

# The Higher Learning Commission Act on Project Directory

## Indiana University Northwest

Project Details	
<b>Title</b> Transition to Responsibility Centered Management as a Continuous Improvement Tool	<b>Status</b> REVIEWED
<b>Category</b> 8-Planning Continuous Improvement	<b>Updated</b> 08-10-2010
<b>Timeline</b>	<b>Reviewed</b> 08-22-2010
<b>Planned Project Kick off</b> 04-01-2009	<b>Created</b> 11-24-2008
<b>Target Completion</b> 03-31-2011	<b>Version</b> 2 of 2

### 1: Project Goal

**A:** 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 CM 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.

### 2: Reasons For Project

**A:** 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 CM 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.

### 3: Organizational Areas Affected

**A:** 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.

### 4: Key Organizational Process(es)

**A:** 1. Communication. Transition to an CM 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.

#### **5: Project Time Frame Rationale**

**A:** 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- CM process during the first semester up to budget hearings in January. e-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 CM, which we currently expect to be July 1, 2010 with ongoing evaluation through March 31, 2011 and beyond.

#### **6: Project Success Monitoring**

**A:** 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.

#### **7: Project Outcome Measures**

**A:** 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.

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### **Project Update**

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#### **1: Project Accomplishments and Status**

**A:** Monthly meetings with the Dean's Council and the Academic Support Core Group (Registrar, Institutional Effectiveness and Research, Center for Teaching & Learning, outreach units, Continuing Studies, Office of Research, etc.) These meetings have involved discussion of application and operational aspects of CM with encouragement to inform their constituencies of the meaning and objectives of CM and the campus progress. In support units, CM has brought about greater transparency in budgetary expenditures and well defined proposals for on-going expenditures. A timeline for the integration of CM is under continuous review with regular advances toward the implementation of the next phase. In addition, the faculty governance Budgetary Affairs Committee has been reactivated and engaged in shared conversations about CM policies and principles and the allocation of resources. The campus has progressed in one year from minor formulaic distributions of carry over funds to, by the end of the 1<sup>st</sup> year, full carry-over of non-compensation balances. This progression has enabled greater incentivization at unit and department levels.

#### **2: Institutional Involvement**

**A:** The project involved personnel at all levels of administration, faculty and staff. Administration distributed information regularly through their responsibility areas ensuring that faculty and/or staff were appropriately informed. These conduits included Dean's groups, non-academic units, a faculty-staff council, faculty governance

units and student governance units. We continue to address changes in progress with these constituencies.

### 3: Next Steps

A: We are on the path to achieving an incrementally sound integration of CM principles within the campus. The exact pace and depth of changes must be balanced with responsible delegation of authority, yet ensuring appropriate financial stewardship. Some conflict exist between those wanting a more rapid pace with higher risk and those requiring a more cautious pace, thus minimizing financial risk. These conversations are occurring within administrative and faculty groups together and separately. While creating some conflict, these conversations are contributing to much greater transparency in the budget process.

### 4: Resulting Effective Practices

A: For the first time, cooperation between faculty governance and university administration working together to analyze and review unit budget allocations has occurred. The creation of an Office of Institutional Effectiveness and research will ensure decision making driven by data and institutional efficacy.

### 5: Project Challenges

A: (In addition to what is described in #3 above). On July 1, a new chancellor, who is unfamiliar with CM, began work at IU Northwest. Also, a search to fill the position of Campus Chief Financial Officer has begun. The CCFO position is currently held by an interim and the campus faces the possibility of a new CCFO. The CCFO position is an integral part of the CM budget model and its implementation. An additional challenge will be appropriately integrating CM into the fabric of a new campus strategic plan. Lastly, the campus must be deliberate in determining how individual units cope with decreases in their budgets should enrollments decline.

## Update Review

### 1: Project Accomplishments and Status

A: This important Action Project connects especially well with AQIP Categories 6 (Supporting Institutional Operations), 8 (Planning Continuous Improvement), and (Building Collaborative relationships). It is evident that Indiana University Northwest (IUN) has embraced several of the principles of High Performance Organizations through its progress on this Action Project: Focus, collaboration, learning, and involvement. By involving and communicating with impacted internal stakeholders, the University has increased the likelihood of buy-in and participation. In particular, IUN should be commended for the intentional involvement of its faculty through the faculty governance Budgetary Affairs Committee.

### 2: Institution Involvement

A: Ensuring that information is shared throughout the institution is, of course, important for the success of any project. Engaging individuals, involving them in the process, and pulling units together to accomplish this task is difficult, but not impossible. To further engage those units who may be less involved or familiar with this initiative, consider using currently engaged "stars" as trainers and consultants (AQIP Category 5, Leading and Communicating, and Category , Building Collaborative relationships). In this way the responsibility Center Management ( CM) initiative becomes a grassroots effort rather than a top-down directive; furthermore, the University will benefit from the talent and diversity of skills and relationships on campus.

### 3: Next Steps

A: IUN can mitigate risk by clearly and carefully communicating the extent of the authority held by each responsibility center, and by making these parameters easily accessible on the University's intranet or employee portal. It should be clear to operational units where their responsibility begins and ends, and at what point

autonomy must yield to informed and collaborative decision making with upper administration. By establishing and modeling core indicators of success (Alfred, Shults, & Seybert) with this project, the University will be able to build – and celebrate – a model program. It is unclear in this review exactly what IUN’s criteria for success are and how they are being measured. Stay focused on a continuous quality improvement approach, continue to engage all stakeholders, establish a shared vocabulary, and celebrate with your community the milestones and successes with this project along the way. Be sure to publicly acknowledge your ‘star performers,’ as well.

#### 4: Resulting Effective Practices

**A:** Congratulations – the cultural obstacles are often the biggest hurdles to overcome! IUN is establishing a ‘Culture of Evidence,’ which is critical for institutional success in today’s climate of increasing accountability and external demands. As IUN creates its new Office of Institutional Effectiveness and research, benchmarking with best practices will be important. A helpful resource to consider is *Core Indicators of Effectiveness for Community Colleges* by Alfred, Shults and Seybert (3<sup>rd</sup> ed., 2007).

#### 5: Project Challenges

**A:** Good things take time and patience; IUN is making reasonable progress on this project. Turnover in upper-level administration can slow your progress; however, be mindful that it is also an opportunity to benefit from fresh new perspectives. Re-evaluate your project timeline, and be certain that your new Chancellor and CFO are well informed about CM, your goals, and your progress to date as an institution. This is an ambitious project; it is better to take longer than you expected than it is to lose foresight and forward progress. Consider how your CM process is connected to your strategic plan. If your employees and institutional leaders are able to discern the connectedness between the institution’s mission, strategic plan, and budgeting process, then each effort will be strengthened by the others.