Admin study saves $102m

- by: Jacqui Elson-Green
- August 05, 2015 12:00AM

Project management must be coupled with change management to achieve results Source: Supplied

A comprehensive study of the cost and quality of administrative activities at one of the largest and most prestigious universities in the world has led to annual savings of nearly US$75 million ($102m) a year.

Peggy Huston, chief operating officer for shared campus services at the University of California, Berkeley, told the recent Higher Ed Services conference the push for efficiencies was driven by a plunge in state funding and increased reliance on student fees, gifts and research.

State funding dropped from 28 per cent in 2004 to just under 12 per cent in 2012, prompting the creation of Berkeley’s operational excellence program, which focused on effectiveness, efficiency and financial sustainability.

By the end of last year, the goal to reduce administrative costs by US$75m a year was on track, achieving savings of US$64.7m in 2014.

Savings this year have reached US$70m, with the target now in sight and savings of US$80m forecast for next year.
Ms Huston said Berkeley’s administrative environment had been fraught with a lack of financial data, fragmented systems, duplication of effort, lack of standardisation, manual processes and misaligned incentives.

“But we had a unique opportunity due to aligned and committed campus leadership, momentum and energy on campus, aligned and committed leadership from the office of the president and a financial imperative,” she said.

More than 500 staff who performed 50 per cent or more of “sharable” work were moved to a shared services centre that covered support for business and financial services, human resources, academic personnel support, information technology and research administration.

Moving to an e-procurement system, which involves 120,000 transactions annually, has delivered $US8m in increased procurement efficiency.

Project management had to be coupled with change management to achieve results, while changing behaviour took time and effort, Ms Huston said.

“And face-to-face communications is the most effective form of communicating,” she said.