Administration and Finance Leadership Group

April 2013
AGENDA

10:00-10:30    John Wilton – Finance and Strategy Update

10:30-11:30    Shawn LaPean –

               What is the Meaning of Innovation?

11:30-12:00    Peggy Huston – OE 2012 Baseline Survey
Our Outlook for 2013-14 remains unchanged

Key Assumptions for Base Case

- State provides promised $125M fee buyout
- State provides additional $125M per Governor’s budget
- Tuition growth frozen for 2013-14
- Salaries grow @ X%
- OE savings continue to grow by $15 - 25M in 2013-14

Detail taken out because budget projections change regularly.
Other Important Updates

**Strategic Planning** – Working with the ELT to develop a VCAF strategic plan that will help guide the strategic plans of all our units

**The Budget Process** – We just started meeting with our units as well as other units reporting to the EVCP and the Chancellor. The conversations are starting to change. Without CalPlanning and all the hard work of many people in this group, we would still be in the “permbudg” world!

**HR Reform** -- to be more highly skilled, more in touch with client needs and expectations, to move from compliance to enablement...

**SHIP** – The campus has decided...

**Growth Initiatives** – All projects are at various stages of development. We have the second Revenue Generation Symposium coming up on May 6th. The OEPO is setting up the process for supporting entrepreneurial efforts.
Our Operating Principles are becoming real

In April, the team launched Kudos and one OP per month. This month we are featuring the first principle.

WE ARE BERKELEY

**OPERATING PRINCIPLES**

**WE INCLUDE AND EXCEL, TOGETHER**

We cultivate trust, treat one another with respect and assume good intentions. We actively include different perspectives and work cooperatively within and across departments. We thrive when we celebrate the diversity in our community and our common commitment to equity, inclusion and equal access to all.

**WE IMAGINE AND INNOVATE**

We develop sustainable solutions that help us meet campus goals. We are willing to take intelligent risks, make mistakes, and learn from our experience.

In May, we will be highlighting the second principle.
Innovation
People Support What They Help Create!

Shawn LaPean
…we imagine and innovate…
“Innovation is not the product of logical thought, although the result is tied to logical structure.”
“If you don’t like change you’re going to like irrelevance even less”

General Eric Shineseski

“Success isn’t permanent and failure isn’t fatal”

Mike Ditka

“The real difficulty in changing the course of any enterprise lies not in developing new ideas but in escaping from old ones”

John Maynard Keynes
Innovation:

• What is Innovation?

• What has been an innovation in ALFG?
Alexander Graham Bell thought the **telephone** would be a tool for the deaf

Thomas Edison thought the **phonograph** would be a dictation machine
Invention vs. Innovation

The **telephone** and **phonograph** were inventions…
What was done with them was innovation.

“Creativity is about **thinking up** new things…
Innovation is about **doing** new things”

*Theodore Levitt*
3 BIG Ideas-Take Aways

1. Change and innovation are necessary. Success will come from how often we can repeat it.

2. Mistakes are necessary and should be embraced (repeated mistakes not so much…).

3. Only reason we exist is for our CUSTOMERS.
Innovation: Definition

• What is Innovation?
  – **Added Value-New Value**
    • Not always about new “things” or products
  – **Customer outcomes**
    • Customer satisfaction
    • Customer experiences
  – **Systemic Programs**
    • Not “one and done”
    • Known and repeatable
Added Value Innovation

C = Executed Path

$ = Added Value

A

B = Required Goal

Plan Path

Customer Satisfaction

B

C
Innovation: Why?

• **Why try to Add Value?**
  – Do we need to be Innovators?
  – What if we didn‘t Innovate?

• **Why I believe we need Innovation**
  – Makes work more fun and engaging
  – Makes work easier in the long run-systems, process
  – Creates focus on a few things rather than many
  – Involves larger groups in discovery, research and provides a better guide towards a goal
  – Embraces flexibility as a core value
  – Brings to light most if not all tangible and intangible attributes
7 Myths of Innovation

• "Innovation is about technology": so how come Starbucks convinced Americans to pay $4 for a cup of coffee...without inventing anything?

• "We need more new ideas": organizations get plenty of new ideas, but often have no way to nurture them.

• "Innovation is a department": relying exclusively on R&D or similar departments neglects the insights/capabilities of the company at large.

• "Let people loose to innovate": people have to be enabled through structure and process to pursue innovation; otherwise, ideas are often stillborn.
7 Myths of Innovation

• "Innovation is a radical departure": innovation often just recombines existing components rather than introducing revolutionary new technologies.

• "Avoid the detours": detours are often the destination; take mobile phone ring-tones, which were created as a marketing gimmick (a detour) that became a huge business in its own right.

• "It's about creating new things": Dell computer didn’t invent anything, yet leads the industry.

Dr. Robert Wolcott, Northwestern University
“It is not what failure costs that is key...it is what failure is worth that will define the successful organization.”

*Intuit’s founder:*

We allow failure...and harvest learning!
Failing is okay?!

A conference devoted to discussing failures!
Fail fast!

Don’t punish...LEARN!
Strategic Innovation

Strategic innovation approach melds two seemingly disparate mindsets:

Visionary thinking that explores long-term possibilities

Pragmatic, down to earth, implementation activities that lead to both short term and long term, measurable organizational impact
This is your brain...
This is your brain on innovation...
Innovation Definitions

• Innovation Types
  – Product
  – Process
  – Strategy

• Innovation Levels
  – Incremental
  – Substantial
  – Breakthrough
## Innovation Definitions

<table>
<thead>
<tr>
<th>Innovation</th>
<th>Product</th>
<th>Process</th>
<th>Strategy</th>
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<tbody>
<tr>
<td>Breakthrough</td>
<td>Big Mac</td>
<td>Franchise Quality Assurance Programs</td>
<td>Global Expansion</td>
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<tr>
<td>Substantial</td>
<td>Value Meals/combo meals</td>
<td>Hamburger University</td>
<td>Breakfast</td>
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<tr>
<td>Incremental</td>
<td>Green Milk Shakes at St. Patty’s Day</td>
<td>New French Fry cookers</td>
<td>Chipotle purchase and eventual sale</td>
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Ground Rules

• Mistakes are not only okay, but encouraged
• Brain storming means participation
• Top of mind thoughts-No over-thinking
• Use your intuition
• Choose one person at each table to be the lead-
  makes the decision on which innovation initiative
  will be discussed
Group Work

• What are the most important issues regarding innovation in ALFG?
• The greatest challenge in managing innovation is__________?
• Describe something in your work which has changed from its original state into something better.

Let us know if the group would categorize it as a product, process or strategy and if it’s incremental, substantial or breakthrough innovation
Objectives of the Survey

1. **Develop a baseline** for satisfaction with administrative services—including information technology, financial services, human resources, and research administration—and tools/technology available

2. **Provide an opportunity for academic employees to voice concerns and help set OE priorities**
Survey Population

Two Surveys sent via Cal Messages; any employee with a CalNet ID could participate
- Staff audience
- Academic audience

Staff:
- June 2012, the numbers totaled 10,355
- Received 2047 responses

Academic:
- August 2012, the numbers totaled 7603
- Received 647 responses
Survey Responses

**Academic Responses**

- "regular" faculty: 251
- research titles: 62
- non-research academic titles: 48
- other: 32
- academic student employee: 8
- blank: 240

University of California
Survey Approach

Quantitative:
The survey asked respondents to rate satisfaction with several administrative services that are regularly used by academic employees. Respondents indicated their satisfaction level on 5 – 8 dimensions for services: email, calendar, hardware and software support, purchasing, grant application processes, financial reporting, and financial analysis tools.

Qualitative:
Open-ended questions included at the beginning and end of the survey.

For example: “Please tell us the top 3 concerns you have about administrative services and/or technology.”

Respondents could add comments on each quantitative question.
Quantitative Sample

Comparison:
Regular Faculty (left column) & Staff (right column)

- Grant Services
- HR – Academic
- HR – Immigration
- Purchasing
- Financial Reporting

- Satisfied
- Neutral
- Dissatisfied
Top Concerns for Staff

1. Technology
   - outdated technology
   - existing technology not fully meeting users’ needs
   - implementation of new technology
   - technology support

“Considering that Berkeley is one of the top universities in the world, the information technology systems offered on this campus lagged behind what is happening in the outside world.”

Key Findings:
- Staff appear to view technology as a means of solving problems, particularly for faculty.
Top Concerns for Staff

2. Accountability
   • hold employees/managers to a clear and consistent set of standards
   • a desire for openness and clarity about OE savings and policy changes

“Severe lack of strong leadership and people management skills in first-line managers. Too many managers just moved up the ranks without actually being trained or groomed for management.”

Key Findings:
• Staff seem to want clearer, and more consistent standards (i.e., in favor of centralization), but also want to make sure that their own specific needs and autonomy are met.
Top Concerns for Staff

3. Shared Services
   • moving off campus
   • quality of service will suffer in units
   • impact on individuals

“Don't trust Shared Services will actually help a complex unit like ours, since other SS efforts have hurt our unit”

Key Findings:
• Departments are concerned that their individual, specific needs won’t be adequately met by a centralized service.
4. Bureaucracy
   • our bureaucratic structure makes work difficult

“The bureaucracy at Berkeley is staggering. For example, it appears that every few years we get financial systems and they get more and more involved every time. The rules are so complex, we have to have a staff person interpreting them for us. How about replacing all these rules with simple transparency? I heard a CEO speak who said his company has no restriction on travel expenses, but everybody has to post travel expenses on a web site for all colleagues to see.”
Top Concerns for Academics

1. Workload shift
   - Staff cutbacks and staff reassignments have increased faculty time spent on administrative tasks

   “More and more admin functions are being put on faculty. Now faculty have to go on-line to verify funds spent, approve purchases, approve all travel, approve how our federal grants are being spent, etc. When I came here 13 years ago staff assisted with most of this, now it is totally on the faculty. This has reduced my research and teaching productivity.”

Key Finding:
- Academic employees are concerned with how future changes will affect their jobs.
2. Inadequate Financial Tools
   • Financial data tools don’t meet faculty needs and delays in improving them are frustrating

“I am EXTREMELY seriously concerned about the financial statements that faculty receive to show the financial status of our grants and gift accounts. I've been on the Berkeley campus since 1977, and am utterly incapable of understanding these statements…the statements fail to give me any idea of the fiscal status of my accounts.”
3. Purchasing Systems

• Faculty are skeptical that new purchasing systems save money.

“Purchasing is not straightforward and does not allow us to take advantage of discounts. For example the University negotiated a price for a computer was twice what I could find it for on the manufacturer website.”

“The BearBuy interface and user friendliness is horrible. Compared to my previous department's purchasing interface Bearbuy is difficult to navigate and use. It is hard to find previous orders or to search vendor catalogs or to specify which account to charge an order to. I am not sure who designed this, but is makes ordering research supplies very tedious and time consuming.”
More Information

• The full report on the Staff and Academic surveys can be found on the OE website as of Friday, April 26, 2013: oe.berkeley.edu
• Comments that are specific to an OE project will be shared with the project team
• Plans are underway for the second iteration of the Procurement Survey