Action Project

Institution:	Indiana University Northwest		
Submitted:	2009-04-01	**Contact:**	David Malik
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Timeline:
Planned project kickoff date: 04-01-2009
Target completion date: 03-31-2011
Actual completion date: --

A. Give this Action Project a short title in 10 words or fewer:
Transition to Responsibility Centered Management as a Continuous Improvement Tool

B. Describe this Action Project's goal in 100 words or fewer:
This project seeks to transition the campus budgeting method from a centralized, campus-level responsibility center to a unit-based center. Requiring a concerted effort by all units on campus, the RCM model requires improved communication with stakeholders on fiscal policy (with a joint administration-faculty budget hearing process) to ensure broad feedback is used to shape decision-making. In order to achieve the overall goal, a set of principles and assumptions are under construction where budgets will be analyzed and "right-sized" within responsibility centers, and unit managers will be educated and trained in best practices to ensure efficacious use of income.

C. Identify the single AQIP Category which the Action Project will most affect or impact:
Primary Category: Planning Continuous Improvement

D. Describe briefly your institution's reasons for taking on this Action Project now -- why the project and its goals are high among your current priorities:
In 2007 IU Northwest began an Action Project titled Creating a Culture of Continuous Improvement, which sought to analyze and revise structures and processes at every unit level in order to "help integrate the continuous improvement process into all relevant processes on campus, making it a "driver" rather than a separate process. As the campus proceeded with this work, it became clear that commitment and motivation to move in this direction was uneven on campus. In fact, in our recent Reaffirmation Recommendation it was noted, "IUN has committed itself to the continuous improvement process; however, the commitment has not become campus wide or embedded itself into the culture of the institution." Under the current budget system, improvement in processes does not always translate into any tangible reward for units (other than improvements in stakeholder satisfaction, etc); unit managers do not see revenue, and monies remaining at the end of the year are returned to the central campus fund for re-allocation. Additionally, IU Northwest has recently developed a goal of increasing its enrollment 20% by the year 2013, with each unit subsequently developing its own goals for contributing to this increase. However, some academic units especially question how they will directly benefit from increased enrollment since increases in tuition revenue would not be reflected in their unit budgets. Changing to an RCM model would enhance both responsibility for collective action in

units to improve processes for efficiency, provide a range of incentives that focus administrative and faculty attention on strategies that result in increased enrollment and student success, and support a culture of distributed accountability reinforcing a wider range of strategic use of income.

E. List the organizational areas - -institutional departments, programs, divisions, or units -- most affected by or involved in this Action Project:

Every organizational area will be affected by this project. Income-generating academic units become the focus of the institution and the service units provide essential support in achieving academic and institutional objectives.

F. Name and describe briefly the key organizational process(es) that you expect this Action Project to change or improve:

1. Communication. Transition to an RCM environment requires education of the entire campus on developing unit and campus priorities. 2. Accountability. Units develop strategic plans consonant with campus mission and priorities. 3. Fiscal judgment. Units now assume greater decision-making judgment in purchasing and re-allocate when needed. Fungibility of resources allows for real-time decision-making. 4. Incentivizing priorities. Units have greater control in developing projects that result in increased income to unit for better judgments. 5. Budget hearing reviews. Administration and faculty budget representatives review progress, priorities, outcomes, and performance improvements of all units and future plans are presented. Feedback from major constituencies is considered.

G. Explain the rationale for the length of time planned for this Action Project (from kickoff to target completion):

The time line is in three parts: (i) education, (ii) application, and (iii) re-evaluation. Education (awareness of principles and processes development) will require 3-4 months. Application (in situ monitoring of expenses and possible decisions) involves within the mirror-RCM process during the first semester up to budget hearings in January. Re-evaluation (achievement of goals, re-evaluation of priorities, outcomes analysis, and budget considerations) occurs as part of the budget hearing process. At this point new campus priorities are established for individual units. The final completion of the project, completing the re-evaluation phase, rests with the formal transition date to RCM, which we currently expect to be July 1, 2010 with ongoing evaluation through March 31, 2011 and beyond.

H. Describe how you plan to monitor how successfully your efforts on this Action Project are progressing:

Written statements on principles and operational details will be reviewed at conclusion of phase 1. Feedback during the Application phase will be used to identify bottlenecks and conflict in any allocations. Budget hearing outcomes will consider administrative responses for budget re-alignments with consideration of faculty Budgetary Affairs Committee recommendations.

I. Describe the overall "outcome" measures or indicators that will tell you whether this Action Project has been a success or failure in achieving its goals:

Since this is a recursive process annually, it is, by default, continuous improvement. Reports from individual academic units will opine changes in the process and actual allocation considerations. Recommendations for change will also be sought from the Budgetary Affairs Committee. The outcome measures will largely be based on responses from these bodies. We will develop two instruments for assessment purposes involving before and after questionnaires. These will reflect learning, level of familiarity, and other issues that can shape the overall

process. Satisfaction "learning" will help validate a successful project. We will also at that time identify gaps in the "transition education" phase to fortify any lingering uncertainties in the process.

J. Other information (e.g., publicity, sponsor or champion, etc.):

Co-project Leader: David Malik, Interim Executive Vice Chancellor of Academic Affairs

K. Project Leader and contact person:

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Annual Update: 2009-09-10

A. Describe the past year's accomplishments and the current status of this Action Project.

Since April, Fiscal and Academic Affairs leadership has conducted tutorials on Responsibility Center Management (RCM) principles and operation. These tutorials included descriptions of the key principles leading to school/department fiscal empowerment. The benefits and challenges were also addressed especially those requiring new policy development within units.

Review (09-16-09):
Providing training on Responsibility Center Management is a great way to prepare the Departmental Leadership around the University for this change. It is especially important to address the benefits and challenges for those who require new policy development. This helps to fulfill AQIP objectives 4 and 5, those of Leading and Communicating and Valuing People. Perhaps this has not been a problem at IU Northwest, but the challenge for most Universities would be to obtain the level of engagement needed by various departments (and their leaders) in the training. One way to meet this challenge would be through the use of an on-line course explaining the transition to RCM. Departmental leaders could take the course on their own time and complete a simple assessment of their knowledge. A completion certificate might be provided to them for completing the course, along with a low cost, symbolic gift (Such as a gift certificate to a local restaurant). While this would not substitute for open question and answer sessions, it could help insure that busy university administrators have a basic understanding about the processes. (Vs. assuming they have read the training materials). It could be done as a precursor to training meetings, and/or be available after the training meetings have been completed.

B. Describe how the institution involved people in work on this Action Project.

Monthly discussions on RCM have been provided to Deans of Schools and Colleges, program directors, other academic affairs personnel, senior administrators across campus units and general administrative leaders and faculty governance leadership, via executive committee reports. It has been especially valuable to have a consultant from the University Budget Office to provide guidance in this education process.

Review (09-16-09):
This is an important step in this process, and you are to be commended for your proactive approach to this transition. Conducting discussion groups is a great way to engage Deans and

Faculty in the process, providing they will attend and be involved in them. A system of tracking who has been invited to discussions and/or provided material about the transition might provide consultation to the university leadership in the future, especially if there are constituents who claim at some future point that they were uninformed of the changes in advance.

C. Describe your planned next steps for this Action Project.

The action project will escalate instructional depth and implications with campus administrators. We will also inaugurate new educational events for faculty and other relevant personnel, such as brown bag seminars/tutorials, to better understand the principles of incentivization for fiduciary responsibility within the RCM context. In these presentations, "instructional competition" will be addressed on how those challenges toward cooperation will be evaluated and resolved.

Review (09-16-09):
The emphasis on instructional depth is encouraging. Having trainings available, does not imply that administrators will take advantage of them or cognitively engage with the new principles being introduced. Escalating the instructional depth can help insure that campus administrators have a true awareness of the changes to come and the opportunities they can provide to them.

D. Describe any "effective practice(s)" that resulted from your work on this Action Project.

The action project leadership recognizes that the complexity of this issue will require more events than previously anticipated due to the lack of historical budget engagement. Nevertheless, the campus is widely engaged in the conversion process and faculty administrators are embracing the budgetary freedom RCM offers. In addition, the campus has begun a budget hearing process involving both senior leadership of administration and faculty. In the spirit of shared governance, senior administrators and faculty are institutionalizing formal discussion of budgetary priorities.

Review (09-16-09):
It is very gratifying to know that "the campus is widely engaged in the conversion process." This exemplifies AQUIP principle #9, that of building collaborative relationships. The time line that you set forth in the project calls for the education phase to last 3-4 months (April through August?) before the application phase begins. Having said this, it appears that extending the education phase could have a number of important benefits for the University. If it serves to help different departments share governance, the training process in itself could become a unifying factor within the organization.

E. What challenges, if any, are you still facing in regards to this Action Project?

RCM requires in depth familiarity of the budget process. The assessment formulas applied to individual units are sufficiently complex that developing an awareness of the drivers of RCM will be challenging. Some departmental chairs have balked at assuming financial responsibility for their areas complicating the transition process.

Review (09-16-09):
There are two challenges faced by the organizers of the process. 1) Engaging University administrators to develop a real awareness (beyond a symbolic assent) of the assessment formulas and the drivers of RCM. 2) Finding ways to assure departmental heads of their authority (in this case authority to refuse), while helping them see the value of the changes that are proposed. Changes regarding budgets of this scale generally produce resistance. The fact that there is resistance indicates that the departmental chairs are aware of and engaged in the process,

whether or not they agree with what is happening. It could be interesting to form focus groups consisting of those who feel reluctant regarding the process, to listen to their views and make any changes that are possible. One interesting question to pose in such a setting would be related to the causes of resistance to the change. What concerns exist regarding its implementation? How might these concerns be addressed? A better understanding of their reluctance might be instructive in formulating a strategy to move forward. It could also be instructive to see what strategies might be offered by those engaged in the process regarding how they would like to learn the new assessment formulas, whether on-line, at a retreat or through training sessions held in each department.

F. If you would like to discuss the possibility of AQIP providing you help to stimulate progress on this action project, explain your need(s) here and tell us who to contact and when?

Review (09-16-09):