

The Role of the Finance Team in Educating Budget Unit Staff

featuring Jim Henry, director of finance, School of Humanities and Sciences

Challenges: Stanford's School of Humanities and Sciences (H&S) encompasses 23 diverse departments and 70 interdisciplinary programs and centers. Ranging from art to mathematics, and undergraduate programs to masters and doctorate programs, they differ in size, staffing, and complexity. Financial understanding in the budget units varies widely, and, in some cases, is limited. Service terms for deans mean frequent rotations of academics who may not be financial experts, yet may be responsible for a business with revenue of hundreds of millions of dollars.

The finance team for H&S performs budgeting, forecasting, decision support, and analysis in collaboration with 100 budget units, and is the link to the central finance organization. A 2010 survey of budgeting challenges, put a spotlight on graduate aid, which totaled a significant 20 percent of overall expense across 23 budget units, but was inadequately managed.

Solutions: A key goal of the finance team is to improve financial management throughout H&S. The team mentors the school's administrators and enhances abilities and skill sets at the department and budget-unit level. This training and outreach engages stakeholders in the budget process and increases overall institutional buy-in. Education occurs through finance team liaisons assigned to a specific group of departments to help them through the budgeting process, year-end close, and long-range forecasting.

Stanford University

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- A private research university in Stanford, Calif.
- 7,000 undergraduates; 9,000 graduates; 2,200 faculty
- Seven schools
- \$5.9 billion consolidated budget



Two improvement strategies emerging from the 2010 survey and based on Axiom Software, were implementation of (1) the Graduate Forecasting and Planning System (GFPS) and (2) a budget planning system in all units to replace Excel templates with an intuitive system for both finance and non-finance users.

Results: Offering multiyear forecasting, GFPS was a game changer. It moved decision making from a one-year perspective defined by the fiscal calendar to a five-year perspective that aligned with the length of graduate student support commitments. GFPS supported the forecasting of financial inputs impacting the bottom line: cohort size, support packages, and internal/external funding trends. Seeing the interplay of these factors across multiple years shifted decision making from a near-term view to an informed, strategic, and multiyear perspective. Fundamental changes in how people were managing graduate aid started to occur, as did better decision making and greater ownership of the business. With this success in H&S, GFPS is being implemented across four other Stanford schools.

With implementation of the system, the budget has become an active management tool. Its transparent and intuitive approach results in better forecasts and greater ownership. Staff can convey a financial narrative to tell the story of the financial impact of options and decisions. Improved finance education and communication is helping to yield informed decisions that are financially sustainable.

This case study was originally published in an article entitled "Financial Fix," which appeared in the June 2018 issue of Business Officer, the monthly flagship magazine of the National Association of College and University Business Officers in Washington, D.C.

Keys to Success

- Well-integrated planning and budgeting is especially suited to the collaborative nature of higher education, which typically supports open processes that solicit input from numerous stakeholders.
- Skill-set building across the organization is a core focus for Henry and his team, which provide ongoing financial coaching and mentoring to deans and to staff in all programs. The goals are to build ownership and awareness of what planning and budgeting should be and how it is performed.
- *"Continuous support is provided during the entire fiscal year to build those skills sets so that unit-level staff can actively manage throughout the year,"* Henry says. For the deans, who typically rise through the faculty ranks and rotate frequently, academic excellence must be paired with financial expertise in order to operate their multimillion-dollar programs.
- H&S implemented Kaufman Hall's Axiom Software as a budget planning system in all units, replacing Excel templates with an intuitive system for both finance and non-finance users.