Business Center Concept for
Management of Financial and Human Resources

Alan R. Moeller, Room 202, Agricultural Hall, amoeller1@unl.edu, 402-472-2871
Jeffrey T. Bassford, Room 313, Agricultural Hall, jbassford2@unl.edu, 402-472-1426
Institute of Agriculture and Natural Resources
University of Nebraska, Lincoln, Nebraska 68583-0708
Abstract

During the past decade, administrative units within the Institute of Agriculture and Natural Resources (IANR) at the University of Nebraska-Lincoln (UNL) have benefited from the development and implementation of Business Centers for delivering business support services. The Business Centers manage financial and human resources to meet increasingly sophisticated support needs of IANR. The Institute, created in 1973, has a tripartite mission of teaching, research and extension. It encompasses approximately 1600 employees and a total annual budget from all sources of $167 million.

Prior to implementing the Business Centers, IANR administrative decision making was minimally driven by business concepts, principles, practices and goals. The traditional model of a department secretary attempting to perform the array of business support functions in an administrative unit was not meeting the needs. Meanwhile, the University’s President recommended, and the Board of Regents approved, implementing a new state-of-the-art financial management and human resources computer system. There was a need to migrate to a sophisticated type of decision making process that included improved financial management reporting, enhanced data generation and cost analysis.

IANR administrators suggested consolidating support staff representing 36 independent administrative units and creating eight Business Centers that incorporated specialization, collaboration and leadership of each Center by a professional manager. However, it was recognized that a change of this magnitude could not be accomplished quickly and, if not implemented properly, could become counter productive. After IANR administrators reviewed the idea in 1995, they decided to conduct a Pilot Business Center Project that included six administrative units. The pilot was conducted and proved successful. The pilot showed that having an increased pool of human resources led by a professional business manager allowed for the development of best business practices while providing the administrative unit head with more time to concentrate on program and faculty matters. Developing the staff talent and strength required retraining to elevate the skills, knowledge and ability of personnel in each Business Center. The timing for implementation of the new computer system allowed Business Center staff members to be trained on the new system while learning their new roles.

Today there are seven Business Centers within IANR. Each Business Center has a manager and staff members who handle human resources/payroll, accounting support, grant administration and other specialized services. Each Business Center manager reports to IANR Finance and Personnel for policies and procedures and to the respective unit administrators for day-to-day assignments and support requests. Shortly after full implementation of the Business Centers, a Business Center Council was formed. Each Business Center manager is a member of the Council which meets monthly. When the Council was created, it was necessary to create a vision, goals, code of conduct and operating policies and procedures for Business Centers. By continuing to work together as a Council to address current issues and new challenges, the business managers have fostered a team-oriented environment that now shapes the culture of IANR business and human resources operations.
Introduction of the Organization

The Institute of Agriculture and Natural Resources (IANR) at the University of Nebraska-Lincoln (UNL) is a major component of the land-grant institution which was founded in 1869. UNL includes a City Campus in downtown Lincoln and an East Campus, about three miles northeast, where IANR is located.

IANR administration includes a NU vice president/IANR vice chancellor who reports to the President of the University of Nebraska and the Chancellor of UNL. An associate vice chancellor oversees the majority of IANR’s academic activities. An assistant vice chancellor is responsible for all operational activities including the IANR Finance and Personnel office and associated business support function. There are three IANR divisions, representing the tripartite mission of teaching, research and extension which are led by deans: College of Agricultural Sciences and Natural Resources, Agricultural Research Division and the Extension Division. IANR includes one school, 11 academic departments, 4 program units and 15 interdisciplinary centers on campus, 4 regional research and extension centers, 3 off-campus laboratories, 10 off-campus research farms and 83 local Extension offices which serve the 93 counties in Nebraska.

There are 1,992 undergraduate and graduate students who are enrolled in the College. There are over 1,600 faculty, professional, graduate assistants, support and service personnel who carry out the teaching, research and extension functions of IANR across the state. The total annual budget, including state and federal funds, grants and donated funds, is $167 million.

In addition, IANR provides administrative support for the Nebraska College of Technical Agriculture, a two-year associate degree granting college at Curtis in western Nebraska. Since the creation of IANR in 1973, the Institute has had a separate budget program in
the State of Nebraska accounting system and some independence in the administration of its business operations.
Statement of Problem/Initiative

Multiple internal and external circumstances that developed concurrently caused IANR leaders to come to the conclusion in the mid-1990’s that there was a need to manage operations in a more business like manner.

Over the years, higher education decision making was minimally driven by business concepts, principles, practices and goals which are important to private business. Much of the administrative structure evolved based on history and tradition. There was a conglomeration of ideas and pursuits by administrators concerned with their individual units and, most importantly, protection of their individual administrative identity. Decisions were based more on academic worth rather than by marketplace need and cost/benefit considerations. There were few incentives to make changes because of the risk involved in failure versus maintaining the status quo.

During recent decades, globalization and technology have resulted in rapid change in the United States economy and societal norms. Business and industry have undergone radical redesign of business processes and downsizing in order to continue operating in this new world environment. Higher education is no longer exempt from the pressures that impact other segments of society. It has experienced considerable pressure to change and some institutions are undergoing various forms of transformation.

Trends at the state and federal levels are requiring universities to be more accountable for their business operations. Citizens are concerned with taxes and are more critical of how universities expend funds, believing the universities are administered inefficiently and should be operated more like a business. Both parents and students are concerned about rapidly rising
tuition. State and federal funds are more difficult to obtain and are expected to remain stagnant or decline. Institutions are being faced with increasing federal and state legislative mandates and regulations. The University of Nebraska Board of Regents and administrators are asking tough questions. All of these factors presented an opportunity to re-evaluate how the University’s business should be done, which resulted in the formation of a task force to examine administrative efficiencies and accountability.

The Regents, as recommended by the president, approved implementation of a new state-of-the-art financial management and human resources administrative computer system designed by SAP. This fully integrated system has the flexibility to add other administrative processing modules. The University and other entities have experienced a variety of pressures to utilize resources more efficiently and effectively and to account for this usage in a responsible manner. At the same time, the UNL Department of Human Resources sought to move human resource management functions related to position management, classification and compensation closer to where individuals were employed.

The traditional model of a support person attempting to perform the array of business support functions did not satisfy current needs. This situation also resulted in administrators and faculty performing basic business functions, taking them away from their more valuable academic endeavors.

Therefore, these various developments inside and outside the University suggested the need for IANR to organize differently. It was evident that the traditional model could not continue. There was a need to elevate the capability and capacity of business support personnel to better serve administrative units. Administrative practices and procedures which served
universities for decades appeared antiquated and ineffective for institutional decision making.

Along with the need to find creative ways to improve basic processing functions, there was a fundamental need to migrate to higher value, more sophisticated types of decision processes. These processes include improved financial management reporting, enhanced data generation and cost analysis. In order to carry out these processes, there was a need to develop position requirements and qualifications of administrative support positions to meet the skills, ability and educational requirements for more advanced management. It also was clear that in order to fully utilize the capabilities of the new computer system, there needed to be a different structure to provide business support. The people using the system needed to understand and follow policies and procedures designed to compliment real time processing. There would no longer exist purely functional offices focused solely on reviewing and correcting errors.
DESIGN

In order to place IANR in a better position to address enhanced expectations, implement a new financial system and develop best business practices, there was a need to redesign the way administrative support staff positions were structured and functioned. Instead of having business support staff in each unit, it was proposed bringing staff members in several nearby units together in a Business Center to implement a pooled support services concept. This plan required establishing multiple Business Centers and assumed specialization, collaboration, scale of operation and leadership of the team by a professional manager outside the faculty ranks. The goal was to increase productivity and efficiency by raising the overall level of business expertise and the skills of those team members. The team would provide built-in backup and oversight in order to provide better administrative support to unit administrators, faculty and other staff.

It was recognized that a change of this magnitude could not be accomplished quickly and, if not implemented properly, could become counter productive. Obtaining full cooperation and support for a new administrative structure might not be realistic without proof the concept had merit. Therefore, a business center pilot project was proposed.

After IANR administrators reviewed possibilities in 1995, it appeared that Filley Hall and the adjoining Food Industry Complex provided the best opportunity for a pilot project. This site included seven administrative units: Department of Agricultural Economics, Center for Leadership Development, Center for Rural Revitalization, Department of Food Science and Technology, Food Processing Center, Office of Professional and Organizational Development and the Nebraska LEAD Program. This pilot project proved successful.

The pilot showed that consolidating business support staff from several units allowed for
increased flexibility in finding the best fit for people within the increased pool of human resources. The pilot also showed that having a professional business manager allowed for the development of best business practices while providing the academic unit head more time to concentrate on program and faculty matters. Developing the staff talent and strength required training to elevate the levels of skills, knowledge and ability of those administrative support personnel in the Business Center. The timing in implementation of the new SAP integrated financial management and human resources computing system and the subsequent decentralization of business and human resources processes and decisions which had been previously conducted within UNL/IANR central offices, increased the urgency to establish the Business Centers. Full implementation of Business Centers across IANR when SAP was implemented July 1, 1999, allowed the new Business Center staff members to be trained on the new system simultaneous with learning their new roles in a restructured business environment. Several members of IANR served on the core group formed to implement and provide training on the SAP system across the entire University of Nebraska-Lincoln campus.

The pilot and subsequent experiences demonstrated it was important to recognize and embrace several critical factors in each Business Center to produce success. These factors include:

A. At a minimum, each Center must provide the following functions:

- Accounting—including resource management, accounts receivable and accounts payable;
- Financial analysis and reporting;
- Budgeting;
- Human Resource Management including evaluation, classification and Compensation;
- Information Management;
- Internal Control; and
- Procurement.

Other functions could include computing support and academic affairs activities such as course scheduling, promotion and tenure processing, student records and student advising, etc.

B. Implement “Best Business Practices;”

C. Utilize a management philosophy of continuous improvement;

D. Develop a set of standard operating rules and procedures as well as guiding principles to create a harmonious working environment;

E. Develop a model for dealing with conflict and a means to manage it;

F. Implement performance management as the method of managing the human resource;

G. Designate a managerial/professional Business Manager or Team Leader for each Business Center with a masters degree in business administration or related area and at least four years of progressively responsible experience;

H. Report to a management team composed of the unit administrators whose units are served by the Business Center; and

I. Recognize and embrace the six critical success factors that are outlined below.

1. Supportive Environment–Unit administrators must be willing to accept and
promote change, and trust the concept could work. It would not have worked without upper level support.

2. Highly Qualified and Capable Staff–Each person is an expert in their area. This allows them to make the decisions about how to do their work, how to meet deadlines, etc. This also provides each individual autonomy and reasons to be proud of their accomplishments.

3. Team Concept–There must be respect for each member’s role in the Business Center. Each person has their expertise and is given the power to make decisions, provide advice, etc. All requests do not have to be funneled through the team leader. Each member understands how their work impacts others. They are willing to accommodate each other’s points of view. The group is able to prioritize its objectives, realize those goals, and move on in the process.

4. People–Team members are suited for their positions. Each team member is ready to contribute, willing to give praise and recognition to others, and maintain a professional approach to business. The group maintains a positive attitude for continuous improvement and a willingness to change to best practices. Each group is dedicated to making the Business Center work which results in improved performance and upgraded services soon after formation. The groups work diligently to persuade all staff members of the value of the Business Center concept.

5. Ownership–The team has ownership in the Business Center. One department is
not any more important than another. Flexibility is maintained to adjust to each unit’s needs by developing criteria for how each department’s business will be done. The Business Center partners with the departments in developing best business practices. The Business Center manager is realistic about what can be accomplished with the staff available.

6. Open communication—Communication is a top priority, between the business manager, department heads, faculty members and Business Center staff. The business manager maintains an “Open Door Policy,” and welcomes input, questions and expressions of concern from all he or she supervises and serves.

7. Technologically adaptable–Business Center staff possess the computer skills to use technology to enhance their job performance. The staff understands the importance of staying current with technology and how to apply it to their jobs.
Implementation

Following the successful pilot and review by administrators in the various units, the decision was made to implement this model throughout IANR including various locations across Nebraska. Eight Business Centers were created, including one for units located outside Lincoln.

IANR Unit Administrators were given the opportunity to suggest what academic departments they preferred to align with to form business centers. Proximity and equalizing workloads were the predominant considerations. Recently, one business center was dissolved and individual academic units reassigned to remaining business centers, giving more consideration to similarity of academic functions. Each Business Center includes a manager and staff members who handle human resources/payroll, accounting support, grant administration and other specialized services. The Business Center Manager reports to the IANR Finance and Personnel office for policies and procedures and to the respective unit administrators for day-to-day support.

After determining the units that would be served by each Business Center, it was necessary to select a manager. If there was no logical person to serve as manager, it was necessary to obtain a manager outside the units being served. Once the manager was on board, the next step was to perform a resource assessment which identified the talents, strengths, knowledge, and skills/abilities of staff members brought into the center. Managing a larger pool of human resources allowed for a better alignment of talent, strength and skills in specialized areas which enhanced performance. Everyone has talents and strengths, however, sometimes the person is just not in the right position. If the staff members from units represented in the Business Center did not have the skills required, it was necessary to provide the essential
skills required as well as the essential knowledge or specialized training. A lot of time has been invested since the formation of centers on professional development, with emphasis on change management and the identification and development of individual strengths. There was not necessarily a common format for implementation of each center. It was necessary to take into consideration the unique set of circumstances in terms of how each center was formed and the constituents served. Shortly after the full implementation of centers, a Business Center Council was formed. The Council meets bi-monthly and time is spent providing consistency to procedures, working through policy and procedural changes and professional development activities. Early on it was important to create visions, goals, codes of conduct and operating policies and procedures for business centers. By working together as a Council, the managers have really cemented the team attitude and environment as a culture of IANR business operations.
Benefits

Benefits experienced from the IANR Business Center model include:

- **Improved Communication**—Communication has increased across processes and problem solving has improved. Business Centers have fostered the sharing of ideas and solutions. Working together has promoted the development of new ideas and emergence of best business practices.

- **Staff Relationships**—Interactions between staff have improved because they view each other as peers. Relationships have developed that would not have formed otherwise. This allows members to learn from each other by seeing what their peers are doing.

- **Quality of Service**—Consolidation of staff has led to enhancements in the quality of services provided. There is increased productivity and higher efficiency (reduced duplication, redundancy and re-work). The team has allowed for increased specialization, resulting in enhanced levels of knowledge, skills and abilities for individual staff members.

- **Increased Resources**—Administrators and faculty have more resource knowledge at their disposal. They have available not only the previous resources of the home unit, but also the resources of other people with different strengths and abilities. Support staff formerly in smaller units have additional resources to rely on for help and assistance.

- **Additional Services**—Business Center staff have been able to remove some of the more routine administrative tasks from administrators and faculty, providing them with more time to deal with academic programs/issues.

- **Backup/Cross Training**—The Business Centers provide backup for staff in instances of illness and vacation. Staff members have more flexibility in scheduling leave time. Teaming
up has allowed for cross training of staff members and stronger internal controls.

- **Staff Development**–Through concentration and specialization, there are opportunities for focused, effective training and development programs. By working together in the design of Business Centers, there were opportunities to improve operating processes that created exciting challenges and professional growth opportunities for staff. Specialization has also increased the capacity of the staff to deal with the interpretation and analysis of University policies and procedures.

- **SAP Utilization**–Business Centers are better able to implement the power (capabilities and tools) contained within the SAP system.

- **Consistency**–Consistency of processing and decision making has improved. The centralization of processes within each Business Center has reduced variations in interpretation of policies and procedures. Although not a primary driver, there is the potential in the long term for reduction of support staff numbers as well as greater efficiency in use of resources through enhanced financial reporting and subsequent management.
Retrospect

Formation of Business Centers throughout IANR was an important re-engineering strategy to place the Institute in a position to take full advantage of the new business process tools of the SAP system and to prove to higher University administration and the public that IANR is utilizing its dollars wisely. The Business Center concept continues to show benefits because of the advantages of economies of scale, specialization, collaboration/teamwork and moving business transactions as close as possible to the work being performed.

While the management philosophy and resources will be major factors in determining how IANR will operate in the future, technology will play a significant role. However, it is important to maintain balance and not let technology have excessive impact on how the organization is managed. Technology is not always the answer. Sometimes there is a need to change the process. It makes no sense to simply automate inefficient processes. The appropriate role of technology is to facilitate efficiency. The preferred management approach must be determined, available technology must be evaluated and the most appropriate technology should be selected to accomplish the objective.

In the end, the most critical component in the success of the IANR business operation is the people involved. No matter how wise the management philosophy, how sound the organization structure, or how advanced the technology, without the right people success is not guaranteed. IANR invests a substantial amount of time and effort in selecting people with the right talents and placing them in roles where they can be most effective. During the evolution of the Business Centers, it has become very clear that the human resource is the most important key to success.