How can management accounting support the strategic management process within a University?

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Universities as businesses

• HEFCE (2000) more robust planning

• Universities as businesses, but
  – Governance structures different
  – Have a diverse range of stakeholders
  – Revenue derived from a range of differing sources
  – Objectives/goals are often qualitative and subjective that span a range of activities, e.g. internationalisation
  – Present particular management challenges, e.g. academics
What do we mean by strategic management process?

Plan for planning

Mission Values

External Environment

Gap Analysis

Internal Environment (Strengths and Weaknesses)

Institutional context (Tactical, Operational)

Evaluation, Refinement

Assessment, Reflection

Vision, strategic issues

Temple (2014)
Traditional versus strategic accountant

- Vision, mission and objectives
- Corporate Appraisal (SWOT)
- Options generation [modification]
- Strategic Choice
- Implementation
- Monitoring and evaluation
- External environment
- Internal environment [Resources]
- GAP

Pitcher (2015)
Traditional versus strategic accountant

- Vision, mission and objectives
- Corporate Appraisal (SWOT)
- Internal environment [Resources]
- Options generation [modification]
- Strategic Choice
- Implementation
- Monitoring and evaluation

External environment

Information gathering and analysis
Evaluation, choice and strategy formulation
Implementing monitoring, reporting and feedback

Pitcher (2015)
University strategy – key themes in goals and objectives

• Internationalisation
• Sustainability – social responsibility
• Reputation
• World-class research
• Outstanding learning and student experience
• Employability of graduates
• Partnerships
• Enterprise and innovation
• Contribute to local communities
Typical enabling strategies

- Estates
- Finance / Funding
- Human resources
- Information technology
- Marketing

So where’s the link between strategic goals and enabling strategy?
Traditional hierarchy – budget/cost centre planning and reporting

- Strategy
  - Goals/objectives
  - KPIs
  - Budget centre

- University
  - College
  - School
  - Department

- Budgets and reporting
Strategic approach to targeting resource budgets

Strategic objective

Critical Success Factor
What do we need to be good (excel) at in order to achieve the objective?

How do we know?

CSF

KPI

Drives information needs

Helps allocate resources
We can’t do everything – there are trade-offs and reciprocal benefits

Typical resources / enabling strategies:
- Estates
- Finance
- HR
- Marketing
- IT
Value chain activities – Porter (1985)

Primary

Inbound Logistics
Operations
Outbound Logistics
Marketing & Sales
After Sales Service

Support

Procurement
Human Resource Management
Technology Development
Firm Infrastructure
### The University Value Chain (Groves et al, 1997)

<table>
<thead>
<tr>
<th>Secondary</th>
<th>University Infrastructure</th>
<th>Human Resource Management</th>
<th>Academic Support Services</th>
<th>Students Union</th>
<th>Student Accommodation</th>
<th>Departmental Management</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inter</td>
<td>Teaching Consultancy</td>
<td>Research Consultancy</td>
<td>Research &amp; Development Spin-offs</td>
<td></td>
<td></td>
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<tr>
<td>Primary</td>
<td>Teaching Stream</td>
<td>Student recruitment</td>
<td>Teaching provision</td>
<td>Non-Technical, Social, Personal education</td>
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<tr>
<td></td>
<td>Project Identification and selection</td>
<td>Technical education</td>
<td>Non-Technical, Social, Personal education</td>
<td></td>
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<td></td>
</tr>
<tr>
<td></td>
<td>Funding arrangements</td>
<td>Research operations</td>
<td>Marketing, External Comms</td>
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</tr>
<tr>
<td></td>
<td>Research Stream</td>
<td>Career Placement</td>
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</tbody>
</table>
Outcomes costing (Macnab & Mitchell, 2014)

<table>
<thead>
<tr>
<th>Objectives - Outcome</th>
<th>Activities</th>
<th>Resources/ costs</th>
</tr>
</thead>
</table>

Note that the focus is on activities (tasks) required to achieve the objectives/outcome.
Illustration of how it might work

- World-class research
- Increase IP commercialisation
- Enhance student experience

Activities

- Staff costs
- Estate usage
- IT costs
- Support costs
- Etc., etc.
Comments on Macnab and Mitchell

• Advocate a system of double coding – to cost centre and outcome

• Could be utilised as an intermittent exercise based on expert opinion to allocate certain costs where actual data is not available

• Some costs are not easy to allocate directly so can be allocated on a more general basis, e.g.:
  – Student numbers
  – Staff numbers
  – Space occupied
  – Other
# Illustration – From objectives to resources

<table>
<thead>
<tr>
<th>Objective</th>
<th>World-class research</th>
<th>Enhanced student experience</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CSF</strong></td>
<td>• Secure funding</td>
<td>• Student engagement</td>
</tr>
<tr>
<td></td>
<td>• Achieve publication</td>
<td>• Personalised learning</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Environment conducive to learning</td>
</tr>
<tr>
<td><strong>KPI</strong></td>
<td>• % Increase in funding</td>
<td>• Increase in NSS score</td>
</tr>
<tr>
<td></td>
<td>• No. of high impact publications</td>
<td>• % increase in DLHE survey</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Exceed OFFA access targets</td>
</tr>
<tr>
<td><strong>Activities</strong></td>
<td>• Search funding opportunities</td>
<td>• Recruitment</td>
</tr>
<tr>
<td></td>
<td>• Bid preparation/application</td>
<td>• Teaching/feedback</td>
</tr>
<tr>
<td></td>
<td>• Research operations</td>
<td>• Placement/employability guidance</td>
</tr>
<tr>
<td></td>
<td>• Writing up</td>
<td></td>
</tr>
<tr>
<td><strong>Resources – costs and revenue</strong></td>
<td>• Academic staff</td>
<td>• Academic staff</td>
</tr>
<tr>
<td></td>
<td>• Estate</td>
<td>• Estate</td>
</tr>
<tr>
<td></td>
<td>• Support services</td>
<td>• Support services</td>
</tr>
</tbody>
</table>
Talk to academic leaders – The Night’s Watch - Taking the Black and working with Wildlings

• Split of staff between research and teaching faculty – impacts on research outputs and student satisfaction

• Recruitment of staff – e.g. teaching fellows

• What is the impact on resources and costs with different models of delivery? E.g. large group, small group teaching – also impacts on estate management/usage

• Investment in technology for teaching – impacts on student experience, training for academics, estate management, library facilities, printing either by students or academics etc

• Provision of support services sharing of activities
Summary

• Get involved in the strategic management process earlier, including ascertaining the potential impact of external changes in financial terms.

• Work with managers to ascertain strategic priorities and resource implications by using CSFs and activities.

• Create a more direct link between costs and outcomes to aid resources allocations.

• Consider creating reporting mechanisms that highlight the costs of achieving outcomes.

• Work closely with managers and heads of departments to help to determine resource allocations and impact on resources/costs under different modes of operation.

• In short become a business partner.
Interested in exploring ideas further?

A research opportunity

I’m more than happy to exchange ideas - just contact me at:

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References: