



The Finance Function of the Future

Part 1: Introducing the Hallmarks of Effective Strategic Finance Teams

Part 2: Building Central Data Infrastructures to Support Strategic Decision Making

Part 3: Maximizing Operating Efficiency and Expanding Long-Range Financial Planning

Part 4: Embedding Analytical Support in Academic Decision-Making and Providing Just-in-Time Consultation on Unit Planning and Strategy

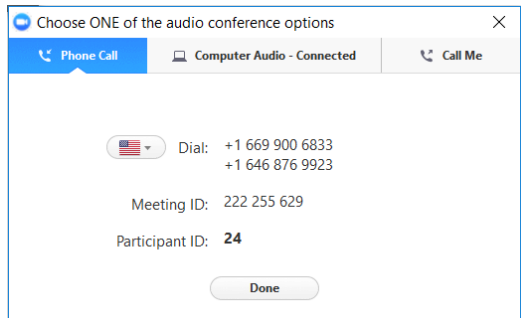
Business Affairs Forum

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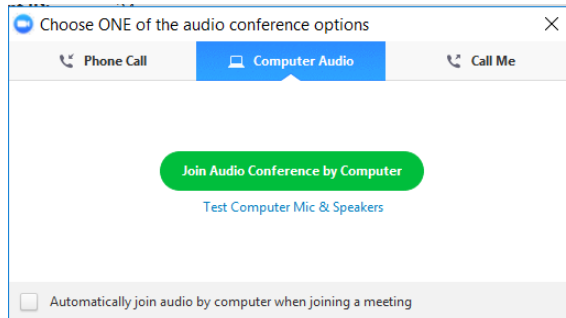
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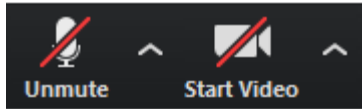
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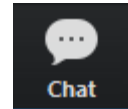
Mic and Video Controls

Click the mic and camera pictures until they have a red line indicating they are both off.



Asking a Question

To ask the presenter a question, type it into the Chat panel and press send.





Today's Presentation

4 Embedding Analytical Support in Academic Decision-Making and Providing Just-in-Time Consultation on Unit Planning and Strategy

Trend 9: Embedded Analytical Support in Academic Units

Trend 10: Financial Upskilling Programs for Academic Stakeholders

Trend 11: Metric-Driven Intervention in Unit Performance Issues

Trend 12: Internal Financial Consulting Teams

Archived on EAB.com

1 Introducing the Hallmarks of Effective Strategic Finance Teams

2 Building Central Data Infrastructures to Support Strategic Decision Making

3 Maximizing Operating Efficiency and Expanding Long-Range Financial Planning



The Finance Function of the Future

Promising Innovations in the Migration from Transactional to Strategic Work

I

Central Data Infrastructure Supports Strategic Decision Making

Trend 1:

Executive-Level Data Governance Oversight

Trend 2:

Data Refinement for Academic Program Analysis

Trend 3:

Business Intelligence Teams

Trend 4:

Academic Financial Dashboards

II

New Technology and Org Models Maximize Operating Efficiency

Trend 5:

Technology-Driven Planning Process Redesign

Trend 6:

Scaled Budget and Planning Services

III

Long-Range Financial Plans Consider Future Revenue Threats

Trend 7:

Financial Modeling and Scenario Planning

Trend 8:

Functional Redesign to Expand Budget and Planning Scope

IV

Professionalized Staff Support Ongoing Academic Resource Planning

Trend 9:

Embedded Analytical Support in Academic Units

Trend 10:

Financial Upskilling Programs for Academic Stakeholders

V

Central Finance Provides Just-in-Time Consultation on Unit Planning and Strategy

Trend 11:

Metric-Driven Intervention in Unit Performance Issues

Trend 12:

Internal Financial Consulting Teams



Hallmark 4: Professionalized Staff Support Ongoing Academic Resource Planning

HALLMARK

- Trend 9: Embedded Analytical Support in Academic Units
- Trend 10: Financial Upskilling Programs for Academic Stakeholders

4

In Search of the Unit-Level CFO



Institutions Need Professional Finance Support for Academic Units



Select Academic Decisions With Significant Financial Implications

- Course offerings
- Faculty workload
- Faculty hiring
- Faculty start-up packages
- Curricular re-design
- Reserves management
- Program launch
- Program shrinkage or closure
- Curriculum planning
- Space planning

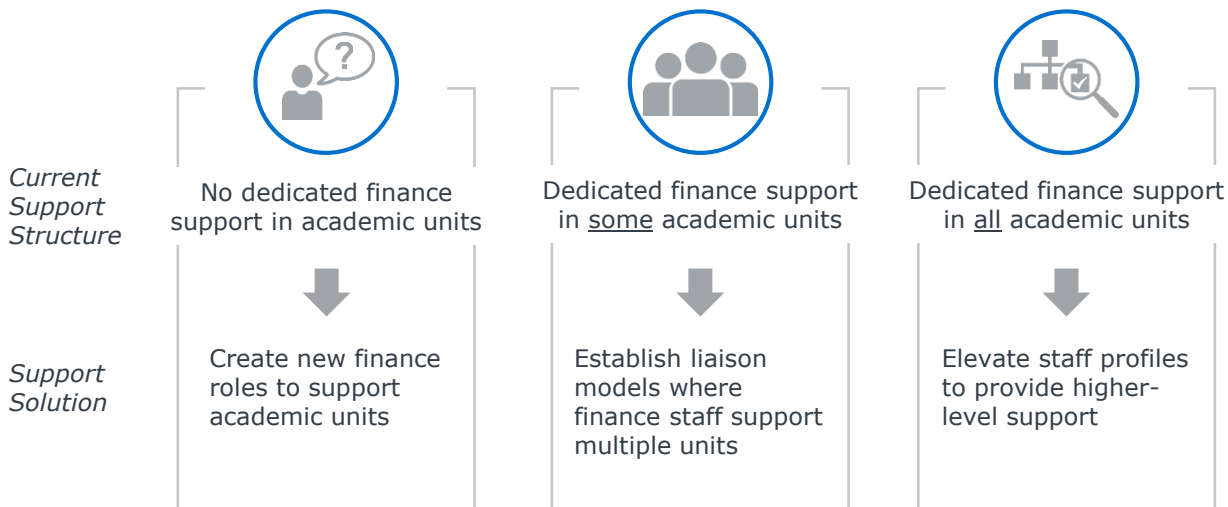
“80% of our money is spent by academic affairs, primarily through salary. We need to embed a CFO mindset in that organization.”

Charlie Maimone
Vice Chancellor for Business Affairs
University of North Carolina at Greensboro



Calibrating Staffing Strategies to Current Needs

Options for Aligning Finance Support to Organizational Structure





Reallocating Existing Resources to New Priorities

Concordia Merges Two Generalist Roles to Create Dedicated Academic Support



Concordia College's Academic Budget and Resource Planning Manager

- Created in recognition of need for more dedicated support for academic budget planning decisions
- Re-scoped central accountant role to incorporate new academic responsibilities
- Eliminated redundant and low-value tasks, reallocated some former tasks to other accountants to create capacity for new work
- Increased salary for new role in recognition of increasing responsibilities using reallocated funds from academic administrator retirement
- Reports to Controller with dotted line to dean and sits in dean's office

CONCORDIA
COLLEGE

Responsibilities of Budget and Resource Planning Manager

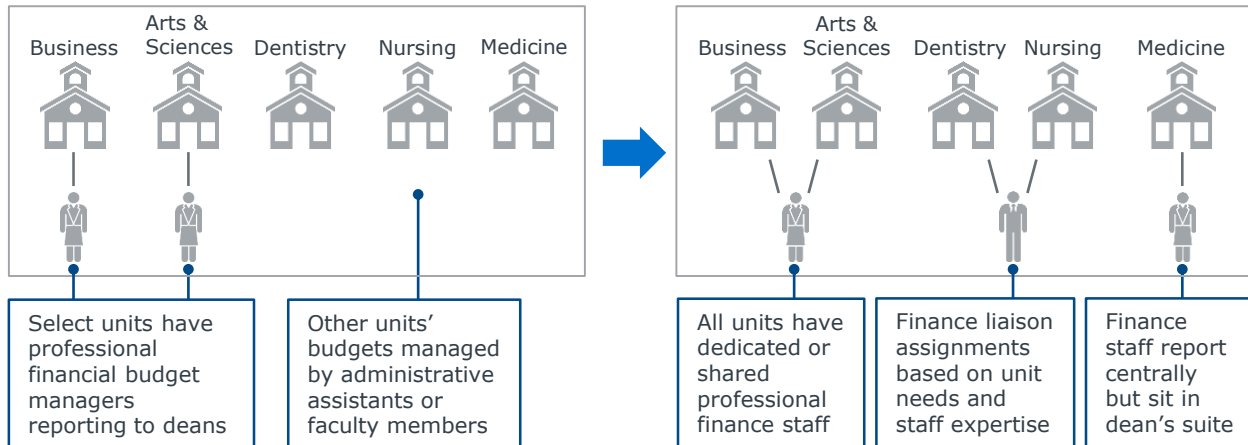
- Budget development, management and strategic resource planning - 50%
- Manage restricted funds in spending, revenue projection and allocations - 35%
- Ensure access, training and instruction is provided for new budget managers - 5%
- Support academic stakeholders in budget matters - 5%
- Examine and measure the success of initiatives, evaluate new ventures and strategic resource allocations - 5%

Download the full job description [here](#).

A Robin Hood Approach to Supporting Units

Creighton's Liaison Model Scales Existing Financial Expertise Across Colleges

Simplified Illustration of Creighton University's Budget and Planning Reorganization



CBO's Steps to Reorganization:

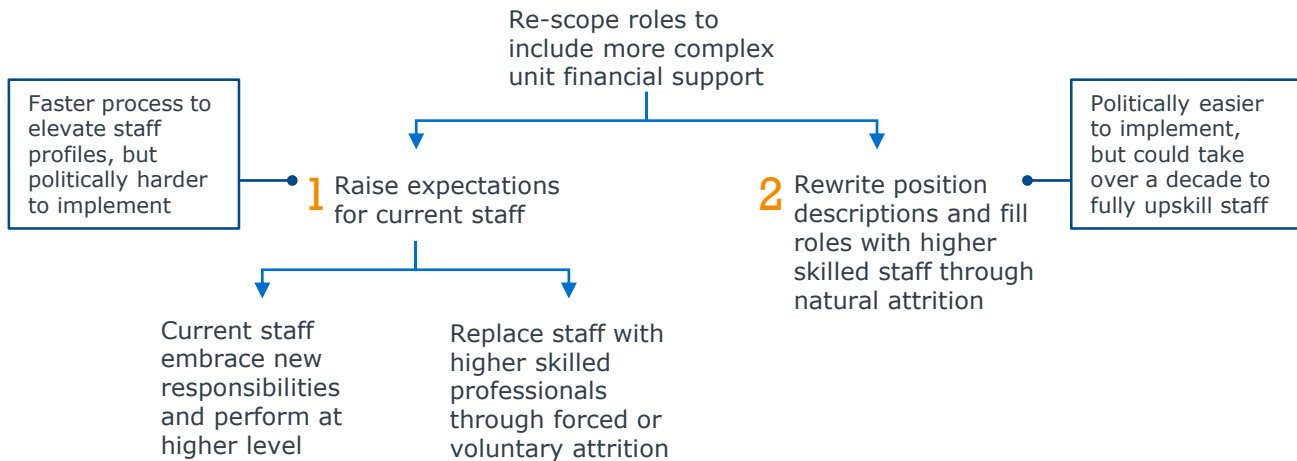
- 1 Met with deans to identify academic units with desire for more central finance support
- 2 Negotiated with interested deans to move funding and responsibilities for unit financial management centrally
- 3 Created central staff liaisons to scale new central resources across units with financial demand
- 4 Used initial realignments as proof of concept to win buy-in for model in remaining units



Two Roads to More Professionalized Unit Staff

Elevate Profiles Through Attrition or Raise Current Performance Expectations

Two Options for Raising Profiles and Impact of Unit Finance Officers



Faster process to elevate staff profiles, but politically harder to implement

Politically easier to implement, but could take over a decade to fully upskill staff

Select Institutions That Elevated Expectations for Staff in Seat

UMSL **GW** **SMU**

Download sample Southern Methodist University elevated position description [here](#).

Source: University of Missouri-St. Louis, St. Louis, MO; The George Washington University, Washington, DC; Southern Methodist University, Dallas, TX; Business Affairs Forum interviews and analysis.

Making a Big Bet on Unit Financial Support

UTA Invests in Nine New Roles to Augment Academic Resource Planning



University of Texas at Arlington's Academic Resource Planning (ARP) Model Implementation



Director, ARP Profile

- **Advanced degree** (e.g., MBA, PhD)
- **10+ years of relevant experience** in higher education or equivalent experience
- Knowledge and experience in business operations, **forecasting**, and **business modeling** in an academic environment



“The model is still in its infancy, but we’re proud of what we’ve accomplished so far. The directors are now fully embedded in the colleges. Deans are already asking why we didn’t have these positions years ago. One dean even asked for his director’s office to be moved next to his.”

Yaa-Yin Fong

AVP For Academic Resource Planning, UT Arlington



Forcing Academic-Finance Synergies

Leaders Experimenting with New Reporting Models and Staff Placement

NEW REPORTING LINES TO CBO



GWU Expands Central Finance Oversight of Academic Budget Officers

- New AVP for Financial Management of Schools oversees academic unit finance directors
- AVP reports to Deputy EVP and Treasurer, who has ultimate oversight of academic budgets
- New role expands central capacity to review unit financial plans, provide budget support



THE UNIVERSITY OF
TENNESSEE
CHATTANOOGA

University of Tennessee at Chattanooga Tethers Academic Finance to CBO

- CBO and Provost move Academic Affairs Budget Director into central budget office, under direct oversight of CFO
- Early results include enhanced communication between central finance and academic units; increased financial information flowing to academic units

OFFICE CO-LOCATION



UNIVERSITY OF
OREGON

University of Oregon Co-locates Chief Academic Budget Officer and CFO

- Provost and CBO agreed to move physical office location of chief academic budget officer to CFO suite
- Chief academic budget officer continues to report to provost
- Shared office location with CFO improves financial knowledge-sharing and expedites central planning

Financial Knowledge for All

CBOs Invest in Training to Advance Skillsets Across Campus

Campus Stakeholders Needing Financial Training



Unit budget officers



Deans



Central finance staff



Department chairs

Goals of Financial Upskilling Programs



Enhance core budgeting and planning skills



Teach institutional financial processes



Increase understanding of institution-level financial decisions

No Need to Reinvent the Training Wheel

IU, Berkeley Programs Teach Core Skills in Institutional Context

Financial Upskilling Programs at Indiana University and UC Berkeley

	 Fiscal Officer Development Series	 Finance Literacy Training
Goal	Provide financial strategies and tools to increase performance	Build the knowledge, skills, and abilities of campus finance professionals
Audience	Unit fiscal officers across IU System	Targets unit budget officers, but open to all faculty and staff
Structure	Cohort of 25-30 participants attend 1-2 day sessions each month across the academic year	Monthly courses offered across one academic year
Instructor	Unit leaders and staff across campuses and divisions	Unit leaders across divisions
Sample Courses	<ul style="list-style-type: none"> • <i>Budget Development</i> • <i>Capital Asset Management</i> • <i>Treasury Management</i> 	<ul style="list-style-type: none"> • <i>Revenue Generation Opportunities</i> • <i>GAAP and GASB</i> • <i>Understanding Financial Statements</i>

Finance Upskilling Training Curricula



Indiana University System, Fiscal Officer Development Series (FODS) Curriculum

1:00 -2:15	<p>The Chart of Accounts Bill Overman</p> <p><i>The university has a sophisticated chart of accounts that facilitates accumulating data, financial reporting, and sound fiscal management. We will spend time sharing the power of the chart, the functionality that is present, and the reversion process that the chart drives at year end.</i></p>
2:15 – 2:30	Break
2:30 – 3:30	<p>Accounting Processes Anna Jensen</p> <p><i>Accounting processes drive the financial entries of the university. Fiscal officers operate daily in a fund accounting environment designed specifically for higher education. Accurate decisions require understanding of the different fund groups, the purpose of each fund group, and what revenues and expenses are allowable and non-allowable by fund group.</i></p>
3:30 – 4:15	<p>University Financial Report Joan Hagen</p> <p><i>The IU external financial report is a representation of the overall financial health of the university. We will review the components and requirements of this important picture of IU's finances.</i></p>

University of California, Berkeley Finance Literacy Course Curriculum

Finance Literacy Courses

Topic	Description
Revenue Generation Opportunities	This course will provide campus with an overview of modeling revenue generation ideas. In particular, this training will cover factors to consider when thinking about revenue generation opportunities and guidance on how to frame your project or idea.
Berkeley Financial Overview	This course will provide campus with an overview of key strategic, financial topics. Because this course is being held halfway through the fiscal year, it's an opportune time for a mid-year financial check-in to review performance and set guidance for the upcoming budget process.
Financial Statements	An overview of financial statements such as the balance sheet, income statement and cash flows; and applying them to UC Berkeley's unique reporting.
GAAP and GASB	This course provides an overview of key accounting rules and standards and includes an interactive exercise (Jeopardy questions and answers) to reinforce relevant definitions, concepts, and principles.

Access the FODS and Finance Literacy program curricula in our **Budget and Planning Talent Development Toolkit**, available [here](#).

Creating Financial Agency in Academic Leaders

Toronto Training Prepares Department Chairs to Strategically Manage Budgets

University of Toronto's Mini-MBA Trainings for Academic Leaders



**Dept. Chair
Budget Trainings**
(1 day)

1



Budget Primer (*morning*)

- Introduction to the university's budget situation at the institutional and college level
- Basic breakdown of unit revenue drivers and cost allocation policies (e.g., indirect cost charges)
- High-level review of program planning

2



Case Training (*afternoon*)

- Scenario-based training modeled on common strategic challenges (e.g., enrollment planning)
- Participants break into small groups to read cases and formulate a strategy
- Cases force chairs to perform quantitative or technical work expected of their roles

Sample Department Chair Mini-MBA Case Study

Launching a New Professional Master's Program

Case Study 3

The School has noted strong interest from students in pursuing graduate studies that do not lead to a PhD. The job market near the School has evolved with changing technology and employment requirements and there is demand for students with skills in liberal arts combined with additional quantitative proficiency. This new program is designed to address this professional niche. Several similar programs have been launched around the country however no similar program exists in this state (Table 1).

The Dean and the Provost have been encouraging growth in master's enrollment to meet targets laid out in the strategic plan. The Dean/Provost has given approval to begin development of the new program. The Dean/Provost is expecting the program to be financially sustainable within four years but has committed to providing limited one time only (OTO) funds in the first two years as the program ramps up. The Dean has provided the information below to guide your new program development.

Table 1
Comparative Programs

Characteristic	Institution A	Institution B
Length of program	8 months over 2 terms	8 months over 2 terms
Experiential learning	2-week industry session	4-week industry session
Mode of delivery	11-class lectures led by instructors with some online elements	All in-class lectures led by instructors
Enrollment	80 FT (60 domestic / 20 international)	100 FT (50 domestic / 50 international)
Part time option available?	No	No
Tuition	\$25,000 (domestic) / \$40,000 (international)	\$60,000
Government grant supported?	Yes	No

Institution A is a large public institution

Institution B is a large private institution

Institution A offers competitive scholarships ranging from \$2,000-\$6,000

Four Full Case Studies Available Online

- 1 Managing Reserves and Carry-Forwards
- 2 Faculty Workload Planning
- 3 Launching a New Professional Master's Program
- 4 Research Stream Graduate Enrollment Planning

Download Department Chair
Mini-MBA Case Studies [here](#).

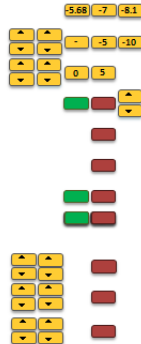
Simulating the Impact of Financial Decisions

Missouri Tool Helps Faculty Understand Tradeoffs in Resource Allocations



Missouri Scenario Tool Helps Academics See Budget Tradeoffs

State Appropriation		
Withholding FY12		
Appropriation FY13	1.5%	\$1.1
Tuition Rate	2.5%	\$7.8
Enrollment	443	\$6.2
Undergraduate Scholarships		(\$2.3)
Graduate Fee Waivers		(\$1.1)
New Commitments		(\$6.9)
Salary & Related Benefits Increase		
Faculty	1.0%	(\$1.7)
Staff	0.0%	\$0.0
Benefit Rate Increase	0.00%	\$0.0
Total Allocation/Reduction	-3.5%	(\$11.9)



Example Faculty Question

What would it take to increase faculty salaries by 2%?



A 2% increase equates to \$3.3 million dollars



To obtain \$3.3 million, we would have to:

- Increase enrollment by 250 students
- Raise tuition by 0.5%
- Make across-the-board cuts of 1%
- Cut staff salaries by 2.4%

Download the University of Missouri's Scenario Tool [here](#).



Hallmark 5: Central Finance Provides Just-in-Time Consultation on Unit Planning and Strategy

-
- Trend 11: Metric-Driven Intervention in Unit Performance Issues
 - Trend 12: Internal Financial Consulting Teams

HALLMARK

5

More Intensive, Focused Financial Services

CBOs Must Thoughtfully Deploy Limited Resources to Unit Special Projects



Scalable

**Central Finance
Support to Units**

Specialized



**Foundational
Financial Activities**

- Operating budget analysis
- Annual budget and forecast compilation
- Reserve management
- Resource planning



**Consultative
Strategic Assistance**

- Advanced financial modeling
- Strategic planning support
- Business case development
- Departmental process mapping, documentation, and analysis



A Proactive Approach to Monitor Unit Performance

Central Leaders Use Action Triggers to Intervene in Financial Issues

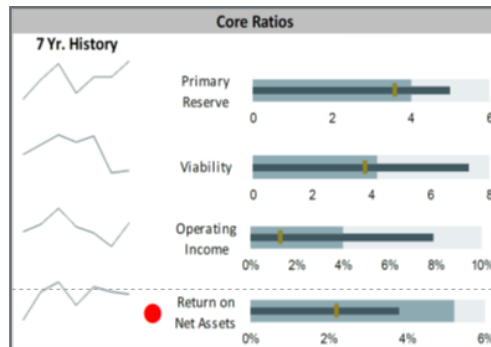


Historical Approach: Variance Analyses



Emerging Approach: Metric-Driven Dashboards

Line Item	January	February
INCOME STATEMENT		
Interest income		
Plan	\$65,000	\$75,000
Actual	\$60,000	\$70,000
Variance \$ (Actual - Plan)	(\$5,000)	(\$5,000)
Variance %	-7.69%	-6.67%
Interest expense		
Plan	\$50,000	\$55,000
Actual	\$45,000	\$55,000
Variance \$ (Plan - Actual)	\$5,000	\$0
Variance %	10.00%	0.00%
Bad debt/credit losses		
Plan	\$8,000	\$3,000



- ✘ Retroactive analysis identifies shortfalls or overruns after they have been incurred
- ✘ Analyses do not visibly differentiate between worrisome and insignificant performance gaps

- ✔ Performance dashboards proactively identify potential problematic financial trends
- ✔ Leaders assign differentiated performance targets across metrics, enabling them to prioritize most urgent issues

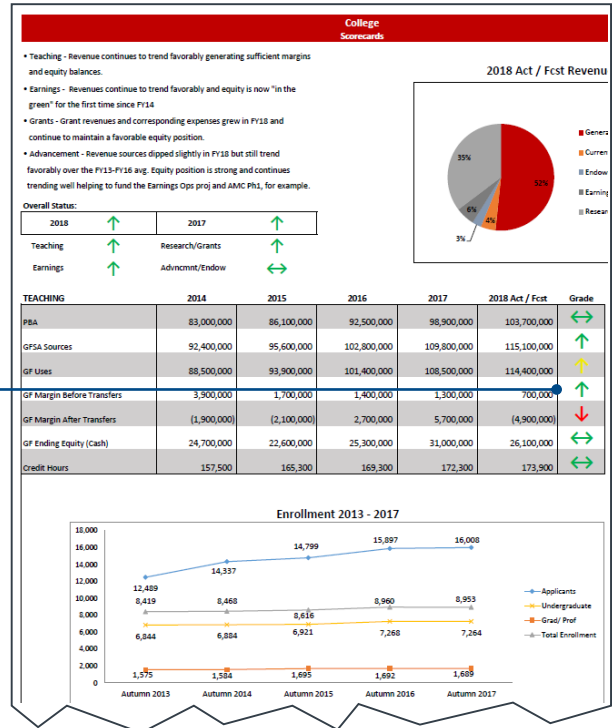
Central Intervention Protocol

OSU Scorecards Generate Unit Buy-In for Involvement Before Issues Arise



College Financial Scorecards

- FP&A¹ generates two-page scorecard for each unit every two months
- Metrics and performance percentage thresholds standardized across all academic units to allow comparisons
- Each metric tracks 5 years of historical data with color-coded directional trend arrows to indicate progress on performance targets
- Central finance assigns overall unit health status by combining individual metrics with qualitative observations
- CBO uses scorecard to monitor performance, determine degree of intervention in unit financial affairs



Download OSU's scorecard [here](#).

1) Financial Planning and Analysis.



Select Metrics Tracked on OSU's College Scorecards



Teaching

- General Fund (sources, uses)
- Credit Hours
- Enrollment (applicants, undergraduate, graduate)
- Employees (faculty, staff, student)



Research

- Research Revenue
- Research Expenses
- Margin (before and after transfers)
- Dedicated FTEs



Earnings

- Revenue
- Expenses
- Earnings Margin
- Cash Equity
- Dedicated FTEs



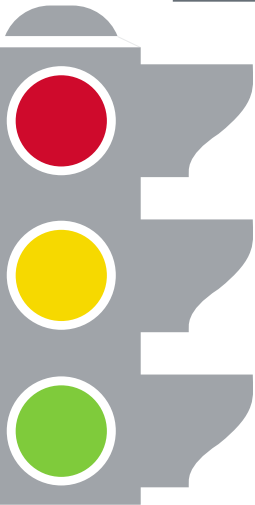
Advancement

- Current Use Gifts
- Endowment Income
- Additional Revenue
- Advancement Expenses
- Dedicated FTEs

Differentiating the Frequency of Unit Meetings

Quantitative Triggers, Qualitative Factors Determine Level of Central Support

OSU's Central Response to Overall Unit Performance Scores



Overall Score	Representative Unit Characteristics	Frequency of CBO Performance Conversations	Typical Share of Units Receiving Score
Red	<ul style="list-style-type: none"> Unit not meeting performance targets Unit has history of financial problems 	Monthly	10%
Yellow	<ul style="list-style-type: none"> Unit performance metrics nearing problem zone Unit leader planning major strategic initiative New dean in seat 	Quarterly	20%
Green	<ul style="list-style-type: none"> Unit meeting performance targets Central confident in unit financial leaders 	Annually	70%

Acting on Scorecard Signals

OSU Central Finance Partners with Unit Leaders to Devise Turnaround Plans

Select Results from Scorecard Intervention Sessions



- Scorecard for the College of Arts & Science showed early signs of enrollment shortfalls
- Central and unit leaders collaborated to determine opportunities to right-size credit hours and explore new program revenue opportunities



- Central finance observed that a regional campus was at risk of losing enrollment due to a neighboring state's tuition reciprocity arrangement
- Central and unit leaders partnered to create a matching reciprocity plan to mitigate the risk and preserve enrollment



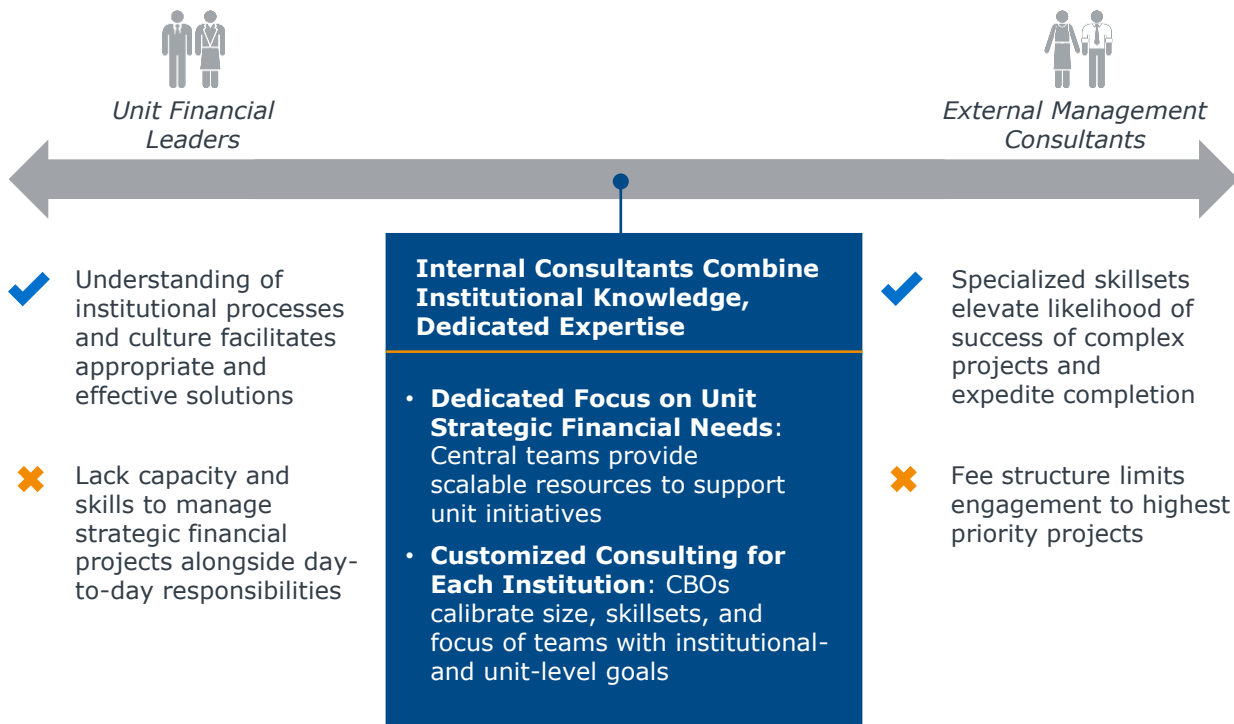
Academic Scorecards Drive Unit Financial Sustainability

“Our academic scorecard profiles have become a tremendous asset. We have been able to find opportunities for cost savings, shift conversations with deans, and better plan staff hiring and initiative launches—all because we have the right data and the right policies in place.”

*Kristine Devine
Vice President for Operations and Deputy Chief Financial Officer
The Ohio State University*

In-House Support for Unit Initiatives

Spectrum of Strategic Financial Support Options Available on Higher Ed Campuses



Providing Dedicated and Diverse Expertise

GWU's BMAG Supports Unit Projects at Lower Cost than External Consultants



The George Washington University's Business Management & Analysis Group (BMAG)

- 14 FTEs with backgrounds in higher education, corporate consulting, project management, and financial analysis
- Complete 40+ projects per year
- 80% of projects proposed by units
- 20% of projects in support of central strategic initiatives (e.g., Presidential projects, ERP implementation)
- Overseen and funded by Finance Division
- \$2.1 million annual operating cost

Types of Services



Business Process Analysis

Example: Process mapping for research personnel hiring at Graduate School of Education



Financial Analysis

Example: Data analysis and negotiation support for online learning provider for School of Public Health



Project/Program Management

Example: Implementation of faculty workload solution within School of Nursing



Business Continuity/ Position Support

Example: BMAG consultant served as interim Finance Director of Division of External Relations until permanent candidate hired



Noteworthy Returns on Internal Consultant Investment

\$2.1M < **\$4.7M**

BMAG 2017
operating cost

Estimated external
consulting fees
avoided in 2017

9

Number of former BMAG
staff currently serving in
strategic roles at GWU

Sending in the Financial SWAT Team

UF's Matrix Teams Deploy Existing Staff to Unit Special Projects



Representative Matrix Team

Project: Map and improve unit's vendor payment process



Past Matrix Projects

- Evaluated and improved Process Improvement Office's financial reporting
- Analyzed and updated accounting and reporting systems for Center for Performing Arts
- Wrote professionalized job descriptions and helped expedite the hiring of six unit financial positions

Building Best-in-Class Internal Consulting Teams



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Implementation Advice from Pioneering Institutions



Projects

- Campus units often skeptical of consulting team, fearing central micromanagement
- Early small projects generate trust, increasing support for broader strategic initiatives



Short-Term (<2 years)

- Financial role hiring
- One-off program data analysis
- Process mapping and improvement



Fees

- Charging fees dissuades units from using team and encourages comparison with external consultant options
- Institutions launch with one-time strategic funds, dedicate recurring operating funds after demonstrating ROI



Marketing

- Marketing to units risks overwhelming central team with low-priority requests
- Word-of-mouth promotion creates more manageable, higher-quality workflow

Mid-Term (2-4 years)

- Unit financial plan analysis
- Vendor contract analysis
- Interim position appointments

Long-Term (4+ years)

- Unit strategic plan development
- Financial modeling and planning for Presidential Initiatives



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Contact Information



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Evaluating Today's Session



Please take a minute to provide your thoughts on today's presentation.