The following Motions and Documents were considered by the Board of Governors during the Open Session of its Friday, October 16, 2020 meeting:

Agenda Title: **Appointment to the Public Service Pension Plan (PSPP) Sponsor Board**

APPROVED MOTION: THAT the Board of Governors, on the recommendation of the Board Human Resources and Compensation Committee, approve the appointment of Todd Gilchrist, incoming Vice-President (Finance and Administration), to the PSPP (Public Service Pension Plan) Sponsor Board, pursuant to Schedule 2, Part 1, Section 4 of the *Joint Governance of Public Sector Pension Plans Act*, to complete the three-year term of Gitta Kulczycki, effective October 26, 2020 to February 28, 2022.

Final Item: 3b.

Agenda Title: **Appointment to the Universities Academic Pension Plan Board of Trustees**

APPROVED MOTION: THAT the Board of Governors, on the recommendation of the Board Human Resources and Compensation Committee, approve the appointment of Todd Gilchrist, incoming Vice-President (Finance and Administration), to the Board of Trustees of the Universities Academic Pension Plan (UAPP), pursuant to Sections 3.6 and 3.8 of the *Universities Academic Pension Plan Sponsorship and Trust Agreement,* to complete the four-year term of Gitta Kulczycki, effective October 26, 2020 through December 31, 2022.

Final Item: 3c.

Agenda Title: **Service Excellence Transformation (SET) Operating Model**

APPROVED MOTION: THAT the Board of Governors approve proceeding with the Service Excellence Transformation initiative utilizing the Administrative Operating Model as set forth in Attachment 1.

Final Item: 4b.ii.

Item No. 3b

Governance Executive Summary
Action Item

Agenda Title: **Appointment to the Public Service Pension Plan (PSPP) Sponsor Board**

Motion: THAT the Board of Governors, on the recommendation of the Board Human Resources and Compensation Committee, approve the appointment of Todd Gilchrist, incoming Vice-President (Finance and Administration), to the PSPP (Public Service Pension Plan) Sponsor Board, pursuant to Schedule 2, Part 1, Section 4 of the *Joint Governance of Public Sector Pension Plans Act*, to complete the three-year term of Gitta Kulczycki, effective October 26, 2020 to February 28, 2022.

Item

Action Requested	☒ Approval ☐ Recommendation
Proposed by	Kate Chisholm, Chair, Board of Governors
Presenter	Wayne Patterson, Vice-Provost and Associate Vice-President (Human Resources)

Details

Responsibility	Chair, Board of Governors
The Purpose of the Proposal is (please be specific)	To approve the appointment of the incoming Vice-President (Finance and Administration) to assume the position of the outgoing Vice-President (Finance and Administration) on the PSPP (Public Service Pension Plan) Sponsor Board effective October 26, 2020, pursuant to Schedule 2, Part 1, Section 4 of The Joint Governance of Public Sector Pension Plans Act.
Executive Summary (*outline the specific item – and remember your audience*)	The *Joint Governance of Public Sector Pension Plans Act* establishes the membership of the Sponsor Board and the Corporation Board of Directors for all public service pension plans in Alberta, including the Public Service Pension Plan (PSPP). The Act came into effect March 1, 2019. In order to ensure the appropriate level of representation and expertise from the University of Alberta, the Vice-President (Finance and Administration) has been the appointed representative to the PSPP Sponsors Board. Gitta Kulczycki was appointed by the Board of Governors to the PSPP Sponsor Board beginning March 1, 2019 for a three-year term ending February 28, 2022. This recommendation will appoint Todd Gilchrist to complete the current term of Gitta Kulczycki. The PSPP Sponsor Board and the PSPP Corporation Board of Directors each have eight (8) members, four of which represent employers and four of which represent employees. The legislation provides three appointees from the Government of Alberta (GOA) and three appointees from the Alberta Union of Provincial Employees (AUPE) to both the Sponsor Board and Corporation. One additional seat on the Sponsor Board and Corporation Board of Directors is shared between the University of Alberta and the University of Calgary on a rotational three-year term beginning March 1, 2019. The GOA established that the initial three-year term (March 1, 2019 to February 28, 2022) on the Sponsor Board is

	allocated to the University of Alberta and the initial three-year term on the Corporation Board of Directors is allocated to the University of Calgary. **PSPP Sponsor Board Members** (Current Board as of September 22, 2020) *Employee Representatives* Susan Slade – Appointed by AUPE Michael Dempsey – Appointed by AUPE Jason Heistad – Appointed by AUPE Nancy Furlong – Appointed by Non-Academic Staff Association *Employer Representatives* Dan Stadlwieser – Appointed by GOA Gerald Lamoureux – Appointed by GOA Shannon Marchand – Appointed by GOA Gitta Kulczycki– Appointed by University of Alberta **PSPP Corporation Board of Directors** (Current Directors as of September 22, 2020) *Employee Representatives* Elizabeth Johannson (Vice-Chair) – Appointed by Non-Academic Staff Association Terry Agoto – Appointed by AUPE Liliana Cordeiro – Appointed by AUPE Lauren Montgomery – Appointed by AUPE *Employer Representatives* Linda Dalgetty (Chair) – Appointed by University of Calgary Emilian Groch – Appointed by GOA Elaine Noel-Bentley – Appointed by GOA Graham Statt – Appointed by GOA
Supplementary Notes / context	

Engagement and Routing (Include proposed plan)

Consultation and Stakeholder Participation	● President and Vice-Chancellor ● Incoming Vice-President (Finance and Administration) ● General Counsel & University Secretary ● Vice-Provost and Associate Vice-President (Human Resources)
Approval Route (Governance) (including meeting dates)	BHRCC - September 29, 2020 (recommendation) Board of Governors - October 16, 2020 (approval)

Strategic Alignment

Alignment with *For the Public Good*	*GOAL: **Build** a diverse, inclusive community of exceptional students, faculty, and staff from Alberta, Canada, and the world.* *OBJECTIVE 2: Create a faculty renewal program that builds on the strengths of existing faculty and ensures the sustainable development of the University of Alberta's talented, highly qualified, and diverse academy.* *OBJECTIVE 3. Support ongoing recruitment and retention of a highly skilled, diverse community of non-academic and administrative staff by enriching the University of Alberta's working environment.*

<table>
<tr><td></td><td colspan="2">GOAL: Sustain our people, our work, and the environment by attracting and stewarding the resources we need to deliver excellence to the benefit of all.
OBJECTIVE 22: Secure and steward financial resources to sustain, enhance, promote and facilitate the university's core mission and strategic goals.</td></tr>
<tr><td rowspan="2">Alignment with Core Risk Areas</td><td colspan="2">Please note below the specific institutional risk(s) this proposal is addressing.</td></tr>
<tr><td>☐ Enrolment Management
☒ Faculty and Staff
☐ Funding and Resource Management
☐ IT Services, Software and Hardware
☐ Leadership and Change
☐ Physical Infrastructure</td><td>☐ Relationship with Stakeholders
☐ Reputation
☐ Research Enterprise
☐ Safety
☐ Student Success</td></tr>
<tr><td>Legislative Compliance and jurisdiction</td><td colspan="2">The Joint Governance of Public Sector Pension Plans Act, Schedule 2, Part 1, Section 4 and Section 5

Composition of Sponsor Board
4(1) Except as otherwise provided in rules made by the Sponsor Board under section 8(2)(a), the Sponsor Board consists of the following members appointed by the following organizations:
(a) 4 employee representatives appointed as follows:
(i) 3 members appointed by The Alberta Union of Provincial Employees;
(ii) one member appointed by the University of Alberta Non-academic Staff Association;
(b) 4 employer representatives appointed as follows:
(i) 3 members appointed by the Minister responsible for this Act;
(ii) subject to section 5, one member appointed by The Governors of The University of Alberta or The Governors of The University of Calgary.
(2) To be eligible to be or to remain a member of the Sponsor Board, an individual
(a) must be at least 18 years of age, and
(b) must not be a director of the Corporation.
(3) A sponsor organization appoints a member of the Sponsor Board by giving notice to the Corporation.
(4) A sponsor organization that has the power to appoint a member of the Sponsor Board may by notice to the Corporation remove and replace that member.

Rotational appointments
(5) For the appointment contemplated by section 4(1)(b)(ii), The Governors of The University of Alberta has the power of appointment for a period ending 3 years after the transition date, and the power of appointment rotates every 3 years after that period between The Governors of The University of Calgary and The Governors of The University of Alberta.

Section 2 (u) of the Board Human Resources and Compensation Committee's Terms of Reference state:
u) receives the report of the nominee of the Board to the Public Service Pension Plan Sponsor Board.</td></tr>
</table>

Prepared by:
Wayne Patterson, Vice-Provost and Associate Vice-President (Human Resources),
wayne.patterson@ualberta.ca

Item No. 3c

Governance Executive Summary
Action Item

Agenda Title: **Appointment to the Universities Academic Pension Plan Board of Trustees**

Motion: THAT the Board of Governors, on the recommendation of the Board Human Resources and Compensation Committee, approve the appointment of Todd Gilchrist, incoming Vice-President (Finance and Administration), to the Board of Trustees of the Universities Academic Pension Plan (UAPP), pursuant to Sections 3.6 and 3.8 of the *Universities Academic Pension Plan Sponsorship and Trust Agreement,* to complete the four-year term of Gitta Kulczycki, effective October 26, 2020 through December 31, 2022.

Item

Action Requested	☒ Approval ☐ Recommendation
Proposed by	Kate Chisholm, Chair, Board of Governors
Presenter	Wayne Patterson, Vice-Provost and Associate Vice-President (Human Resources)

Details

Responsibility	Chair, Board of Governors
The Purpose of the Proposal is (please be specific)	To approve the appointment of the incoming Vice-President (Finance and Administration) to assume the position of the outgoing Vice-President (Finance and Administration) on the Board of Trustees of the Universities Academic Pension Plan (UAPP), pursuant to Sections 3.6 and 3.8 of the *Universities Academic Pension Plan Sponsorship and Trust Agreement*.
Executive Summary (*outline the specific item – and remember your audience*)	As detailed under sections 3.6 and 3.8 of the *Universities Academic Pension Plan Sponsorship and Trust Agreement,* each of the member institutions, through their Board of Governors, appoint a representative to the Board of Trustees. In order to ensure the appropriate level of representation and expertise from the University of Alberta, the Vice-President (Finance and Administration) has traditionally been the appointed representative to the UAPP Board of Trustees. Gitta Kulczycki was appointed by the Board of Governors to the UAPP Board of Trustees from November 1, 2016 through December 31, 2018 and then again to a four-year term effective January 1, 2019 through December 31, 2022. This recommendation will appoint Todd Gilchrist to complete the current term of Gitta Kulczycki. **UAPP Board of Trustees** (Current Directors as of September 22, 2020) *Employee Representatives* Geoffrey Hale (Chair) - University of Lethbridge Aditya Kaul - University of Alberta Paul Rogers - University of Calgary Lawton Shaw - Athabasca University *Employer Representatives* Bruce Byford (Vice-Chair) - Banff Centre Linda Dalgetty - University of Calgary Gitta Kulczycki - University of Alberta Deborah Meyers - Athabasca University Nancy Walker - University of Lethbridge

Supplementary Notes / context	

Engagement and Routing (Include proposed plan)

Consultation and Stakeholder Participation	● President and Vice-Chancellor ● Incoming Vice-President (Finance and Administration) ● General Counsel & University Secretary ● Vice-Provost and Associate Vice-President (Human Resources)
Approval Route (Governance) (including meeting dates)	BHRCC - September 29, 2020 (recommendation) Board of Governors - October 16, 2020 (approval)

Strategic Alignment

Alignment with *For the Public Good*	*GOAL: **Build** a diverse, inclusive community of exceptional students, faculty, and staff from Alberta, Canada, and the world.* *OBJECTIVE 2: Create a faculty renewal program that builds on the strengths of existing faculty and ensures the sustainable development of the University of Alberta's talented, highly qualified, and diverse academy.* *OBJECTIVE 3. Support ongoing recruitment and retention of a highly skilled, diverse community of non-academic and administrative staff by enriching the University of Alberta's working environment.* *GOAL: **Sustain** our people, our work, and the environment by attracting and stewarding the resources we need to deliver excellence to the benefit of all.* *OBJECTIVE 22: Secure and steward financial resources to sustain, enhance, promote and facilitate the university's core mission and strategic goals.*	
Alignment with Core Risk Areas	Please note below the specific institutional risk(s) this proposal is addressing.	
	☐ Enrolment Management ☒ Faculty and Staff ☐ Funding and Resource Management ☐ IT Services, Software and Hardware ☐ Leadership and Change ☐ Physical Infrastructure	☐ Relationship with Stakeholders ☐ Reputation ☐ Research Enterprise ☐ Safety ☐ Student Success
Legislative Compliance and jurisdiction	Section 3.6 and 3.8 of the *Universities Academic Pension Plan Sponsorship and Trust Agreement* states that: *3.6 The Board of Trustees consists of* *1. one person appointed by each of the Governors of the University of Alberta, the Governors of the University of Calgary, and The Governors of the University of Lethbridge* *3.8 The Trustees appointed under paragraph 3.6 shall serve for a term of four years each.* Section 2 (t) of the Board Human Resources and Compensation Committee's Terms of Reference state: t) receives the report of the nominee of the Board to the Board of Trustees, of the Universities Academic Pension Plan. Section 3 also states: *The Committee shall review, evaluate and provide information and recommendations to the Board where the Board is making decisions in areas generally related to areas of responsibility of the Committee.*	

Prepared by: Wayne Patterson, Vice-Provost and Associate Vice-President (Human Resources), wayne.patterson@ualberta.ca

Item No. 4b.ii

Governance Executive Summary
Action Item

Agenda Title	**Service Excellence Transformation (SET) Operating Model**

Motion

THAT the Board of Governors approve proceeding with the Service Excellence Transformation initiative utilizing the Administrative Operating Model as set forth in Attachment 1.

Item

Action Requested	☒ Approval ☐ Recommendation
Proposed by	Bill Flanagan, President and Vice-Chancellor Steven Dew, Provost and Vice-President, Academic
Presenter(s)	Rob Munro, Executive Lead, Service Excellence Transformation (SET) Tim Orton, Managing Director, Nous Group

Details

Office of Administrative Responsibility	Vice President, Finance and Administration Provost and Vice President, Academic
The Purpose of the Proposal is (*please be specific*)	The proposal is before the Board because agreement on the administration operating model will allow the university to develop processes and structures to deliver services in an effective and efficient manner, within the operating budget.
Executive Summary (*outline the specific item – and remember your audience*)	The Service Excellence Transformation (SET) project is designed to meet cost savings targets necessary to operate within the operating budget. The SET project has three streams: procurement improvements, facilities and space savings, and improved administration processes and structure. The administration stream needs to support the removal of $95M in labour costs which translates to approximately 1050 full time positions. The administration stream can only proceed to implementation once a new operating model has been approved. The operating model describes, in detail, how administrative work will be organized to ensure a consistent and efficient approach to administrative activity across the university. The university currently has a devolved approach to administrative services with significant activity in the faculties. The university could choose to apply a proportional vertical cut across the entire organization, but with the magnitude of the cuts required, this would result in an unstainable workload for remaining staff. As such, it is essential to reorganize the work and to improve process efficiency to continue to provide the necessary services. University leadership, with the help of external expertise, has embarked on a detailed analysis of potential administrative operating models in order to develop this proposal. At the start of the process, a spectrum of potential operating models were reviewed from a completely centralized model (in which all administrative services would be provided by center units) to a completely devolved model in which services would be provided by the faculties. The ends of the spectrum seem impractical; a completely centralized model would be impossible to implement in a

	timely manner and does not recognize some of the unique specialization within faculties, while a completely devolved model would not generate the necessary savings and would result in an inconsistent approach to service delivery across faculties. To further determine a preferred operating model, a total of 31 sessions were held with university leadership groups to solicit their input and rank design criteria. Using this input, three models that provided a blend of services provided by the faculties and center units were developed. All three models would be able to provide the necessary savings. These models were discussed at the Board's Retreat in September, and a summary table of their respective merits is provided in the attached materials. The Service Excellence Steering Committee (SESC) reviewed the models and recommends "option 2" as described in the attached materials. This model has the following elements: • technical, common services provided by central units through centers of expertise • strategic partner(s) that report to the unit and are embedded in faculties and portfolios • student service center • staff service center • transaction processing hub that will efficiently handle transactional activity. • specialized services (e.g. those closely related to academic programming, or specific to the faculty in question) provided by faculties • some generalist administrative staff in Faculties (e.g. executive assistants). The preferred operating model has been discussed with PEC-S, Deans' Council and with senior university leadership and all groups have endorsed this operating model. An enhanced service culture will need to underpin and support all elements of the operating model. University administrative staff pride themselves on the services they provide, and the operating model should enhance their ability to provide excellent services within the operating budget. Part of the transition to the new operating model will involve end-to-end process review and processes will be modified as required to improve efficiency, remove extraneous steps and ambiguity. The SET team has been developing contingency implementation plans for the preferred model recognizing that implementation cannot proceed until approval for at least one of the models considered has been provided by the Board. That direction from the Board is now being sought. A crucial step in developing an initial resource plan for all services will be 'service catalogues'. The SET team has been working with university leadership and subject matter experts to create a first draft of service catalogues – which will document where all administrative services fit within the individual elements of the operating model. Using these

	catalogues and information from other organizations, we will be able to develop our initial resource plans. It is anticipated that this will be an iterative process to determine the final resource plan. A phased approach to implementation is being developed and is planned to commence in November 2020 and will continue through to 2022.
Supplementary Notes and context	*<This section is for use by University Governance only to outline governance process.>*

Engagement and Routing (Include meeting dates)

Consultation and Stakeholder Participation (parties who have seen the proposal and in what capacity) <For information on the protocol see the Governance Resources section Student Participation Protocol>	*Those who are actively **participating**:* • SESC (meeting dates: June 10 & 25, July 7, 13 & 29, Aug 14 & 28, Sept 17 Oct 1 & 13, ongoing) • University Leadership Review sessions (29 meetings held with Faculty & administrative units between Aug 4th to Sept 14th) • Subject Matter Experts (4 process catalogue meetings, 2 booked at the time of filling out this form: Oct 2 Finance, Oct 7th HR, more to come) • Dean and Administration co-sponsors (7 co-sponsorship meetings conducted from Sept 23 to present. Ongoing)
	*Those who have been **consulted**:* • Deans (meeting dates: June 3 & 16, July 21 & 29, Aug 19, Sept 16, Oct 7 – ongoing updates as recurring agenda item) • COSA (Sept 10, Oct 8) • PEC-S (May 28, June 25, July 6, Sept 3, Sept 24,) • UAT Staff Advisory Team (SAT) meetings held (Sept 21, Oct 6), and upcoming (Oct 21, Nov 18, Dec 18) • Board of Governors (Sept 4 Retreat)
	*Those who have been **informed**:* • AASUA • NASA (Sept 25, Oct 9, tentative Oct 21) • Employees through town halls (meeting dates: June 2, July 15, Sept 30, Oct 6, upcoming: Oct 19, Oct 20, Nov 19 and Dec 15)) • Roadshows to faculties & administrative units (6 completed between Aug 12 – Sep 30, ongoing)
Approval Route (Governance) (including meeting dates)	• Board of Governors, October 16, 2020

Strategic Alignment

Alignment with *For the Public Good*	The administrative operating model directly supports the following objectives from For the Public Good Objective 3: Support ongoing recruitment and retention of a highly skilled diverse community of non-academic and administrative staff by enriching the University of Alberta's working environment Objective 19; Prioritize and sustain student, faculty and staff health, wellness, and safety by delivering proactive, relevant, responsive, and accessible services and initiatives

<table>
<tr><td></td><td colspan="2">Objective 21: Encourage continuous improvement in administrative , governance, planning, and stewardship systems, procedures, and policies that enable students, faculty, staff, and the institution as a whole to achieve shared strategic goals

Objective 22: Secure and steward financial resources to sustain, enhance, promote, and facilitate the university's core mission and strategic goals.

Objective 23: Ensure that the University of Alberta's campuses, facilities, utility, and information technology infrastructure can continue to meet the needs and strategic goals of the university.</td></tr>
<tr><td rowspan="2">Alignment with Core Risk Area</td><td colspan="2">Please note below the specific institutional risk(s) this proposal is addressing.</td></tr>
<tr><td>☒ Enrolment Management
☒ Faculty and Staff
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☒ Reputation
☒ Research Enterprise
☐ Safety
☒ Student Success</td></tr>
<tr><td>Legislative Compliance and jurisdiction</td><td colspan="2">Post-Secondary Learning Act</td></tr>
</table>

Attachments

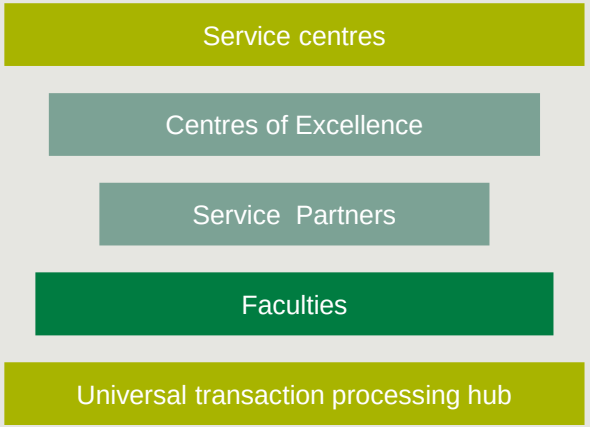
1. Preferred Model (Option 2) – 1 page
2. Overview of Operating Model Review Process – 20 pages

Prepared by: Rob Munro, Executive Lead, Service Excellence Transformation, rbmunro@ualberta.ca

Option 2 - Preferred Operating Model *

This model has the following features:

- **Universal front-end service centres** – A contact/service centre and triage, one for staff and one for students.
- **Centres of Excellence (CoEs) -** expert teams in each functional portfolio. Each portfolio has small expert teams to manage non-transactional and more challenging staff/student issues.
- **Function-specific embedded service partners** linked to expert functional portfolio teams. Strategic advice to Deans, Associate Deans and Chairs consistent with overall model of the University.
- It is expected that faculties would require a Faculty Manager role.
- **Universal transaction processing hub** supporting service centre and expert functional portfolio teams. Simple and moderately complex transactions across all administrative functions are managed through this centralized processing hub.



* Slide extracted from Attachment 2 (slide 19), in order to highlight the recommended model

Attachment 2

U of A for TOMORROW

Overview of Operating Model Review Process

Board of Governors - October 16, 2020

UNIVERSITY OF ALBERTA

Introduction

- This document will provide background on how the preferred operating model was proposed and evaluated
- This material enhances material presented to the Board on September 4th
- A presentation will be provided on October 16th that will provide more detail on the Operating Model and next steps if approved by the Board

Background

UofA is facing a significant financial challenge, which also creates opportunities for transformation.

The size and speed of UofA's challenge is unprecedented.

- Other universities have embarked on cost reductions of administrative expenses in the light of significant budget challenges, but not of the same order or speed as UofA.
- UofA has begun making difficult cuts and there is still substantial work to do.

UofA's current administrative model offers significant potential savings opportunities.

- The gap between UofA's operational cost and the average UniForum participant is in the order of $100M, and across most major administrative service functions.

FTE targets for SET are informed by progress made, cost-saving targets and UniForum benchmarks.

- Overall cost-saving targets are informed by initial scoping and progress made to date as well as assumptions of average total cost per FTE in each function (from UniForum 2019).
- PeopleSoft data suggests that **$35M** in admin FTE savings have been achieved since UniForum 2019 (approx. 423 FTE).
- The program will need to realize another **$60M**
    - **$30M this financial year** (approx. 325 FTE) with redundancy costs covered by savings already achieved
    - **$30M next financial year** (approx. 325 FTE)
- Combined, these savings amount to **$95M in total FTE costs**, excluding redundancies, which is the target for the SET program.

Universities have similarities to other enterprises, but also important differences that should inform the approach to transformation and realizing efficiencies.

- Universities have many administrative functions like other enterprises: HR, finance, IT, marketing, facilities; and some that are quite distinctive: student services, learning support, research support.
- Universities have been slow to administrative reform, and Canadian universities slower than many like systems (UK, some US, Australia)
- Universities value collegiality and critique, meaning that sustainable change requires extensive engagement of faculty and staff
- University success rests on the quality and performance of faculty. Administration must support faculty to be as productive and satisfied as possible, especially because the best faculty are highly internationally networked and can move readily. Maintaining faculty confidence through change is important to university success.

Operating Model

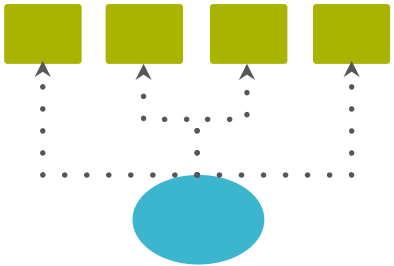
A new operating model must set the administrative platform for UAT

- The operating model is fundamentally about **structuring the university administration for success** resulting in sustainable work loads for administrative staff.
- Faculties must be supported to **focus on their core mission** of teaching, research and engagement.
- The model must be **flexible to Academic Restructuring**.
- It will drive **standardized approaches** and **continuous improvement**.
- Building and maintaining a **service culture** is critical.

For universities, there are at least four common operating model archetypes

CENTRE ONLY

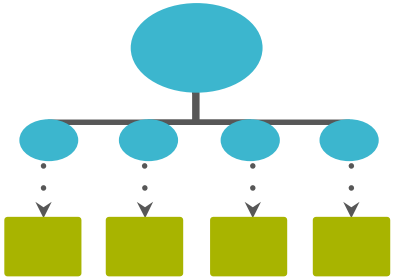
All administrative services staff are fully centralised and service all faculties.



Central **shared services** deliver services to all **Faculties.**

CENTRE-LED (EMBEDDED PARTNER)

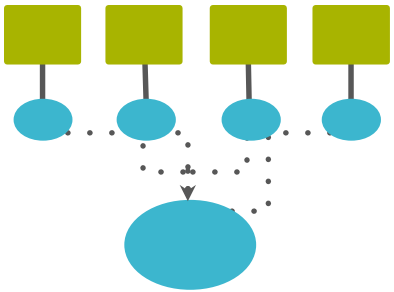
Staff from central functions are embedded in faculties with central shared services providing all services.



Shared services units (or individual staff) have a hard reporting line to the central hub and a dotted reporting line within a **Faculty**.

HUB AND SPOKE

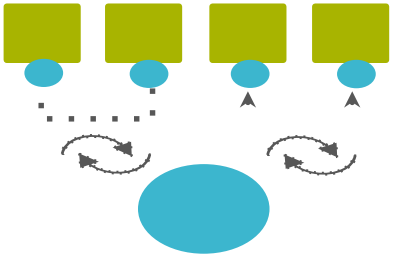
Faculties have their own (or share between a few) limited set of services and make use of central shared services.



Shared services units (or individual staff) have a hard reporting line to their **Faculty**, and a dotted reporting line to the central **shared services**.

FACULTY ONLY

There is a small shared services group (mostly reporting and compliance). Each faculty manages its own services.



Services functions are embedded within and managed by **Faculties**. Some **Faculties** may share **services**. A small **shared services** group may provide particular services.

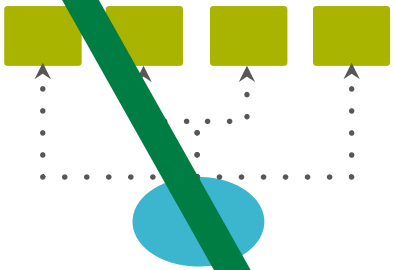
U of A has a constrained set of future administrative operating model options

- The proposed operating model must be feasible given the funding reality.
  - A **devolved model** that provides each faculty with dedicated resources is too expensive
  - A **highly centralized model is not possible** within the time constraints as this is a huge shift from the UofA's current mode of operation.
- This limits the available administrative operating models and requires movement towards a blended model that delivers on the design criteria.
- Fundamentally the model must allow faculties to focus on core mission – research and education – and allow portfolios to build the scale and standardization needed to realize a service-centric culture.

For universities, there are at least four common operating model archetypes

CENTRE ONLY

All administrative services staff are fully centralised and service all faculties.



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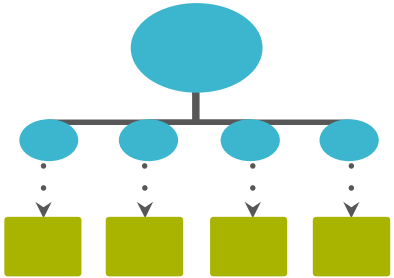

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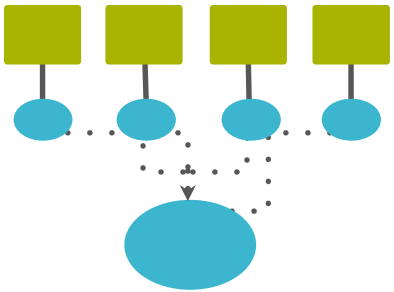

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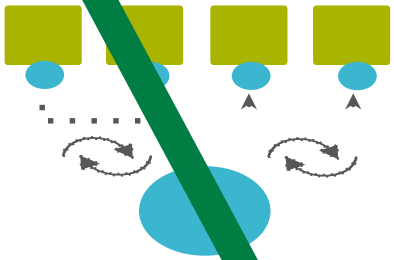
FACULTY ONLY

There is a small shared services group (mostly reporting and compliance). Each faculty manages its own services.



Services functions are embedded within and managed by **Faculties**. Some **Faculties** may share **services**. A small **shared services** group may provide particular services.

Three variations of the “Embedded Partner” and “Hub & Spoke” were reviewed in detail

Option 1: Breaking down functional silos

- Universal service centre
- Multi-function service delivery centres
- Business Partners
- Faculties
- Universal processing hub

Option 2: Moving towards cross-functional centres and hubs

- Universal service centre
- Functional portfolio teams
- Business Partners
- Faculties
- Universal processing hub

Option 3: Driving functional excellence

- Functional portfolio teams
- Business Partners
- Faculties

The three operating model framework options use the core components differently.

	Option 1: Breaking down functional silos	Option 2: Moving towards cross-functional centres and hubs	Option 3: Driving functional excellence
Front-end service	Universal front-end contact centre for staff and for students.	Universal front-end contact centre for staff and for students.	Enquiries to be sent directly to the relevant portfolio, with no service centre.
Central team organization	Expert multi-functional teams grouped by streams into service delivery centres e.g. student services, research support, staff management.	Expert teams within each functional portfolio to manage non-transactional activity.	Functional portfolio teams manage both transactional and non-transactional activity.
Business partners	Function-specific business partners work in cross-functional teams on behalf of the relevant service delivery centre, and are embedded in Faculties where necessary.	Function-specific business partners work directly with their relevant functional portfolio, and are embedded in Faculties where necessary.	Function-specific business partners work directly with their relevant functional portfolio, and are embedded in Faculties where necessary.
Transactional processes	A universal processing hub manages simple and moderately complex transactions across all administrative functions.	A universal processing hub manages simple and moderately complex transactions across all administrative functions.	Functional portfolio teams manage both transactional and non-transactional activity.
Faculty administration	Few administrative staff in Faculties apart from embedded business partners, a few generalist assistants, specialist staff, and a Faculty Manager.	Few administrative staff in Faculties apart from embedded business partners, a few generalist assistants, specialist staff, and a Faculty Manager.	Few administrative staff in Faculties apart from embedded business partners, a few generalist assistants, specialist staff, and a Faculty Manager.

Options 1 and 2 have the greatest potential to realize savings

	Base Case	Option 1	Option 2	Option 3
Output	**Achieve savings target, then do nothing**	**Break down functional silos**	**Cross-functional hub and service centres**	**Driving functional excellence**
NPV (10 years)	**$507.7**	**$623.0**	**$623.0**	**$545.7**
Relative NPV	1.00	1.23	1.23	1.07

Notes

1. NPV is calculated over 10 years. Relative NPV normalized to Base Case.
2. This takes into consideration the fact that full sustainable savings can be achieved by each model at year 3 and incorporates labour savings, severance costs, and additional investment required.
3. A discount rate of 7% is included, which accounts for the level of risk. Severance costs have been worked through in detail with HR and Finance.
4. System investment costs and additional operating estimates are based on the nature of the change at UofA, the benchmarks are against equivalent investments by similar institutions, and vendor knowledge.

Each option will achieve the savings target – but has different pros and cons.

Option 1: Break down functional silos

PROS:
- Efficiencies, economies of scale and standardization through universal service and transaction hub
- Cross-function teams have central ownership of user experiences and support greater flexibility/adaptability

CONS:
- High degree of change from current state and high establishment costs
- Difficult with expansive Faculty structure. Less focus on local complexities/one size fits all with potential for overly standardized processes
- Uncommon in other universities

Option 2: Moving towards cross-functional centres and hubs

PROS:
- Efficiencies, economies of scale and standardization through central service and transaction hub
- Functional portfolios have expert teams (non transactional) focused on specialist tasks.

CONS:
- Less focus on local complexities
- Doesn't bring additional benefit of multi-function expert teams and overall user journey focus.

Option 3: Driving functional excellence

PROS:
- Portfolios have end-to-end ownership of functions (both transactional and non-transactional activity)
- Closer to Faculties and able to provide more tailored approach
- Closer to current state and lower cost to implement

CONS:
- Lacks additional benefits in terms of service synergies, supporting processes/technologies of which a service centre and transaction hub would provide.
- Multiple points of entry for staff and student enquiries
- Greater risk of process/system inconsistency and multiple IT systems across functions.

Option 2 is the preferred choice balancing investment requirements with scalable efficiencies.

Even though all the options would achieve the required savings, Option 3 does not offer enough of a change to withstand future challenges; it is difficult to quantify additional labour savings to justify Option 1, given that the scale of change presents greater implementation risks (and it is possible for Option 2 to eventually progress to Option 1 in future years).

Factors	Option 1: Break down functional silos	Option 2: Moving towards cross-functional centres and hubs	Option 3: Driving functional excellence
Saving-cost potential	**High –** More beneficial than Option 3 in balancing invest requirements with increased efficiencies	**High –** More beneficial than Option 3 in balancing invest requirements with increased efficiencies	**Moderate.** Middle of the three options. Least upfront investment requirements but limits future potential efficiencies over medium and longer term
Impact on service quality (long-term)	**Very positive -** Cross-function teams have central ownership of user experiences and support greater flexibility/adaptability; but less focused on local complexities/one size fits all with potential for overly standardized processes	**Positive –** dedicated service centres and expert teams focused on specialist tasks but does not bring the overall user journey focus of Option 1.	**Mixed -** Portfolios have end-to-end ownership of functions (both transactional and non-transactional activity) but it is at each portfolios' discretion to determine the level of service that they provide.
Capacity of UofA to manage the change	**Unlikely,** due to high degree of change from current state structure, process and culture.	**Likely,** requiring significant leadership support and change in culture and process	**Very likely**, requiring significant process improvement, but closer to current state.
Ease of future reform	**Very likely** – efficiencies, economies of scale and standardization through universal service and transaction hub; and structural change aligns with service needs	**Very likely** – efficiencies, economies of scale and standardization through universal service and transaction hub; and structural change aligns with service needs	**Possible,** but lacks additional benefits in terms of service synergies, supporting processes/technologies of which a service centre and transaction hub would provide.

University leadership ranked the design criteria and this is a primary input for selection of a preferred operating model

Design criteria	Weighted polling to date
More efficient and leaner processes	**67%**
Adapt to ongoing change	**43%**
Reduce role duplication	**42%**
Retain relationship interface	**39%**
Enable collaboration across the University	**34%**
Ensure clear accountabilities	**32%**
Provide an equitable resource allocation	25%
Support administrative specialisms	16%

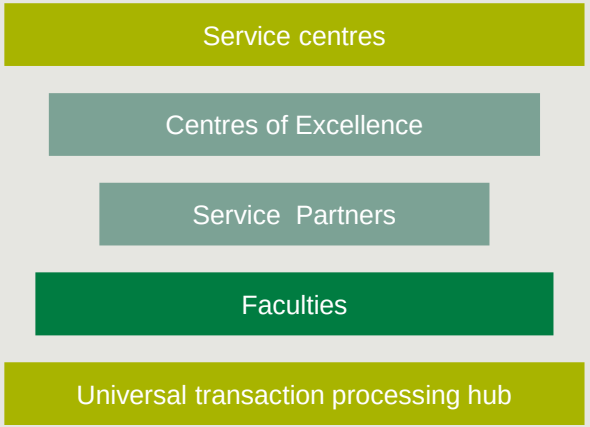
Option 2 is the preferred choice balancing investment requirements with scalable efficiencies.

- The Service Excellence Steering Committee unanimously selected Option 2 as the preferred option
- The operating model has subsequently been reviewed by PEC-S, Deans' Council, University leadership through the leadership retreat with overwhelming support

Preferred Operating Model

This model has the following features:

- **Universal front-end service centres** – A contact/service centre and triage, one for staff and one for students.
- **Centres of Excellence (CoEs) -** expert teams in each functional portfolio. Each portfolio has small expert teams to manage non-transactional and more challenging staff/student issues.
- **Function-specific embedded service partners** linked to expert functional portfolio teams. Strategic advice to Deans, Associate Deans and Chairs consistent with overall model of the University.
- It is expected that faculties would require a Faculty Manager role.
- **Universal transaction processing hub** supporting service centre and expert functional portfolio teams. Simple and moderately complex transactions across all administrative functions are managed through this centralized processing hub.



SET TIMELINE ASSUMING APPROVAL FROM BoG	Sep	Oct	Nov	Dec	Jan	Feb	Mar	April	May
STAGE 1									
Develop preliminary service catalogues to locate services delivery in the new structure									
Conduct process-level impact assessment to determine scale of change									
Test new model and build support through townhall and leadership forums									
Finalise Faculty and functional service blueprints and undertake budget assessments									
Conduct Functional reviews									
Map current roles and draft org structure									
STAGE 2									
Soft launch the new model									
Determine direct appointments									
Further develop position descriptions and org structure									
Finalise the scale and scope of the student service centers									
Finalise the scale and scope of the transaction processing hub									
Announce final structure									
STAGE 3									
Support functional streams' transition to new model with ongoing process reviews									
Pilot the transaction processing hub									
Staff selection and notification processes									
Staff transition									
Engage leaders on new ways of work									