Moving Forward with Confidence

A Financial Forum for Leaders and Administrators

December 3, 2012, McMaster University Student Centre, CIBC Hall

8 a.m. Continental Breakfast
8:30 a.m. Welcome and Introduction:
   **Deidre (Dee) Henne**, Assistant Vice-President (Administration) and CFO
   **John P. Kearney**, Chief Information Officer

An Introduction to Mosaic
   **John P. Kearney**, Chief Information Officer

Break

The Mosaic Process: an Inside Perspective
   **Kathleen Blackwood**, Finance Team Lead
   **Linda Jacobson**, Human Resources Team Lead
   **Kevin de Kock**, Technology Team Lead
   **Sonya Martin**, Student Administration Team Lead
   **Anne McInnis**, Research Administration Team Lead

Change Management Workshop — Enabling and Sustaining People
   **Cynthia Ferrier**, Change Management and Organizational Design Consultant — Mosaic

12:30 p.m. Lunch
1:30 p.m. Forward with Integrity and the Emerging Landscape: An Integrative Approach to Change
   **Patrick Deane**, President and Vice-Chancellor

Our Environment: Building our Capability
   **Roger Couldrey**, Vice-President (Administration)

Break

The Way Forward
   **David Wilkinson**, Provost and Vice-President (Academic)

Conclusion
   **Deidre (Dee) Henne**, Assistant Vice-President (Administration) and CFO
   **John P. Kearney**, Chief Information Officer

4:15 p.m. Farewell
The Stories We Tell

John P. Kearney
Chief Information Officer
Involvement

- more than 200 people at software demos
- 250 people participated in Business Process Mapping open houses
- four advisory committees with \( \approx 40 \) members each
- 170 workshops with people from across McMaster
- Mosaic is the most open and transparent administrative project McMaster has ever had.
# Survey Response Rate

<table>
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<th>Category</th>
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<tr>
<td>Potential participants</td>
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<td>Opted out</td>
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<td>Bounced emails</td>
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<td>Surveys partially completed</td>
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**Response rate by group**

- Management: 40%
- Staff: 37%
- Faculty: 29%
Survey: Awareness Levels

Managers
- Not at all: 8%
- Slightly: 21%
- Very: 27%
- Moderately: 26%
- Extremely: 18%

Staff
- Not at all: 39%
- Slightly: 23%
- Very: 8%
- Moderately: 25%
- Extremely: 5%

Faculty
- Not at all: 63%
- Slightly: 22%
- Very: 4%
- Moderately: 11%
Survey: Success

Evaluate this statement:
"I believe this project will be successful."
Survey: Comments

- More information and communication
- Concerned about functionality
- Training
- Training
- Training
What is Mosaic

- Mosaic is McMaster’s project to modernize its business processes and replace its current business systems with an enterprise resource planning (ERP) system.
  - Modernizing business processes comes first
  - The new ERP system flows from improved processes
- This is an administrative or business project
  - It needs the expertise and support of McMaster administrative units
What is an ERP

- Enterprise Resource Planning (ERP) software uses specific functional application modules to integrate all departments’ business processes within an organization.

- ERP applications are intended to address numerous organizational objectives through the efficient and effective use of information technology.
ERP Benefits for McMaster

- Researchers gain more control over their research accounts
- Staff gain better tools to do their jobs, especially financial administration.
- Dramatically better business intelligence to guide University planning and decision making
- Enhanced student service
Additional Benefits Include:

- Improved systems user satisfaction
- A central data repository for institutional data
- Simplified and standardized information systems
- Automated workflows
- Technology support cost predictability
ERP Challenges

- Estimates are that as many as 96.4% of ERP implementations fail to complete both on-time and within budget (Rao, 2000,) and

- that 70% of ERP implementations do not achieve their intended benefits (Al-Mashari, 2003)
Key to Success

• Whatever the reason for deciding to undertake an ERP implementation, it is in the best interest of the institution to take the necessary steps to ensure as smooth an implementation as possible.

• It is therefore important to identify the factors most likely to contribute to a successful implementation.

• These critical success factors provide focal points for attention and for the allocation of scarce resources.
22 Critical Success Factors

- Project Management
- Training on ERP
- Goals and Objectives
- Project Team Composition
- Education on Business Processes
- Cooperation
- Architecture
- Top Management Support
- Careful ERP Package Selection
- Dedicated Project Resources
- Communication
- Data Issues
- Manage Change
- Steering Committee
- Manage Expectations
- Partnership with Vendor
- Vendor Support
- Project Champion
- Minimal Customization
- Use of Consultants
- Process Re-engineering
- Vendor’s Tools
The Big Six

1. Top Management Support
2. Project Management
3. Project Team Composition
4. Clear Goals and Objectives
5. Cooperation
6. Careful ERP Package Selection

(Nah 2001 & Somers 2003)
Mosaic Project Principles

- Do not custom develop a solution.
- Minimal customizations will be made to the solution implemented.
- Processes will be modified to become simpler and more consistent across the University.
- Project risk must be minimized and managed.
- Strong scope and expectations management.
- University stakeholders will actively participate in all phases of the solution implementation.
- Organizational Change Management will be proactively implemented throughout the life of the project.
Mosaic: the story so far

- Comprehensive study of McMaster system options ultimately leading to the decision to pursue an ERP
- Selection of software: PeopleSoft by Oracle
- Current business processes mapped
- Selection of a System Implementation Consultant
- Recruited McMaster teams (some positions still vacant)
Mosaic: the next chapter

- Fit-Gap stage started
- Design and Implementation to start in February 2013
- Multiple go-live dates over the next two years
Acknowledgements

- Executive sponsors
- Team members, both volunteers and draftees
- Workshop participants
- Managers who have contributed staff to workshops or allowed staff to join the implementation teams
- Those who remain in home departments to keep things running
- The rest of the University for being patient and enduring reduced staffing in areas that are contributing team members
Questions
Our Environment: Building our Capability

Roger Couldrey, Vice-President (Administration)
What We’ll Cover Today

- The Strategic Context for Administrators
- Administrative Strategies and Programs
- Change in Action
- Principles
- Our Role
Strategic Context for Administrators

Global Pressures on and Opportunities for PSE

Ontario’s Realities

FWI

The Emerging Landscape

Administrative Strategies

- Increased participation when governments can least afford.
- The pull of technology whether or not cheaper or more effective.
- Labour market mobility driving equivalence.
- Commercialization of research should drive employment.
Strategic Context for Administrators

Global Pressures on and Opportunities for PSE

Ontario’s Realities

FWI

The Emerging Landscape

Administrative Strategies

- Financial profile driving change.
- Interventionist government: sector is under study from all directions.
- Colleges seen as successful.
- Q: Is PSE model broken? Can it be sustained? What is the sector doing to respond/reinvent itself?
Strategic Context for Administrators

Global Pressures on and Opportunities for PSE

Ontario’s Realities

FWI

The Emerging Landscape

Administrative Strategies

The Principles

- Devoted to the cultivation of human potential.
- Adopt a multidisciplinary perspective.
- Our future shall be continuous and consistent with our past.
- Place the highest value on original thought.
- Reaffirm the importance of radical questioning.
- Reduce or eliminate obstacles to cooperation.
- Serve the greater good of our community.
Strategic Context for Administrators

Global Pressures on and Opportunities for PSE

Ontario’s Realities

FWI

The Emerging Landscape

Administrative Strategies

Strategic Direction for Administration

- Increase authority levels
- Experimentation
- Flexibility in policies
- Responsible risk-taking
- Dismantle bureaucracy
- Experiment / reduce barriers to innovation
- Community engagement
- Communication platforms
- Reward admin areas that identify / remove barriers
- Continuous Improvement program
Administrative Strategies and Programs

- Can we continue to operate the University successfully with current systems?

- Can we reach the President’s goals with our current policy process and system infrastructure?

- If all we do with Mosaic is automate our current policies and processes, do we succeed?
Administrative Strategies and Programs

Understand strategy:
- Provide direct support to University/Faculty/AVP strategies in support of core academic/research mission.

Be accountable:
- Develop service level standards in consultation with faculties/departments to ensure mutuality of expectations. Proactively offer consultative support and expertise in support of mission.

Change the way we work:
- Improve alignment of service expectations and resourcing.
- Improve consultation and tools for effective financial management.
- Provide a consistently reliable transaction support system.

On time and budget:
- Project manage new construction projects such that they are executed on scope, on a timely basis and within budget.
Administrative Strategies and Programs

Be efficient and effective:
- Lead in and facilitate policy and process reviews to deliver greater efficiency and effectiveness.

Be ready for change:
- In preparation for IT and other strategies improve University change readiness.

Build an engaging workplace:
- Cultivate a positive and productive workplace through accountability and engagement initiatives.
- Seek out synergies across ancillaries/within administration.

Mosaic:
- Implement approved system renewal strategy.
Programs Underway

- **Vision 2020**
  - Mosaic
  - Email
  - Security
  - Disaster Recovery

- **Facilities Strategic Plan**
  - Asset Management
  - Energy Management
  - Campus Accessibility

- **Financial Affairs Strategic Plan**
  - Alternative Budget Model
  - Debt Strategy
  - Chart of Accounts
  - E-Procurement Strategy
  - Financial Health Strategy

- **Alternative Budget Model**
- **Enterprise Wide Risk Management**
- **Continuous Improvement**
- **Synergies within Ancillaries**
- **Benchmarking and KPI**
- **Change Management Culture**
- **Employee Engagement**

The Campaign for McMaster University
### Change in Action

| Policy Simplification: | Procurement – consolidation of 17 policies  
Reimbursement – consolidation of 5 policies  
UTS – consolidation of 14 policies |
|-----------------------|-----------------------------------------------------------------------------------------|
| Process Redesign:     | Continuous Improvement  
Casual/Temporary Statutory Holiday Pay  
Student One-card feasibility  
HR processes and approvals |
| Technology:           | Mosaic – integrated platform and best practices  
Email and calendaring  
ePaystubs               |
Change in Action

- Depends on people
- Demands leadership
Guiding People Considerations

People

➢ Communicate information about the systems renewal project to increase others’ understanding of it.

➢ Know that feelings of anxiety and resistance are normal. Help others embrace and manage through change.

➢ Invite and consider others’ input and tell them what we’ve done with it, throughout each stage of the project.

➢ Provide learning opportunities for you to build the skills and knowledge necessary to prepare for, implement and sustain change.

➢ Recognize others’ efforts and accomplishments.

➢ Foster increased collaboration and understanding of how our work impacts one another.
Our Role

- Everything we do is in support of our academic and research mission.
  - Goal is simplification and efficiency in our policies and processes.
  - Our obligation to ascertain needs and effectiveness.
- Mosaic may be the biggest project we’ve ever undertaken: Commitment = Success
- Support each other: change can be uncomfortable.
Our Role

- New budget model will change how we think about resources: open your minds.
- Make the right decisions: this a marathon not a sprint.
- Have courage and take some risk.
  - What policy and process controls are actually required, and where can we allow flexibility.
- Engage and encourage your team mates.
  - Success will follow from participation and user ownership.
The Benefits

- McMaster’s strength and reputation continue to grow internationally.
- Our student experience continues to be top-tier.
- Our faculty has the best support structure to excel in research, teaching and learning.
- We have reduced obstacles and removed silos.
- Data is entered once (by the owner) and hand-offs are cut.
- We have the tools we need to run the University.
- We like our systems.

and above all

- Our jobs are do-able!
Mosaic Change Strategy Tool*

MANAGING THE CHANGE PROCESS

- Project Governance
- Gap Analysis
- Action Planning and Transition Management
- Measuring the Change
- Leadership
- Communication
- Learning
- Recognition and Rewards

Current State

Desired State

ENABLING AND SUSTAINING PEOPLE CHANGE

*Strategy tool based on TQM Ishikawa cause and effect analysis diagram

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The Way Forward

David Wilkinson, Provost and Vice-President (Academic)
provost@mcmaster.ca
Overview

• Forward with Integrity

• Reorganization of senior academic positions
  – Associate Vice-President (Faculty)
  – Associate Vice-President (Students and Learning) and Dean of Students

• New Budget model implementation

• Mosaic – managing expectations
Forward with Integrity

- A transformative process for the University
- Working closely with the President and other senior administrators
- Provost focus is on the academic issues
Senior Administrative Position Changes

- Provost and Vice-President (Academic)
  - Vice-President
    - Dean of Faculty of Health Sciences
  - Dean of Faculty of Business
  - Dean of Faculty of Engineering
  - Dean of Faculty of Humanities
  - Dean of Faculty of Science
  - Associate Vice-President (Students and Learning) and Dean of Students
  - Associate Vice-President (Institutional Research and Analysis)
  - University Librarian
  - Director, Human Rights and Equity Services
  - Museum of Art
  - Chief Information Officer (Joint report to Provost, VP Research, and VP Administration)
  - Manager, Appointments and Records
  - Executive Assistant
  - Executive Director, Office of the Provost
Associate Vice-President (Faculty)
Associate Vice-President (Students and Learning) and Dean of Students
Budget Model – Fund Management

The university manages its finances in 6 funds:

• Operating Fund
• Ancillary Budgets
• Capital Fund
• Endowment Funds
• Research Funds
• Trust Funds

The new budget model addresses the Operating Fund
Current Model

- Historically based budget allocations
  - Inability to reconcile base budgets to academic plans or activities
  - Complex
  - Seen as not correctly allocating funds
- Incremental growth funded based on enrolment plus allocations from central funds
- Lack of transparency
- Not linked to academic plans or strategic directions
Move to New Budget Model

Budget Model Task Force 1 (BMTF) principles established:

• Promote transparency, trust and engagement
• Assure financial responsibility, accountability and fairness
• Advance the efficient use of physical and human resources
• Have predictability and stability
• Enable innovation, creativity and change
• Assign fiscal and academic responsibility to the appropriate levels
• Build the student learning experience both inside and outside the classroom
• Enable rapid response to opportunities
• Ensure the sustainability of areas of existing and emerging excellence in keeping with academic priorities
Additional guidelines adopted by BMTF II and based upon subsequent feedback are:

- Support and enhance the academic mission (research and teaching)
- Avoid the creation of “silos” and promote inter-Faculty / departmental cooperation
- Keep things simple, not too many variables
- Utilize the concept of “materiality” – spend time on large items, set a limit under which the item will not form part of the components of a budget model
- Be simple to administer
- New buildings (built after 2012) will be metered and will pay actual utility costs in order to promote LEED compliance
- A research infrastructure fund (RIF) will be established to promote the support of research at McMaster University
Revenues and Expenses

- Students
- Province of Ontario
- Research Sponsors
- Other Sources of Revenue

   - Tuition
   - Government Grants
   - Indirect Costs of Research
   - Other Income

   Faculties

   - Service Unit Allocations
   - Research Infrastructure Fund (RIF)
   - UF Transition Adjustment
   - University Fund (UF)
The BOG-approved financial transitional plan for the ERP is treated as a service unit and the same driver used for UTS is used for the distribution of the ERP budget.

It is expected that when the ERP is completed, that service unit will cease to exist with operating costs transferred to UTS and a decrease in service unit costs will ensue. This will be the model used in the future to fund large capital projects that are university-wide in scope.
Mosaic (ERP) – Sponsoring Change

• Sponsor, enable and manage change through:
  - Managing expectations
  - Empowering the culture to make the changes necessary
  - Ongoing discussions with Deans, Chairs and Directors in their roles as change leaders
  - Ongoing representation and cascading of communication from academic representatives on Advisory Committees
  - Providing tools and resources to make the changes necessary
  - Providing quality assurance
Thank You

Thank you to the large contingent of people who are engaged and participating from throughout the University

- Fit-Gap workshops
- Open houses
- Advisory committees
- Budget model implementation
- FWI initiatives
Questions and Comments