

University of Kansas Medical Center
Changing For Excellence
Town Hall Meeting
July 5, 2011

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Discussion points

The purpose of today's meeting is to communicate project scope, objectives and approach and solicit input regarding project expectations and outcomes.

- Introductions and project organization
- Project stewardship and communications
- Scope and objectives
- Approach, timeline, and deliverables
- Progress to date
- Potential issues for consideration
- Next steps
- Questions

Introductions

Huron Consulting

Project Leadership:

John Curry
Shandy Husmann
Mike Phillips
Kathleen Shaw

Project Delivery:

Shabaki Lambert
Marc Bonarigo
Floyd Barnett
Patrick Higley
Mike McClatcher

Subject Matter Experts

Robert Hascall, Facilities
Marlon Lynch, Public Safety & Security
Derek Smith, Procurement
Judy Thorp, Human Resources

University of Kansas Medical Center

Project Advisory Committee

Jim Bingham
Marge Bott
Jim Cooper
Winnie Dunn
Sam Enna
Debbie Ford
Shelley Gebar, Committee Chair
Rick Johnson
Mike Keeble
Greg Kopf
Chris Lyon
Chris McCracken
Kim Meyer
Tyann Orton
Ed Phillips
Don Rau
Steffani Webb

Scope and objectives

KU is seeking administrative cost savings and revenue enhancement opportunities.

In-scope functions

- Information technology
- Accounting and finance
- Procurement
- Public safety
- Student services
- Human resources
- Business services
- Facilities operations
- Design and construction services
- Research administration
- Auxiliaries

Objectives

- Reduction of operating costs through more efficient use of the University's infrastructure
- Identification of cost-reduction, revenue-enhancement and service-improvement opportunities
- Evaluation of how effectively administrative and business support services are delivered
- Evaluation of funding models currently used for self-supporting units
- Identification of opportunities to reorganize and streamline the administrative infrastructure
- Evaluation of cost saving ideas identified by the University in light of industry best practices
- Creation of a roadmap to transform the University so that it operates effectively within the financial constraints that are expected over the next decade

The University is taking a proactive approach to strategic transformation of administrative services to identify resources to fund strategic initiatives.

Our Resource Optimization Project Principles

Huron's guiding principles are driven by our understanding that university administrative and service operations exist to support education, research, public service and patient care.

Huron strives to develop recommendations that are:

Context Dependent

Initiatives must be identified and prioritized in a manner that is **sensitive to the culture and mission** of each the University

Potential reductions and reallocations will be judged on the basis of **alignment with the University's strategic priorities**

Impactful

Cost reductions in one area should not shift costs to another since this does not generate any net financial benefit and may create a competitive, rather than collaborative, culture

Revenue generation options should be developed where feasible to **mitigate potentially excessive expense reductions**

Data Driven

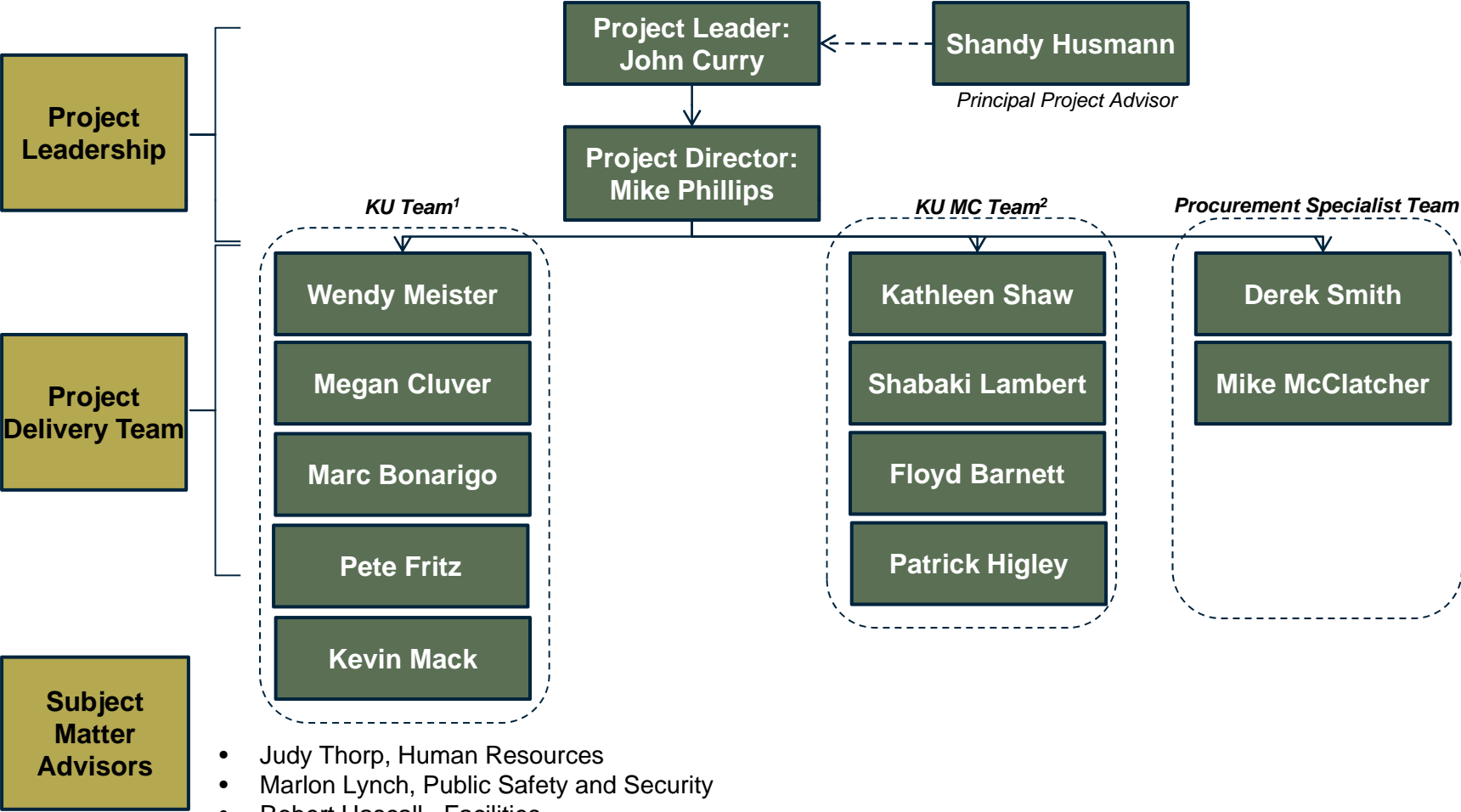
Proposed initiatives should be **supported by business cases** which are data driven and comprehensive

The **revenue impact of cost reductions must be understood** and estimated to the degree possible.

All decision processes and criteria should be transparent and communicated clearly and systematically to all parties, including administration, faculty, staff, and other affected stakeholders.

Project organization – Huron team overview

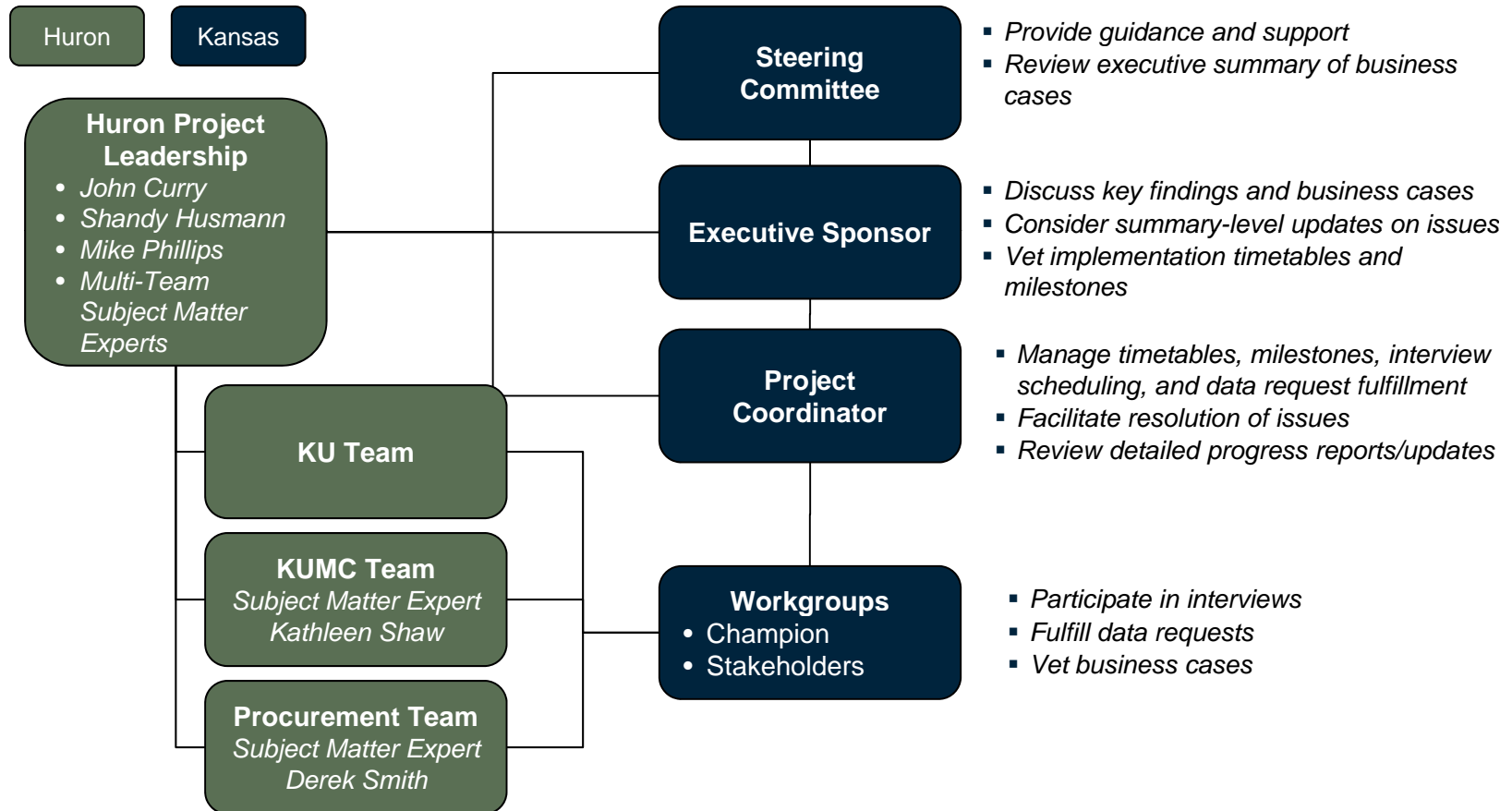
Each campus will have a dedicated project delivery team and the teams will work collaboratively to identify opportunities across campuses.



- Judy Thorp, Human Resources
- Marlon Lynch, Public Safety and Security
- Robert Hascall, Facilities

How Huron will partner with the university

Leveraging university engagement and actively involving stakeholders helps to build consensus and promote sustainable change.



KU & KUMC engagement in the project will help to promote organizational buy-in and create a framework for sustainable change.

Project stewardship and communications

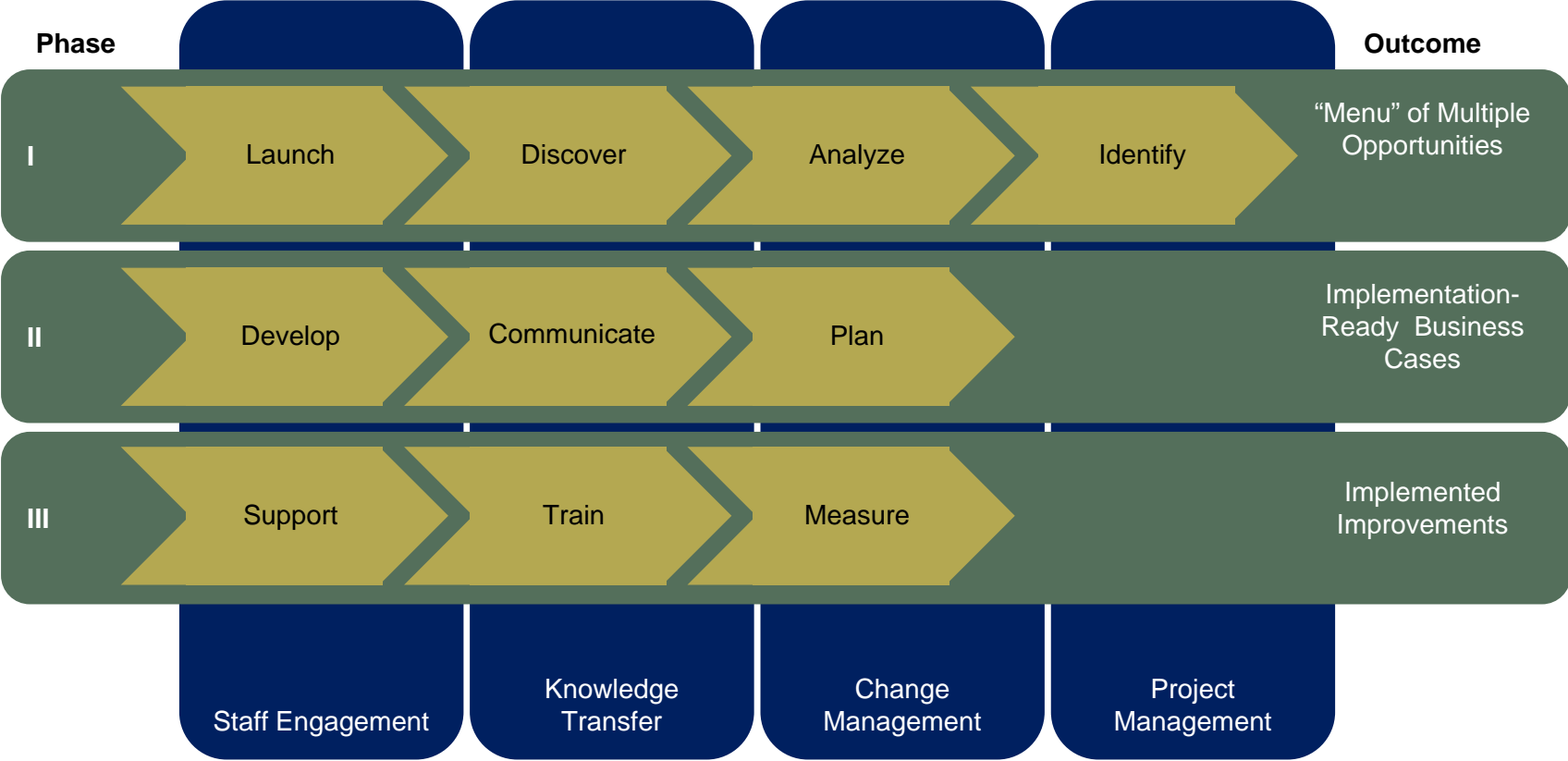
Project stewardship is grounded in strong communications and knowledge sharing between Huron and KUMC.

Committee/Group	Roles	Meeting Frequency
Executive Steering Committee	<p><u>Project Leadership</u></p> <ul style="list-style-type: none"> • Provide overall project guidance and direction • Approve/make decisions 	• Bi-weekly
KUMC Advisory Committee	<p><u>Project Stewardship</u></p> <ul style="list-style-type: none"> • Review project status • Provide institutional insight and guidance • Validate findings and vet recommendations 	• Bi-weekly
Project Sponsor & Coordinator	<p><u>Project Management</u></p> <ul style="list-style-type: none"> • Manage project and coordinate resources • Make/obtain management decisions • Vet/validate data and assumptions • Escalate/resolve project issues 	• Weekly

Frequent communication between Huron and KUMC stakeholders facilitates ongoing knowledge sharing and provides project direction.

Overview of approach

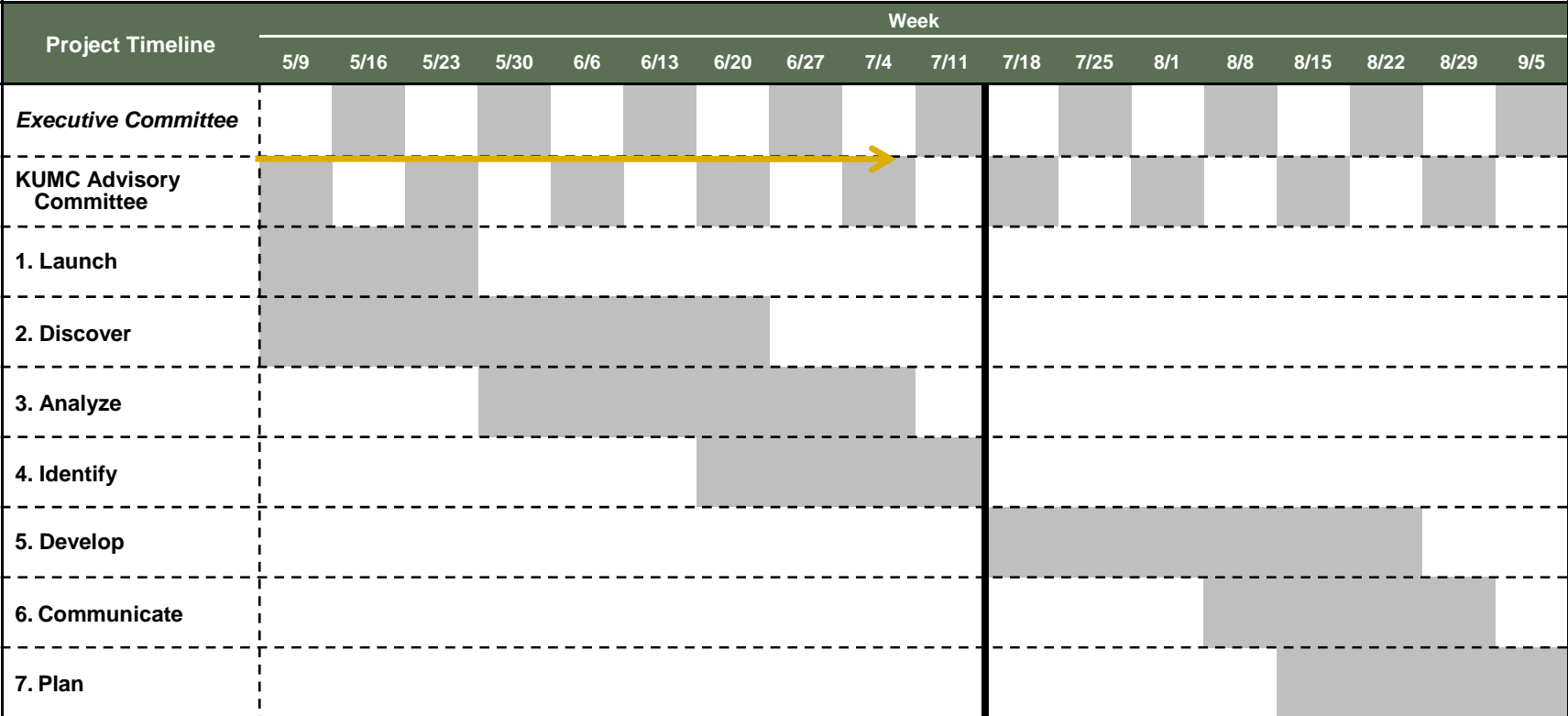
This engagement focuses on Phases I & II and will provide KUMC with business cases for implementation of selected opportunities.



At the end of Phase II Huron will provide KU & KUMC with ~10 business cases (across both campuses) that are selected from the menu of opportunities provided in Phase I.

Project timeline

Phases I & II are anticipated to last approximately eighteen weeks.



In addition to bi-weekly Advisory Committee and Executive Steering Committee meetings, Huron meets weekly with the project sponsor for KUMC to provide status updates.

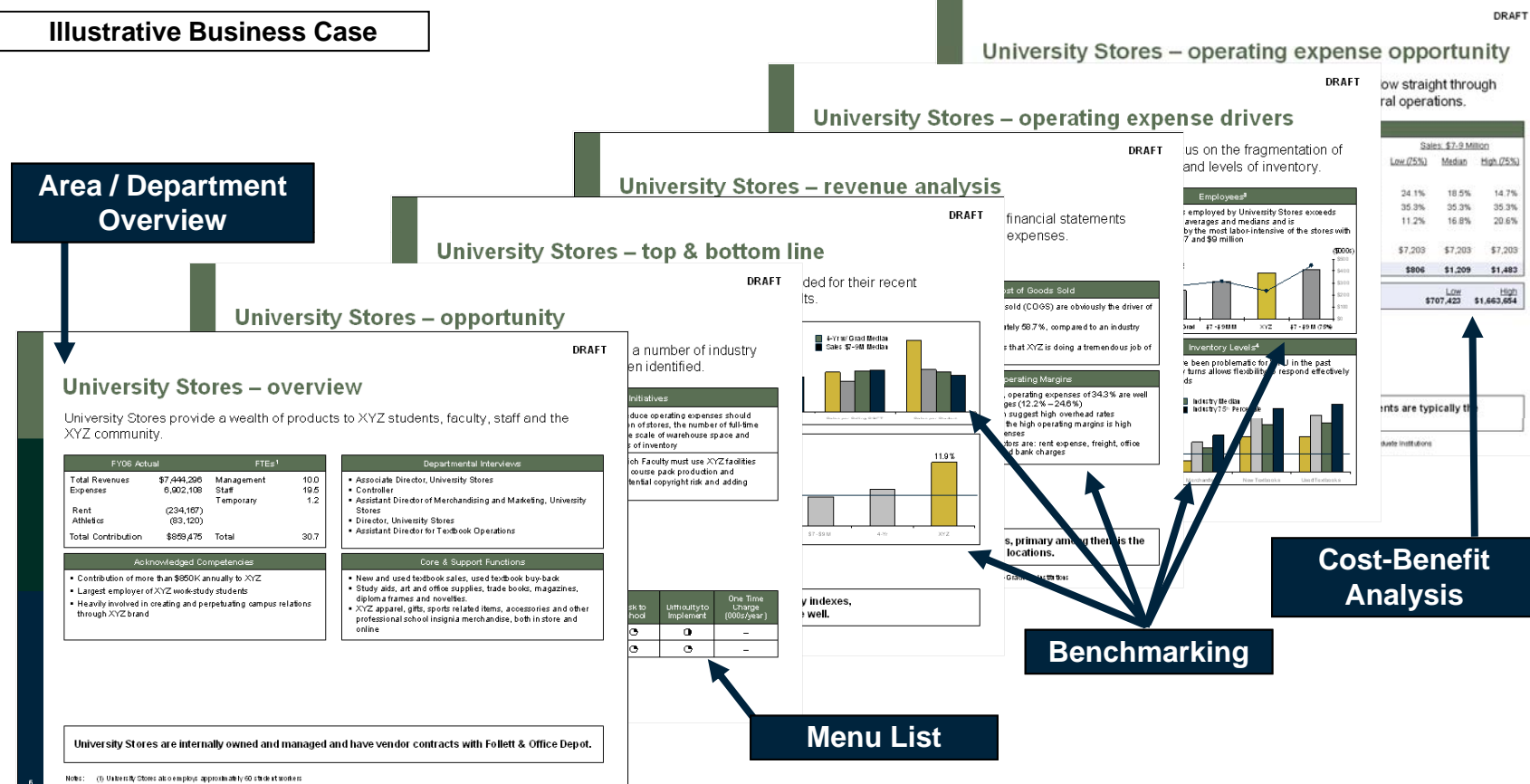
Phase II – business case development

The development of the business cases requires a structured approach.

Business Case Development	
Process/ Business Assessments	<ul style="list-style-type: none"> • Further assess current operations including: <ul style="list-style-type: none"> – Acknowledged competencies – Core operating functions – Primary support functions • Identify and evaluate recent trends in the area operating environment • Review the sources and uses of resources with a focus on key drivers, including where appropriate: <ul style="list-style-type: none"> – Revenue (price & quantity) – Cost (fixed & variable)
Gaps & Solutions	<ul style="list-style-type: none"> • Benchmarking information and data uncovered during Phase I are used to identify gaps and/or inefficiencies • Potential opportunities to close the identified operational gaps are developed • Qualitative assessments are made of each option to identify cultural and implementation considerations • Recommendations are crafted to close the respective operating gaps
Cost / Benefit Analysis	<ul style="list-style-type: none"> • Supporting analytics are used to determine the financial impact of each recommendation, including: <ul style="list-style-type: none"> – Relevant up-front cost and one-time benefits – Affiliated cost reductions – Incremental revenue enhancements • Aside from the financial implications, assessments are made in terms of service levels and risk exposures to further justify implementation
Business Case Creation	<ul style="list-style-type: none"> • Prior steps of analysis are synthesized into a complete business case providing a full description and a fact-based, data-driven rationale for change • Business case deliverable components will include the current state assessment, strengths, benchmark data, recommendations for change, and benefits (financial, service quality, cultural, etc.)

Business case – example

The business cases provide detailed, fact-based support for the opportunities identified.



The “menu” approach is expanded during the business case development phase to provide more precise estimates of savings opportunities and institutional impacts.

Progress to date

Huron, working with the KUMC project sponsor and Advisory Committee, is well along the Analyze path of this phase.

- Communications
 - “Changing for Excellence” website
 - Project Charter
 - High-level communication plan
- Data compilation
 - Initial data request submitted the week of April 18th
 - KUMC established a SharePoint site to submit data
 - Huron has reviewed data initially submitted and has requested, received and reviewed additional information
- Leadership interviews
 - Huron has completed 110 interviews with leadership, faculty and staff on both the Kansas City and Wichita campuses
 - Additional interviews and follow-up meetings to vet data and test assumptions will continue to be scheduled as needed

Benchmarking

Huron worked with the Advisory Committee to identify a set of peer benchmarking schools for this project that relate to the Medical Center.

- Identified peer institutions:
 - University of Maryland Medical School
 - University of Colorado School of Medicine
 - University of Iowa Roy J. and Lucille A. Carver College of Medicine
 - Indiana University School of Medicine
 - University of Illinois College of Medicine
 - University of Nebraska College of Medicine
 - University of Mississippi School of Medicine
- Criteria used included:
 - Hospital is separate from University and Medical School
 - Medical School is located at a distance from main University campus
 - Faculty practice plan functions under a federated model, and is a separate legal entity
 - Two or more medical school campuses
 - Four or more additional programs / schools of health professions

Questions & Answers

What questions do you have? What information haven't we provided?

Huron team contact information:

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Link to Changing for Excellence website:

<http://chancellor.ku.edu/changingforexcellence/index.shtml>

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