

→ BERKELEY'S FINANCIAL DYNAMICS AND RELATED STRATEGY WORK

Our analysis of Berkeley's current financial model shows that change is necessary to make it sustainable. In order to ensure Berkeley stays on a stable financial footing, we need to start laying the foundation for a sustainable future now and develop a solid financial strategy for maintaining access and excellence.

Achievements: We completed the initial version of a new financial model (Campus Financial Model Beta Version 0.1) and rolled it out with the Cabinet, Trustees and Deans and Chairs.

Plan: Continue to refine the financial model, use it to educate/illustrate scenarios with all stake holders, and draw out the strategic implications and associated challenges. This leads to defining a strategy which encompasses the two central pillars of access and excellence and is based on a financially sustainable operating model. We also have to take into account exogenous factors taking place at the Federal, State, Regental and UCOP level.

→ BUDGET REFORM

Our budget process is in serious need of reform. We need to simplify the mechanics of financial flows, make the budget process more attuned to the realities of Berkeley (not the state or UCOP budget cycles), establish a financial information system that yields consistent data and facilitates analysis instead of being transaction focused, and, importantly, create incentives to motivate our managers to make decisions that are in the best long term interests of Berkeley.

Achievements: We have made headway, thanks to OE, in the area of improving our financial and reporting systems (CalPlanning and Enterprise Data Warehouse projects are being planned or close to implementation).

Plan: We will develop a road map of best practices for the financial accounts, re-examine the structure/functions of our finance departments, adopt a best practice financial information system (CalPlanning), and work with the heads of our business units (VCs, deans, administrative units) to create appropriate financial incentives.

→ OPERATIONAL EXCELLENCE

The Executive Committee has so far committed \$42M in investments for a total of 11 projects designed to significantly improve our operations and achieve savings. Several of these projects are now in the detailed design phase or starting implementation. There are 20 more projects under consideration.

Achievements: OE has already saved the campus \$20M with the completion of the Unit Restructuring project. In addition, the OEPO has developed a more robust savings analytics tool to assess and monitor progress.

Plan: We will implement existing initiatives (BearBuy, Timekeeping, CalPlanning, EDW) as quickly as possible and ensure they yield adequate savings and have clear metrics and lines of responsibility. Critical next steps for the coming year include:

- Finalize the design of Shared Services and Common Funding Model, get campus-wide acceptance, and begin implementation.
- Fix the OE process, correct some serious sequencing issues (many of the initiatives are dependent on Shared Services or the development of a Common Funding Model neither of which exist) and,
- Transition to a more permanent solution whereby we use the capacity OE has created to encourage innovation and productivity enhancing changes linked to a sustainable financing model.

→ EXTERNAL PARTNERSHIPS and COLLABORATIONS

Educational institutions all over the nation are undergoing major changes in mission, financial models, and operational consolidations due to global and national pressures. We need to do a better job of reaching out not only to our immediate stakeholders but also to our partners at the system-wide level and throughout the world of higher-education. By working more collaboratively with others, we can leverage expertise and resources, and create better opportunities for success.

Achievements: Collaboration with UCSF on BearBuy and UCOP on PPS Replacement Sponsor Group. We are also collaborating with UCOP's retirement administration services center (RASC) to give Berkeley employees options.

Plan: Continue to work with all stakeholders to improve their understanding of Berkeley's financial dynamics and the challenges we face with the objective of generating more support. For donors this means engaging them in the shaping of our future; for parents and students, addressing their experience with/at Cal; for the state/regents/UCOP, focus on changes in policies and governance that create appropriate incentives and provide flexibility; for faculty, protecting our institutional values; for the Federal Government, persuading them that we are necessary to support innovation and knowledge. We also need to further explore partnerships with private industry and other universities.

→ VCAF REFORMS

The VCAF will continue to look critically at its organizational structure and business model to encourage greater collaboration across units and ensure they are adequately funded. New systems and workflows are needed. We also must take a look at the way we are organized and how we communicate internally.

Achievements: Created a Communications Working Group that will bring together experts from VCAF and other campus units to develop a comprehensive, standardized approach to dealing with data and information, both as steward and communicator.

Plan: We will address the structural deficit across A&F departments which seriously undermines our capacity to implement the plans as described above. Significantly improve the cooperation/integration across A&F units and develop a much more effective communication strategy and tools. We intend to be early and aggressive adopters of shared services and will develop and utilize standard workflows and new systems across the control unit.