Your Resources: Put Them Where They Will Do the Most Good

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Larry Goldstein, President
Campus Strategies, LLC
Learning Outcomes

- Align resource allocation and assessment with operational planning to achieve success.
- Develop a strategic resource allocation approach matching resources to mission.
- Recognize the essential process elements that differentiate between success and failure when carrying out strategic resource allocation.
- Identify the key discussion points around which to engage your institution in the dialogue needed to reach agreement on a planful approach to mission fulfillment.
Session Agenda

- Alignment of planning, resource allocation, and assessment
- Key principles for resource allocation
- Strategic resource allocation
- Questions, comments, and reactions
ALIGNMENT (VERSUS INTEGRATION)
Alignment

- The different forms of planning must be integrated with each other
  - Strategic, infrastructural, & operational planning
- All planning must be aligned with resource allocation and assessment
- True alignment requires
  - Sharing of information and perspectives
  - Coordinated action / execution
Strategic Planning

Infrastructural Planning

Operational Planning

Assessment

Resource Allocation
Financial Plans—Resources

- Overarching element
  - Wraps around the strategic plan, infrastructural plans, and operational plans
  - Financial plan duration matches strategic plan
  - Guides and is influenced by operating and capital budgets
Financial Plan

Strategic Plan

- Administrative Plan
- Academic Plan
- Enrollment Management Plan
- Student Engagement Plan
- Institutional Advancement Plan
- Learning Resources Plan
- Facilities Plan
- Athletics Plan
- Auxiliary Enterprises Plan
- IT Plan

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KEY PRINCIPLES FOR RESOURCE ALLOCATION
What Really Matters?

- Resources
  - Dollars
  - Positions
  - Space
  - Technology
  - Equipment
Effective Resource Allocation

- Implements plans
- Responds to assessment data
- Combines top-down guidance informed by bottom-up knowledge / realities
- Uses measures consistently
- Accountability versus control
- Applies to all funds: unrestricted and restricted
Contingencies

- Recognize that projections will not be 100 percent accurate
- Establish a contingency to address revenue shortfalls, expense overruns, opportunities, other budgetary impacts
- 3 percent of operating revenues
  - If contingencies don’t materialize, consider special year-end allocations linked to plans or additions to reserves
Budget Contraction

- No across-the-board reductions!
- Focus on plan(s) and priorities
- Selectively use reserves
- Resist temptation to increase deferred maintenance
- Less important programs take relatively larger cuts to protect priority programs
  - Maintain / publicize *two lists*
- Avoid cost-shifting within the institution
QUESTIONS?
STRATEGIC RESOURCE ALLOCATION
Coordinating Committee / Champion(s)

Academic Task Force

Support Task Force

Facilitation Team
Approach

- Get organized
  - Identify champion(s) (committee)
  - Select task force
  - Identify chairs (or co-chairs)
  - Identify facilitation group members
  - Agree on target and/or stratification goals

  - Target represents a specific financial or personnel amount to be reallocated…
Approach (Contd.)

- Stratification refers to the specific categories in which programs and functions will be classified
- Based on extensive experience, the recommendation is for quintiles…
Approach (Contd.)

• Sample quintiles
  1. Candidate for enhanced resourcing
  2. Continue with current resourcing
  3. Continue with reduced resourcing
  4. Requires transformation
  5. Candidate for phase-out, subject to additional review by senior leadership…
Approach (Contd.)

- Develop communication plan
  - Communicate with key stakeholders
  - Educate the community / gather input
- Conduct readiness assessment
  - Respond to what is learned through readiness assessment
- Conduct kickoff training…
Approach (Contd.)

- Key decisions
  - Establish criteria and weights
  - Identify guiding documents
  - Define programs and functions
    - A common set of *activities* that can be *discretely measured* and *consumes resources*
    - Distribute programs and functions to task forces…
Approach (Contd.)

- Assemble relevant data for programs and functions—including overhead costs
- Develop templates
- Test templates with pilot programs and functions
- Conduct template training
Approach (Contd.)

- Review and assess all submissions
- Categorize submissions in quintiles
- Develop package of recommendations
- Review by institution leadership and stakeholders
- Implementation overseen by leadership through governance process
  - Must adhere to all laws, contracts, policies, procedures, etc.
- Maintain system going forward

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Questions?
Recommended Criteria

• For academic programs
  1. History, development, expectations
  2. External demand
  3. Internal demand
  4. Quality of inputs and processes
  5. Quality of outcomes...
Recommended Criteria (Contd.)

6. Size, scope, and productivity
7. Revenues / resources generated
8. Expenses / other costs incurred
9. Impact, justification, and overall essentiality
10. Opportunity analysis…
Recommended Criteria

• For support functions
  1. Impact, justification, and overall essentiality
  2. Internal demand
  3. Mandates and external demand
  4. Quality
  5. Cost effectiveness
  6. Opportunity analysis...
Why It Works When It Works

- Transparency
- Credible participants
- Faculty involvement
- Fairness
- Committed leadership
- Good—though not perfect—data
- Reasonable timeframe for completion
- Adequate support…
What Leads to Failure

- Sacred cows
- Usual suspects
- Token faculty participation
- Perceived inequities
- Leadership waffling / or unanticipated leadership turnover
- Corrupt data
- Rushing the process or taking too long
- Not pursuing recommendations…
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Questions, Comments, and Reactions

Larry.Goldstein@Campus-Strategies.com
540.942.9146