

A-B-C's in Redefining Business Processes:
Accountability in Financial Management

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ABSTRACT:

A-B-C's in Redefining Business Processes: Accountability in Financial Management is a proactive management approach to reengineer key internal business applications. As a public entity, the University of Missouri – Kansas City (UMKC) has embraced efforts to take greater accountability for the resources it has to invest in delivering quality education. Previous across the board budget reduction has left the stress of doing more with fewer resources. Migration to new technology business application systems was implemented with little thought given to refining best practices to increase the quality of services provided. There was increased appetite for high-quality programs and services.

UMKC's Redefining Business Processes initiative is an exciting approach in public management, advancing the vision and values that will shape the future as a forward-looking urban based institution. This reengineering process is aligned to a financial framework that weaves together diverse campus goals. It disciplines resource decisions by desired outcomes. And, it heightens communications between all constituents.

UMKC's effort to reengineer key student and internal business applications links institutional strategy (goals) and vision to identified customer needs and to the processes by which these can be met. It starts by asking the basic question: *"How does this organization create value for customers?"*

The campus redesign approach in business process improvement has identified core processes and learned from our constituents where those processes are meeting expressed needs. Our approach assumes that to increase value in core processes our constituents (customers) desire: increased quality; increased satisfaction; reduced response time; and reduced operating costs.

The University of Missouri System's Strategic Plan includes a priority for the campuses to improve core processes. This focus includes developing and maintaining effective and efficient academic and administrative processes that support the University's vision and create value for the constituents. The Division of Administration and Finance operating plan follows this initiative with a goal to: "transform business processes to produce superior performance and create customer confidence". The division and its respective departments are committed to transforming our business processes and systems through innovative solutions that meet the needs of our customers. UMKC is committed to process quality by evaluating and continuously improving the way we work in order to deliver even greater value to our customers. Our divisional strategy is to build five-star excellence into our business processes by making them: *user friendly; value-added; efficient; timely; and cost effective.*

UMKC utilizes an open and collaborative approach in reengineering its core internal services. According to the National Association of College and University Business Officers (NACUBO) 1994 publication *Business Process Redesign for Higher Education*, business process redesign is: *"a managerial approach that holistically incorporates institutional strategy, work processes, people, and technology to improve performance radically and to create sustainable competitive advantage by challenging and redesigning the core business processes of an institution using operational, technical and change management in a unified way."*

UMKC's business process approach embraces campus conversations on service expectations, work distribution (flowchart) analysis, and traditional quantitative and qualitative analysis. Our approach utilizes internal sponsors and team leaders to ensure ownership and senior level commitment to the project. A significant amount of resource planning is dedicated to program planning and implementation strategy for final execution.

INTRODUCTION OF THE ORGANIZATION:

The 2007 RBC Capital Markets Best Practice Award presentation titled "*A-B-C's in Redefining Business Processes: Accountability in Financial Management*" is submitted on behalf of the University of Missouri – Kansas City. The University of Missouri – Kansas City (UMKC), one of four of the University of Missouri campuses, is a doctoral research-intensive public university offering traditional and interdisciplinary programs and serving approximately 14,000 students. As of July 1, 2006, UMKC had a total current funds budget of \$279.5 million and employs approximately 3,500 employees.

The mission of the University of Missouri System, as a land-grant university and Missouri's only public research, doctoral, and professional degree-granting institution, is to discover, disseminate, preserve, and apply knowledge. The University of Missouri, through its four differentiated campuses and health care system, promotes learning; fosters innovation to support economic development; and advances the health, cultural, and social interests of the people of Missouri, the nation, and the world.

UMKC's unique profile includes the College of Arts and Sciences and Schools of Education, Nursing, Business and Public Administration, Medicine, Law, Computing and Engineering, Biological Sciences, Dentistry, Pharmacy and the Conservatory of Music. In full alignment with its mission, UMKC is a strong partner with the Kansas City community and is an essential element in the region's economic and cultural development.

The University of Missouri System has five strategic themes that serve to guide the University toward its vision: access to quality learning and teaching, academic and research achievement and quality, community-university engagement, valuing people and creating a high-performing organization, and developing and managing resources and improving processes.

The UMKC campus has taken this initiative with the deployment of campus based division and department goals that are aligned with the strategic effort in **Developing and Managing Resources and Improving Processes** - *Establish and maintain the financial and physical resource base required to support the University's vision and sustain organizational improvement.*

The UMKC Division of Administration and Finance Division in development of its 2006 to 2010 strategic plan aligned itself to the Campus and System strategic initiatives to achieve Five-Star Excellence. The mission of the Division is to be "an essential partner in fulfilling UMKC's mission, vision, and goals by providing exemplary institutional support services, systems, and infrastructure". Each department in the division is committed to performance excellence in four critical success areas:

- * **Quality Customer Service**
- * **Excellence in Business Processes**
- * **Motivated and Productive People**
- * **Responsible Resource Management**

The Division has pledged to its internal and external constituents to provide 5-star quality in each of these areas. Our intent is to meet and exceed expectations and leave a lasting positive impression with each individual we have the privilege of serving. Our framework for excellence is patterned after the Malcolm Baldrige National Quality Award criteria for organizational excellence. This framework is nationally recognized as the "Gold Star" standard for excellence.

This organizational excellence framework provides the context for the Division's five-year plan for continued performance improvement. Our strategies, goals and objectives, and action plans guide our initiatives and direct our daily work activities. The outcome of our collective efforts directly supports and advances our mission and vision and contributes to the overall success of the University.

The Division, as well as the Finance Department's five year strategic operating plan ("Our Accountabilities Plan"), focuses on the need to improve our customer relationships and how we communicate with our key internal and external customers. The Division is critically reviewing its operating procedures to ensure that they are transparent and user-friendly to our customers. The Division/Department places a priority on improving the satisfaction of our customers by ensuring that we are consistent, dependable and timely in the delivering of our services. Finally, we will strive to be more accessible to our customers.

Inherent to improving the satisfaction of our customers is improving the quality, timeliness and efficiency of key financial management processes. The Division/Department measures key financial process areas, focusing on cycle time, cost of transactions, error rates, compliance to customer requirements and partnerships with our customer. We are committed to exploring opportunities for new revenue sources and to recovering costs in providing key services. This plan also includes the development and implementation of a technology plan to provide the resource tools our employees need to provide services most effectively to our customers.

The UMKC's Division of Administration and Finance utilizes a customer service survey to measure the level of customer satisfaction in providing key internal support services with many Departmental units holding quarterly focus groups or customer advisory meetings with students and faculty/staff in assessing "*how we are doing*".

The UMKC A-B-C approach utilizes an approach and management strategy for business process review that can produce:

- Increased performance and improved quality of services
- Increased customer satisfaction
- Improved competitive positions

- Streamlined processes are easier to manage
- Improved access to management information for decision making;
- Establishment of financial policies and procedures; and
- Increased accountability for public resources

There is a commitment from the campus for creating new standards for financial management. This process is to assist in determining how the University deals with current and future year resource allocation decisions in relation to prioritizing programs and linking performance to resource decisions.

STATEMENT OF THE PROBLEM/INITIATIVE

Several years ago, the University of Missouri-Kansas City embarked on a strategic plan to set the standards in higher education. The University of Missouri-Kansas City found itself at a crossroads. Like so many other higher education institutions, UMKC faced unprecedented state funding cuts. It was widely assumed that budgets would be uniformly reduced – as usual – with little regard for priorities of diverse constituencies, past experience or strategic objectives. Delivering quality services to customers was not a priority, and no plan to extricate the university from its ever-deepening fiscal deficit existed. Such circumstances are common throughout higher education and in diverse local, state and federal agencies. As a result, enrollment, community interest and support, and, to some degree, academic innovations stagnated.

At UMKC, these over-arching problems were compounded by other paralyzing perceptions. Administrators were thought of as distant and aloof. The University seemed to run itself—with marginal distinction. Budgets were abstract documents produced by unseen administrators, not comprehended or wisely utilized by the University's diverse constituents. Academic and support units acted as fiefdoms in pursuit of their own objectives. Few wrestled with how all the pieces of the university ideally fit together and how together they could build a better place of learning and community service.

UMKC is transitioning its leadership structure for accountable resource management as a way of increasing the awareness of the need to achieve excellence in how we conduct business and serve our customers efficiently. The emerging responsibility centered management approach encourages excellence in how providing services, creating incentives, and supporting major investments in new instructional, research, and support services that enhance their effectiveness. A truly implemented responsibility center

management approach should stimulate use of our knowledge base that give our services the competitive advantage needed to attract the funding required to maintain and build that knowledge base.

UMKC's emerging future and changing culture now paves the way for open discussion of how to provide core services to our stakeholders. Campus operational plans now focus on the unit's future in tandem with the University's. As academic and support units on campus have now aligned their plans with campus and university strategic plans, they found that the process required personal commitment to the vision, the engagement of many through informed and energetic conversations, and the deliberate determination of action plans that align with UMKC's long term financial goals.

This planning initiative was emerged from elements of: extensive participation across all of the campus and community; leadership development and accountability; identification of key projects that break old cultural norms and produce early results; and the challenge to participants to live campus values, together with a demand that our campus leadership operate from the same values. Through the new leadership model of open, honest communication and actions based on vision and values, UMKC is shifting its culture to be responsive to these specific goals.

Applying core values to decision-making in a public university is not a typical approach. Using some parts of a business model for success is not "business as usual" on campus. But what emerged from the unit planning and alignment process set in motion the momentum for more accomplishments throughout the year. You can hear it expressed in comments like these from participants:

- *"We all listen to each other and really evaluate comments before rejecting or accepting them."*
- *"The process facilitated collaboration and brainstorming – it seemed to have built-in assumptions that openness and respect for ideas was the best way to devise and formulate strategies. A spirit of*

partnership, alliance and support worked well to help participants think about what might inspire them and commit.”

- *“We actually can work together to achieve goals bigger than what we can visualize at the present.”*

The Division of Administration and Finance internalized this plan by setting its vision to be nationally recognized by professional peers as leaders creating best business practices. The Division and its units are committed to transforming business processes and systems through innovative solutions that meet the needs of their customers. This commitment to quality means the Division will continuously evaluate and improve the way it operates work in order to deliver the greatest value to their customers.

UMKC has successfully redesigned several key business processes utilizing the basic concepts presented in the National Association of College and University Business Officers (NACUBO) publication Business Process Redesign for Higher Education published in 1994.

DESIGN

[UMKC's Approach in Redefining Business Processes](#)

The UMKC Finance Department has championed five major process improvement initiatives over the past several years that incorporate this new strategic, open, customer-driven focus. The UMKC's A-B-C Approach of Business Process Redesign uses a foundation and framework of good financial management practices that includes:

- Educating participants and customers about the potential of business application systems;
- Helps in assessing the adequacy of internal systems;
- Providing guidance for improvements to improve internal processes; and
- Promoting education, training, and further experimentation and research on techniques that work.

The UMKC approach is best characterized as being: *Customer driven - Data intensive - Results Oriented*. The major phases or steps in UMKC's approach to redesign include the following:

- **Project Design**—identifying project scope and expectations and developing architecture for change.
- **Baseline Creation**—focusing on the role of people, process, and technology in activities essential to good customer service; identifying and quantifying the time costs associated with non-value-added activities; identifying opportunities to reduce complex process steps by reducing activities; and estimating savings from cutting activities.
- **Industry Best Practices**—reviewing best practices from similar service providers and organizations, including new technologies that may contribute to process improvement.
- **Technology**—assessing current and future technology and how new tools could be deployed to improve processes.

- **Reengineering**—creating a vision for the future based on the baseline review and common industry benchmarks for efficiencies gained, reductions in error rates, increases or decreases in staff resource requirements, cost of added services and technology, and training costs.
- **Implementation**—outlining project milestones and determining who is accountable for tasks as well as monitoring performance measures and customer satisfaction.

The following pages of this section discuss each of the steps in detail of how UMKC approaches process implementation in an open and customer driven approach.

Step A: Project Design

A key part of UMKC's approach is to utilize various industry proven analytical tools for business process to assess how we provide services. We focus on the values of the customers – what they want and are they satisfied. Secondly, we need to understand how work is currently being done – the actual costs and steps employed to complete the core processes/activities.

One of the most important steps to this strategic management initiative is proper project planning and the scope design of the project purpose. The UMKC model utilizes a very traditional project management focus with an executive sponsor, project leader/manager and designated working team members.

Part of the design phase includes drafting the preliminary scope of the project and defining the expectations of the team members. This includes developing the architecture for change and gaining the commitment of the organization for the project intent.

Example 1 on the following page illustrates a typical project charter/scope statement from a recent business process review on Asset Management.

EXAMPLE 1 -- UMKC Asset Management Project Charter/Scope

Assess UMKC's capital (personal property) asset management process from the initiation of the department acquisition, stewardship of, and the disposal of assets to improve:

Timeliness - Efficiency - Accuracy - Accountability - Consistency - Cost Effectiveness

for all our stakeholders

The Stakeholders frequently defined included both Internal and External Customers & Stakeholder. In the illustration of the UMKC Capital Asset Management Project, the cited stakeholders include:

- Departments Using and Receiving Personal Property and Equipment
- Users of Financial Statements (UM System Leadership, Bond Holders, Rating Agencies)
- Gift Donors
- Federal, State, and Private Granting Agencies
- Capital Equipment Vendors and Suppliers

Understanding the stakeholder needs is key to the process improvement to ensure customer expectations have been determined.

A final key attribute in the preliminary planning and Project Design Phase is agreement among the Project Team members on the working rules for committee work. These ground rules were posted in the meeting room as a constant reminder of the professional standards the project team was to use in committee deliberations. Example 2 illustrates the typical working group committee rules or code of conduct.

EXAMPLE 2 -- Project Team Committee Ground Rules

- **Avoid all turf protection**
- **Keep an open mind**
- **Don't be afraid to ask why**
- **Be good listeners and respectful of diverse opinions**
- **No sidebar conversations**
- **Utilize resources from working group**
- **Try to see the big picture**
- **Ask if you don't understand and use layman terms**
- **Do not take things personally when disagreements occur**
- **Address all current issues in the proposed process**
- **PeopleSoft applications will continue to be utilized**
- **Model organizational values**

STEP B: Baseline Creation

This initial planning step of the project is the "discovery" phase of the project which serves as the backbone of the review and "potential" redesign process. The baseline analysis focuses on three variables: *people*, *process and technology* and what impact they add on the delivery of the customer service. The management review includes a conditional assessment of the selected core business process using three basic analytical tools:

- 1. SWOT Analysis*
- 2. Determining Customer Assessment and Expected Outcomes*
- 3. Process Flowchart Analysis - Value Added versus Non Value Added Analysis*

Step B.1: *SWOT Analysis*

The starting point in any strategic planning effort is a self-assessment of the current process. The UMKC redesign model begins with a SWOT analysis that has the Project Team, and later the Customer/Stakeholders (through Focus Groups), assess the Strengthens, Weaknesses, Opportunities, and Threats in the current process.

The SWOT analysis provides the project team and stakeholders a starting point in creating the baseline for key attributes and environmental issues that may affect the process redesign. As shown in Example 3, the UMKC Student Loan Post Award Billing and Collection Project Team received valuable input from assessing the current process.

<p><u>EXAMPLE 3 – SWOT Analysis</u> <u>UMKC Student Loan Billing and Collection Process</u></p>	
<p><u>SWOT – Strengths:</u></p> <ul style="list-style-type: none"> ▪ Current process is functional ▪ Process has evolved over time ▪ Legacy technology interfaces work well and behind the scenes ▪ Staff is well trained & dedicated 	<p><u>SWOT - Opportunities:</u></p> <ul style="list-style-type: none"> • Enhanced disclosure to borrowers • Centralization of promissory notes • Application of advanced technology • One-Stop Shop • 24/7 Access • Procedures for loan assignment • Reconciliation between the 3 systems
<p><u>SWOT – Weaknesses:</u></p> <ul style="list-style-type: none"> • Duplication of functions and services offered by other offices • Insufficient staffing to handle daily work requirements • Lack of automated information exchange from the Student Loan Clearinghouse • Lack of 24/7 access. 	<p><u>SWOT – Threats</u></p> <ul style="list-style-type: none"> • Loss of jobs if outsourced solution in place • Limited current resources for re-tooling and training • Unknown cost for outsourced solution • Future changes in federal reporting • Future changes in student privacy issues

Step B.2.: Customer Assessment and Expected Outcomes

The heart of UMKC’s emerging future is open and honest communication. Communication and stakeholder involvement in decision making are keys to future success. Part of warranting open conversations is to meet customer expectations and needs. UMKC’s model supports regular and frequent reporting, provides accountability, educates and informs stakeholders, and improves their confidence in the institution. Communication and involvement are essential components of every aspect of the resource allocation and management processes.

UMKC's Business Process Redesign approach deploys different methods to gain customer input to our business redesign efforts through customer service surveys and project specific focus groups. These customer feedback methods have been successful in understanding:

- Customer needs, expectations and priorities
- Overall customer satisfaction with current services
- Factors that impact customer stultification
- How to help prioritize improvement efforts
- How to measure changes in customer satisfaction over time

Customer surveys or focus groups provide meaningful benchmarking to meet customer needs and to help identify core operations and processes. Example 4 below provides an illustration of the type of customer expectation and perceived needed outcomes in our recent Asset Management Process Review.

EXAMPLE 4 – Customer Expectations
(Focus Group and Customer Service Survey Comments)

- **Timeliness in the recording of personal property capital assets**
- **Accuracy in the posting of PeopleSoft and Asset Management System transactions (Ownership and Accountability)**
- **Consistency in application of capitalization policies and procedures**
- **Duplication of efforts between central fiscal operations functions**
- **Education and training (e.g. grants, gifts, appraisals, etc.)**
- **Enhanced integration of PeopleSoft business applications**
- **Streamlined business operations for better customer service**
- **Review of best practices of other organizations**
- **Development of performance metrics to measure process effectiveness**

Step B.3: *Process Flowchart Analysis -- (Value Added Versus Non Added Analysis)*

A second major component of the UMKC process is an assessment of the value added versus non value added analysis. This process step distinguishes between those activities that are truly essential from the customer's perspective (e.g., have value) and those that are not essential to the customer and should be minimized over time. This tool specifically: (1) identifies and quantifies the time costs associated with non-value added activities; (2) identifies opportunities to reduce complex process steps by reducing activities; and (3) estimates cost savings that can be achieved by eliminating non-value added activities.

This analysis assists in determining whether the work or activity being provided brings value or is essential to the core mission. Questions that UMKC used in this assessment included:

- Why is this activity or step done, and why is it done this way?
- What is the benefit/outcome of the step and who benefits?
- Could this activity be eliminated in some prior step?
- Is the benefit/outcome duplicated in another step?
- What happens if this step was eliminated?
- Is this activity required by a customer, and will that customer pay for this activity?
- Does technology exist that would eliminate this activity?
- Could this step/activity be eliminated without affecting the form, use, or purpose of the final product from the customers' perspective?

This component creates a step-by-step diagram of how work is done in a particular process; and tracks performance measures about the process (e.g. costs, cycle times, accuracy/error rates). This step helps explore many redesign ideas and provides the basis against which improvements can be measured.

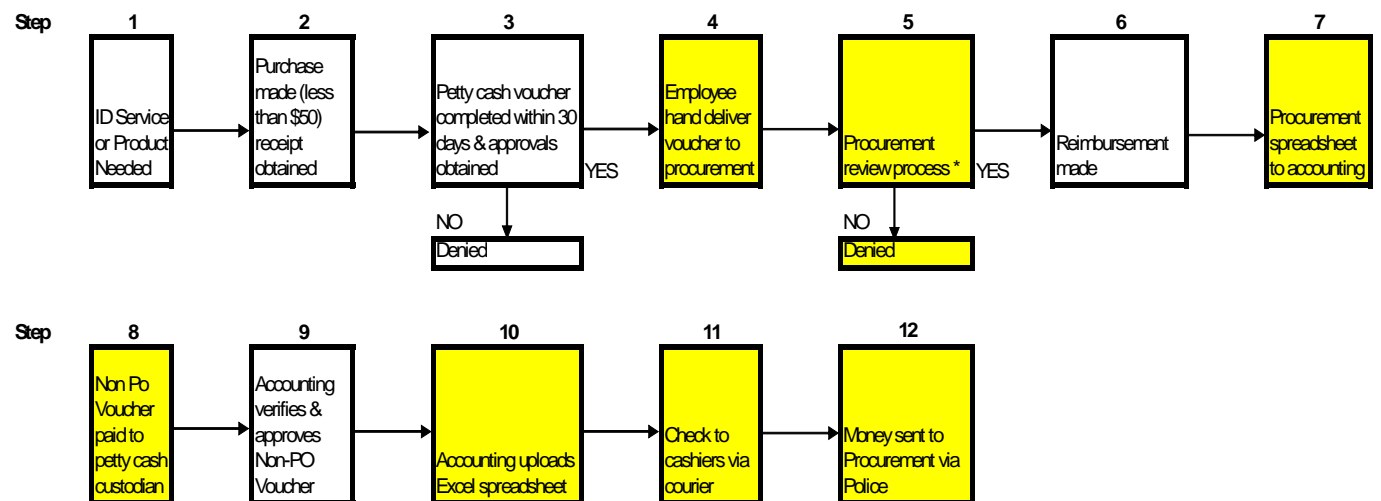
Creating process maps helps answer two questions: *Why are tasks done the way they are and can we eliminate certain tasks altogether?* Flowcharting also establishes performance measurements to reevaluate current process and monitor new processes moving forward. UMKC also found that flowcharting helps: to understand the current processes; to generate new ideas to redesign the process; and to implement the new process using a flowchart for the redesign process.

Development of the process flowchart was not dependent on the status quo. The Project Team can ask itself the question: "Does this step have to be handled in this manner and is it being performed by the appropriate people?" Example 5 provides an illustration of a process flow-chart assessment that identifies the key process tasks and identifies those that are perceived (yellow highlights) to be non-value added tasks.

EXAMPLE 5 -- Process Flowchart Analysis

Analyze Existing Process – Defining the CURRENT Workflow

Petty Cash Redesign (BASELINE) – Shaded Areas represent non-value added process steps



* Shaded areas denote non-value added.

STEP C: Review of Industry Best Practices

Learning from others in providing quality customer service is an integral part of assessing how to meet customer expectations and improve service delivery. Project resources need to be directed at reviewing best practices from similar service providers and organizations. Additionally there are many professional associations that provide performance benchmarking regarding business processing.

UMKC, in its best practice review, also focused on new technologies that may be able to contribute to process improvement and included many system enhancements as part of the reengineering recommendations.

From the various studies that we have used for this approach, the following key components seem to be similar in any redesigned process:

- Clear and understandable policy and procedures
- Training and communications regarding the new policy and new procedures
- Clearly defined roles and responsibilities
- Standardization of operation and process
- Skilled use of technology

Example 6 demonstrates the type of detailed review of industry best practices that is necessary in completion of a process improvement project.

EXAMPLE 6– Capital Asset Management Process Review

Best Practices Discovered:

The team received responses back from 42 entities regarding their personal property management, 18 of which are institutions of higher education.

The majority of the 42 entities had the asset management function residing in either the procurement office, or the accounting office, or a combination of both. Most function similarly to UMKC's structure with procurement acquisition, tagging, and data input of the asset, and accounting reconciling the financials. Nine of the entities had either formed separate offices to handle the entire asset management function or had the function reporting outside the procurement realm or the accounting realm.

Only nine of the 42 entities are utilizing technology to interface between the accounts payable function and the asset management tracking function. While Banner and SAP are the most utilized software packages, two of the nine entities are currently using PeopleSoft: the University of Florida and the University of Massachusetts Lowell. However, based on their individual responses, the asset is created in the Asset Management Module at different points in the process. The University of Florida interface creates the asset when it has been received by the department, while the University of Massachusetts Lowell interface creates the asset at the invoice stage. Asset management at the University of Florida is handled by the Asset Management Department within the Division of Finance and Accounting, while the University of Massachusetts Lowell handles asset management by its Procurement Office.

After all the analysis, it was determined that the following key components would need to be included in the redesigned process:

- Clear and understandable policy and procedures
- Training and communications regarding the new policy and new procedures
- Clearly defined roles and responsibilities
- Standardization of operation and process
- Skilled use of technology

STEP D: RE-ENGINEERING PHASE

UMKC's next step in its redesign process is to take the current process information ascertained during the baseline review (e.g. quantitative and qualitative cost and performance data, customer input, workflow analysis, best practices, and technology needs) and create the vision for the future. This phase is where creativity and innovation in the project and thinking "*outside of the box*" are desired outcomes.

After mapping the current processes, the Project Team brainstormed on numerous "what if" ideas and strategies to improve service quality and customer expectations. Rethinking how current processes can be improved requires the same exercises as performed under Step A, including workflow mapping, cost analysis, benchmarking, and determining whether or not any non-value added steps can be eliminated.

This phase identifies opportunities for changing processes and procedures. Common industry benchmarks used include: process efficiencies (savings) gained; reduced error rates; increase or decreases in staff resource requirements; cost of added services and/or technology; and training costs. Additionally, the redesign phase also creates new performance benchmarks to measure program success moving forward

As shown previously in Example 3, (the UMKC Business Process study related to Accounts Payable), the Project Team reviewed the prior process for processing Petty Cash or Emergency Reimbursement at length and documented time and cost associated with each step of the process. It was determined that too many departments were involved in the process, which included Cashiers and the Police department, and were not adding any value to the service and yet increasing the cost of the process. In addition, the process was determined inefficient because it required individuals requesting reimbursement to travel to the Procurement office during particular office hours to receive cash.

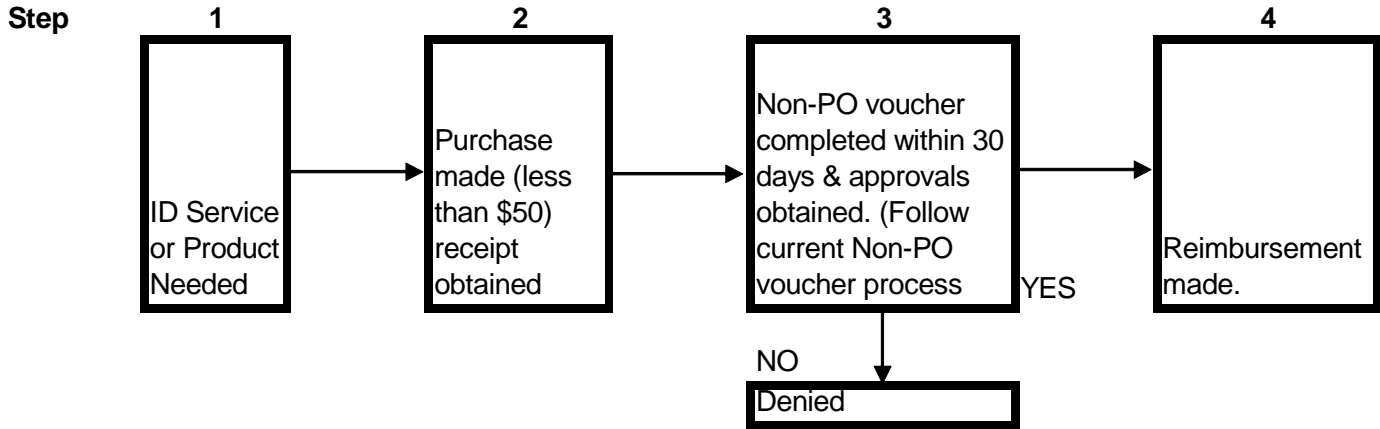
Secondly, the existing process exposed the University to a risk for theft with cash transferring between Cashiers, Police, and Procurement and to the individual requesting reimbursement, which is not an efficient internal control policy. After a review of the existing process, the team recommends processing reimbursements for emergency, small dollar purchases on a Non-PO voucher directly to Accounting. The reimbursement will optimally be made in one week or less, provided proper documentation is included and the expense is allowable. The reimbursement for faculty and staff will be made via an ACH transaction thus eliminating any cash transaction. In addition, reimbursements for students will be handled in this same manner and they will have the option of receiving an ACH reimbursement or a check, again eliminating the cash transaction. The new process produces an interaction between the department and the central campus Accounting Office, thus eliminating Procurement, Cashiers, and Police Departments.

This streamlined process has resulted in operational efficiencies and financial savings. By having the reimbursement processed on a Non-PO voucher, it eliminates the need for the department to travel to an Office to retrieve a reimbursement in-person, thus allowing the individual to spend more time on his work responsibilities in the office.

In addition, the new process has the Accounting office receiving reimbursements either by hand-delivery or campus mail which means the department does not have to make special, sometimes inconvenient, arrangements to have the request submitted during any particular office hours as they had in the past. The following table quantifies the cost savings as compared to the current process. Examples 7 and 8 on the following page provide an illustration of the process redesign mapping and cost analysis and benchmarking that occurs in this process phase.

EXAMPLE 7 -- Process Redesign Flowchart Analysis

NEW Workflow - Petty Cash Redesign (BASELINE)



EXAMPLE 8 – Processing Cost Analysis
Petty Cash Redesign
(Comparison of Time & Costs)

<u>Unit</u>	<u>Tasks</u>	<u>Before</u>	<u>New/After</u>
Purchasing	Data Entry	\$ 2,600	\$ 0
Department	Date Entry	\$ 14,400	\$ 14,400
Department	Courier/Travel	\$ 28,800	\$ 0
Police	Courier	\$ 1,000	\$ 0
Cashiers	Processing	\$ 400	\$ 0
Accounting	Processing	\$ 1,000	\$ 12,400
TOTAL		\$ 48,600	\$ 26,800

STEP E: Technology Review

One of the key assumptions in UMKC's process review was that the current application service provider would remain as the host provider of all business applications. Due to the phased implementation of PeopleSoft throughout the system some current business processing applications are still being supported by older and burdensome legacy applications. Part of the review in these areas to review the proposed functionality and see how the new tools could be deployed to improve business processes as conversion occurs.

UMKC, in its best practice review of technology, focused on new technologies (e.g. document imaging, e-commerce, data warehousing, enhanced report writing tools, enhanced functionality in current PeopleSoft applications) that may be able to contribute to process improvement, and included many system enhancements as part of the reengineering recommendations.

In the future, as UMKC implements major new releases of application software, we are committed to taking a proactive approach in assessing how the tool can be used and making immediate changes to business processes with the installation of enhanced technology. Continuing to use old business practices and processes and newer applications infrastructure is not a proactive approach for governments or a good use of valuable resources. Example 9 illustrates the technology assessment used in the student loan billing and collection process review in reviewing options available that address stakeholder expectations and efficiency improvements needed.

EXAMPLE 9 – Student Loan Post Award Study Technology Research of Best Practices and Service Providers

The project team conducted on-site visits to two area universities and phone interviews with three other institutions utilizing an automated “24 by 7” loan billing and collection system. The series of interviews resulted in the project team determining that:

- They were extremely pleased with their “outsourced” loan service provider.
- Their loan service provider provided immediate customer service response.
- Their loan service provider had significantly enhanced reporting strategies.
- They received positive feedback in relation to customer service.
- The system conversion from existing legacy applications was easily managed.

The project team requested product demonstrations from the various service providers. The technology assessment produced the following key attributes required of any proposed outsourced new software solution:

Major New Billing and Collection System Attributes

- Direct Online payment or lock box payment processing
- Student access 24/7
- E-Bill capability
- Execution of electronic promissory notes
- On-line account information
- On-line entrance and exit loan counseling
- Electronic Disclosure
- Adequate deferment, cancellation, etc. services
- Live customer service chat lines
- Ease of compliance review
- Automated Loan verification certificates
- Processing of loan refund checks
- 99.9% error-free NSLDS reporting
- 1098's functionality
- Automatic placement of accounts needing collection action
- E-signatures for Federal Perkins, Health Professions Loans, and Institutional loans
- Ability of providers to build bridges between any system and will oversee and resolve conversion issues in addition to providing transition resources
- Reporting component using existing base as beginning point
- Flexibility of service levels
- Disclosure
- Billing and Collection information should be stored on external server
- Integration into PeopleSoft

[Step F: Implementation \(Deployment Phase\)](#)

This phase of the project is the most important for a successful execution and implementation of a changing business processes. A detailed implementation or deployment strategy is needed to map out how to communicate the new business processes and how to measure their ongoing success. Without the monitoring of performance, bad practices can unravel even the best plans. Continuing to review and improve processes are keys to sustaining excellence. This review is based on performance measures, including customer satisfaction.

Part of the implementation plan is listing milestones for project implementation and determining who is accountable for each of the tasks. This also includes identifying any policies, procedures, training and communication needs with customers.

Example 10 on the next three pages provides an illustration of the four key components of any deployment/implementation strategy plan including: (A) how the initiative will be measured; (B) phases for implementation; (C) project timelines; and (D) a detailed communication plan to the process stakeholders.

[EXAMPLE 10 A– Student Loan Post Award Study Excerpts from Study Proposed Implementation Plan:](#)

Performance Measurement:

The project team strongly suggests that a continuous learning/improvement process be established for any new process suggested. This learning/improvement process can be achieved through daily contact with any selected service provider, occasional student feedback, and on-going staff work-load review. This review is required in order to maintain superior customer service and efficiency for the University. The following are several suggested areas that would provide a degree of measurement for any newly adopted student loan process:

- Measurement of default rate fluctuations before a change in process and then on-going.
- Loan collection comparisons using an established baseline.
- Number of inquires/web site visits distinguishing between business hour hits vs. non-business hour hits.
- Customer service survey measures.
- Comparison and analysis of process times for each individual step in the student loan process against the University's existing benchmarks.
- Meeting all self-imposed and federally mandated reporting requirements.

EXAMPLE 10 B – Student Loan Post Award Study
Excerpts from Study Proposed Implementation Plan:

The Student Loans Project Team, as a result of this business process review, recommends the following Actions:

Phase I

- Vacant Accountant position should be filled immediately to assist existing staff in their efforts to prepare themselves for the transition into Phase II of the project. Fully staffed, the Student Loan Office should consist of a Loan Specialist, the above mentioned Accountant, and a Senior Clerk.
- The University should seek a technological solution in regards to the administration and processing of entrance interviews, promissory notes, exit interviews, and disclosures in an effort to provide optimal service for customers.
- Administrative and clerical assistances to address some of the identified backlog in loan processing should be addressed with the assignment of existing staffing personnel within the Finance Department. Two work-study positions have been identified and filled to address mailing and filing concerns. Additional clerical duties for the office could possibly be coordinated with the other Administrative Associate within the department as well.

Phase II

- A “Request for Proposals” should be initiated to loan service providers so that proposals can be accumulated and evaluated.
- Responsibility for Federal Perkins/health professions/institutional loan billing and payments should be handled by a third party service provider which will allow staff to focus their efforts on the due-diligence required in running a successful Student Loan Office.
- The responsibility for loan deferment decisions, loan cancellations decisions, and due-diligence reporting should remain in the Student Loans Office to ensure that UMKC retains the authority of decision making on issues that involve UMKC and the customers we serve.
- The Financial Aid and Scholarships Office will serve as “technical liaison” with any third party service provider to ensure data exchanges that are consistent in format and content.
- In an effort to ease confusion, the Student Loan Office should be renamed.

EXAMPLE 10 C – Student Loan Post Award Study
Excerpts from Study Proposed Implementation Plan:

Implementation Timeline:

The implementation timeline below is strongly recommended by the project team. This timeline ensures the proposed new student loan process will be in place by June 1, 2005. The timeline includes this in-process function. The timeline also includes the date the action should begin, the action that should take place and the responsible party (names have been deleted in this illustration) for implementation.

<u>Date</u>	<u>Action Taken</u>
December 1	New student loan process acceptance decision made
January 1	Issuance of Request for Proposals Guidelines (based on customer expectations and total loan servicing)
February 1	Due date for submission of requests for proposals from service providers
March 1	Decision made regarding selection of loan service provider completed
April 1	Begin testing of data exchange required for process conversion to an external loan service provider with a go live date of August 1
April 1	Begin identification of current ACH users and develop communication plan to borrowers
May 1	Establishment of data conversion date
May 15	Conduct complete test run of all data transfers and review/refinement of all required monitoring tasks. Establish baseline start point and recording of pertinent baseline data (default rate, etc.)
June 1	New Student Loan Process begins.
June 1	Initial evaluation of new process using suggested measurement instruments
August 1	Three month evaluation of new student loan process using suggested measurement instruments
November 1	Six month evaluation of new student loan process using suggested measurement instruments
May 1	One year evaluation of new student loan process

[EXAMPLE 10 D – Student Loan Post Award Study
Excerpts from Study Proposed Implementation Plan:](#)

Communication Plan:

The Project Team understands the importance of communication in any process change. The success of this new process will be directly related to how it is communicated to customers, in this case students. The Team has outlined the following communication steps that should be followed:

- A letter should be sent from the UMKC Student Loans Office to all former students who received either a Federal Perkins, Health Profession, or Institutional loan explaining the new process. Communication with this group is vital if we are to minimize misdirected payments, defaults, etc.
 - An e-mail should be sent to all current students receiving financial aid notifying them of this new process.
 - A general notice in campus e-mail announcements should be sent. This announcement should include, if possible, one phone number and one contact that students may use if they have questions.
 - Posters should be distributed throughout campus in regards to the new process. This should be arranged through the Student Life Office.
 - There should be a letter sent in all correspondence from the Student Loan Office advising customers of the upcoming change in process.
 - All academic unit student services offices should be notified in writing about the new process.
 - There should be several information sessions offered around campus that students can attend or stop and receive information regarding the new process.
 - There should be U-News coverage of the new process.
 - Extended Cabinet and Student Government Association should be informed through a physical presentation of the new process by the project team and executive sponsors.
 - All staff at UMKC should receive an e-mail regarding the new process.
-

IMPLEMENTATION

UMKC's A-B-C's in Redefining Business Process: Accountability in Financial Management is campus wide initiative to improve financial excellence. The University has deployed this methodology with five major process reviews over the past several years of which three will be showcased in this Best Practice submission.

The project focus for various studies was slightly different in scope, but the initiative included a very structured project team that included a formal committee process that had the commitment of campus leadership.

The process steps also incorporated many of the recommendations from the Best Practices in Public Budgeting in putting the National Advisory Council on State and Local Budgeting (NACSLB) recommended practices into action. UMKC has embodied NACSLB best practices into its financial management operations.

Communication and customer input are key elements. NACSLB promotes that financial management and budget processes should effectively involve all stakeholders and reflect needs and priorities. Open communication will serve as a positive force in maintaining good public relations and enhancing citizens' and other stakeholders' overall impression of government.

UMKC's approach focuses on the value from the "customers" perspective that drives for results: *decreased costs; increased quality; improved timeliness; and increased accountability.* As highlighted in the NACSLB best practices, "apathy is a serious illness of government. It is in the best interests of government to have involved stakeholders."

UMKC defines the term “stakeholder” as anyone affected by or who has a stake in our institution’s mission. This term includes, but is not limited to: student, faculty, staff, citizens, customers, elected and appointed officials, administrators, community and businesses leaders, related governments, and the media. UMKC has adopted the NASCLB philosophy in its service delivery approach that budget process and related decision making should include all stakeholders. UMKC’s process allows for:

- Involving stakeholders
- Identifying stakeholder issues and concerns
- Obtaining stakeholder support for the overall budgeting process
- Achieving stakeholder acceptance of decisions related to goals, services, and resource utilization; and
- Reporting to stakeholders on services and resource utilization, and serve generally to enhance the stakeholders’ view of government.

[Case Study One: Accounts Payable Review](#)

With support from campus leadership, the University formed a 14-member, cross-divisional team consisting of employees from the Divisions of Administration and Finance, Student Affairs, Academic Affairs (College and various Schools), and University Advancement to focus on functional areas of the accounts payable process. Processes included non-purchase-order vouchers, requisitions, procurement cards, travel reimbursements, and petty cash reimbursement. The team proposed 20 recommendations for system improvement related to training updates, technology advances, and policy changes.

The University had recently implemented a new integrated financial management system that linked several different modules to the general ledger. Although the system appeared to be working well, there was a significant opportunity for improvement and change in the way we use and maximize the capabilities

of this system. . The team also concluded that the interrelatedness of these functions warranted a procurement decision flowchart to capture the process of executing purchasing decisions.

The methodology used to approach the analysis of the accounts payable functions was to create buy-in and obtain information from focus groups sessions, flowchart analysis, quantitative analysis and qualitative analysis. The team also focused on value added vs. non-value added analysis. As a result of the feedback from customers through focus groups, customer service surveys, and the quantitative and qualitative analysis, the team developed an outline that describes the analysis. The team focused on analyzing the existing process, reviewing best practices, describing the re-engineering phase, and implementing the plan and a plan for sustainability.

It was concluded that training updates, technology advances and policy changes would need to be addressed in the redesign. The team also concluded that the interrelatedness of these functions warrants a *“Procurement Decision Flowchart”* to capture and connect the entire process of the way a purchasing decision is made. The campus is now in the process of making improvement changes to the core business functions that will challenge the way we do business and set the standard in higher education for business process redesign.

During the early planning phases of the project the Executive Sponsor and Team Leader met at least weekly to define the initial parameters for the group discussion. The Team Leader held working team meetings with the team participants and met at least every two weeks during the study with the analysis five process sub-committee working groups.

In addition, our assessment of current processes included focus-group sessions and surveys of various stakeholder groups as well as research of best practices in accounts payable functions at other institutions.

Our analysis also focused on value added versus non value added activities as we looked to streamline transactions by eliminating duplication.

One example of a recommendation that has since been implemented is the streamlining of our vendor creation and payment processes. Through customer feedback and business process analysis, we learned that every time a department wanted to pay a new vendor, it had to manually submit a form to accounting to create a new vendor account. The process could take up to three days, thus slowing the department's ability to process payments. Simply by reviewing how we could better exploit the functionality of our existing business applications system, we determined how to automate the process, streamlining the creation of new accounts by reducing the wait time to next-day or even same-day turnaround.

In another example, focus group feedback made it clear that our processing of requisitions was far too cumbersome. Because a significant number of campus requisitions—approximately 1,100 out of 1,500 total—related to annual maintenance agreements, the project team recommended reviewing how to reduce the requisition volume by consolidating maintenance agreements wherever possible. For instance, instead of each department issuing its own copier service agreement, the entire campus could leverage a Campuswide agreement. Since we calculated that our average cost per requisition transaction was \$75, consolidating annual maintenance agreements could save the university about \$42,000 per year. And this figure did not factor in the likely savings from vendors for providing them increased business volume.

In a third example, review of our petty cash process centered on determining the actual cost to provide this service. Our initial review revealed an extremely convoluted 12-step process involving six separate departments for receiving reimbursement. While our flowchart analysis showed how we could reduce the process to four steps involving only two departments, the larger question that surfaced was whether we even needed a traditional petty cash system. Because of improved technology for tracking and processing

cash-flow transactions, the project team recommended eliminating our petty cash system altogether, which we are now in the process of doing. Our calculations show that elimination of steps from our previous approach will save the university more than \$21,000 annually.

In total, with changes implemented in these and other accounts payable transactions, we estimated that more than \$150,000 in future savings will result from eliminating steps that are nonessential and non-value-added for the customer. This initial Accounts Payable Business Process Review took more than seven months to complete with UMKC now in the initial implementation phase of the project. It is estimated that the combined staffing effort for the project work to date was more than 560 work hours.

Upon completion of the working group recommendations, the final report was developed with the input from the full Accounts Payable Committee. This was key to developing a diverse viewpoint on how best the campus should move forward and also address any turf protection issues that may have surfaced during the working groups. The Project Leader and the working group chairs then developed the final report which was submitted to senior management for review and consideration. The UMKC process is a viable solution instead of utilizing costly outside consultants for such a gap analysis. The open and honest communication and collaboration between units and departments was of significant value in building trust within the organization on many other issues.

The Finance Department continues to re-assess the original recommendations and review the business process measures (results from the Balanced Scorecard) to ensure that the revamped design is meeting the Stakeholder expectations and meeting the baseline performance standards.

Case Study 2: Student Loan Billing and Collection Process Improvements

UMKC's second success was in a business process review to streamline a student loan collections process. This review encompassed a nine month commitment that included an executive sponsor, project leader(s) and two other interdepartmental committee members. The scope of this project studied the current student loan process, from loan acceptance to repayment in full, plus the mandatory reporting time frame of five years.

The preliminary SWOT analysis (see Example 3 on page 14) addressed the need to streamline the process to maximize efficiency and effectiveness in loan delivery, repayment, general ledger interface, and to provide superior customer service to current and former patrons. Loans included in this review are Federal Perkins Loans, health professions loans, and long-term institutional loans.

This project opened communication within campus divisions and departments where inter-department collaboration was noticeably absent. There was a significant amount of tension and animosity initially among the working team which had to be overcome. Key to the immediate survival of this process team was the adoption of the Common Ground Rules for the Project Team work. (See Example 2 on Page 13)

In addition to reviewing best practices at other higher education institutions to ensure that our loan administration process is friendly and transparent for students, the team also assessed aspects of our loan collection process. Initial research of best practices indicates increased use of outside service providers by other institutions. In addition to reviewing possible efficiencies that an outsourcing arrangement might provide, we analyzed whether outsourcing our collection would align with UMKC's core mission of service to students.

This redesign initiative resulted in an outsourcing opportunity with a third party provider now supporting the internal billing and collection, or back office functions for the campus student loan post awards. The new system design is providing for a more efficient and effective process, yet maximizes customer expectations and service. The team reviewed best practices by other higher education institutions and service providers while concentrating on the elimination of duplicated services and increased savings. Movement to an outsourced model that increased the use of technology, established accountability, and provided devices for measuring performance were also essential in this new process design. Example 11 provides an illustration of the type of costing and benchmarking that occurs as part of the Re-engineering Phase.

EXAMPLE 11 -- Redesign Phase -- Cost per Transaction Analysis
Student Loan Post Award Billing and Collection Processing

<u>Process Tasks</u>	<u>In House</u>	<u>Outsourced</u>
Billing and Collection		
• Cost per loans	\$ 11.44	\$ 4.90 @
Exit Interviews		
• Cost per interview	\$ 5.15	\$ 0.15
Promissory Notes		
• Cost per note	\$ 4.86	\$ 0.25

Case Study Three – Capital Asset Management Review

The business case for redesigning the Capital Asset (Personal Property) Management processes was developed through the use of focus groups to determine stakeholder concerns and perceptions and was chosen as the next process for redesign due to a recent audit finding that capital asset reconciliation was not being completed in a timely manner. As previously illustrated in Example 4 on Page 15, the project team and stakeholders identified several areas for organizational improvement.

A diverse project team representing both customers and stakeholders was formed to assess UMKC's personal property management process from the initiation of the acquisition, stewardship of, and the disposal of assets to improve timeliness, accuracy, consistency, efficiency, accountability, and cost effectiveness for all our stakeholders.

The team met for six months and reviewed the current procedures, evaluated strengths and weaknesses, researched best practices in the industry, assessed whether each step in the current procedure was a value-added step or a non-value added step, and then redesigned the processes to maximize strengths, minimize weaknesses and eliminate non-value added steps for more effectiveness and efficiency.

Example 12 on the following page illustrates the types of process improvement recommendations that were developed from the recent UMKC Asset Management Project.

EXAMPLE 12 – Excerpts from UMKC 2006 Capital Asset Management Process Redesign Initiative – Executive Summary

Phase I: Identified as Improving UMKC Internal Controls

- Training and Communication Issues
 - Make sure fiscal officers and principal investigators know that no equipment can be purchased from grant funds during the last three months of the grant
 - Educate departments with regards to the “White Glove” tagging process (for assets that cannot be physically tagged)
- Involve fiscal officers to ensure equipment is tagged within 60 days of voucher date
- Retention of Physical Inventory completed by Procurement twice a year; adding a separate sheet to be signed and returned by the main fiscal officer in the department verifying the accuracy of the inventory
- Require an informational justification for an installation delay on assets purchased during the fiscal year that are not put into service by fiscal year end
- Campus standardization of “white glove” tagging process (for items that cannot be physically tagged)
- Change campus inventory reports column heading of Surplus to Disposed to more inclusively handle assets that have been transferred to surplus, traded-in, or cannibalized
- Change the default code on gift recording software from a non-capital miscellaneous expense account to a capital expense account

Phase II: Identified as UMKC Issues Addressed in Collaboration with UM System before Implementing

- Creation of an Accountant position with professional working understanding of Generally Accepted Accounting Principles (GAAP) related to governmental accounting including asset management.
- Changing the commencement point of the reconciliation from the point of purchase (purchase order) to when it is charged to the asset account (vouchering)
- Change the responsibility for data entry into the Asset Management Module from procurement to accounting to take advantage of the knowledge provided by the GAAP expert

Phase III: Identified as UM Policy Changes or Changes affecting all UM Campuses

- Creation of a system-wide taskforce to look into the feasibility of linking PeopleSoft’s Asset Management Module to the Accounts Payable Module. The charge to this taskforce would include:
 - Assessing PeopleSoft’s functionality
 - Streamlining the asset management function utilizing technology
 - Defining the rules/policies to ensure consistency across all campuses
 - Assigning the appropriate roles and responsibilities to ensure a proper check-and-balance system
- Evaluation of inventory frequency from twice a year to once a year; replacing the removed inventory with random audits by purchasing
- Evaluation of system policy regarding those items we identified as non-value added, but are required due to policy

In summary, these three case studies and related examples, illustrate the importance of significant input from stakeholders on the quality of service, timeliness, cost effectiveness, and responsiveness in the delivery of core services. The customer focus groups and satisfaction surveys were deployed to gain a clearer understanding of customer needs and expectations. After the completion of recommendations, the Project Team presented the draft recommendations back to application users and customers to gain confidence and support for the proposed business improvements and policy changes.

Today, the Project Executive Sponsor meets frequently with customers to continue the dialogue of how to improve service delivery and meet desired expectations.

UMKC utilized an outside facilitator to assist with the campus focus groups and to assist in identifying core versus non-core value process steps. The facilitator was a consultant to the University who had worked within the University System on similar projects on the other campuses. The decision to use an outside facilitator allowed the project leader and team members to be active participants in the focus groups without having to assist in leading the discussion. The facilitator also provided a buffer to help maintain open and honest communication among team participants. The cost of the consultant in the three illustrated implementation projects was slightly more than \$15,000.

BENEFITS

UMKC's approach for Business Process Redesign is a roadmap for a customer-driven, data-intensive and results-oriented management review process. Our approach challenges the fundamental infrastructure of an organization and is useful when a new way of doing business is required. The UMKC model follows many of the components from the National Association of College & University Business Officers (NACUBO) 1994 guide for *Business Process Redesign for Higher Education*.

UMKC's approach can help other higher education institutions redesign processes that are critical to the operations of their institutions. Our approach restructures improvement efforts with a strong bias toward results and actions. Looking at how we do business and the impact to our customers is a common theme today for public finance officers. Rethinking how to provide critical core programs and services places emphasis on program accountability and unit performance. This displays the efforts of public entities to incorporate performance measures into the annual appropriation process for accountability to the organization. The process takes a very nontraditional strategic planning processes and ties resource decision-making to the goals of a public entity.

Defining the cost benefit of an ongoing management process is difficult due to the many indirect benefits and desired outcomes from such a review. UMKC is committed to this management approach and understands the importance of producing superior performance and customer confidence while being accountable for valuable taxpayer resources.

With the Accounts Payable Project, it is estimated that more than 560 staff hours were spent on the initial project review and recommendations. Based on an average salary of \$50,000, the resources expended total more than \$16,800 in employee salaries and approximately \$4,500 in outside facilitation costs. While

several of the process areas are recommending enhancements to technology infrastructure, the study did identify more than \$150,000 in future efficiency savings.

The Student Loan Post Award Billing and Collection Process had two phases which produced a streamlined internal emergency loan process and a new outsourcing solution for all billing and collection related activity. The combined projects have resulted in more than \$90,000 in annual operating and processing savings with streamlined workload, improved financial reporting, and convenient student access and availability.

The overwhelming benefit to UMKC and any other entity that would follow a similar process is the value in building five-star excellences into our business processes by making them: user-friendly; value-added; efficient; timely; and cost effective. Additionally, a nontangible value from the project redesign efforts is demonstrated increased trust, cooperation, and spirit of collaboration among central support departments that did not exist a year ago. Team members participating in these management initiatives are now working on other self-directed projects and business process efforts. These benefits are "priceless" to any organization.

Throughout this endeavor, our divisional strategy has been to build five-star excellence into our business processes by making them user-friendly, value-added, efficient, timely, and cost effective. We are doing so by identifying and quantifying the time and costs associated with non-value-added activities, identifying opportunities to simplify complex process steps by reducing activities, and estimating savings from eliminating steps. We believe that the key to the success of UMKC's ongoing initiatives will be a continued focus on customer expectations and results-oriented goals.

While change management is an evolving process that requires continuous improvement, UMKC takes great pride in its accomplishments with process redesign which has resulted in the campus in general:

- Using cross-functional teams to assess how services should be provided to our customers;
- Identifying values to live by, which includes open, honest communication with stakeholders;
- Soliciting senior leadership support to increase the viability of cross-functional, customer-focused initiatives;
- Establishing strong project leadership to ensure results and follow-through; and
- Providing numerous opportunities and avenues for stakeholder input.

Finally, the Campus has realized the benefits from such process improvement initiatives with increased "quality customer satisfaction" from the services provided by the Finance Department as illustrated in Example 13, a sample of the Department's Balanced Scorecard performance measures. These measures also improved our process effectiveness which we measure by various process improvement areas including accounts payable, billing and collections (student and loans), training, financial management system administration, budget planning, accounts receivable, and procurement. It is our Division goal to achieve a score of 95 percent by June 30, 2010.

EXAMPLE 13 – Balanced Scorecard Measures

Quality Customer Services

% of Customers Who are Satisfied or Very Satisfied with Our Services

	<u>Actual 2006</u>	<u>2nd Quarter FY 2007</u>	<u>Improvement</u>
Service Quality	77.8%	85.5%	7.7%
Timeliness	74.9%	91.1%	16.2%
Customer Relations	74.8%	84.7%	9.9%
Customer Satisfaction	75.5%	81.6%	6.1%
Conformance to Requirement	73.0%	76.5%	3.5%
Customer Engagement	75.1%	76.5%	1.4%

RETROSPECT

This applied project plan and methodology approach, while initially overwhelming, is manageable if divided into segments for review and discussion. The planning teams spent time reviewing best practices in business and designed this approach from other similar gap analysis and process reviews. What was key to the UMKC approach is that we did not take short cuts. We followed the plan and step approach.

During times of fiscal uncertainty for many public and private higher education institutions, the methodology for business process review can be applied to many of these entities and organizations. The process is performance driven with results required to achieve sustainable excellence. This type of accountability for resource management during tight fiscal times can be a proactive approach to increase our public trust and internal efficiencies.

Many private sector organizations provide gap analysis and business process review to public sector initiatives at a very costly investment. As UMKC designed its own process review approach we incorporated many experiences from gap analysis into our process. UMKC took a strong position that with a properly defined work plan, project sponsorship and commitment, and defined roles for the project leader that such a management review is feasible with internal staff support.

One of the early hurdles that UMKC faced in both projects was "Do we really want to do this". Like any change management process, there were forces against the project. We started the project with some resistances in middle management ("its MY game and MY rules"); complacency among units; failure of previous productivity efforts; and past plans that tended to sit on shelves. The support of the changing culture and the importance of process review within the organization helped address many of these concerns. The project sponsor and team leader demonstrated the UMKC values as the basis for reflection and dialogue. We strive to live our values as instruments for positive change.

Probably the most difficult part of the process was the filtering of the potential options for new processes. This is where the brainstorming of new opportunities and ideas need to be refined with narrowing of redesign alternatives to several “most likely” candidates. At UMKC, we had to continually remind ourselves of basic questions like: Does this design make sense and are we meeting the project objectives and customer needs?

A third difficult task in the engineering phase is creating the vision and mapping out the new process for each proposed redesign alternatives in a clear, understandable and concise manner. To outcome the complexity of this phase, the teams focused on redesign alternatives on these factors:

- Account for all input and outputs on the new proposed process – if inputs/outputs from the current process are eliminated
- Listing of the assumptions and policy issues related to the process redesign
- Identify the strengths and weaknesses of the new redesign
- Identify critical success factors/performance benchmarks for implementation
- Identify the barriers for implementation (e.g. system policy changes, changes in job duties)
- Impact of changes in processing on other processes
- Identify the strategic advantages gained through the redesign

Support by senior management was key to the success of any major redesign initiative. UMKC success, has hinged, in part, on the sponsorship of the project being the “change agent: that took the accountability for making the process review successful.” Projects and cross functional initiatives that are customer focused like the UMKC redesign model require project sponsors to: break down barriers for change; champion redesign efforts; communicate continually their commitment; and set the vision for the project.

Secondly, a key to the UMKC approach was a strong project leader. In many instances, UMKC selected a project leader who maintained the project calendar and schedule, tracked and reported progress to the sponsors, resolved problems, and helped empower the team members. In UMKC's experiences, a project leader was selected from outside the Finance Department to have a neutral party provide the project oversight and to also overcome potential "turf battles" or potential reluctances of current process owners to change processes. The leader also assisted in interpreting policy issues raised by the working teams and created a communication plan for implementation. Without a strong project leader, the UMKC projects would have been ten-fold more difficult. Without the commitment from top management, this process will not work.

In retrospect, key to UMKC's creative and innovative approach is the focus on the customer expectations and result orientated goals. It is also important that change management is not a one-time event, but is an evolving process that needs continued review and improvements.

These attributes are fundamental to any organization and can be applied to any public or privately funded higher education organizations. While UMKC continues to deploy this methodology across the campus in other key business process, our culture shift has sparked innovations in financial management consistent with best practices. These innovations and values are being applied in other key financial management areas.