

# Preparing Enterprise Finance to Support Strategic Plans in Higher Education

Elevating and Strengthening the Role of Enterprise-wide Finance for a Top Private Research University



Smart. Focused. Done Right.®

  
**scottmadden**  
MANAGEMENT CONSULTANTS



## INTRODUCTION

With the changing environment in higher education and healthcare, this top-20 private research university was facing a situation common to many higher education institutions—ensuring operations are optimized to support the university’s mission and long-term strategic plan. As such, leaders undertook a full review of its finance function to ensure the appropriate structure, processes, and people were in place to safeguard and to optimally position the resources of the university, with a goal to better enable its mission.

## THE CHALLENGE

The university’s approach to financial planning and management had evolved over the years to a complex governance structure with distributed responsibilities. This resulted in overlapping and inconsistent approaches to financial and business planning, which led to disparate processes and practices. Finance skills and knowledge varied greatly among those involved in the processes, creating confusion in interpreting and applying standards. Additionally, there was a lack of integrated technologies to enable standard and streamlined financial planning processes. The institution also had limited, or inconsistent, forecasting and data analytics capabilities. As a result, units relied primarily on the prior year’s budget to project future years versus using actual results or incorporating broader external market conditions. Additionally, multiple inconsistent methods were utilized for chargebacks and cost-sharing, resulting in a lack of transparency of true costs for schools and units.

The Board of Trustees (BoT) and finance committee, charged with stewardship over the allocation of capital and approval of major financial decisions, needed a more structured approach and increased visibility to ensure effective oversight and informed decision-making.

## HOW WE HELPED

To meet the long-term objective of enhanced financial insight, ScottMadden gathered input from the university’s key stakeholders (e.g., BoT, university president, provost, president’s leadership team, deans, and other senior academic and administration leaders) regarding the current state of financial planning. Next, ScottMadden evaluated their existing Financial Planning & Analytics (FP&A) processes against leading practices and benchmarks to identify performance gaps and improvement opportunities. Bridging the internal customers’ requirements and leading practices allowed the team to focus on designing and delivering impactful changes that would meet university goals.

One result was the implementation of a central FP&A group with responsibility for business planning, reporting, and financial forecasting based on complex analytics and scenario modeling. ScottMadden assisted with three key elements of building the FP&A organization:

1. Preparing the business case to support hiring for new skill sets and creation of the FP&A organization

2. Developing the organization structure and defining the roles and responsibilities for the positions
3. Developing and deploying a comprehensive change management approach with key communications delivered across the organization

Together, these elements demonstrated a firm basis for the change and smoothed the transition for impacted employees.

In addition to redesigning the finance organization and standing up an FP&A group, major changes were made to financial planning processes and delivered outcomes. The university transitioned from a two-year to a five-year operating plan time horizon and began heavily leveraging predictive analytics models to support financial planning and forecasting. ScottMadden supported the implementation of this new process by 1) collecting and analyzing financial plan data and supporting narratives from schools and units; 2) integrating information with robust financial modeling scenarios; 3) incorporating results into a newly designed report; and 4) preparing the report package for submission to the BoT.

## RESULTS

By centralizing and strengthening the financial planning processes, the university was able to:

- Clarify governance and organizational role and responsibilities
- Improve communications for requirements and standards
- Provide schools and units with enhanced financial modeling support
- Improve overall informed decision-making

The new multi-year financial planning process for schools and administrative units improved the communication and sharing of long-term plans and priorities across the university and to leadership. For example, more detailed plans for administrative units (e.g., human resources, technology, etc.) were developed to better support the changing requirements of schools whilst providing schools additional insights into administrative support service priorities (e.g., technology roadmaps). Establishing clear priorities across the board allowed leaders to ensure funds were allocated to the schools and units appropriately based upon a unified set of expectations.

Ultimately, the new organization and process produced a fully integrated, five-year financial operating plan and budget that provided the BoT with a clear financial picture—one that was successfully approved. The university now has a more robust organization and set of processes that effectively support the BoT's financial stewardship role and provides the foundation to support the long-term strategic plan.

## ABOUT SCOTTMADDEN, INC.

ScottMadden is the management consulting firm that does what it takes to get it done right. We consult in two main areas—Energy and Corporate & Shared Services. We deliver a broad array of consulting services ranging from strategic planning through implementation across many industries, business units, and functions. To learn more, visit [www.scottmadden.com](http://www.scottmadden.com) | [Twitter](#) | [Facebook](#) | [LinkedIn](#).

## ABOUT SCOTTMADDEN'S CORPORATE & SHARED SERVICES PRACTICE

ScottMadden has been a pioneer in corporate and shared services since the practice began decades ago. Our corporate & shared services practice has completed more than 2,100 projects since the early 90s, including hundreds of large, multi-year implementations. Our clients range across a variety of industries from energy to healthcare to higher education to retail. Examples of our projects include business case development, shared services design, and shared services build support and implementation.

## ABOUT THE AUTHORS

Courtney Jackson is a partner and leads the firm's human capital management practice and Kevin Cox is a manager.