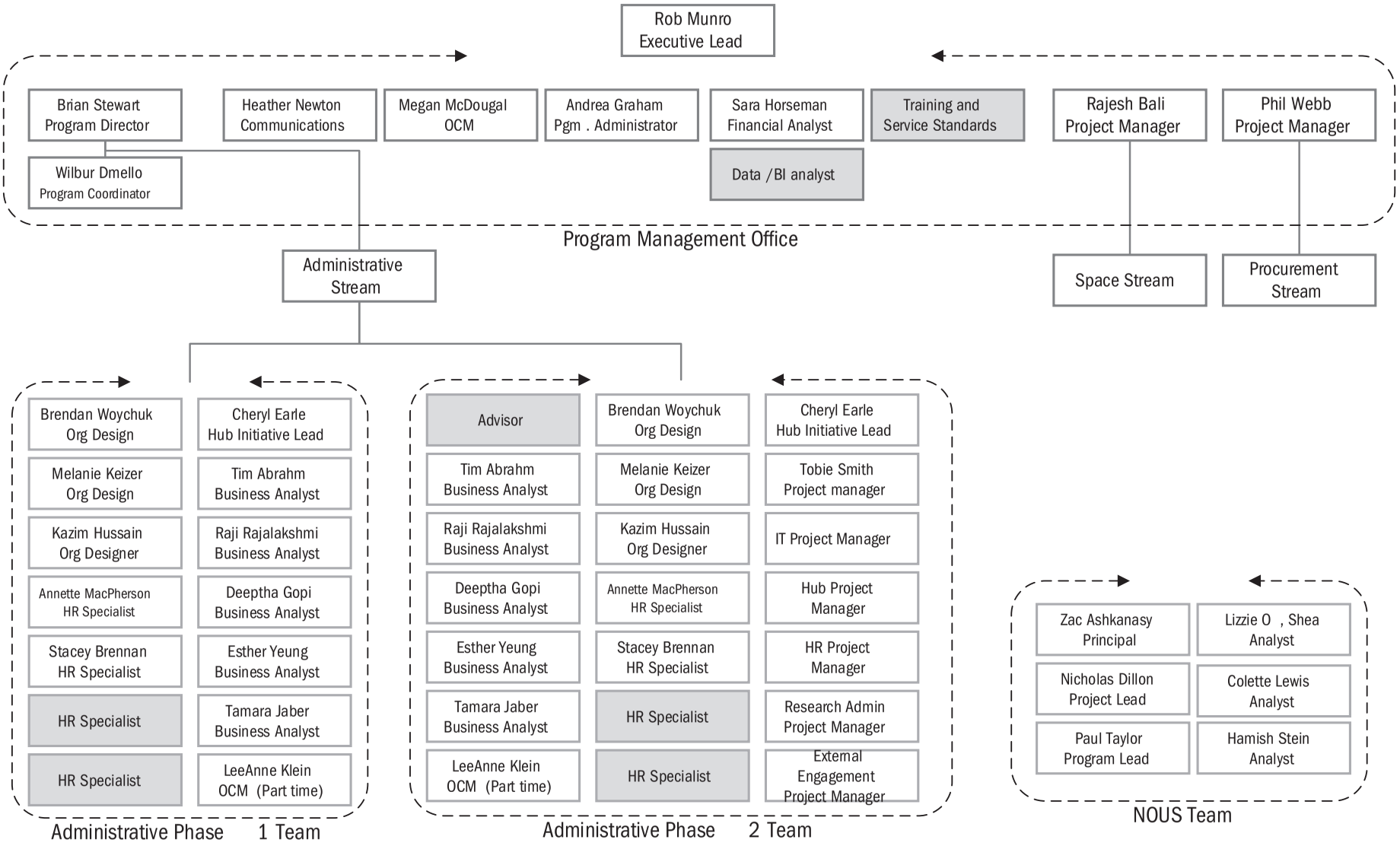
APPENDIX A:
SET PROGRAM OVERVIEW


Service Excellence Transformation
1
Procurement
Dean & Admin co-leads
Timing
~6 months
Resources
1 x PM, 1 x Finance*
Outsource to specialists
2
Space and Facilities
Dean & Admin co-leads
Timing
4–6 months
Resources
1 FTE (1 x PM, 3 x F&O Specialist team)*
3
Administrative Transformation (Phase 1)
Administrative Transformation (Phase 2)
Dean & Admin co-leads
Timing
~3 months
Resources
4 FTE (1 x PM, org design specialists, 1 x HR)*
Timing
12–18 months
Resources
~8 FTE (1 x PM, 4–6 Process experts, 1 HR, 1 x Functional expert per function)*

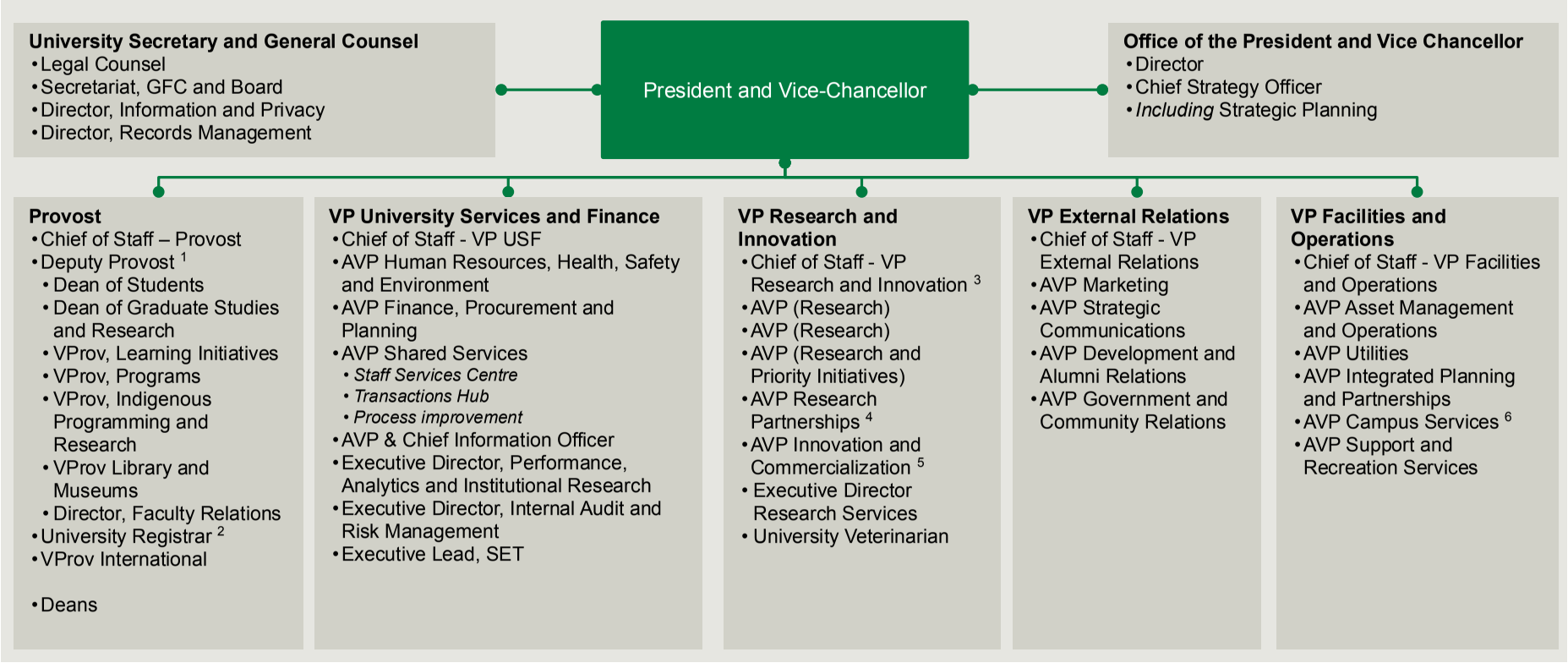
APPENDIX B:
SET PROGRAM OFFICE ORGANIZATION CHART

SET Program Structure

10/18/2020

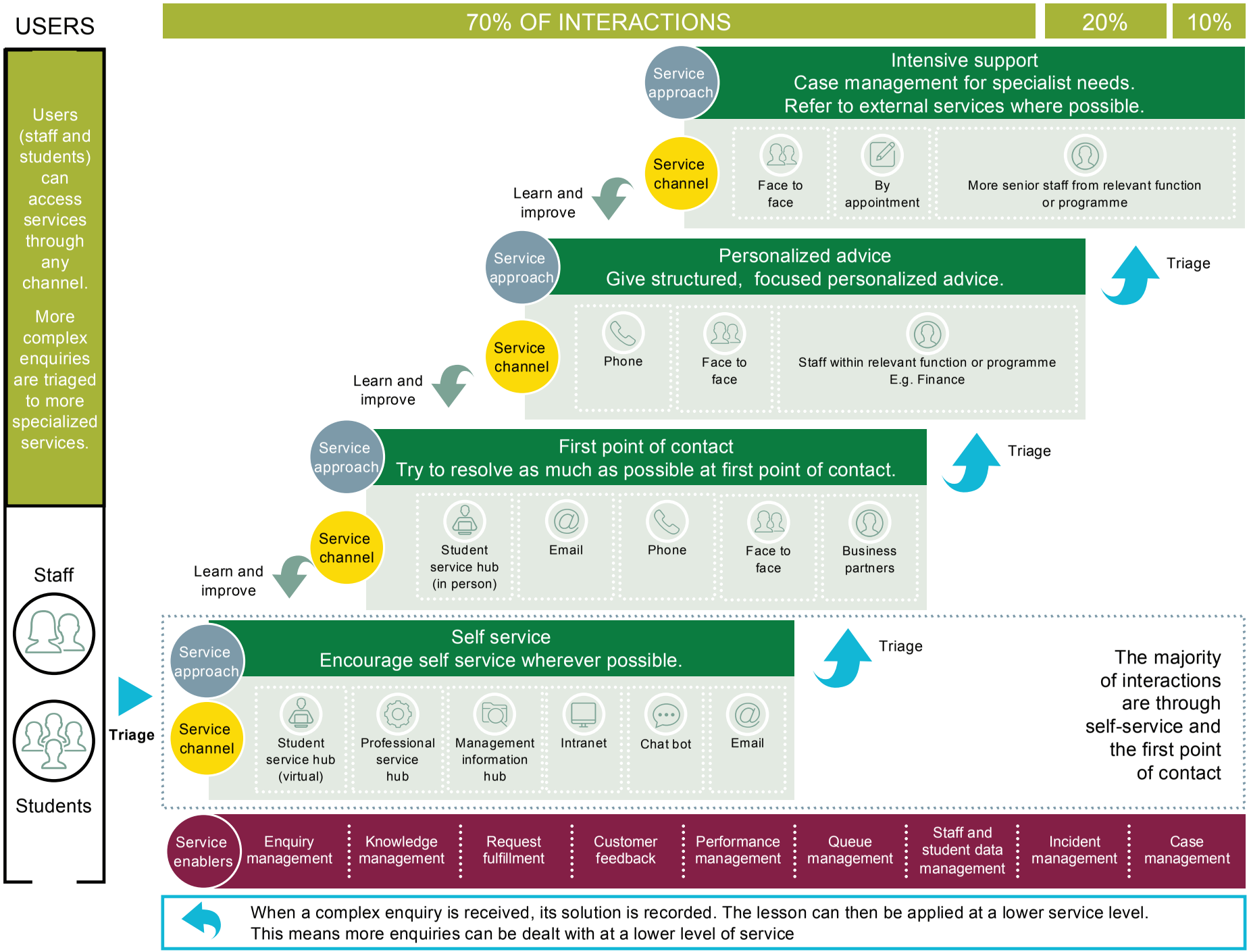


APPENDIX C:
VICE-PRESIDENT REORGANIZATION CHART



1. *Including EDI, Helping Individuals at Risk, and Office of Safe Disclosure & Human Rights*
2. *Including responsibility for the Student Services Centre, which will provide a common front-door for all students to access student students through the optimal channel.*
3. *Including Director Research Awards*
4. *Including International Research Officer*
5. *Including Tech Transfer*
6. *Including parking, residences, food services, bookstore, etc.*

APPENDIX D:
STUDENT SERVICE CENTRE TRIAGE DIAGRAM


USERS
Users (staff and students) can access services through any channel.
More complex enquiries are triaged to more specialized services.
Staff
Students
Triage
70% OF INTERACTIONS
20%
10%
Service approach
Intensive support
Case management for specialist needs.
Refer to external services where possible.
Service channel
Face to face
By appointment
More senior staff from relevant function or programme
Learn and improve
Triage
Service approach
Personalized advice
Give structured, focused personalized advice.
Service channel
Phone
Face to face
Staff within relevant function or programme
E.g. Finance
Learn and improve
Triage
Service approach
First point of contact
Try to resolve as much as possible at first point of contact.
Service channel
Student service hub (in person)
Email
Phone
Face to face
Business partners
Learn and improve
Triage
Service approach
Self service
Encourage self service wherever possible.
Service channel
Student service hub (virtual)
Professional service hub
Management information hub
Intranet
Chat bot
Email
Triage
The majority of interactions are through self-service and the first point of contact
Service enablers
Enquiry management
Knowledge management
Request fulfillment
Customer feedback
Performance management
Queue management
Staff and student data management
Incident management
Case management
When a complex enquiry is received, its solution is recorded. The lesson can then be applied at a lower service level.
This means more enquiries can be dealt with at a lower level of service