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**The Texas Tech University System  
Cost Saving, Efficiency, and  
Revenue Enhancement Study  
June 2004 – Final Report**

# I. Executive Summary

## A. Summary of Findings



This study is a high level review of administrative business processes at Texas Tech University System using operational metrics and information gathered via interviews with key stakeholders. These metrics and interview results were shared with Accenture Subject Matter Experts (SME's) to identify opportunities for cost savings and efficiencies.

The review of the administrative areas within the scope of this study reveal that compared to benchmarks, Texas Tech is generally operating on a lean budget in most administrative areas. It is clear that the business stakeholders have worked diligently to keep costs down and improve efficiencies where possible. Texas Tech is to be commended for exceptional efforts in identifying and implementing savings and efficiency initiatives in recent years. Among the business areas within the scope of this study, the IT Division has been the clear leader in terms of moving to a shared services delivery environment, and proactively creating cost savings and efficiencies.

The key opportunities identified for future cost savings and efficiencies are: additional strategic sourcing of high-spend commodities; additional energy management initiatives; and, incremental improvement to certain business processes. In addition, shared services delivery of additional administrative functions between the components is another opportunity to reduce costs, improve service levels, and share best business practices. Careful consideration should be given to any shared service arrangement, due to the relatively limited dollar savings and potential to perceived loss of control and service by the institutions. All shared service arrangements (including existing agreements) must be accompanied by clearly defined, written service level agreements--so all parties fully understand and are committed to the responsibilities and expectations of such mutually beneficial arrangements.

In some instances, such as research administration, the systems and processes need capital investment to move from manually-intensive processes to more streamlined operations. While such investment may not immediately yield large dollar savings, improved processes will result and will provide better capabilities for the growing institutions in the future.

In this report, we have estimated potential annual savings of \$2.23 to \$4.88 million, in addition to many opportunities that are not quantified in dollars, but will yield greater efficiencies and additional revenue.

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## B. Objectives of the Cost Savings and Efficiency Study



1. Perform an external review and evaluation of current cost saving initiatives
2. Identify and quantify additional opportunities
3. Provide recommendations to deliver savings and enhance revenue

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## C. Current Texas Tech Cost Savings Initiatives



- There are many significant cost saving and efficiency initiatives underway or proposed; the staff should be commended for these efforts.
- The current initiatives have provided:
  - Annual savings of approximately \$14.6 million, of which \$11.2 million has been generated by the IT Division
  - Many service delivery improvements and administrative efficiencies are not quantified in dollars but have proven effective and useful
- The appendix “Current Texas Tech Cost Saving and Efficiency Initiatives” details these initiatives.
- An ongoing, formal mechanism to measure future cost savings initiatives would be beneficial and can be used to recognize and reward collaboration on initiatives across the components.

## II. Approach



The study approach was as follows:

1. A Steering Committee was established, consisting of TTUSA, TTU, and TTUHSC executives.
2. The administrative areas to include in the scope of the study were confirmed.
3. For each administrative area, stakeholders were identified by the Steering Committee.
4. Data gathering meetings were held with each of the stakeholder groups to collect operational metrics and current savings initiatives.
5. The metrics and savings initiatives were shared with Accenture Subject Matter Experts (SME's) for benchmarking and assessment and identification of opportunities for incremental changes, shared services, or outsourcing.
6. Periodic meetings were held to update the Steering Committee, Chancellor, and Presidents.
7. The Interim Report was delivered at the midpoint of the study.
8. Working sessions were conducted with the Accenture SME's and each stakeholder group to share the assessment of current operations and initiatives, and formulate additional savings and efficiency ideas.
9. The Final Report containing findings and opportunities was drafted.