

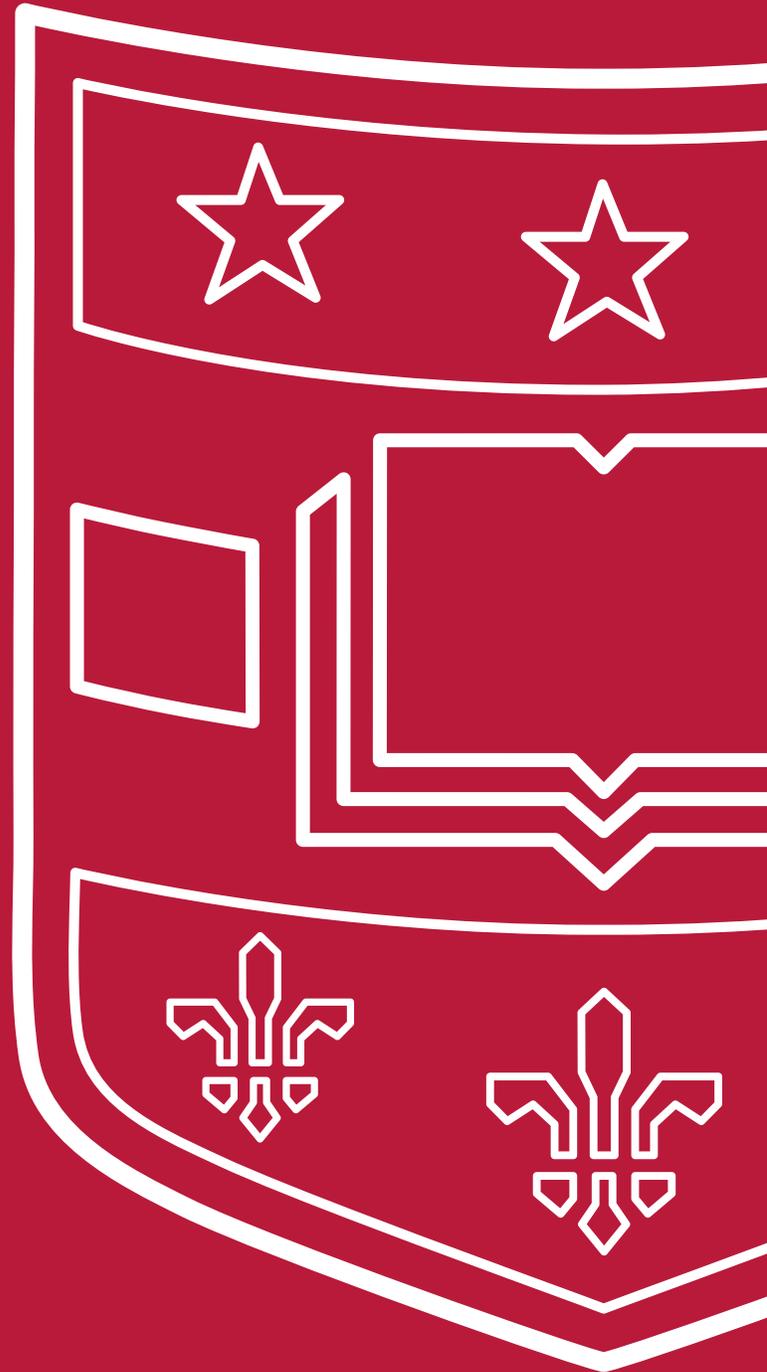
# EFFICIENCY REPORT

December 2015

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Henry S. Webber

Executive Vice Chancellor for  
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# EFFICIENCY REPORT

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From Henry S. Webber,

Executive Vice Chancellor for Administration,  
on the Efficiency Initiative

At the beginning of the 2013 calendar year, the university launched an Efficiency Initiative to provide a structure for identifying savings opportunities and operational efficiencies.

Our high-level goal for this initiative was to identify \$15–30 million in annual savings. I am pleased to report that we have met our savings goal.

Importantly, we have achieved this goal without decreasing service level or substantially impacting staffing levels. These savings represent true efficiencies—ways to redeploy existing resources and be a leaner, better-run organization.

As a result of the Efficiency Initiative, the operational side of the university will run more efficiently, allowing us to reinvest funds for use in our core mission areas of teaching, research, and patient care.

## ACHIEVEMENTS

To date, we have identified \$20 million of annual savings. Four million was identified in the Central Fiscal Unit, \$3.7 million in the Danforth Campus schools, and \$12.3 million in the School of Medicine.

As of October 6, 2015, we have achieved \$14.7 million of savings. We anticipate another \$4.5 million in annual savings from projects that have been identified and approved, and are either in the process of being implemented or are planned for implementation in the next couple of years. Finally, we conservatively anticipate around \$1 million in savings from potential projects which are still in discussion; the savings in this category could increase significantly as projects are more closely analyzed.

Significant organizational improvements in our facilities department will allow us to keep facilities charges per square foot flat for all Danforth Campus schools for at least the next two years. These savings will also help us ensure that increases to total central administrative charges will remain at or below four percent annually, allowing schools to redeploy additional resources for academic purposes. By renegotiating several major purchasing contracts, we have procured lower purchase prices for many products, which will directly benefit each department's bottom line.

We estimate that achieving these significant annual savings will cost approximately \$9.4 million in one-time expenditures and \$650,000 in ongoing costs to implement. The implementation costs are primarily related to up-front costs for energy-savings initiatives and the installation of new technology systems.

## KEY AREAS OF SAVINGS

The Efficiency Initiative targeted four areas of potential savings: facilities, procurement, research administration, and organization of CFU support services.

These four areas were targeted because they represent areas where our peers have found significant efficiency opportunities. We have identified cost savings in each of the four targeted areas, and in each of the schools across the university.

Many of our early wins came in procurement, particularly from renegotiating large contracts. Savings in this area include \$1 million from a renegotiated office supplies contract; \$1.2 million from a new specialty drug distribution contract; and \$900,000 as a result of a new contract with Dell.

### Highlights of Supplier Procurement Savings



Specialty Drug  
Distribution

**\$1,200k**



Office  
Supplies

**\$1,000k**



Desktop and  
Laptop Computers

**\$910k**



Laboratory Supplies  
Distribution

**\$650k**



New Drug  
Wholesaler Agreement

**\$570k**



Medical  
Supplies

**\$535k**



Toner  
Cartridges

**\$465k**



Networking  
Equipment

**\$410k**

The facilities teams on both campuses also achieved large savings, and anticipate additional savings in the coming years. Savings in this area include \$1.5 million from a consolidated custodial contract; \$1.1 million as a result of internal operational improvements; \$2 million from energy savings initiatives; and additional savings from other major operational improvements.



As a result of the work done by the shared services working group, this summer we launched a shared business service center, which is providing financial, human resources, and payroll transaction processing support to several units within the CFU. Since the university is still in the early stages of this effort, there have not yet been significant cost savings, but shared services has the potential to be an important long-term cost savings initiative. Major savings are expected in this area in the future.

Washington University has made good progress thinking about research administration and identifying some immediate savings, but with continued focus in this area, there can be additional savings.

## NEXT STEPS

We have met our initial savings goal. The immediate next steps are to implement the remainder of the planned projects. The [SAVE committee](#) will continue to investigate ideas submitted by community members and will implement those ideas as the committee advises. The university will continue to communicate with the community through updates to the Efficiency Initiative website, *Record* articles, and WUSTLnomics forums.

Thank you to the many individuals who contributed to the success of this effort. I am very pleased with the outcome of this process, and believe we have met our goal to become a better-run and more efficient organization, without sacrificing any level of service.

Hank Webber  
*Executive Vice Chancellor for Administration*



# SUMMARY OF EFFICIENCY INITIATIVE SAVINGS

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This chart reflects achieved or expected savings. It does not include one-time implementation costs or any ongoing expenses.

## FOUR MAJOR FOCUS AREAS

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### Facilities

#### Achieved savings highlights

- Energy-saving project implementation and savings realization
- Cross-campus collaborations on contracts such as water treatment service
- Mailroom and delivery efficiencies
- Overall facilities operation reorganization

#### Expected savings highlights

- Continued organizational improvements
- New energy savings projects

#### Potential savings highlight

- Implement construction and work-management system

**TOTAL SAVINGS: \$9,765,000**

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### Procurement

#### Achieved savings highlight

- Renegotiated contracts for office, medical, network, and computer supplies

#### Expected savings highlight

- Fleet management program

**TOTAL SAVINGS: \$8,064,000**

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### Research Administration

#### Achieved savings highlight

- Research Administration shared services pilots

#### Potential savings highlight

- Invoice audits

**TOTAL SAVINGS: \$944,000**

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### Shared Services

#### Achieved savings highlight

- Student Services pilot

#### Expected savings highlight

- CFU Shared Service Center

**TOTAL SAVINGS: \$500,000**

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### Additional annual savings

**TOTAL SAVINGS: \$680,000**

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**OVERALL TOTAL SAVINGS: \$19,953,000**

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