

February 28, 2020

To: Dan White, Chancellor

From: Amanda Wall, Interim Associate Vice Chancellor for Financial Services
Kellie Fritze, Director of Business Services & Executive Officer, Facilities Services

cc: Julie Queen, Vice Chancellor for Administrative Services

RE: Central Shared Services Business Office Proposal

The proposed UAF Central Shared Services Business Office (CSSBO) is customer-centric business model that will perform transactional functions for the University of Alaska Fairbanks administrative and centrally supported units with a holistic approach. The office will perform specific business transactions with best practices, efficiency, and innovation while maintaining industry standards.

The proposed model is an expansion of the existing Administrative Services Shared Office (Admin SSO), leveraging the current expertise in Facilities Services (FS). The Admin SSO currently provides back-office accounting and budgeting to Environmental Health, Safety, and Risk Management; Facilities Services; Financial Services (Office of Finance and Accounting, Office of the Bursar, Office of Management & Budget); and the VCAS office. Services provided include journal vouchers, monthly proformas, budget revisions, management reports, financial reporting and data analysis, recharge rate proposals and billings, and work-order billing. Expansion of services would not only include incorporating additional units into the new CSSBO, but also the addition of other transactional types of service such as acquisition of goods, travel coordination, and personnel/payroll actions. Current staffing and annual volume of the Admin SSO, plus the FS staffing and volume for purchasing, travel and personnel/payroll is shown below:

- Fiscal Support: 3.25 FTE
 - \$79M+ budgets: Fund 1, recharge, auxiliary
 - \$50M+ rolling capital budget
- Warehouse Purchasing: 3 FTE transactional / 3 FTE warehouse/expediter
 - \$9.7M annual operation
 - 9,200 pro-card transactions
 - 9,140 special orders (items not in 4,400 warehouse inventory)
 - 1,060 blank purchase orders (BPO)
 - 150 requisitions / purchase orders
 - Work-order system entry by building/project for each item

- Personnel / Payroll: 0.75 FTE
 - Supports 167 benefited staff
 - ~ 120 student hire / rollover
 - ~ 70 annual benefited/temp hires
 - ~260 job form submissions

- Travel: 0.75 FTE
 - ~70 trips annually

We propose creating a cost-saving structure through the reduction of duplicative practices at the unit level and align processes and procedures to increase efficiencies for all customer units. The objective of shared services is to reorganize and standardize many of the transactional services occurring in decentralized units across an institution within a new, specialized organization to align with industry-leading practices. The office will be progressive and deliver a full-service business center to provide a depth and breadth of service in a reduced budget environment.

	Central Shared Services Business Office
Model	<ul style="list-style-type: none"> ● The center will include travel, purchasing, personnel/payroll support , and financial transaction management (Executive Officers would remain with VC/Dean leadership) ● The service center could be located centrally at Lola Tilly Commons, or other selected location as appropriate.
Characteristics	<ul style="list-style-type: none"> ● Exceptional customer service ● Primary transactional staff can become experts, with built-in cross-training opportunities ● Balanced workloads ● Increased ability to provide backup, avoiding delays due to absences ● Internal career ladders with increasing specialization ● Staff are exposed to a variety of functions, developing skills needed for Business Officer or Financial Manager positions ● May provide greater/more evident FTE savings ● Recognizes similarities in core skills needed for transaction processing; reduces silos ● Best practices and exposure to tools to handle volume processing

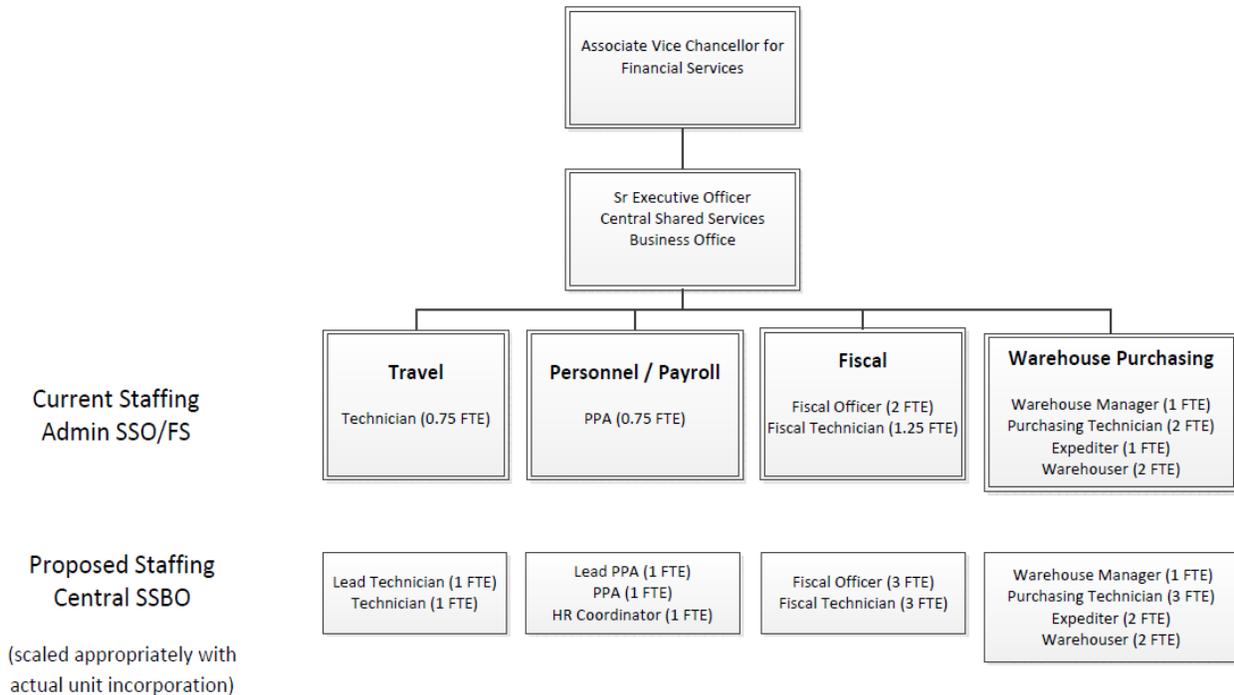
Benefits	<ul style="list-style-type: none"> ● Specialized staff rather than current generalists within units ● Activities are transactional ● Activities have a high level of standardization ● There are efficiency gains with scale ● Benefits from coordination across units outweigh unit-specific expertise ● Cost-savings to units outweighs benefits from physical proximity
Goals	<ul style="list-style-type: none"> ● Establish trust relationships that lead to a better sharing of knowledge and understanding both within the CSSBO and units served ● Retain valuable organizational knowledge that comes with the continuity of staff and the sharing of information <ul style="list-style-type: none"> ○ Promote from within ○ Regular staff meetings ● Generate new ideas and insights ● Create a climate where innovation and new ideas are supported and members listen to diverse points of view ● Multiply impacts while maintaining or reducing the resources needed to do the job

Central Shared Services Business Office

The service center is grouped as a consolidated/expanded transaction business office with a breadth of functions provided by the service technicians. This is a one-stop-shop for customers for travel, procurement (small purchases and requisitions), basic fiscal transactions (JV's, monthly proformas, budget revisions), and PPA support at a general level. In this model, a representative sample of units served by the CSSBO includes:

- Units currently served by Admin SSO: Environmental Health, Safety, and Risk Management; Facilities Services; Financial Services (Bursar's Office, Office of Management & Budget, and Office of Finance & Accounting). Expansion will incorporate purchasing and personnel/payroll functions for police and fire departments
- Potential additional units: Student Affairs, Units currently served by Central Administrative Fiscal Office (CAFO): Chancellor's Office, Provost's Office, General Studies and their associated departments

The chart below shows both the current Admin SSO/FS and the proposed CSSBO staffing.



Accountability structure

The CSSBO reports through the Senior Executive Officer to the Associate Vice Chancellor for Financial Services, with the current financial services advisory group (represents all UAF units) for use as an Advisory Board and guidance on areas impacting other units on campus. The group’s contribution would be to define expectations from the unit and central perspectives, align philosophies, and ensure that services are responsive to customer needs.

Operational Level Agreements (OLA)

An OLA will be used to describe the provided services and delivery expectations, and manage the working relationships between the CSSBO and the supported units. The objective of the OLA is to establish a mutual understanding of the support expectations for the services provided and will:

- outline services to be offered and working assumptions
- define mutual requirements and expectations for critical processes and overall performance
- strengthen communication between CSSBO and its customers
- quantify and measure service level expectations
- delineate mutual requirements and expectations for critical processes and overall performance
- provide a vehicle for conflict resolution

Plan - how we transition to shared services

Plan	Activities	Timeline
Phase 1: Plan	<ul style="list-style-type: none"> ● Approval for restructuring from Chancellor ● Conduct project kick-off meeting, develop guiding principles/vision, and draft project charter ● Develop a plan to meet with key unit/department stakeholders to create assessment and design plan 	April 1 – 30, 2020
Phase 2: Assess	<ul style="list-style-type: none"> ● Assess current business processes, systems, organization structure, and staffing, and identify key improvement opportunities 	May 1 – May 30, 2020
Phase 3: Design	<ul style="list-style-type: none"> ● Design new processes, including enabling technology, roles and responsibilities matrix, and process documentation ● Develop and validate a new governance model and structure ● Identify facility and logistical requirements and develop a facilities and logistics plan ● Complete deployment planning, prepare facilities and workspace and finalize transition steps and timing 	June 1 – July 31, 2020
Phase 4: Implement	<ul style="list-style-type: none"> ● Support execution of a transition plan to operationalize shared services ● Facilitate change management and training 	August 1 – September 30, 2020
Phase 5: Optimize	<ul style="list-style-type: none"> ● Monitor new processes, monitor progress and identify/resolve issues ● Measure defined key performance indicators, implement continuous process improvement, and conduct customer and employee satisfaction assessments 	October 1 – December 1, 2020