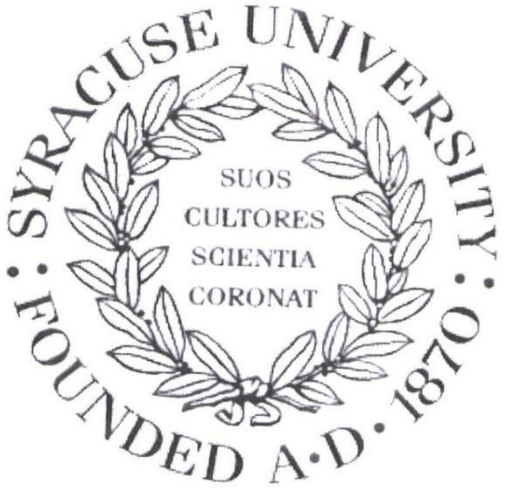
BAIN & COMPANY



Syracuse University
Diagnostic report

April 2014

Agenda

- Report overview
- Project context
- Perspectives
- Next steps

Purpose of this document

- This document contains findings from Bain & Company's Diagnostic work for Syracuse University in conjunction with the University's Steering and Executive Committees (see slide 6 for members)
- The Steering Committee (composed of representatives from the University leadership, deans, faculty, and administrative staff) and Bain & Company present these findings after four months of detailed analysis, review, and discussion; input was gathered from campus leaders, students, faculty, and staff via interviews, focus groups, and an online survey; data was acquired from SU and external sources
- The scope of the diagnostic consisted of elements from both academic and administrative functions of the University
- The findings underlying this report have been presented to the Chancellor for his consideration

Improvement programs typically involve three phases

4 months

Diagnostic	Detailed Solution Design	Implementation
• Identify opportunities to improve efficiency and effectiveness	• Develop detailed solutions to identified opportunities and plans for implementing change	• Implement solutions
Focus of this report	**Not focus of this report**	**Not focus of this report**

Diagnostic overview

THIS REPORT DOES…

- Assess the financial trends of the University
- Compare Syracuse to peer institutions on key metrics
- Identify areas of concern, inefficiency, or ineffectiveness in University operations

THIS REPORT DOES NOT…

- Make recommendations or decisions
- Design or recommend detailed solutions
- Pre-judge future decision making by campus leaders

The goal was to establish a fact base for the Chancellor and Syracuse community to consider and offer Bain's perspectives on opportunities

Representatives from both faculty and the administration provided us with input and guidance

EXECUTIVE COMMITTEE

- **Kal Alston**, Senior Vice President of Human Capital Development
- **Gwenn Judge**, Director of Budget and Planning
- **Louis Marcoccia**, Executive Vice President and Chief Financial Officer
- **Chris Sedore**, Associate Vice Chancellor for Academic Operations and CIO
- **Eric F. Spina**, Vice Chancellor and Provost
- **Steve Barnes**, Trustee
- **H. John Riley**, Trustee

Met 10 times for 2 hrs each

STEERING COMMITTEE

- **Executive committee in full**, except for trustees
- **Prof. Shiu-Kai Chin**, Faculty rep to the Board
- **Prof. Craig Dudczak**, Budget Committee chair
- **Prof. Mary Lovely**, Chair of the former Senate Ad Hoc Committee on Enrollment
- **Prof. Sandra Lane**, former Chair of the Senate Academic Affairs Committee
- **Dean Lorraine Branham** (Newhouse)
- **Dean Laura Steinberg** (LC Smith College of Engineering & Computer Science)
- **Prof. Gail Bulman**, Department Chair in Arts & Sciences (Languages, Literature, and Linguistics)
- **Kristen Jones-Kolod**, Division of Student Affairs
- **Jamie Cyr**, Auxiliary Services

Met 6 times for 2-4 hrs each

DEANS

- **Hannah Arterian**, Law
- **Douglas Biklen**, Education
- **Lorraine Branham**, Newhouse
- **Ann Clarke**, Visual & Performing Arts
- **Bea Gonzalez**, Continuing Education
- **Kenneth Kavajecz**, Whitman
- **George Langford**, Arts & Sciences
- **Elizabeth Liddy**, iSchool
- **Diane Murphy**, Falk
- **Michael Speaks**, Architecture
- **James Steinberg**, Maxwell
- **Laura Steinberg**, Engineering

One-hour, one-on-one interviews followed by group discussions

The diagnostic process included extensive interviews, data gathering, and a campus-wide survey

Interviews

- **110+ interviews across campus** including:
  - Faculty
  - Deans
  - Central administrators
  - Administrative staff in the Schools and Colleges
  - Students

Data gathering and analysis

- **Financial data** from the Budget office
- **Course and enrollment data** from OIRA and the Registrar
- **Course and faculty data** from schools and colleges
- **Function-specific data** from relevant University departments

Benchmarking

- **Comparative data** from:
  - IPEDs
  - NACUBO
  - Chronicle of Higher Education
  - Specialty firms
  - Peer institutions
  - Bain experience
  - Other sources

Survey

- Feedback from **1200 Syracuse employees** including ~400 faculty members and~800 staff

Use of benchmarks

Different peers were used for the three different types of metrics shown below – revenue, cost and academic metrics. Because every university is unique, benchmarks are never perfect comparisons, but they are helpful in identifying areas for further review.

AREAS OF INTEREST

	Metrics	Peer selection criteria
Revenue metrics	• Cost of attendance, discount rate, fundraising, and research funding	• Private universities • School ranking within US News ranking band • Similar size of endowment • Similar undergrad/grad mix • Similar academic focus
Cost metrics	• Instructional and administrative costs	• Private universities • Similar total full-time undergraduate enrollment • Similar cost of living
Academic metrics	• Rankings, research, and course/program offerings	• Private, national doctoral universities • Similar FT enrollment • Similar academic focus • Similar master's vs. PhD mix • Application overlap

SAMPLE SCHOOLS

Vanderbilt, Northeastern, The George Washington University, Notre Dame, Boston University, Georgetown University, American University, Cornell University, Northwestern University, SMU, Boston College, Lehigh University, Marquette University, University of Dayton, Tulane University, University of Rochester

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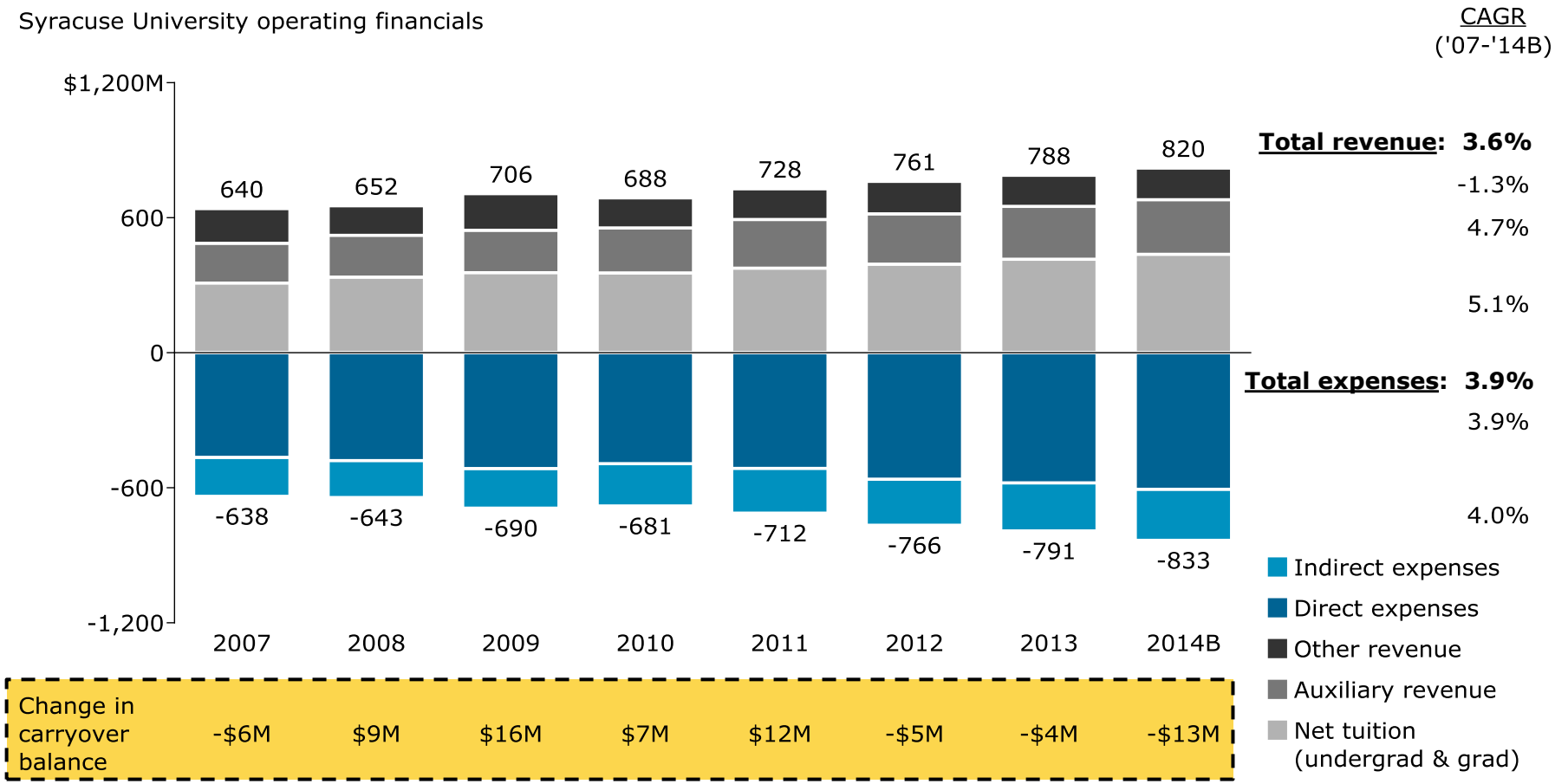
The diagnostic continues the University's efforts to further enhance the institution

- The **Senate Budget Committee** recommended engaging an outside firm for a review of the University's structure, a review of the RCM system, and an effort to identify areas of administrative duplication
- The **Ad Hoc Committee on Enrollment** surfaced important University-wide issues, including institutional capacity issues related to enrollment growth, the need for improved data and analytics, and the need for greater faculty/administration collaboration
- The **Chancellor & the Vice Chancellor** initiated a conversation last spring about the changing higher education environment and the University's overall direction
- The **Board of Trustees** have continued to seek an enhanced understanding of the University's challenges and opportunities
- There has been a **leadership transition** with the arrival of Chancellor Kent D. Syverud

Syracuse is building on many strengths

- **Programs of distinction** that draw top students and faculty
- Many **committed researchers** doing groundbreaking work and **excellent teachers** drawing students to Syracuse
- Strong sense of **school pride** evident in focus groups and staff survey
- **Diversity, inclusion, and access** ahead of many private peers
- Strong and well-known **athletics program**
- **Historic campus** that students indicate attracted them to Syracuse after a visit
- And much more…

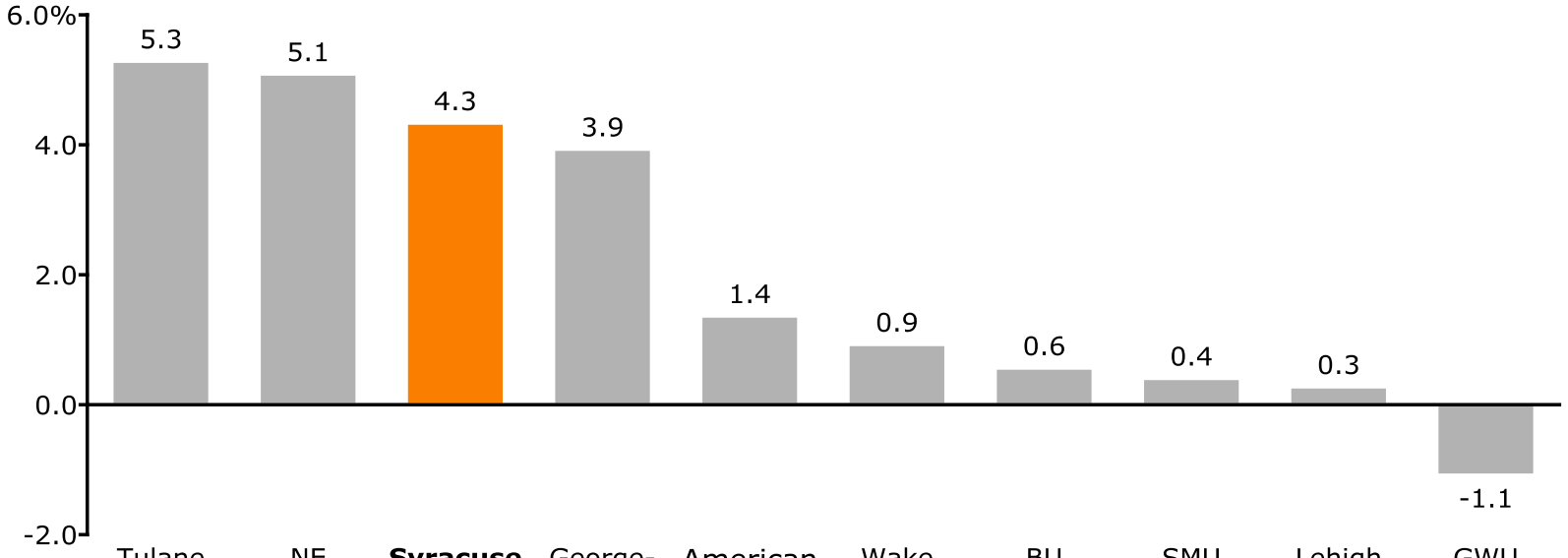
However, operating expenses are outgrowing revenues



Note: Operating financials do not include participation and subvention; values for 2014 are budgeted
Source: Syracuse financial reports

Syracuse has grown enrollment at a higher rate than most peers – particularly undergraduate enrollment

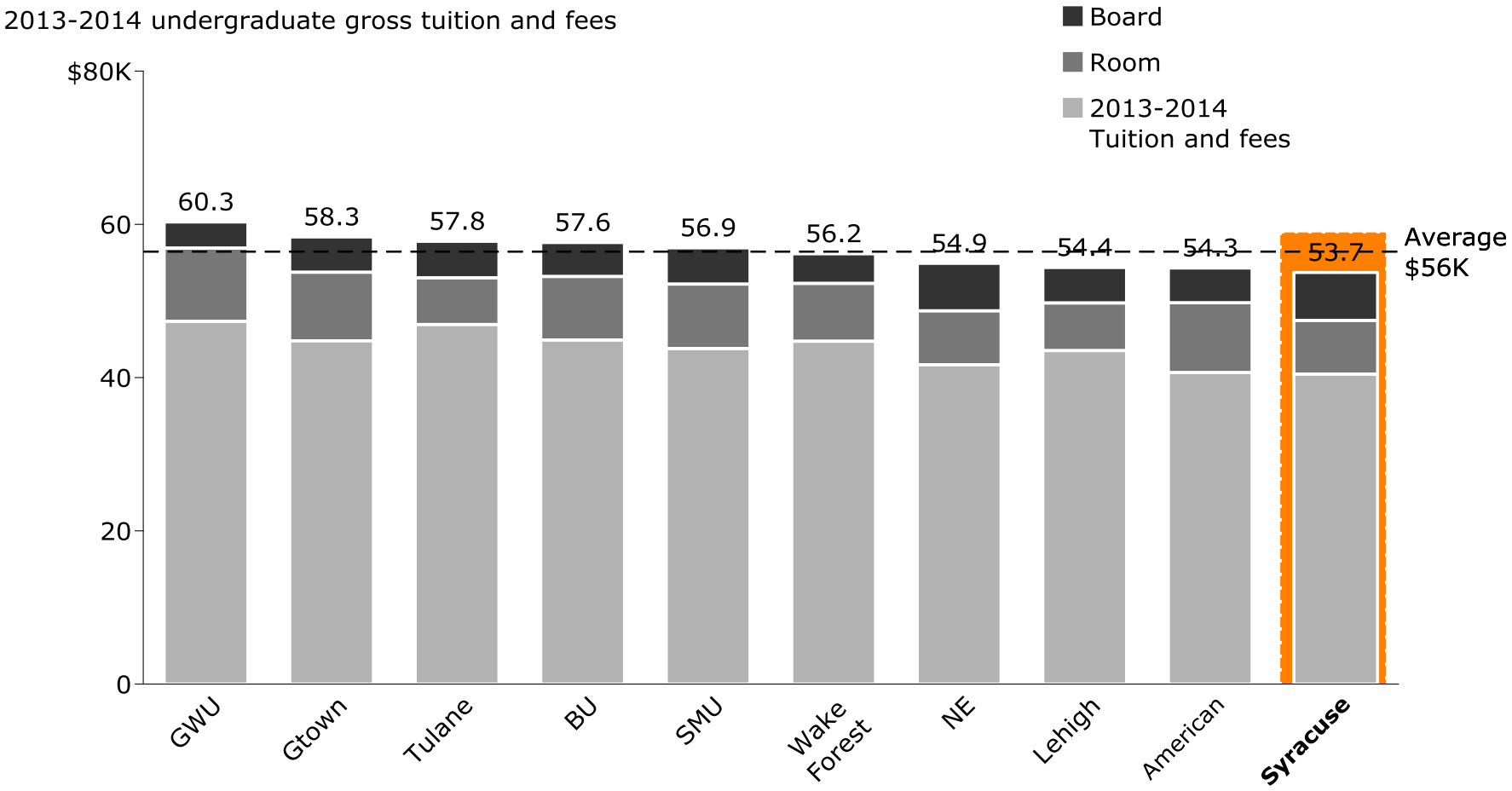
Enrollment CAGR (undergraduate + graduate) from 2008-2012



	Tulane	NE	**Syracuse**	George-town	American	Wake Forest	BU	SMU	Lehigh	GWU
Graduate enrollment CAGR, 2008-2012	3.9%	12.9%	2.1%	5.6%	-1.4%	-0.2%	1.0%	0.2%	-0.6%	0.0%
Undergraduate enrollment CAGR, 2008-2012	6.2%	1.2%	5.1%	2.1%	3.7%	1.6%	0.3%	0.6%	0.8%	-2.7%

Note: All enrollment CAGRs calculated based on IPEDS 12-month unduplicated headcount of total and undergraduate students
Source: IPEDS 2011

Cost of attendance at Syracuse is low relative to peers



Note: Tuition and fees from US News, room and board from IPEDS
Source: IPEDS, US News and World Report

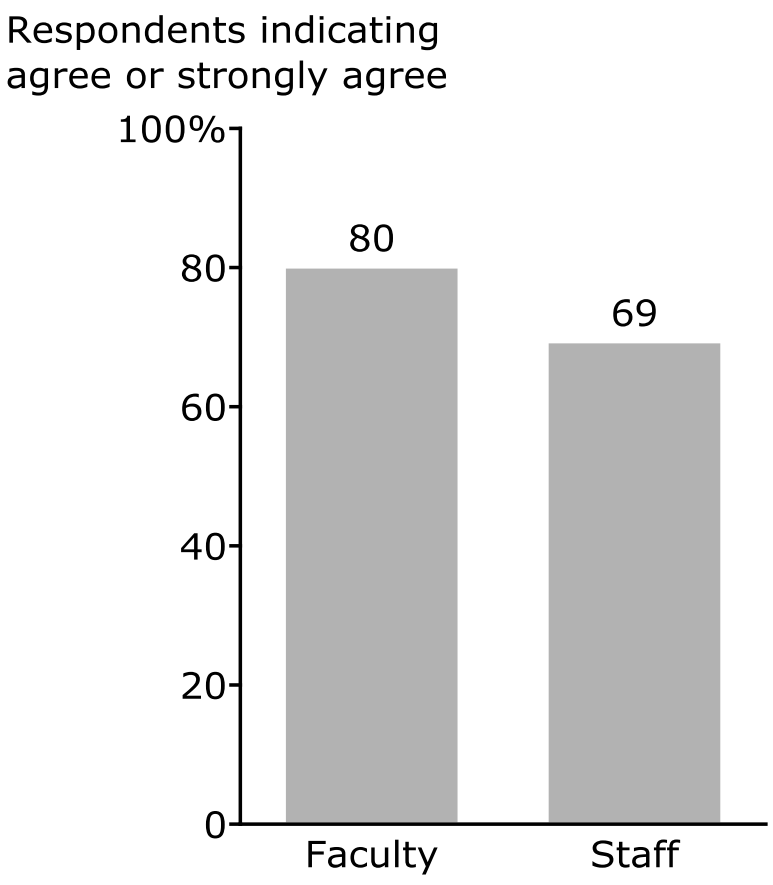
Direct costs, central administration costs, and facilities costs have grown faster than operating revenue

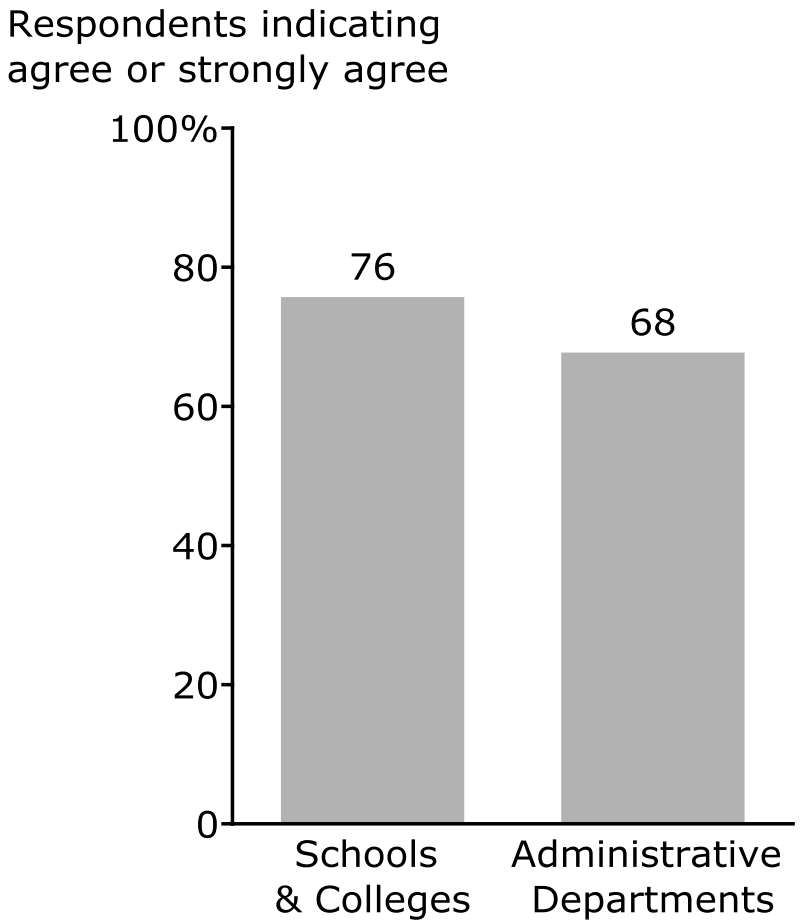
	GROWTH RATE 2010-2014B
Operating revenue	4.5%
Direct school and college costs (excluding sponsored research)	7.3%
Central administrative costs	6.1%
Facilities costs	6.9%

Notes: Percents calculated off different bases
Source: Syracuse financial data

Many agree the Syracuse University must change in order to be successful

*Q: Syracuse University **needs to change significantly** to be successful in the next five years*





Source: Bain Syracuse University Diagnostic Survey, January 2014, N=1,221

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This diagnostic report provides a fact base and perspectives on sixteen opportunity areas

1 **Set a vision for the University**

Allocate resources to support vision

2 Budgeting guidelines for use of resources

3 Resource allocation across the University

Generate resources to support vision

4 Tuition and discount rate

5 Development

6 Student retention

7 Marketing/Branding

Achieve operational excellence in line with vision

8 People (culture, capabilities, talent management)

9 Organizational structure

10 Human resources

11 Salary & fringe

12 Shared services and centers of excellence

13 Information technology and process automation

14 Facilities

15 Procurement

16 Outsourcing/Insourcing

Strategic planning (1 of 2)

Need for strategic planning

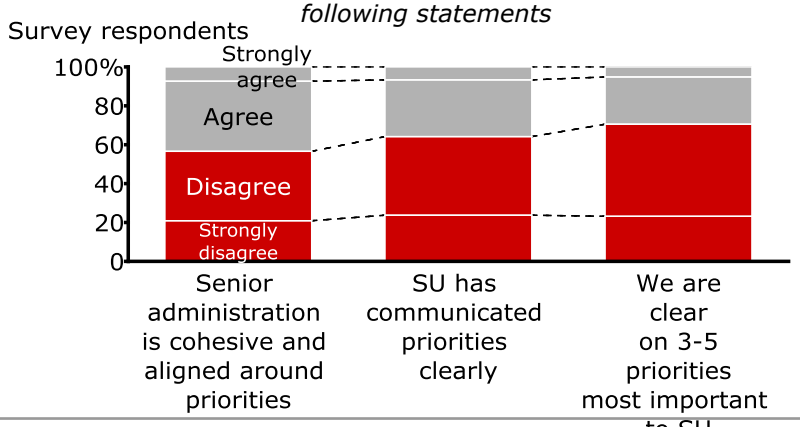
Allocate resources

1

KEY FACTS AND DATA

- The University **lacks an overarching strategic plan**; some schools and colleges have embarked on individual strategic plans
- In lieu of an overarching plan, strategic and resource allocation decisions have been **ad hoc**
  - Resources allocation for Schools and Colleges is largely based on 2006 funding levels
  - Portfolio of academic (e.g., degree programs) and non-academic programs and portfolios have grown rapidly across the university
  - Syracuse exited from the AAU (given different historical mix of science, engineering, and other programs vs. peers) & growth in Federal research dollars has trailed peers

*Q: Please answer the **degree to which you agree** with the following statements*



PERSPECTIVES

- **A strategic plan**, with clear vision, objectives, and explicit tradeoffs, would assist with decisions such as:
  - Allocation of resources (e.g., subsidy)
  - Capital expenditures
  - Enrollment management
  - Organization structure
  - Hiring
  - Emphasis in research and teaching
  - Guidelines for unit leaders on enrollment, programs, and budgets

Sources: Budget & Planning data, IPEDs, Bain Syracuse University Diagnostic Employee Survey, January 2014, N=1,221

Strategic planning: (2 of 2)
Strategic planning process

Allocate resources

1

KEY FACTS AND DATA

- The University **lacks a regular process** for (1) setting and (2) evaluating progress toward goals
- Syracuse could increase the degree to which it **systematically collects, reports, and incorporates into planning data** such as:
  - Prospective student and parent demand, including needs and key selection criteria
  - Current student satisfaction levels
  - Competitive environment for faculty and staff talent
  - The external market environment, including information on the economy, grant-making entities, and the activities of peer/competitor schools
  - Internal metrics, including teaching/research mix, average class size, changes in research activity, and the mix of full-time and part-time instructors

PERSPECTIVES

- The strategic planning process should **incorporate deep and up-to-date fact bases** on:
  - The external economic, regulatory, and competitive environment for higher education
  - Internal data on enrollment, faculty, staff, and financial trends
- The process should be "living" and **set measureable goals** in which progress is regularly evaluated in a transparent manner
- The strategic planning process should also **allow for regular evaluation and updates** as needed of the vision, goals, and priorities

Source: Bain interviews

Budgeting guidelines

Allocate resources

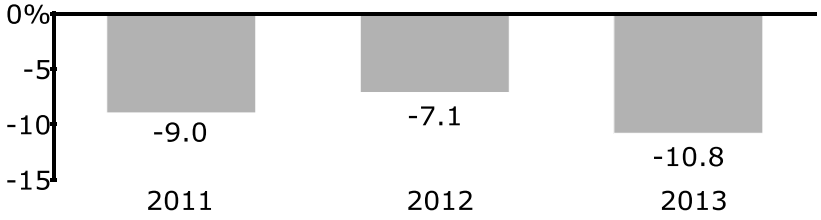
PRELIMINARY

2

KEY FACTS AND DATA

- There is a **high degree of frustration** with perceived RCM disincentives and decision opacity
- The University's current budgeting system, the Responsibility Management Center (RCM), as implemented has fallen short:
  - **Lack of understanding and transparency**: There is misunderstanding of RCM decisions, incentives, & impact
  - **Limited accountability**: Schools with higher reliance on base subvention have seen level of subvention increase, not decrease; at the same time, schools have little recourse against increasing central administrative charges and other budget impacts
- While there is limited evidence in course data that RCM has *decreased* interdisciplinary activity, 80%+ of faculty surveyed believe **RCM doesn't encourage cross-school collaboration**

Average annual net contribution rate for five schools with lowest net contribution rate



PERSPECTIVES

- RCM outcomes and perceptions could be improved with potential changes, including:
  - **Guideline and system design changes** (e.g., 25/75 rule) that would generate additional resources for priorities identified in the strategic plan (e.g., research)
  - Increased **clarity** in RCM language, rules, and incentives
  - Increased **transparency** in subsidy decision-making, central cost allocation, and unit budgets
  - Increased training to enhanced budgeting **capabilities** in the units
  - The use of **formula**(s) or a standardized process for cross-unit initiatives
- Increased two-way **accountability** (central and unit) for cost control could encourage more responsible budgeting

Note: Net contribution is net subsidy received/net tuition; net subsidy received is Participation (the tax rate) less all forms of subsidy (Subvention, Academic Plan Funds, etc.)

Source: Bain Syracuse University Diagnostic Employee Survey, January 2014, N=1,221, Budget & Planning data

Resource allocation

Allocate resources

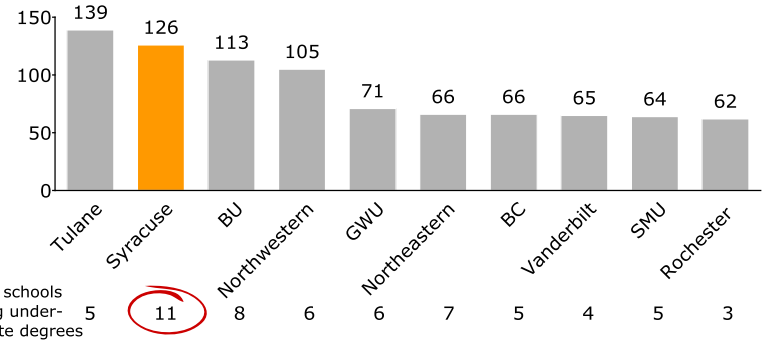
PRELIMINARY

3

KEY FACTS AND DATA

- Syracuse offers **more majors** in more schools of undergraduate instruction than peers
- While demand for credit hours and degrees has shifted, **direct costs grew faster than credit hours delivered** in 9 out of 11 schools
- Cross-school academic resource allocation decisions have been **based on pre-RCM funding levels**
- Non-academic resource allocation has been **ad hoc** as evidenced in widespread and varying investments (e.g., community engagement programs)

Number of undergraduate majors



*"There is **reluctance to tell people no** and make hard tradeoffs with everyone in the room."*

*"We need to focus on investing where there is the **biggest bang for your buck**."*

*"We can't be everything to everyone. **Where do we emphasize**?"*

Source: Bain interviews, US News & World Report

PERSPECTIVES

- Funding for both academic and non-academic programs should be **aligned with the strategic plan**; differential investment is needed in programs deemed strategically important
- **Improved enablers** are needed; for example:
  - Clear, transparent understanding of the University's **academic and non-academic investments**
  - Mechanism for measuring student **demand** for classes
  - Process for regular **measurement** and **evaluation** of class and academic & non-academic program offering
  - Clear **priorities** and university-wide themes for deans and administrative department heads to invest in
  - Understanding of **higher education environment** and areas of "market" growth

Tuition and discount rate

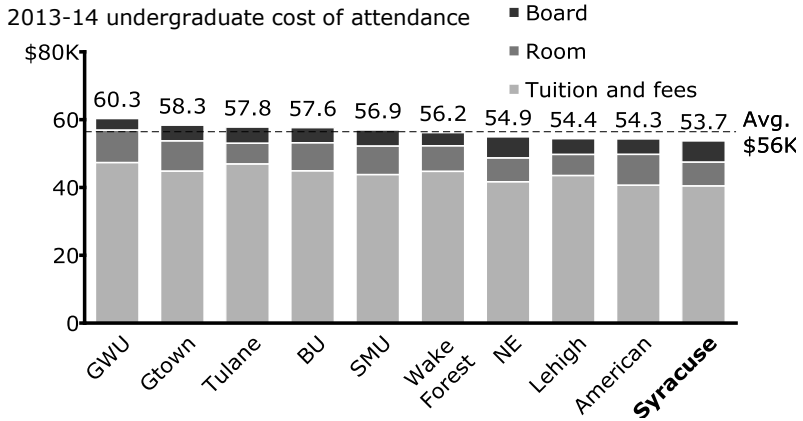
Generate resources

4

PRELIMINARY

KEY FACTS AND DATA

- Gross cost of attendance is **lowest among peers**
- **Undergraduate discount rate has grown** substantially based on data reported to the Senate Budget Committee; however NACUBO data suggests discount rate is in line with private peers
- Syracuse has **a clear commitment to need-based aid**, providing a larger percentage of its students with need-based aid than peers; at the same time, **average merit-based discounts, as a % of total tuition and fees, are lowest among peers**
- ~1/3rd of SU students receive more than a 60% discount while 1/3rd receive less than a 20% discount based on a Senate Budget Committee report



PERSPECTIVES

- Enrollment management goals, cost of attendance, total amount of financial aid provided, mix of need and non-need based aid, distribution of discounts, and graduate discount rates **should be aligned with the strategic plan, values, and overall financial capacity** of the University

Note: SU undergraduate tuition discount as a percentage of the University's total tuition revenues (RCM blended rate), as reported to the Senate Budget Committee

Source: IPEDS, US News & World Report, Senate Budget Committee, University websites, Budget & Planning data

Development

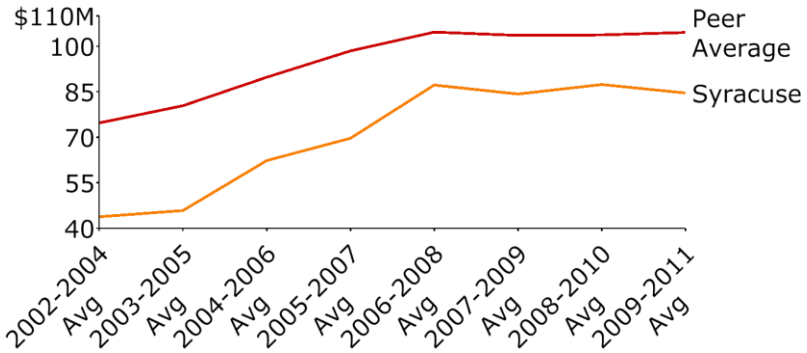
Generate resources

5

KEY FACTS AND DATA

- Private support **consistently trails peers** by ~$20M
- The efficiency and effectiveness of development processes were rated in the bottom third of all processes in the staff survey
- Development overall is **understaffed** relative to third-party benchmarks
- Development data systems are **not consistently used** and do not provide true customer-relationship management (CRM) capabilities
- Development activities must be better **coordinated**; high-value donors can receive multiple duplicative solicitations

Three-year rolling average of total private support revenue



PERSPECTIVES

- **Fundraising objectives and focus** should be aligned to strategic plan; potential steps might include:
  - Additional **frontline gift officers** focused on areas and geographies of greatest opportunity
  - Standardized use of a development tracking system across units with robust relationship management capabilities to ensure coordination
  - **Measurement of performance** and greater incentives for both central and distributed gift officers
  - An **appropriate mix** of centralized and distributed development officers
  - **Faculty involvement** in identifying high potential students for **early engagement**
  - An improved understanding of the potential for support from **international alumni**

Note: Peer average consists of Boston University, Brandeis, Carnegie Mellon, GWU, Georgetown, SMU, Tufts, Tulane, U. of Miami, Wake Forest, Yeshiva
Source: IPEDs, Eduventures

Student retention

Generate resources

6

KEY FACTS AND DATA

- Syracuse freshman **retention overall is strong** and in line with peers (92% vs. 94% peer average)
- However, international students and traditionally underrepresented minorities have **lower average cumulative 4-year retention rates**
- Retention early warning system **implementation is in progress**; additional training is planned but use of the system could be expanded
- The Syracuse **student body today is different than it was ten years ago:**
  - The nature of college-going students is different in terms of need for financial aid, academic interests, extra-curricular focus, and need for student services
  - The mix of Syracuse students has also shifted

PERSPECTIVES

- Coordinated **investment in retention** has both financial and non-financial benefits for the University
- **Key enablers** could help further support retention efforts, including:
  - An improved and comprehensive understanding of the drivers of student attrition given changes in the make up of Syracuse's student body
  - Improved coordination across units on international and minority student retention, particular with regards to housing
  - Training on enhanced and more widely used retention early warning systems
  - Additional support for faculty to adapt their instructional methods for the changing student body
  - Regular, ongoing evaluation of changing student needs

Note: Peer average includes American University, Boston College, Boston University, George Washington University, Georgetown University, Northeastern, Northwestern, Southern Methodist, Tulane, Rochester, and Vanderbilt
Source: Syracuse enrollment data, Bain interviews

Marketing/branding

Generate resources

7

KEY FACTS AND DATA

- Branding and style **lacks consistency**; the Syracuse name does not appear in many school logos or school websites, and websites themselves vary greatly in terms of style and organization
- Interviews suggest communications efforts can be **duplicative or uncoordinated** across units
- Syracuse **does not consistently measure** stakeholder (e.g., prospective students, parents, donors, grant-making entities, news media) perceptions or interactions
- A higher percentage (58%) of Syracuse marketing, communication, and public affairs employees **are decentralized compared to peers**

Example logos:

PERSPECTIVES

- **University-wide marketing, branding, and communications** should be aligned with the strategic plan and ensure cohesive messaging for stakeholder groups:
  - Prospective students
  - Current students
  - Donors and alumni
  - General public
  - Government and grant-making entities
- A "**center of excellence**" approach may best leverage central capabilities but preserve unit ownership

Source: University websites, Bain interviews

People (culture, capabilities, and talent)

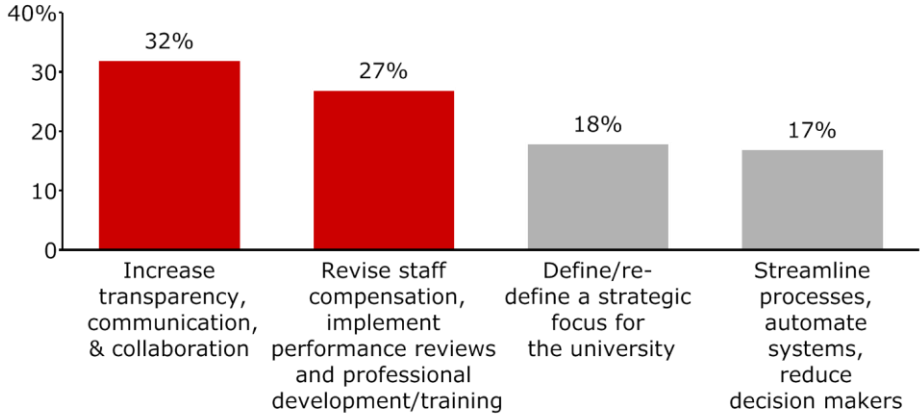
Operational excellence

8

KEY FACTS AND DATA

- The top recommendation of Syracuse employees in Bain's Diagnostic Employee Survey was **increased transparency, communication, and collaboration**
- Interviews suggest there are gaps in **required skills and capabilities to perform jobs** in certain job functions/areas
- Survey takers point to **lack of professional development** and training opportunities
- Survey takers also believe **greater recognition of strong performance** and/or fairness in evaluations is **needed**

Survey respondents recommending as an action to make Syracuse a more effective organization



PERSPECTIVES

- Increased **transparency in decision making** and **consistency of communication** about major decisions would help enhance culture of trust
- Identification of needed skills given future University objectives, and **better matching of capabilities and job functions** against those needs would increase overall productivity and employee satisfaction
- **Clear job expectations, incentives for strong performance, and training opportunities** would underpin higher performance
- **Enhanced feedback mechanisms** for faculty, staff, and students would ensure needed improvements in services are made

Source: Bain Syracuse University Diagnostic Employee Survey, January 2014, N=1,221, Bain interviews

Organizational structure

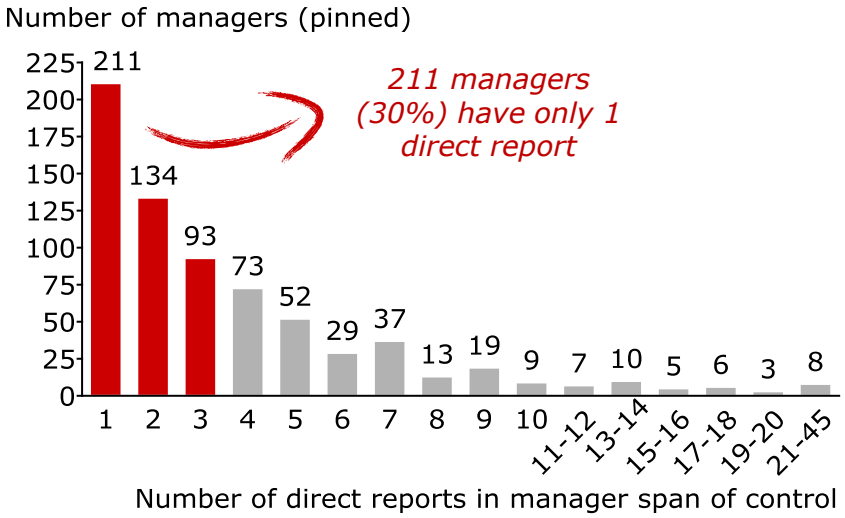
Operational excellence

9

PRELIMINARY

KEY FACTS AND DATA

- More than 50% of survey respondents believe SU's **organization structure needs to change**
- Syracuse is **organizationally complex** in places; many layers of management and frequently low spans of control for managers
- The Diagnostic Employee Survey results suggest the primary cause of process inefficiency is "**too many decision makers**"
- Syracuse has a **higher ratio of staff to faculty**, and senior administrative staff to line-level administrative staff, than peer averages



PERSPECTIVES

- **Organizational re-design** would hold benefits for Syracuse:
  - Flat, streamlined structure with fewer layers of approval for quick and flexible decision making
  - Better matching of skills and jobs, resulting in more empowered employees who can leverage specialized skill sets and expertise
  - Economies of scale that are realized across and within units

Source: Syracuse HR data, Bain Syracuse University Diagnostic Employee Survey, January 2014, N=1,221, Bain interviews

Salary & fringe

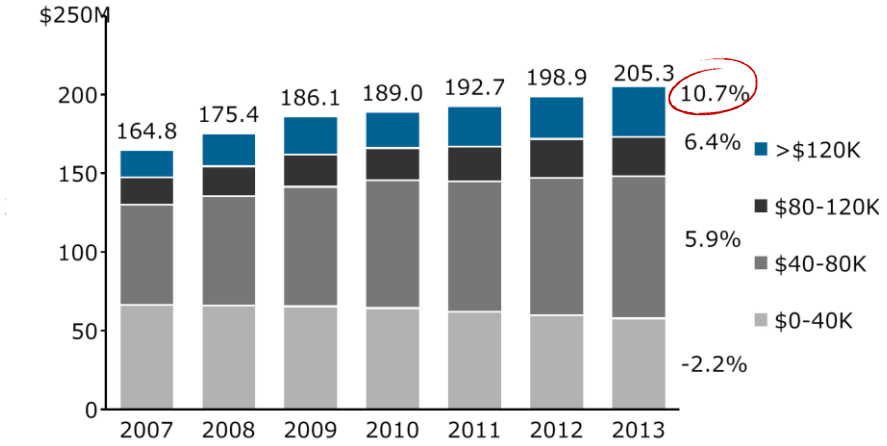
PRELIMINARY

10

KEY FACTS AND DATA

- **Policies** for raises and promotions vary across SU
- **Salary cost growth** has outpaced non-salary operating cost growth
- Growth has been driven primarily by **raises and promotions** vs. headcount growth, and non-faculty salary growth has been fastest above $120K/year
- Many positions at Syracuse **need greater clarity and specificity regarding job requirements** and performance criteria

Total budgeted salary cost for pinned employees by salary tier (excluding instructional faculty)



PERSPECTIVES

- A **system for compensation review** that normalizes pay and benefits within bands but preserves unit flexibility would help reduce dissatisfaction with pay and proactively manage talent base
- **Regular and reasonably standardized performance evaluations with clear criteria** would help moderate salary cost growth while ensuring deserving employees are rewarded
- Ongoing **monitoring of compensation,** including the right mix of salaries, fringe benefits, and cost of living, will help ensure Syracuse is competitive in both local and national markets for talent

Source: Syracuse HR data

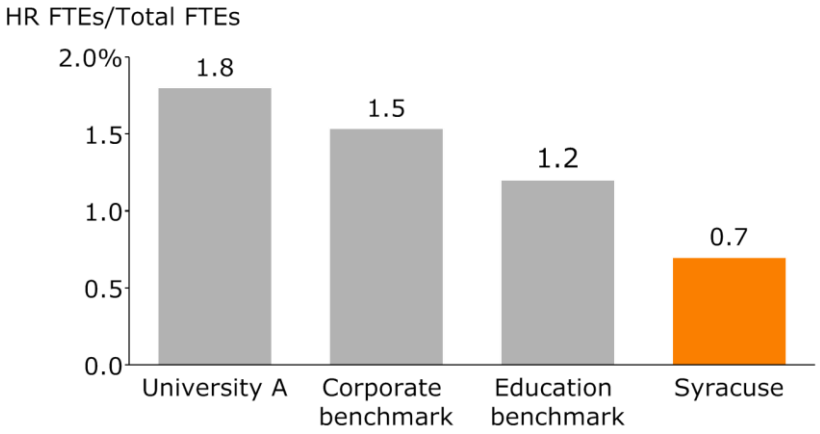
Human resources

Operational excellence

11

KEY FACTS AND DATA

- Survey results suggest **human resources processes need improvement**
- HR is **understaffed** based on benchmarks and may not have needed capabilities in all areas
- The University faces many **new regulatory requirements** which can add to process complexity
- Specific **processes needing improvement** include:
  - Hiring process can be onerous and time consuming due to required approvals and documentation
  - Compensation determination and review is not standardized
  - Succession planning and termination processes are not streamlined and compliance issues not widely understood



PERSPECTIVES

- Human resources processes and capabilities should be **aligned to the strategic plan** and it's goals for Syracuse's talent management and culture
- An **in-depth analysis of human resource capabilities, processes, and staffing**, taking into account regulatory requirements and University goals, would shed further light on key issues such as:
  - Understaffing and capability gaps
  - Process streamlining
  - Compliance requirements
  - Interaction model with schools and colleges

Source: Bain Syracuse University Diagnostic Employee Survey, January 2014, N=1,221, Bain interviews, Bloomberg

Shared services and centers of excellence

Operational excellence

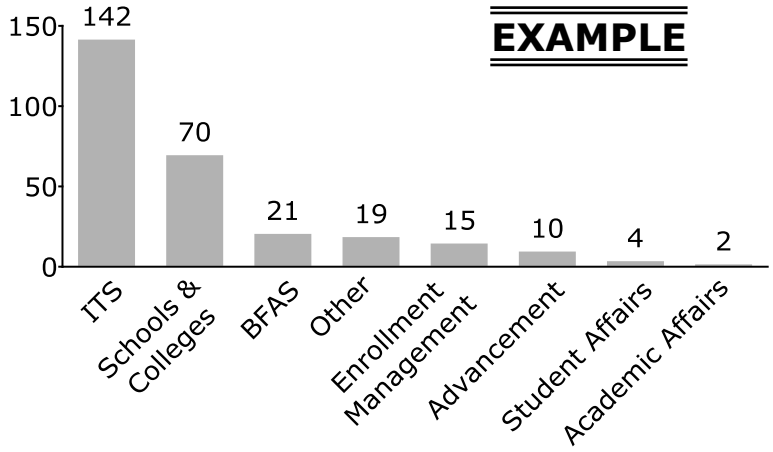
12

KEY FACTS AND DATA

- Interviews suggest that there is **significant duplication of administrative functions** across schools and central departments
- Within functions, there are **varying levels of capability** (e.g., type of capability and FTEs per faculty member or per student) across schools and colleges
- In some cases, lack of central system capabilities or authority leads schools and colleges to **develop capabilities independently**

Employees with "IT" listed as their job function

EXAMPLE



Source: Syracuse HR data

PERSPECTIVES

- Shared services or centers of excellence **can increase effectiveness** (better leveraging expertise and specialized capabilities) and **reduce cost** (centralize administration of routine tasks); at the same time there are tradeoffs in terms of **autonomy, local responsiveness, and accountability** that must be managed
- Shared services or centers of excellence should be **further investigated** in sub-functions that are highly distributed but don't necessarily require an on-site presence or localized knowledge

Information technology, data, and process automation

Operational excellence

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KEY FACTS AND DATA

- The Diagnostic Employee Survey data suggests IT services are **delivered effectively** at SU
- IT staffing levels are **in line with benchmarks** while **IT spend and time spent on application development** and maintenance may be below benchmarks based on Bain experience
- Interviews suggest the collection, reporting, and use of **data** should be improved and that greater data-driven decision making is needed; data quality is variable and data disputes are common
- In some areas SU's **enterprise systems** are inconsistently used by units given lack of training or gaps in system functionality:
  - Student and course records
  - Faculty records
  - Research
  - Development
  - Budget and financial management
- Applications, and application development, is **often owned by units** and may be duplicative
- However, ITS and individuals in the units have recognized these gaps and in many cases have begun to address them

PERSPECTIVES

- IT investments should be **aligned to strategic plan**
- **Targeted investment** in key central systems could help increase data consistency, reduce the use of shadow systems, and increase productivity
- **Standardized use of central systems** for some functions would eliminate use of duplicative shadow systems and wasted labor hours developing and maintaining them
- **Increased use of data reporting systems** in decision-making would help inform key decisions
- **Data ownership, access, and authority** for reporting should be evaluated in light of need for more rapid data-driven decision-making

Source: Syracuse IT data, Budget and Planning data, Gartner

Facilities

Operational excellence

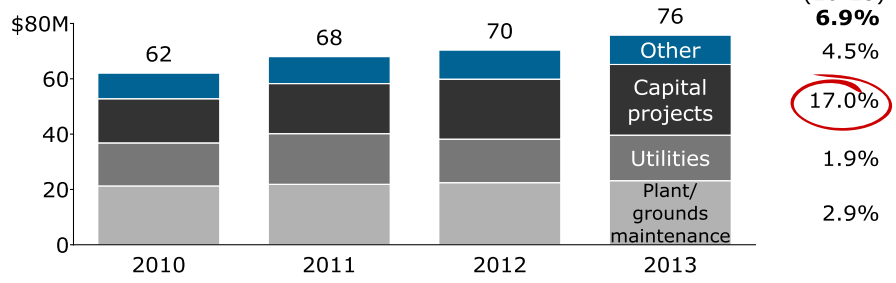
PRELIMINARY

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KEY FACTS AND DATA

- **Facilities costs** have grown due to capital projects; facilities operating costs (e.g., regular maintenance, custodial) are in line with benchmarks
- Syracuse is more exposed than peers to buildings 25-50 years old; capital project **backlog will likely grow**
- **Construction costs** are perceived as high; SU competitively bids projects but has high standards which result in higher costs
- The Diagnostic Employee Survey respondents were **generally satisfied** with facilities they use; areas of greatest dissatisfaction were:
  - Labs, studios, and non-traditional workspaces
  - Classrooms
  - Parking facilities
- **Class room utilization is below targets**, but interviews suggest tight supply of specific classroom types may be a partial cause

Facilities operating costs



CAGR (10-13)
6.9%
4.5%
17.0%
1.9%
2.9%

PERSPECTIVES

- **Prioritization of capital investments** should align to strategic plan and an ongoing planning process for:
  - Enrollment
  - Class offering
  - Research
  - Classroom technology investments
- **Building requirements** should be evaluated in light of strategic plan to ensure tradeoff of quality and cost is appropriate given University objectives
- Facilities services (e.g., renovation, installation of furniture or technology) should provide units with clear billing statements and a mechanism for providing feedback on service provided
- An assessment of **current facilities inventory** against demand could help alleviate concerns about cost and, in the case of classrooms, scheduling and utilization

Source: Budget and Planning data, Sightlines, Bain Syracuse University Diagnostic Employee Survey, January 2014, N=1,221

Procurement

Operational excellence

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KEY FACTS AND DATA

- Syracuse **spends ~$280M on goods and services per year**; the top categories of spend are construction, facilities maintenance, IT, and travel
- There **is substantial opportunity for savings** given:
  - **Inadequate purchasing policies**, guidelines, and policy communication mechanisms
  - **A high level of vendor fragmentation** which limits negotiating power and exposure to preferred pricing
  - **A high level of order fragmentation** which increases administrative burden and costs and potentially increases shipping costs
- **Key enablers** of procurement savings could also be improved:
  - Central Purchasing has **limited ability to control the source of supply**, a primary lever of savings at peer schools
  - The eProcurement system must **connect to more vendors** and could be further streamlined
  - There is **no visibility into item-level spend data** (e.g., the specific items purchased and the volumes and prices they are purchased at) which makes budget tracking, effective vendor negotiation, and analysis of potential savings difficult

PERSPECTIVES

- Syracuse **could likely achieve 7-10% savings** on its procurement spend by pursuing the following levers (based on a limited review of invoice/transaction data and Bain experience):
  - **Consolidate orders** for like products to reduce administrative burden, better ensure consistent pricing, and save on shipping
  - **Better manage vendors** by encouraging use of preferred vendors, negotiating new agreements non-contract vendors, and re-negotiating agreements when appropriate based on consolidated purchasing volumes
  - **Better manage demand** through policies that standardize products (e.g., printers and copiers, office supplies) or limit extraneous spend (e.g., travel guidelines/policies)
- Syracuse **should invest in longer-term enablers of savings**, particularly enhanced IT systems and streamlined purchasing and policy development processes

Source: Syracuse procurement spend data

Outsourcing/insourcing

Note: Outsourcing was not a major focus of the initial 4-month diagnostic

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KEY FACTS AND DATA

- Syracuse **irregularly evaluates** outsourcing opportunities for non-core functions and back office business processes
- Syracuse **outsources some functions** that could be performed to a greater degree with in-house capabilities

PERSPECTIVES

- An **evaluation of outsourcing opportunities** may help identify opportunities for potential savings or revenue growth
- The University should **conduct regular assessments** using proposals and estimates from outside vendors

Typical areas that Higher Education institutions consider outsourcing for:

Food services, bookstore, arena concessions, facilities management, hotel, transportation, information technology, human resources, finance and accounting

Agenda

- Report overview
- Project context
- Perspectives
- Next steps

The University may consider designing and implementing change

4 months



- Identify opportunities to improve efficiency and effectiveness
- Develop detailed solutions to identified opportunities and plans for implementing change
- Implement solutions

Next phase requires design working teams made up of SU employees, program management, and clear decision roles to facilitate change


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