

# Shortcuts to Bethlehem?: Leading and managing organisational change in Universities

August 2016

# Overview

- Current and likely future policy developments in higher education and their likely impact on organisational change;
- A case study of La Trobe's 'Funding Future Ready' process in 2014 – what we did, what we learned and implications for leadership and management of large scale change; and
- Responding to digital disruption and accelerating the pace of change in universities

# Policy and funding environment – selected highlights

## Government options paper on funding:

- expansion of the DDS?
- ‘flagships’?
- rebalancing public and private contributions?
- will revenue grow as fast as our cost base?

## Innovation Statement

- greater emphasis on industry funding
- new measures of impact and engagement

## Other factors:

- rankings
- social media
- competition
- expectations relating to student employability

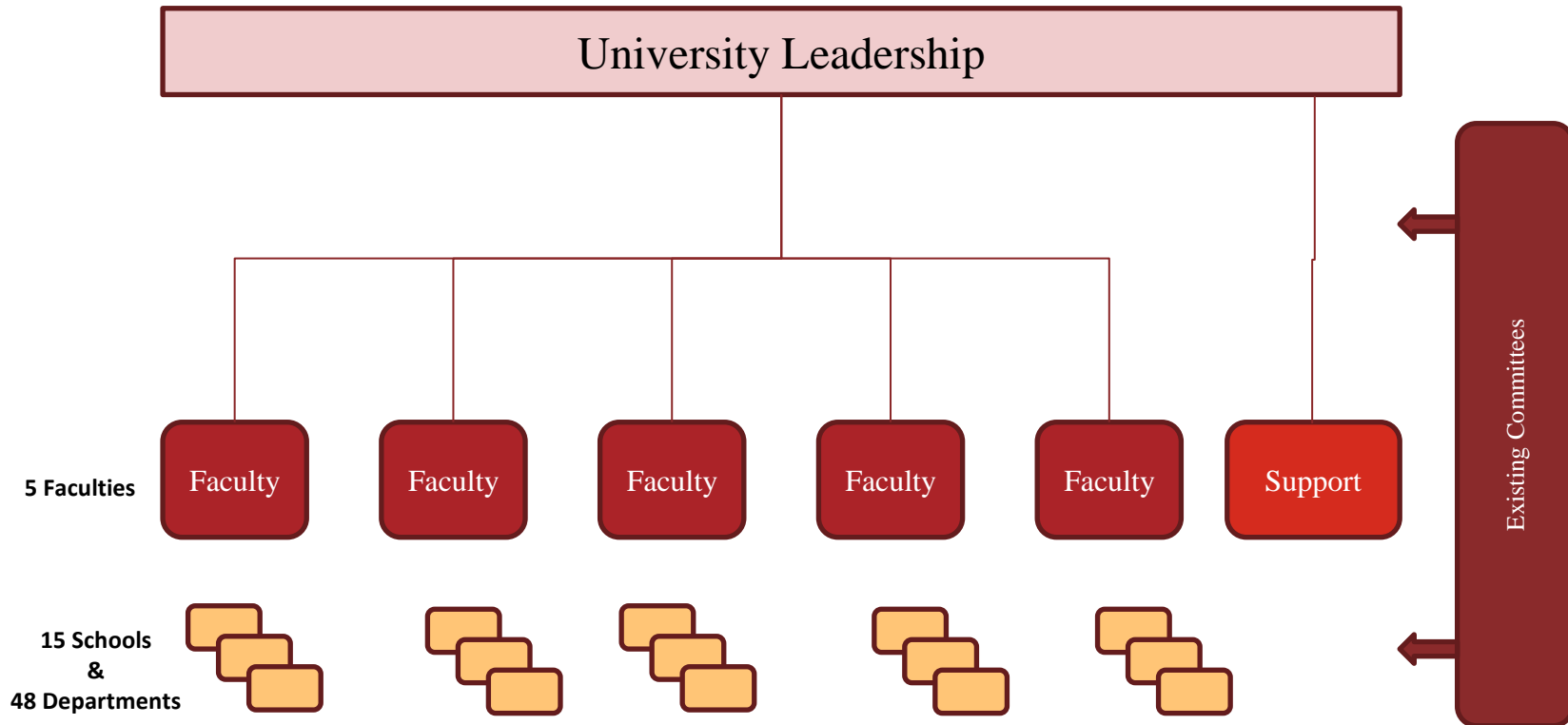
## “Funding Future Ready”

- in 2014, University identified a potential gap between revenue and costs of about \$60m that would have bankrupted the University by the end of 2017 if left unaddressed
- with assistance from PWC, we identified opportunities for savings totaling about \$70m – some were deemed unsuitable
- Key decisions:
  - no voluntary redundancies
  - not just about cost saving, but about realigning the University around our strategy and creating capacity to invest in our future
- we established the ‘Funding Future Ready’ program under the leadership of a dedicated DVC (Future Ready) and supported by a full PCMO and a Steering Committee chaired by VC

# Key elements

- academic restructure informed by clear design principles relating to cross-disciplinarity, academic engagement and alignment with university strategy:
  - 5 faculties to two colleges
  - 16 schools to 11
  - 49 departments to 26
  - 100 committees abolished
- reorganisation of University services from devolved model reliant on faculties to a shared service model, with functions divided between centre and college 'hubs'
- redesign of all core business functions, systems and processes

# Organisation: Pre FFR State(July 2014)

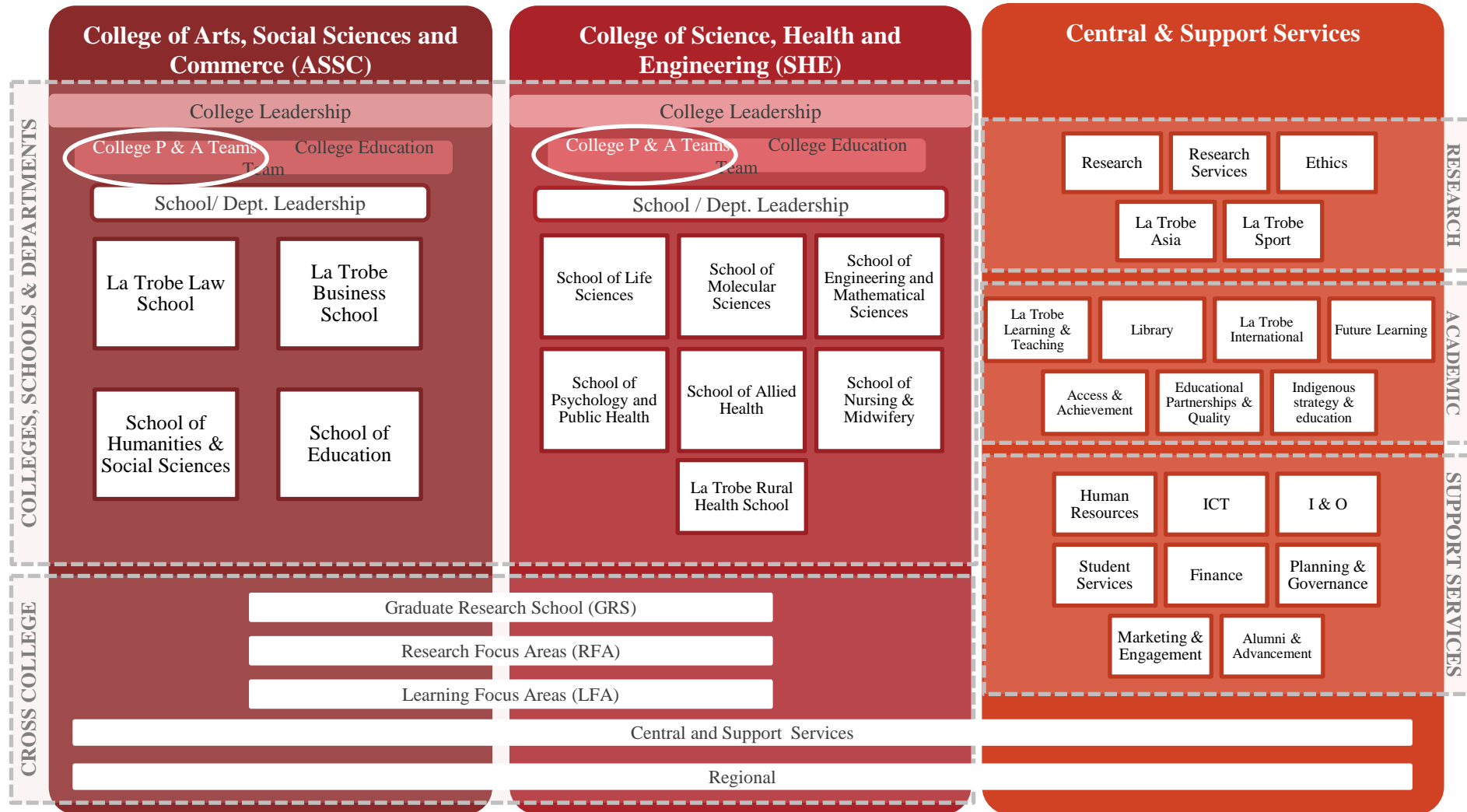


## Assumptions include:

- Some changes will commence pre-October such as Contact Centre and PVC Recruitment
- Most Financial and staff delegations will remain in place until the end of the year
- Statutes and Committees remain in place until the end of the year

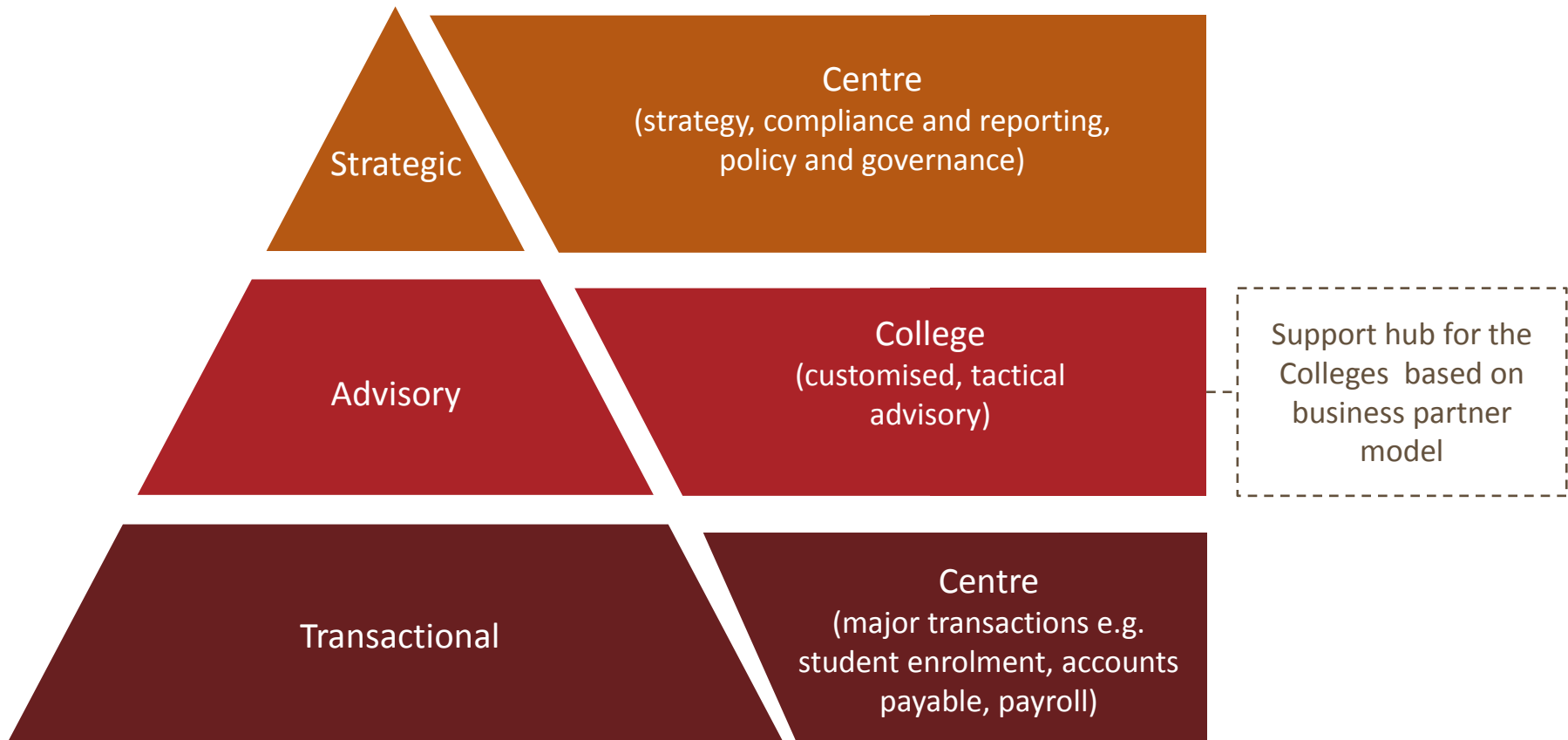
# La Trobe Model: Delivering Future Ready

Note: model indicative not exhaustive



# Re-designing support services

All Support Services will be delivered through the following structure:





Workstreams	Support Services Operating Model	Academic Operating Model	Academic Productivity	Research
Projects	<ul style="list-style-type: none"> <li>1. Simplify HR</li> <li>2. Simplify Finance</li> <li>3. Simplify Community Engagement</li> <li>4. Simplify Governance</li> <li>5. Optimise ICT</li> <li>6. Optimise Student Services</li> <li>7. Procurement</li> <li>8. Optimise Infrastructure and Operations Services</li> <li>9. Capital Assets [merged with Project 8 ]</li> <li>10. Reduction in discretionary spend</li> </ul>	<ul style="list-style-type: none"> <li>11. Libraries</li> <li>12. Faculty Consolidation</li> <li>13. Faculty Internal Structures [merged with Project 12]</li> <li>14. Student Experience</li> <li>15. Extend Academic Calendar</li> </ul>	<ul style="list-style-type: none"> <li>16-17. Academic Productivity</li> <li>18. High Demand Disciplines [merged with Project 16]</li> <li>19. Optimise Regional Model</li> </ul>	<ul style="list-style-type: none"> <li>20. Research focus</li> </ul>

## FFR: Governance

- An **FFR Steering Committee** was formed, chaired by the VC. It comprised the work stream leads, selected other staff and was supported by the PCCO. It met monthly
- Each project had a **Steering Committee** which met was required, often fortnightly
- An **Issues Forum** was created during the height of the change implementation. It met daily at 4pm. The Program Sponsor or PCCO Director was in the chair but it was an informal meeting without pre-published agenda and provided an opportunity for any project lead to raise issues for resolution and/or debrief. This proved an invaluable forum for rapid assessment and resolution of issues, and for mutual support of staff who were facing some challenging situations

## FFR: Communications

- Significant effort was expended on communications and the PCCO had 2 dedicated communications specialists – one employed for the duration of the program and one FTE seconded from internal Marketing Division who then transitioned back to business as usual
- An FFR communications strategy was created, with underpinning principles to guide the work

# The good, the bad and the annoying

## Good:

- Academic restructure
- Program management function
- Communications
- HR function

## Bad:

- Staff having to reapply for their jobs – loss of morale
- New structures revealed underlying weaknesses of our systems and processes
- Drop in staff engagement and student satisfaction

## Annoying:

- Loss of time and money through Union action in FWC and Fed Court (ultimately unsuccessful)
- Scope of consultation and security of employment clauses

## FFR: Outcomes Summary

- University restructured to a two college model and revised support service operating models, with formal effect on 1 January 2015
- Staff redundancies of 309 (no voluntary redundancies; 300 had exited as at 31 March 2015)
- Net FTE reduction of ~340 (including natural attrition and closed-out vacant positions)
- Annualised Benefits:
  - \$28m delivered in 2014
  - \$57m forecast in 2015
  - \$69m forecast in 2016

## FFR: Outcomes Summary (cont)

- La Trobe University's workforce profile (casual / fixed / continuing) is on par with sector standards and there has been no increased casualisation of the workforce as a result of FFR. Detailed observations include:
  - 2015 **casual** workforce proportion is consistent with sector benchmark comparators
  - 2015 **continuing** workforce proportion is approximately 15% higher than sector benchmark comparators
- Financial outcomes – target budget surplus achieved (approx. \$70m) in 2015, forward capital plan of \$0.5 bn over next three years; revenue growth in 2015 one of the highest in the sector
- Academic outcomes improved – 18% lift in publications in 2015, and in per capita publication rates; La Trobe rose 200 places on most recent ARWU to highest ever position, and one of the best improved in the sector
- Continuing issues – service effectiveness, staff morale, student satisfaction

## Managing disruption

How will universities manage change in the future?: Some propositions:

- There's a limit to how much change can be achieved through 'traditional' org change such as FFR – fatigue, costs, speed
- Future change will 'go round' the institution, sit at the edges, scale up quickly, use new/more commercial business models, feedback into the 'old' Uni
- Choices universities make here will be critical

Recommended option

Business model options for La Trobe Online	Advantages	Disadvantages	Risks & Considerations	Timeframe to operationalise	Timeframe to achieve the benefits
<b>Equity Partnership</b> with Global Institution	<ul style="list-style-type: none"> <li>• Medium capital investment</li> <li>• Free from the inflexibilities of current processes, structures and resources</li> <li>• Broad capabilities and suite of services from partner</li> <li>• Speed to market and global reach</li> <li>• Extending the LTO brand (in conjunction with partner)</li> </ul>	<ul style="list-style-type: none"> <li>• Profit share</li> <li>• Potential partner imposed constraints</li> </ul>	<ul style="list-style-type: none"> <li>• Reputation risk of partner institution</li> <li>• CRICOS licensing</li> <li>• Establishing inappropriate business model (cited as the highest issue for start-up failure)</li> </ul>	12mths +	6mths with interim transitional arrangements
<b>Separate entity</b> , whole owned, subsidiary	<ul style="list-style-type: none"> <li>• Free from the inflexibilities of current processes, structures and resources</li> <li>• Unproblematic ‘buy-in’ of capabilities and suite of services</li> <li>• Speed to market and global reach</li> </ul>	<ul style="list-style-type: none"> <li>• High capital investment</li> <li>• Will require global agents</li> </ul>	<ul style="list-style-type: none"> <li>• Establishing inappropriate business model (cited as the highest reason for start-up failure)</li> </ul>	12mths +	12mths – 18mths +
<b>Revenue sharing</b> , outsourced	<ul style="list-style-type: none"> <li>• Low capital investment</li> <li>• Broad capabilities and suite of services</li> <li>• Technological expertise</li> </ul>	<ul style="list-style-type: none"> <li>• Cost model, not competitive at scale</li> <li>• Contract term (locks us in for long term: 5+ years)</li> <li>• Constrained by Academic capacity</li> </ul>	<ul style="list-style-type: none"> <li>• Provider capacity, could delay product build out</li> </ul>	~6mths	~6mths
<b>In-house</b> “online” unit	<ul style="list-style-type: none"> <li>• Low capital investment</li> </ul>	<ul style="list-style-type: none"> <li>• Constrained by current systems and processes</li> <li>• Significant uplift in capabilities is required</li> <li>• Significant IT investment required</li> <li>• Significant disruption and increased workload on current staff</li> </ul>	<ul style="list-style-type: none"> <li>• High risk of failure</li> </ul>	immediate	18mths +