Public Sector and Social Sector Practice

Building operational excellence in higher education

The example of one university shows the potential value in transforming administrative operations.

by Suhrid Gajendragadkar, Duwain Pinder, Ted Rounsaville, and Jason Wright
When colleges and universities think about building academic enterprises for the 21st century, they often overlook one of the most critical aspects: the back-office structures needed to run complex organizations. By failing to modernize and streamline administrative functions (including HR, finance, and facilities), universities put themselves at a serious disadvantage, making it harder to fulfill their academic missions.

Take faculty recruitment and retention. The perceived level of the administrative burden is often a major factor in the attractiveness of an academic job offer. In 2018, the administrative burden on productive research faculty was measured at 44 percent of their workload (up from 42 percent in 2012).\(^1\) For faculty members, the prospect of moving to an institution where they would have a lighter administrative load is a huge selling point, since “institutional procedures and red tape” ranks as one of the top five sources of stress.\(^2\) Something similar happens with students: studies show that the need to jump through administrative hoops is an important driver of “summer melt,” when students admitted to a school fail to matriculate for the upcoming year.\(^3\)

Outdated and ineffective administrative operations can have more direct effects on an institution’s reputation. Financial fraud, ineffective or unfair personnel practices, and grants lost as a result of poor research administration can all lead to negative press reports—or worse. The 115-year-old College of New Rochelle, in New Rochelle, NY, recently closed its doors after fraud decimated its finances and reputation, making any chance of recovery impossible.\(^4\)

A vast challenge

In our experience, most colleges and universities that set out to improve their administrative operations fail to meet their stated goals and in some cases take a step backward. There are several reasons, many relating to the unique constraints of academic institutions:

- **Starting from the top down.** Universities are essentially confederations of departments and functions, each with its own internal organization and power structure. Rather than gathering input and alignment from these constituencies, many new administrative plans are run centrally and fail to gain traction.

- **Putting the answer before the problem.** Another common pitfall is starting with a solution and looking for ways to solve a problem for that answer rather than doing the work needed to gain a deep understanding of the problem on the ground and building a solution collaboratively with stakeholders.

- **Focusing on dollars rather than sense.** Other change programs flounder because they focus primarily on cost savings rather than on improving service levels or the experience of the administrative staff.

A failed program is more than just a loss of time and money. By raising the expectations of faculty and staff and then failing to follow through on them, such failures stoke resentment and make it harder for future programs to gain traction.

While improving administrative operations remains a vast challenge for many universities, a few are taking a new approach—and posting meaningful results. In some cases, institutions that transformed their back offices have managed to halve the time needed to hire new staff or have reduced wasteful procurement transactions by more than 50 percent.

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A new approach for a university in gridlock: A case study

A major public research university knew it had reached the breaking point. Its outdated administrative operations were holding it back on several fronts. Slow response times, red tape, and time-consuming administrative tasks had generated resentment and frustration among faculty. Some had already left for other universities, citing a lack of support for research administration, an inability to hire critical lab staff in less than six months, and difficulty keeping labs stocked with supplies.

Part of the problem was that no one seemed to be accountable. The schools and other units blamed the central administration. Central staff, meanwhile, thought the schools and units weren’t doing their part. In this stalemate, nothing got fixed.

Things only got worse when university leaders decided to create a shared-services effort intended to deliver multimillion-dollar savings. When frustrated deans and faculty heard about the effort, they made it clear that any plan conceived without their input would not have their support. With no resolution in sight, and core functions such as hiring and procurement in jeopardy, university leaders realized they needed to find a new approach.

Rethinking administrative operations from the ground up

The leadership realized that instead of once again creating a solution they would then impose on a diverse system, they had to understand the problems from the point of view of the various stakeholders and then design targeted fixes. With that fundamentally different perspective, the change team created a carefully thought out road map and began the hard work of redesigning systems and processes:

— The first step was a listening tour to hear directly from faculty and staff on the problems they encountered. What were their pain points? Where exactly were the bottlenecks? The team got unvarnished feedback. From the director of a research center: “We had to hire temporary employees just to complete our normal tasks because the hiring time is so slow.” From a dean: “The university felt like it was in gridlock.”

— Next, the change team convened a group of design teams, made up of members from both the schools and the central staff, to break down the problems, reimagine the processes from a blank sheet of paper, and implement changes.

— The team started the redesign process with two specific initial goals: reducing the time needed to hire administrative staff from an average of more than 80 days to 45 days and reducing the number of procurement vouchers—tens of thousands of them—that wasted thousands of hours of staff time and failed to capture the right data.

— As the team worked through each service, it followed a fast, structured process, designing new solutions in about two months, piloting them for two to three months, and then rolling them out to the campus in waves of schools and units over the following six months.

The results were unequivocal: time to hire fell by 46 percent for nonfaculty positions, and improper procurement (measured by the volume of unnecessary vouchers) fell by 57 percent (Exhibit 1).

So far, the improvement in hiring time has had significant downstream effects. For example, 96 percent of hiring managers report acceptances by their first-choice candidates. In the past, many first choices had dropped out of the process to pursue other opportunities as their names sat in the queue during the months-long hiring process. Just as important, the change team created a community of faculty, staff, and academic leaders who fully embraced the new ways of working. Over the course of the redesign effort, the process involved more than 400 staff and faculty, held more than 50 listening sessions, convened more than 30 design workshops, and generated a list of dozens of initiatives to pursue in the future (Exhibit 2).

The team is currently pursuing transformational initiatives in research administration, travel, student-worker support, and academic personnel. Its
ambitions are equally transformative. For example, its goal in research administration is to cut the time to set up awards in half. This collaborative, bottom-up process led many staff members to tell the leadership that “this feels different” from previous change efforts.

Understanding the elements of success

A few key elements helped make a big difference.

Involve faculty and staff as true collaborators. Don’t drive the change from the central administration down to schools and units. Instead, raise the quality and adoption rate of operational solutions by converting faculty and staff from sideline observers into true collaborators. Start with listening to end users, understanding the obstacles they face, and jointly identifying where and how the current system fails them. In that way, a university can bypass the tendency to consider overarching organizational solutions and focus on solving the actual problems at hand.

Have central administrators work side by side with employees of schools or units. For creating solutions, a partnership between the central administration and the faculty and staff of schools or units is even more critical. It is essential to develop solutions by having representatives from schools and units work together with central staff. Besides gaining a deeper understanding of the problems by including these stakeholders, leaders can begin to convert possible naysayers among faculty and staff into allies.

Focus on the university’s mission. While efficiencies and cost savings are important, they are notoriously hard to capture and reinvest. In addition, any sense that the real goal is to cut costs is unlikely to build internal allies among faculty and staff who already feel undersupported. Instead, leaders should communicate a message of improved service levels that can help further the university’s academic and community-impact missions.

Show an impact early. There’s a saying that nothing succeeds like success. By starting with one or two services that can be improved quickly and showing an impact within six months, leaders can build belief in the effort. Winning over skeptical constituents will make the rest of it move forward more easily.

Invest in a continuous-improvement team. Staff volunteers committing many hours a week on top of their day jobs can’t sustain changes and expand into other areas of the university entirely.

Exhibit 1

New solutions greatly improved service levels in hiring and procurement at a university.

<table>
<thead>
<tr>
<th>Average hiring time¹ for nonfaculty positions, days</th>
<th>Number of unnecessary manual vouchers processed, thousands</th>
</tr>
</thead>
<tbody>
<tr>
<td>Baseline: 82</td>
<td>Baseline: 100</td>
</tr>
<tr>
<td>Current state: 44</td>
<td>Current state: 43</td>
</tr>
<tr>
<td>-46%</td>
<td>-57%</td>
</tr>
</tbody>
</table>

¹For entire university; from job posting to offer accepted.
by themselves. Creating a small team dedicated to executing transformation initiatives across administrative functions can help accelerate and sustain the momentum for change across the university. A high-functioning team will have a catalog of services (such as training, facilitation, and full-on process redesign) that helps it tailor its support to the specific details of a given problem.

**Focus on a transformational rather than incremental impact.** Redesigning administrative operations across a university is a big effort. Leaders should take full advantage of the opportunity by thinking about a total transformation, not incremental change. Typical efforts aim for a 20 percent improvement. When leaders set their sights on improvements of more than 50 percent, they can free themselves from the status quo. That magnitude of change will force the change team to start with a truly blank slate and to reimagine a dramatically improved future one.

**Taking an important step in transforming a university**

A final insight: the work this university did enabled leaders of the administrative functions to shift their sights beyond fighting fires to the truly strategic parts of their work. The progress on hiring, for example, helped surface the challenges the university faces in attracting and retaining talent—particularly underrepresented minority faculty. Furthermore, conversations about improving the performance of the administrative functions highlighted the aspirations of leaders and staff to use machine learning, automation, and other advanced techniques in their work.

Although administrative operations are often overlooked, efficient and effective ones can lead to much broader changes. When universities can hire the high-potential candidates they seek, eliminate wasted time of faculty and staff, and unlock the power of data, they can catapult ahead in their ability to meet their educational and research missions.

**Exhibit 2**

Extensive stakeholder engagement at a university was critical to building buy-in for redesign.

- **50+**
  - Listening tours across campus

- **2**
  - Pilot teams designing solutions to increase hiring speed and improve efficiency of purchasing

- **4**
  - Units testing pilot solutions in a diverse set of operating environments

- **3**
  - Functional teams (including 90+ staff) charged with redesigning HR, finance, and research administration

- **400+**
  - Staff and faculty engaged

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