

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

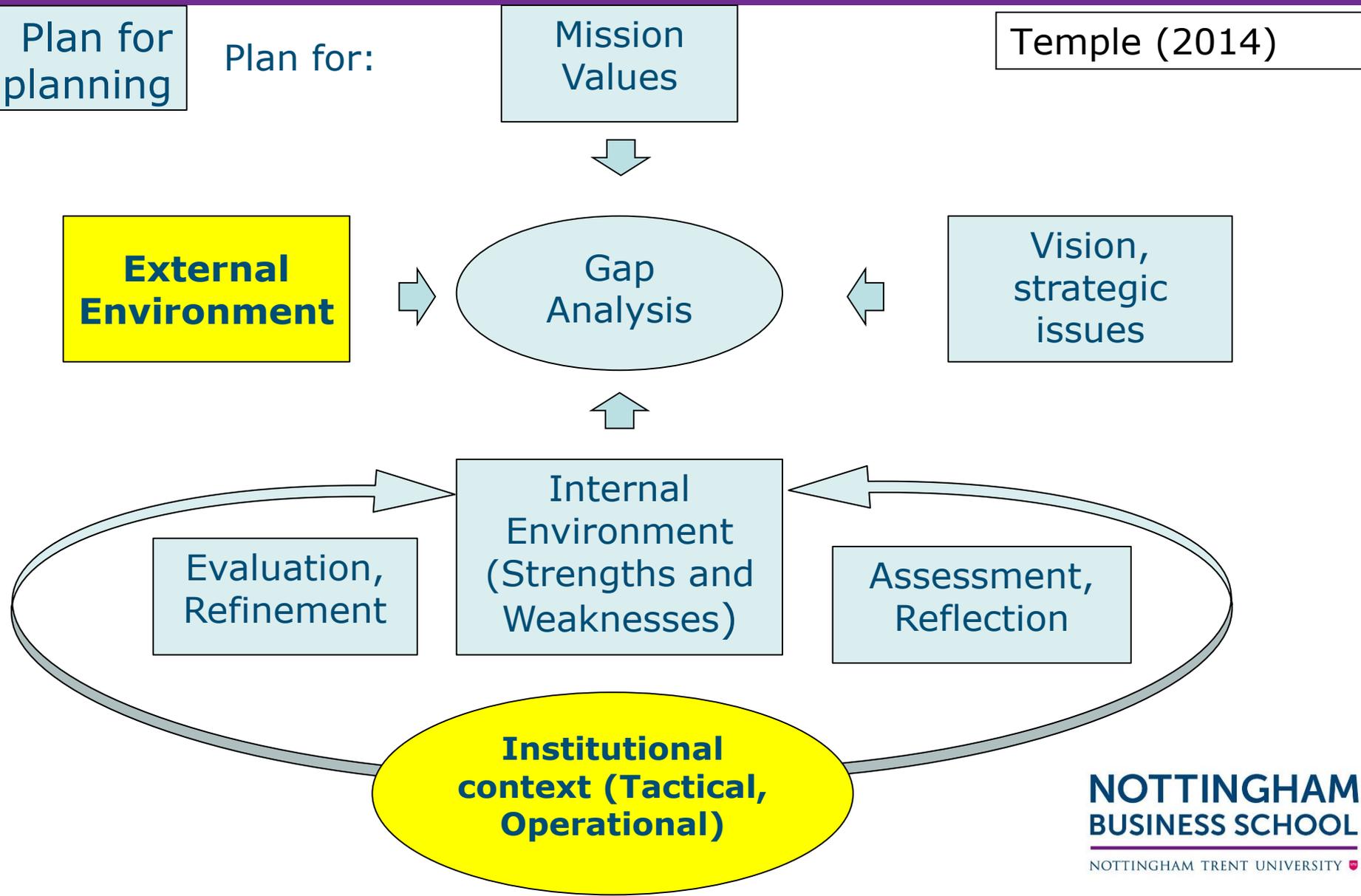
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BUFDG – 12th October 2016

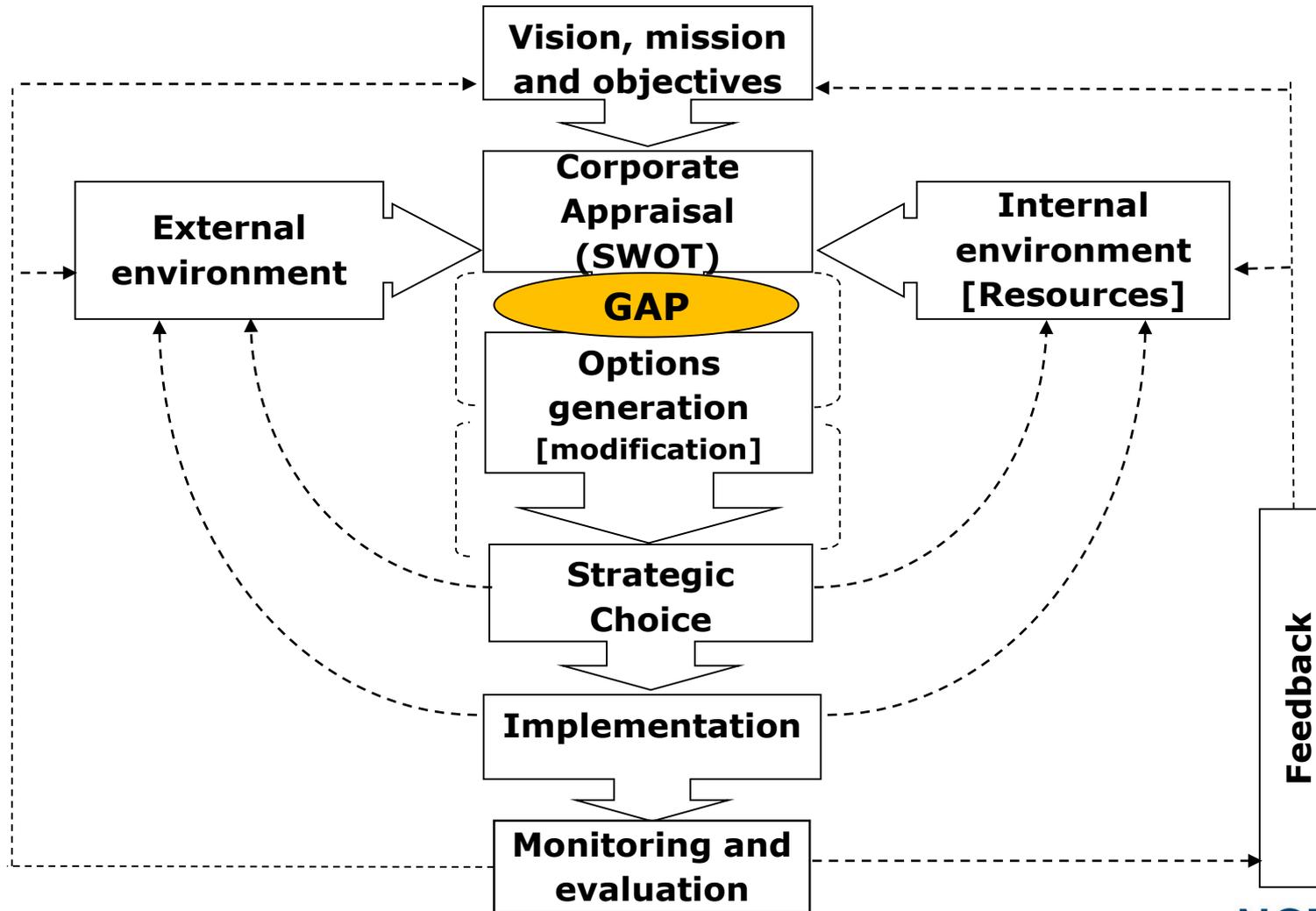
Universities as businesses

- 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

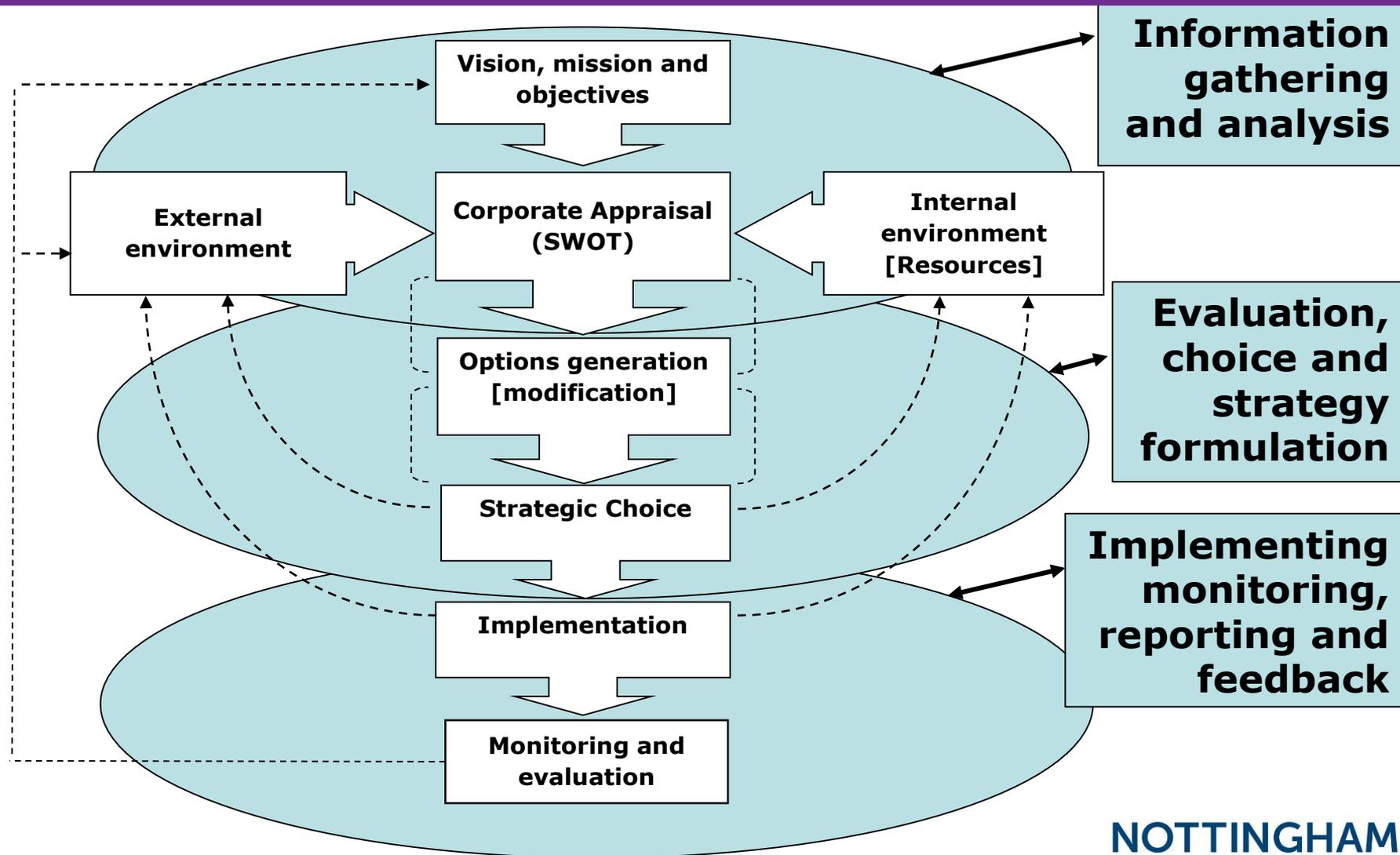
What do we mean by strategic management process?



Traditional versus strategic accountant



Traditional versus strategic accountant



University strategy – key themes in goals and objectives

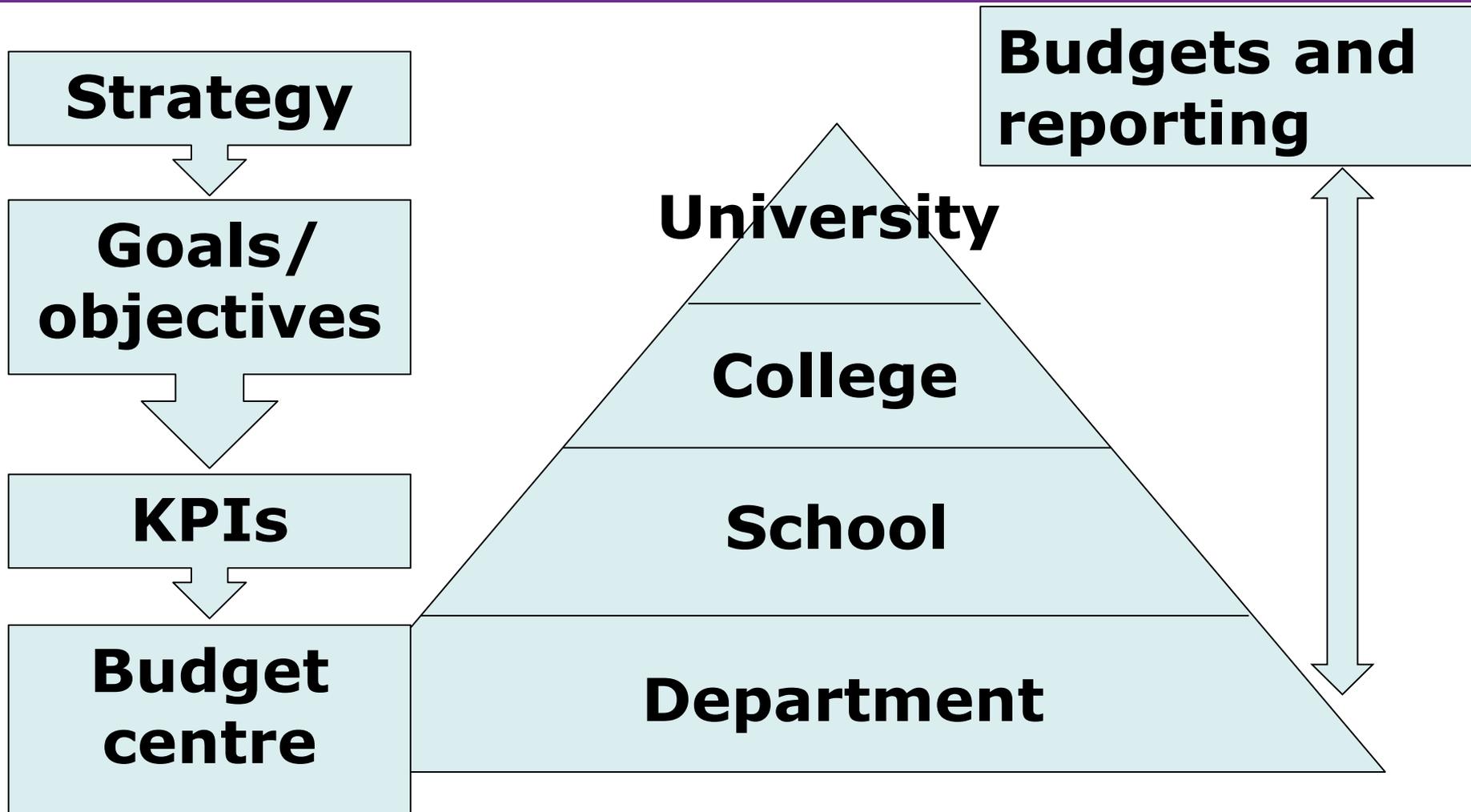
- Internationalisation
- Sustainability – social responsibility
- Reputation
- World-class research
- Outstanding learning and student experience
- Employability of graduates
- Partnerships
- Enterprise and innovation
- Contribute to local communities

Typical enabling strategies

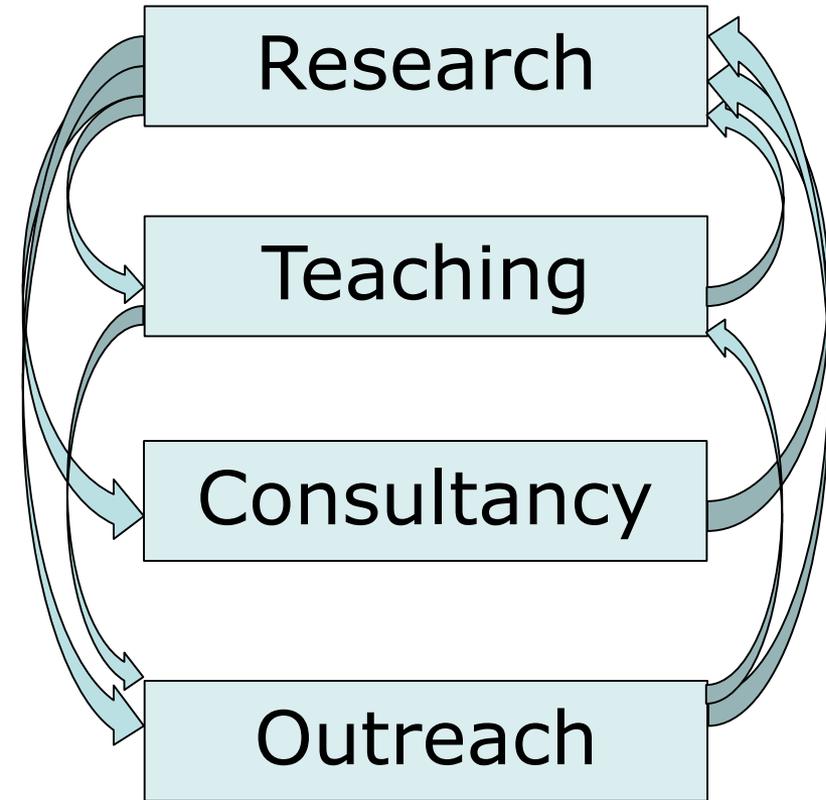
- Estates
- Finance / Funding
- Human resources
- Information technology
- Marketing

So where's the link between strategic goals and enabling strategy?

Traditional hierarchy – budget/cost centre planning and reporting



Allocation trade offs – talking to academics

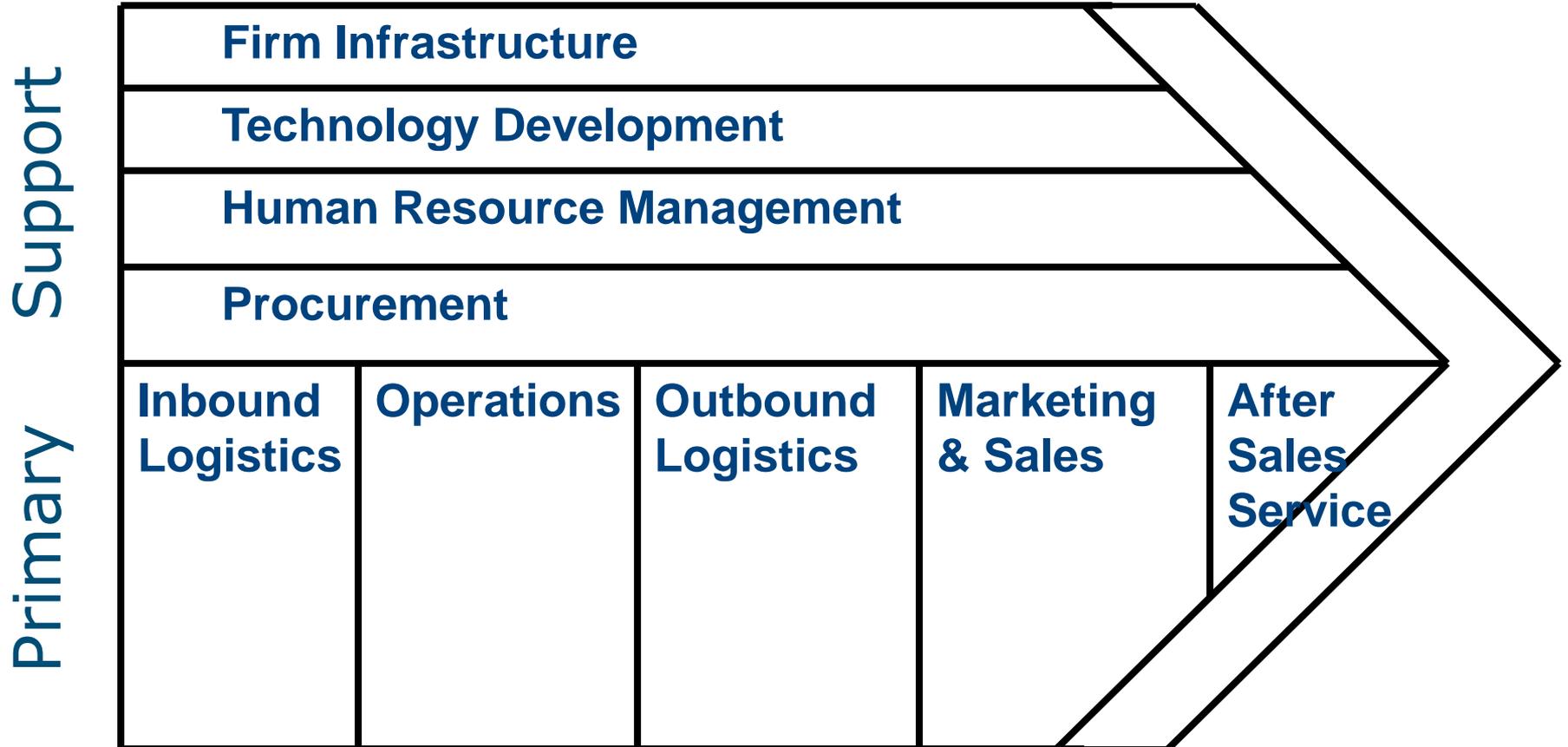


We can't do everything
– there are trade-offs
and reciprocal benefits

Typical resources /
enabling strategies:

- Estates
- Finance
- HR
- Marketing
- IT

Value chain activities – Porter (1985)



The University Value Chain (Groves et al, 1997)

Secondary	University Infrastructure				
	Human Resource Management				
Inter	Teaching Consultancy		Research Consultancy		Research & Development Spin-offs
	Teaching Stream		Student recruitment		Teaching provision
Primary	Research Stream		Technical education		Non-Technical, Social, Personal education
	Project Identification and selection		Funding arrangements		Research operations
				Marketing, External Comms	Career Placement

Outcomes costing (Macnab & Mitchell, 2014)

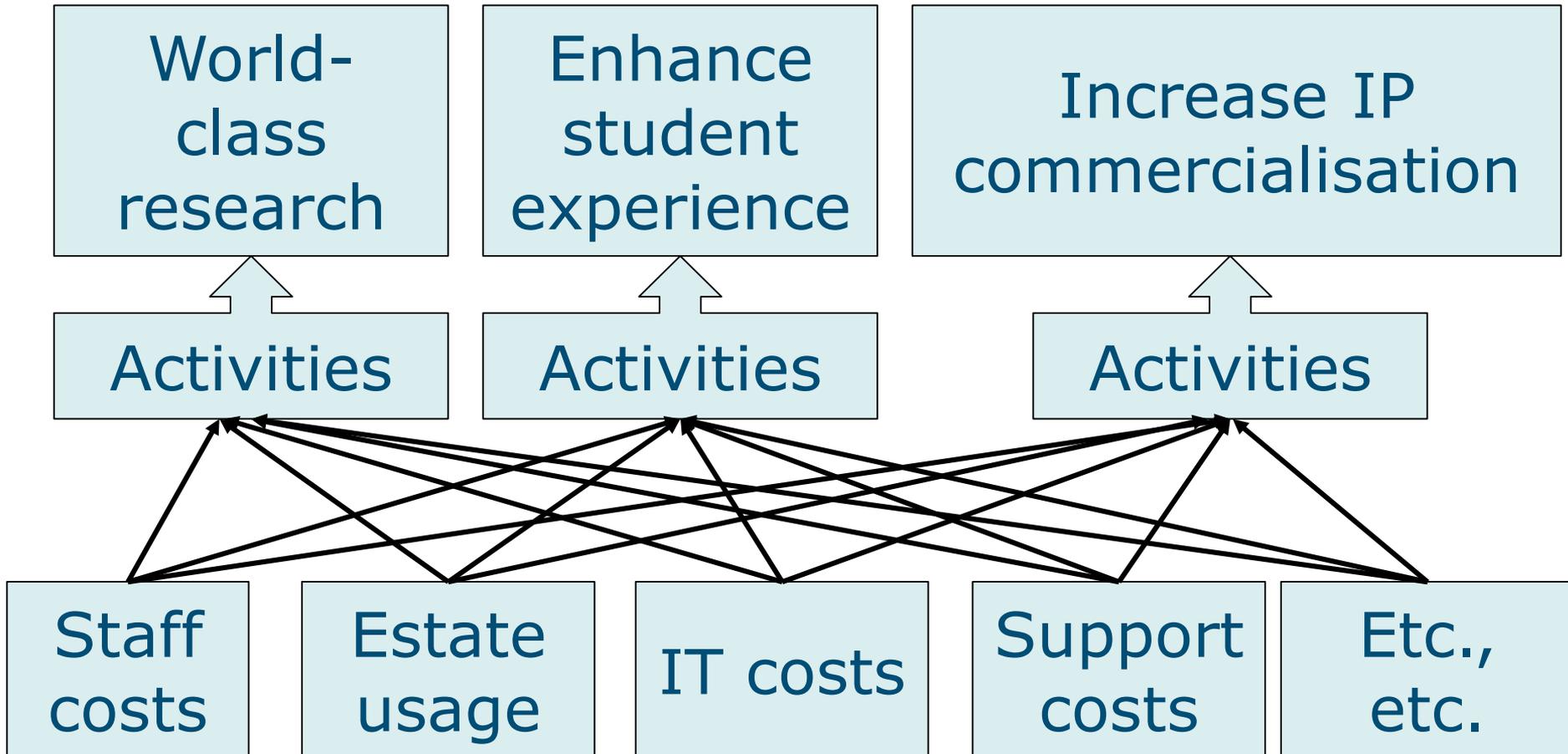
Objectives
- Outcome

Activities

Resources/
costs

Note that the focus is on activities
(tasks) required to achieve the
objectives/outcome

Illustration of how it might work



Comments on Macnab and Mitchell

- Advocate a system of double coding – to cost centre and outcome
- Could be utilised as a 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

Objective	World-class research	Enhanced student experience
CSF	<ul style="list-style-type: none"> • Secure funding • Achieve publication 	<ul style="list-style-type: none"> • Student engagement • Personalised learning • Environment conducive to learning
KPI	<ul style="list-style-type: none"> • % Increase in funding • No. of high impact publications 	<ul style="list-style-type: none"> • Increase in NSS score • % increase in DLHE survey • Exceed OFFA access targets
Activities	<ul style="list-style-type: none"> • Search funding opportunities • Bid preparation/application • Research operations • Writing up 	<ul style="list-style-type: none"> • Recruitment • Teaching/feedback • Placement/employability guidance
Resources – costs and revenue	<ul style="list-style-type: none"> • Academic staff • Estate • Support services 	<ul style="list-style-type: none"> • Academic staff • Estate • Support services

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:

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