



Major Organisational Change: What Works? What doesn't?

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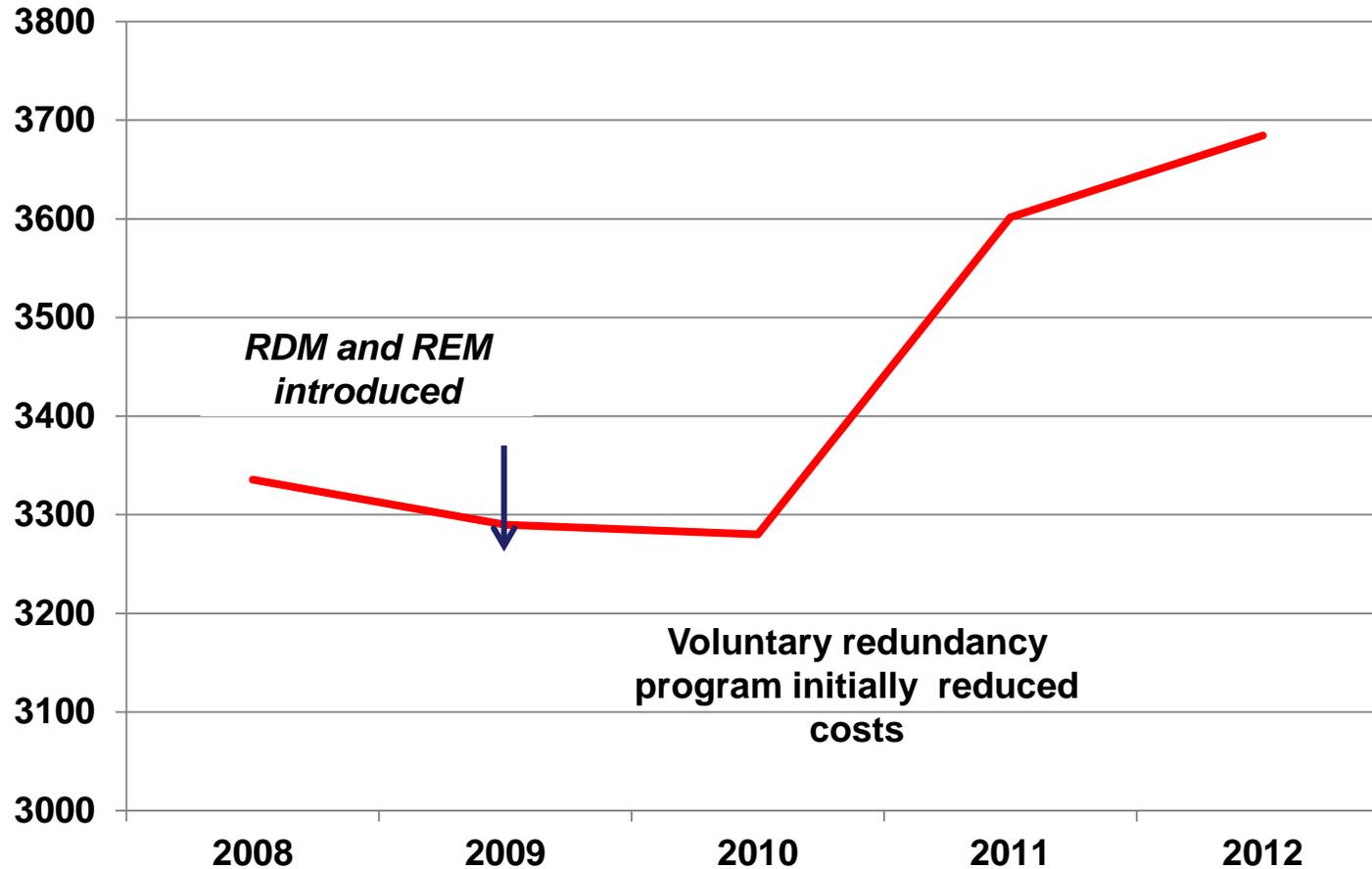
- As a sector, Australian universities do not appear in financial crisis:

	<i>2004</i>	<i>2014</i>	<i>Diff</i>
– Total Revenue (\$b)	19.0	27.7	+46%
– Total Expend (\$b)	18.1	25.8	+42%
– Net Assets (\$b)	35.8	48.0	+34%

- Cost side efficiencies will become increasingly important
- Business improvement and admin reform are the most likely candidates:
 - Admin staff \$7.1b
 - Other Expend \$8.1b
- Proper business improvement is not for the faint-hearted: sector achieved modest successes and notable failures



Total Professional Staff FTE: 2008 to 2012



But staff numbers increased again due to little change to workload

Effective cost containment requires the elimination of unnecessary work



- Seeking to learn from past, over 18 month period BIP delivered:
 - A consistent operating framework that supported Melbourne's highly devolved culture
 - A new shared services model embracing the entire University administration
 - Broadened spans of control and reduced layers of reporting
 - Consistent admin structures across all faculties
 - Filled some 2400 substantially revised/new roles
 - Reduced professional staff roles by 17% or 500 FTE
 - Identified some \$40m of procurement savings, to be realised over three years



- Identified some \$90m pa for reinvestment in research and teaching, \$70m pa delivered within 18 months
- Substantially revised the planning, budget and internal reporting model
- Reformed the University's statutory and policy frameworks
- Identified some 50+ opportunities for process improvement
- Achieved one of lowest admin cost ratios within the sector (Uniform benchmarking data 2016)

Hubris? BIP remains the boldest exercise of its kind, possibly globally, that is delivering....



- Retain focus: BIP= admin, NOT academic, reform
- Whole of institution leadership buy-in
- Willingness to partner with (and pay for) the best expert advice available
- Working with the grain of institution, not against it
- Communicating the benefits in terms explicable to the institution
- Focused and strategic project governance
- Optimise outcomes achievable over a defined term
- Staying the course – 3+ year journey at least
- Remaining open to opportunistic (collateral) reforms
- Staying out of the media



- Can never communicate enough
- Change management processes are never good enough
- Avoid changing message/course mid-stream
- Never underestimate effort involved in convincing most senior execs of need to change!!!
- Impact on project team - personally and organisationally
- Challenges of developing a rationale without a 'burning platform'
- Impact that loss of staff has on university and its culture
- Process improvement is genuinely hard
- *If at all practicable, continuous, more modest reform remains far preferable*



THE UNIVERSITY OF

MELBOURNE