



**St. Cloud State University  
Strategic Resource Allocation / Responsibility Center Management**

**December 3-4, 2009**

Campus Strategies, LLC was engaged by St. Cloud State University to conduct training related to strategic resource allocation (SRA) and responsibility center management (RCM). Workshops and facilitated activities were conducted on December 3-4, 2009. A primary purpose of the workshops and activities was to increase awareness of principles related to the integration of planning, resource allocation, and assessment, while also exploring both SRA and RCM more deeply. This document provides the output from the various activities conducted over the two days. It generally is presented in the same sequence as the activities that were conducted (although feedback related to similar questions has been consolidated).

**Issues Related to Responsibility-Center Management (RCM)  
Institutional Effectiveness/Business Services**

Representatives of Institutional Effectiveness and Business Services met to discuss revenues, costs, and implications for current systems related to RCM principles and concepts. The participants were divided into two groups and asked to identify their issues and concerns. The following list details the issues and concerns raised. Items in bold indicate issues that appeared in both lists. Checkmarks (√) indicate the results of an activity to identify the issues of greatest concern to the individuals present.

Data Concerns

- **Commitment to data integrity; increase general level of “data awareness”** √√√√√√
- **When is data clean enough to use?** √√
- **Agreeing on definitions and appropriate categorization of data elements** √
- **Need to clarify where the problems are**
- How to capture salary/FTE data
- How to develop good facilities data
- Unevenness of data

### Process Concerns

- **Based on historical funding versus preset criteria; how to address existing funding inequities** √√√√
- Specifying outcomes for accountability √√
- Need to be simple/usable √
- Monitor tie-in with St. Cloud State University mission/goals √
- Need to have dynamic flexibility/customizable
- Consistency in applying the rules to everyone
- Define effectiveness—not focus on efficiency first
- Tie-in to financial reporting
- Implications of different tuition rates
- Defining subvention (i.e., redistribution of tax on revenue)
- Relationship with grants/fundraising
- All-funds budgeting/reporting

### Technology (systems) Concerns

- Need new data system—concurrent system interactions √√
- Inadequate reporting from MnSCU Systems—ways to centralize/standardize
- Technology (local versus System)

### Culture

- **Transparency to build trust** √
- Buy-in, decision making, leadership √√

### Other

- **Difficulty in navigating MnSCU approval—possibly find potential partners among MnSCU institutions** √
- Personnel needs for implementation and maintenance of RCM √
- Training and staffing for budget management
- Changes to organizational structure
- Ensuring adequate resources (academic versus central administration versus facilities)

## **Open Forum**

A presentation on RCM was presented to a large group of individuals including faculty, academic and administrative managers, and members of the University's senior leadership team.

Following the presentation the participants, working in small groups, were asked to identify questions or concerns related to RCM. The following issues were identified.

- Level of trust within St. Cloud State University
- The first three critical steps needed to implement RCM (or any new approach to resource allocation). [The response to the issue was: 1) open communication about the desire to change the approach to resource allocation, 2) planning for the change, and 3) conversations with MnSCU.]
- Impact on deans and their need for training
- Identification of the specific responsibility centers (i.e., revenue centers and cost centers)
- Impact on the financial organization and functions due to increased decentralization of financial matters
- Methodology for assigning costs of various non-revenue generating units such as the library
- Likelihood of tension between decentralized units and central service providers, leading to the possibility of decentralized units replicating services provided centrally
- Does St. Cloud State University have the technological capability to handle RCM and, if so, does the cost outweigh the benefits?
- How might MnSCU react to St. Cloud State University pursuing RCM? Is it advisable to seek others universities' participation?
- If not RCM, what? Current approach isn't working to meet needs.

### **Assessment of Responsibility Center Management**

#### ***What current conditions at St. Cloud State University support RCM?***

- Foundation of Data Mart/data availability/better understanding of data strengths and gaps  
√√√
- Strong stable leadership √√
- Strategic Plan √
- State fiscal/budget crisis √
- Willingness to pursue; interest in improvement√
- Academic Action Plan
- Strategic Program Appraisal
- LEAN
- Institutional Effectiveness
- More open budget process
- Perception current process no longer appropriate for our size/scope

- Desire for budget decisions to be made close to where expense/service delivered
- Some areas of university already do it (e.g. Revenue Fund, Athletics, part of LRTS)
- Hunger for articulated model
- Entrepreneurialism among colleges
- Greater transparency and trust
- Institutional intellectual capacity

***What current conditions might interfere?***

- Lack of trust √√
- Fear; change is scary √√
- Data √
- Lack of confidence √
- Tradition
- Systems
- Infrastructure
- MnSCU, inadequate communication with System to negotiate barriers part of system √
- Expertise
- Organizational structure
- Personnel needs
- Sharing knowledge and understanding
- Would need to learn to channel our talent
- Slow decision – making & other processes (partly shared governance)
- Some unions (IFO) facilitate “Us vs. Them” not “We”
- Fear of adequate capability
- Lack of specialized skills in college/units; need for training
- Budget “crisis” dictates “not now”

***What issues could be addressed more effectively through RCM than under the current approach to resource allocation?***

- Better resource alignment √√√
- Long term understanding of budgets √
- Would fully integrate budget with planning
- Accountability
- Planning & decision-making
- Entrepreneurship
- Figure out who the decision-maker is

- Greater transparency
- More equal structure
- Human resource development
- More involvement across the university
- Would generate trust
- Would be more flexible and keep us current with trends
- Actual costs of operations would be clearer
- Status quo
- Silos
- Maximize opportunities
- Leadership development/decentralization

***What problems might surface under RCM that are not problems under the current approach to resource allocation?***

- Expertise/skill match √√√
- Resource reassignment
- Make us an outlier in MnSCU system
- Exposure of sacred cows
- Discovery of unknown structural deficits
- May realize we got what we asked for and are sorry
- Increased confusion
- Could err in allocation: under or over
- Counterproductive incentives or actions
- Mismatch of culture and process
- Could frustrate or raise level of conflict
- Unrealistic expectations
- Competitiveness that is unproductive
- Labor relations issues

***How does RCM build on St. Cloud State University strengths?***

- Have had strong financial stability
- Will enhance strong programs and allow them to move to next level
- Strengthen community relations
- Will provide evidence for strategic decisions
- Strong sense of entrepreneurialism
- Human capacity and expertise

- Graduate center model
- Deep talent pool
- A lot of commitment to St. Cloud State University by faculty, staff, students
- Core group believe in decentralized model
- Fits into current work group models and processes St. Cloud State University is already doing
- Have strategic plan
- Poised for this step (link planning & budget)
- Ready – attitude right
- Great deal of hope and optimism
- At the “show-me” stage of change development
- A tool to advance the strategic plan
- Engages and focuses our dedicated & hardworking people
- Continue to build on transparency
- Supports effective use of resources and St. Cloud State University’s continued reputation of offering a good education at a reasonable price

***What obstacles have to be overcome to successfully implement RCM?***

- Resistance is imbedded ✓
- MnSCU ✓
- Trust
- Engagement needs to be priority (apathy)
- Overcoming inertia
- Cannot staff to needs
- Limited experience with organizational change
- Picking a leader/champion
- Consensus building
- Consensus on definition of terms
- Need for required resources
- Managing “naysayers”
- Attempts to stop the process/stall
- Are we ready?
- Collective bargaining agreements
- Competing initiatives and full plates
- Fear of change

## **Implementation Considerations for Responsibility Center Management**

Assignment: Four small, mixed groups were asked to consider the approach to implementing RCM and offer advice to those responsible for its implementation.

### ***Group 1***

#### General Guidelines

- Articulate process & timeline and follow it
- Make the process activities transparent and available (usually electronically)
- Stick to the timeline
- Be consistent in the process followed

#### Steps

1. Identify change to be made (project)
2. Identify people/positions involved in project
3. Develop timeline for sharing and getting input from bargaining and other units
4. Make modifications
5. Layout implementation plan and timeline
6. Evaluate progress and modify as needed

#### One piece of advice to those responsible for implementing RCM:

- Don't look back – don't let structural impediments stop you

### ***Group 2***

1. Make the decision
2. Appoint a trusted champion
3. Educate constituents, create buy-in
4. Budget/plan
5. Timeline/outcomes
6. Execute/Evaluate/Adopt

#### One piece of advice to those responsible for implementing RCM:

- Build trust and transparency

### ***Group 3***

#### Qualities desired

- Open, transparent and inclusive
- Driven by data and information
- Commitment of institutional leadership
- Buy – in across campus at all levels
- Create rules of engagement
- Recognition of importance of trust and effort to enhance trust
- Clarity of commitment with regard to purpose and objectives
- Clear justification, why are we doing this
- Inclusion of bargaining units
- Identify and utilize expertise to move conversation forward

Process (typical project management model)

- Develop: timelines, goals, measurements, assessments, outcomes, implementation targets
- Develop training programs, when, how often, who
- Create steering committee – 15 people
- Create work groups
- Create/develop communication plan
- Identify and implement technology needs and training

One piece of advice to those responsible for implementing RCM:

- P-C-F with Armor or “Be persistent, consistent, and focused, with armor”

**Group 4**

Principles

I. Transparency exists with all constituents.

Actions:

- a. Open communication with the OoC about parameters & boundaries
- b. Communication throughout the change process for multiple purposes including education and marketing
- c. Consult with bargaining units

II. Leadership is in place.

Actions:

- a. Senior leadership decides to proceed
- b. Identify a champion

III. Process is in place/determined.

Actions:

- a. Assemble a group representative of campus and with requisite expertise
- b. Give them a charge and timeline
  - i. Group explores alternative courses of action
- c. Group develops a recommendation with outcome measures
- d. The recommendation is communicated, received, and revised
- e. Decision to proceed is made
- f. Responsibility for implementation is assigned
- g. Progress is reported
- h. Success is measured and reported
- i. Revise

One piece of advice to those responsible for implementing RCM:

- You need more than one piece of advice

**Action Plans for Implementing Responsibility Center Management**

(Collective responses from four groups working independently; checkmarks indicate the number of groups citing the issue)

1. Important steps/actions/activities needed to move forward
  - Communication plan – discussions with opinion leaders/bargaining groups
  - Research – learn more/visit institutions/ best practices
  - Bring in outside experts
  - Timelines for decision points
  - Identify who is involved in decisions (steering committee)
  - Pick a model or design
  - Agreement on data
  - Expressed commitment to process from all leadership
  - Accelerated alignment of planning and budgeting
  - Complete institution-wide change readiness survey to identify/concentrate on areas needed to succeed
  - Identify a champion
  - Develop communication plan and feedback process

2. Resources needed for above steps (e.g., money, space, people)
  - Spokesperson/ champion & logistical support (e.g., office, staff, IT, money, reassigned time) ✓✓✓
  - Consultant/outside expertise ✓
  - Build data and financial expertise at unit level
  - Index of best practices around data
  - Training
  - Refocus of work
  - Data/Technology/Infrastructure
  - Identify facilitator for change management
  - Committee to market the plan
  
3. Specific timeframe for accomplishing steps identified in 1 above.
  - May 2010
  
  - Model selected/designed January 1
  - Announce January 5
    - ✓ Timeline plan
    - ✓ Structure to support
  - Champion/steering committee January 31
  
  - Definition of data by 3-1-2010
  - Working model in next year
  - Resolve commitment by 2-1-2010
  - Alignment by 5-1-2010
  
  - Survey completed/ Champion chosen by end of AY10
  - Communication begin with Fall convocation
  
4. Name the recommended champion responsible for successful implementation.
  - Dan Gregory
  - Orn Bodvarsson
  - Lisa Foss
  - VP for Administration or
  - VP for Academic Affairs
  - David DeGroot

**5. Additional participants needed for first steps.**

- Diana Burlison √√√
- Deans (3 or 6 depending on the group) √√
- Lisa Foss √√
- Dan Gregory √
- Three faculty members √
- Academic Affairs Representative
- SLD Representative
- Communications
- Davie DeGroot
- Devinder Malholtra
- Steve Ludwig
- Diana Lawson
- John Burgeson
- John Palmer
- Bernie Omann
- Representative of Strategic Planning Committee
- Representative from each of 4 classified unions
- Representative from IT
- VP
- Outside Expertise – Bryan Myers – ING
- Department chairs appointed by Dean
- Administrative assistant representative
- Representative from director level leadership
- Student body president

**6. Describe success.**

- Increased credibility, transparency, and trust √
- Know full budget of colleges
- Measurable progress or accomplishment of strategic goals
- Assessment and accountability with feedback loops
- Entrepreneurship alive and well on campus
- It is implemented
- Service and satisfaction levels improved
- Strategic priorities funded and can be publicized
- Improved expense to revenue ratio
- Improved morale and energy
- Model identified with attainable goals in a realistic timeframe

7. What potential hurdles/obstacles could prevent success?

- Training & resources for mid-management including release time from other responsibility ✓
- Building institutional capacity quickly to buffer turnover of people in key positions ✓
- Perception of winners and losers and management of resulting anxiety
- Some people will resist
- Perception that focus is business, not academic
- Retain long-term view while dealing with short-term issues
- Own complacency/inertia
- Love of committees
- Resources
- Fear of change
- Is champion a “tack on” or a new job?
- Change in institutional leadership
- Fatigue
- Time
- Readiness
- Communication channels
- Ability to maintain focus
- Leadership stability
- Ability to maintain accountability

## Conclusion

The focus of the activities that took place in December was on strategic resource allocation and responsibility center management. Participants were reminded throughout the two days that no decision has been made about a specific resource allocation model, although it was made clear that the University needs to become more strategic about resource allocation. The information detailed in this report provides clear evidence of the University’s readiness to pursue a different approach to strategic resource allocation. With appropriate consideration of the issues mentioned in the report—particularly communication and transparency—pursuit of a new approach should be successful if it employs an open process with broad participation.

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