Algonquin's Transition to
Responsibility Center Management

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# Today's Presentation

- Background

- RCM at a glance

- Creating a climate for change

- What we have achieved

- Lessons learned

# What is RCM?

Responsibility Center Management (RCM) is a model promoting financial responsibility at a dean/director level

RCM is just a tool – one promoting transparency and accountability

RCM puts emphasis on collaborative growth of the total "pie" rather than divisive competition for specific pieces of it

# Algonquin College…

- delivers 178 postsecondary programs plus a roster of apprenticeship, career and college preparation, continuing education, and corporate training programs

- operates with an annual budget of $310 million

- serves more than 20,000 fulltime and 37,000 part-time students

- employs nearly 4,000 full and part time faculty and staff

- 10 Academic departments and 19 Non-academic Departments, including Ancillary and International

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# RCM video

- www.algonquincollege.com/rcm/

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# Why now

- INNOVATION – COLLABORATION – LEADERSHIP

- Enhance our organizational effectiveness

- Anticipate that an RCM model will…
  - Enhance competitive advantage
  - Support financial sustainability
  - Improve transparency
  - Drive innovation and entrepreneurialism

# Keeping Good Company…

## In the 1970s…

RCM was initially a managerial framework created when American universities were approaching bankruptcy.

RCM was designed to share the control of expenses, but it has proven to be an even stronger driver of revenue.

## Since then…

Queen's University

University of Toronto

University of Pennsylvania

University of Michigan

Kent State University

University of Florida

Okanagan College

Trent University

Wilfred Laurier University

…and over 40 others

# "Made at Algonquin" Key Principles
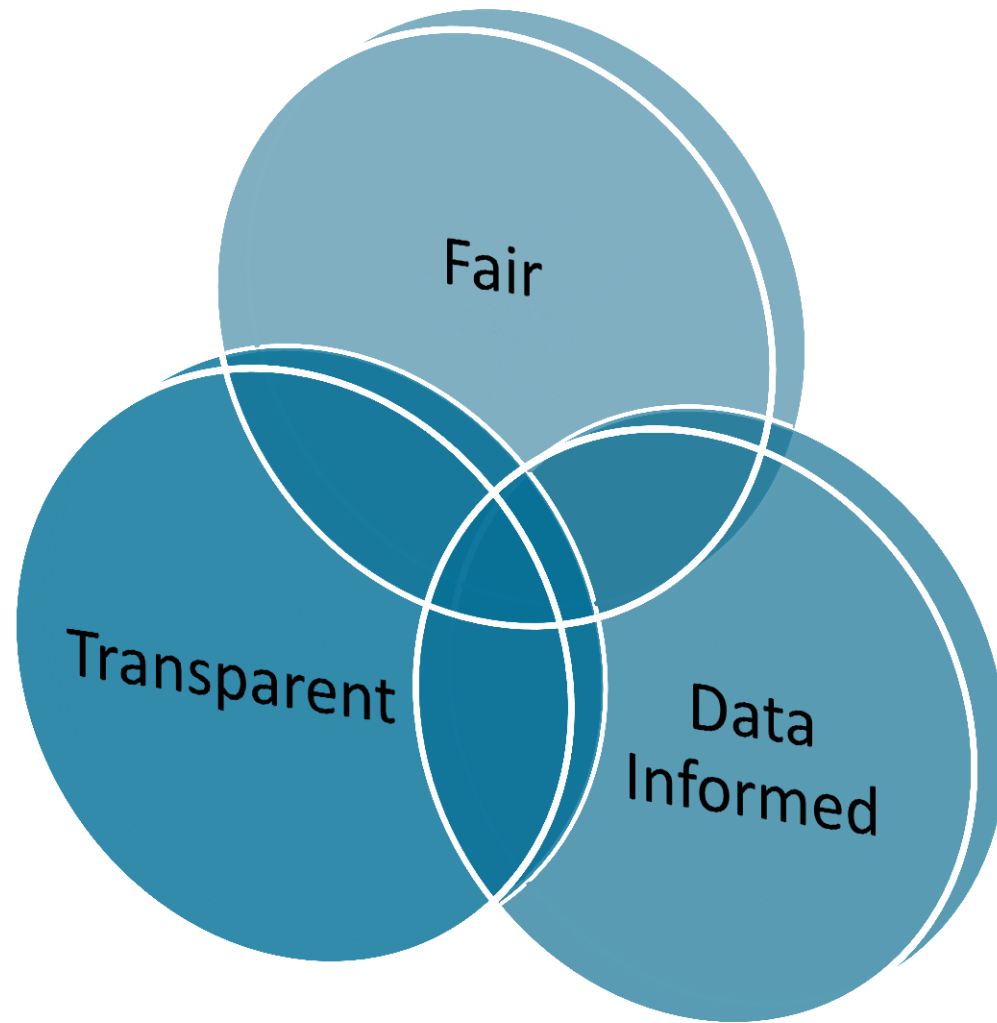
# Other Fundamental Principles

- The College operates under provincial regulations & laws

- Common institutional practices will prevail (i.e. HR, IT platform, financial reporting)

- Common purpose & core values are KEY

- College wide projects must still go forward and be supported

- Academic Departments use the central or corporate administration functions

- Service Level Agreements will define the goods and services to be provided; and these will be assessed through performance metrics and customer surveys

# Lay the Groundwork

## Algonquin College Strategic Plan
- Directive to conduct an "… investigation of a new Responsibility Center Management Model aimed at providing innovative College leaders with greater decision-making and budget authority."

## Algonquin Leadership in Education Institute (ALEI III)
- Study: *Creating a Culture of Empowerment: An Approach*

## The Learning Alliance (TLA)
- Develops RCM simulation models, as well as an overview regarding the relevance of initiating such a model at Algonquin

## RCM Project Manager
- Project Manager appointed, funded by President's Council approved multi-year SIP funding request

## Project Charter
- President's Council approves Project Charter, timeline and establishment of RCM Steering Committee

## RCM Steering Committee
- Representation across the College

# RCM Decisions

- How would we define departments?

- Who would pay for what?

- How would we allocate the Provincial Grant?

- What costs need to be allocated?

- How would we allocate costs?

- How to define space costs?

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# Academic Departments

- Algonquin College in Ottawa Valley
- Algonquin Heritage Institute
- Faculty of Arts, Media & Design
- Faculty of Health, Public Safety & Community Studies
- Faculty of Technology & Trades
- School of Business
- School of Hospitality & Tourism
- Center for Continuing & On-line Learning
- Language Institute
- Corporate Training

# Non-Academic Departments

Central Administrative:

- Academic Operations
- Academic Development
- Advancement
- Applied Research
- Business Development
- Community Partnerships
- Finance & Admin
- Foundation
- Human Resources
- Information Technology Services
- International

- Learning & Teaching Services
- Registrar's Office
- Student Support Services
- Workplace & Personal Development
- Office of President, BOG
- Office of VPA

Space:

Physical Resources

Ancillary (not part of shared costs)

# Resource Allocation at AC today… and tomorrow

## Today

- Budget approved based on academic & financial necessity

- Each school primarily responsible for financial performance for expenditures and tuition revenue

- School is not responsible for full "matching" revenue and costs

- Limited program costing reporting

- President's Council: operational decisions re: budget

## Under RCM

- Budget approved based on academic & financial necessity

- Each school primarily responsible for financial performance for revenues and expenditures

- School **is** responsible for full "matching" revenue and costs

- **Comprehensive** program costing reporting

- President's Council: **strategic direction** re: budget

# Roles of Deans and Directors

- Deans will be key to setting direction for School/faculty

- More control over resources

- Authority to try new things

- Accountable for financial results

- Directors held accountable for delivery of service

- Use of metrics through Service Level Agreements

- Demonstrate their resource optimization

- Accountable for financial results

# RCM: What it won't change…

- RCM is a holistic model to promote balance between the interests of schools with those of the College as whole

- RCM puts emphasis on collaborative growth of the total "pie" rather than divisive competition for specific pieces of it

- But, RCM *is not a miracle cure!* It cannot in itself "fix" issues pertaining to:

  o Leadership caliber
  o Efficiency of administrative services
  o Staff engagement
  o Program interest, innovation and market readiness
  o Integrity of financial data
  o Student enrolment

# RCM Decisions

- Provincial Grant allocated by Weighted Funding Units

- Central Administration costs as one basket of services based on % of total Direct costs

- Space is only Physical Resources budget allocated by assignable square footage

- All entries net out on consolidation

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# Where are we now?

**1. Consider RCM Model Options**
- Continuum from NO RCM to FULL RCM
- How best to optimize resources?

**2. Select Optimal Model**
- Define principles that will govern this model
- How will grants be allocated?
- How will central administration work?
- What about physical resources?

**3. Develop Road Map**
- Working out the details
- How far out to budget?
- Define dedicated space/open space/administrative space

**4. Put into Action**
- Training and support
- "Hold harmless" principle
- Evaluate and adjust

We are here!

# Foster Stakeholder Support

- Pan-department representation on Steering Committee

- Gap Analysis and Risk Framework

- Town Hall presentations – Budget, Program Costing, RCM, Allocation methods

- "About RCM" webinars

- Department by department "road shows", and follow-up online surveys

- Focus on key audience groups – Business Administrators, (Finance managers) College Budget Committee, College Leadership  Committees

- Website content as "anchor" – Communication is key

- Periodic college-wide "good news" communiqués

- Promotional video featuring peer champions

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# Stick to the Script: "RCM…"

Promotes "big picture" thinking

Drives innovation and entrepreneurship in academic and non-academic departments

Fosters financial transparency and sustainability

Recognizes diversity in school/departmental structures, capacities and delivery methods

Has been successful at many colleges and universities

Supports managers through simulations, training and knowledge exchange

Promotes stewardship of limited resources

Empowers management with timely information for decision making

Can be custom tailored to each institution

# Lessons Learned

- Making the case: identify the "why"

- Principles: fair, transparent and data informed

- Keep it simple

- Customize the theory to fit your practice

- Get top level buy-in and senior Project Champions

- Listen and adapt to competing priorities

- Get professional project management + organizational change management

- Ensure representation across the College

- Develop and implement a robust communication plan

- Foster stakeholder support

- Practice, practice, practice

# Comments and Questions