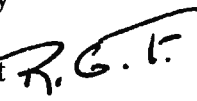


MEMORANDUM

TO: UNM Campus Community

FROM: Robert G. Frank, President 

DATE: May 2, 2013

SUBJECT: Results Oriented Management

As you know, we set out last year to redefine our budgeting model to make it more strategic, transparent and faculty-driven. I charged 25 members of the university community to replace our current incrementally based budget model with a more performance oriented one. They have been working diligently since September and filed their report of recommendations earlier this week.

The committee has concluded that, while appreciating the improvements many universities have achieved with Responsibility Center Management (RCM) or Performance Based Budgeting (PBB), UNM's culture and structure calls for a more straightforward and simple budgeting model to ensure the transparency and results we desire. The committee recommended we develop an approach better suited to UNM's organizational structure and budget environment. We have developed a framework for this approach called Results Oriented Management, or ROM.

ROM will incorporate many of the articulated benefits of an RCM/PBB approach to budgeting, but will be based upon the concepts of continuous improvement, net change, and aligning responsibility with authority. There are three main tenets:

- All academic and support units will have financial improvement targets for increased performance based upon the prior year's budget, as well as targets for academic quality and service levels.
- Support/overhead units will participate in the same manner as academic units.
- All new resources, whether from increased revenues or efficiency savings, will be reinvested in the generating units as well as in strategic investments. We will create a representative governing body that will be charged with overseeing this allocation process.

I thank all those who worked to provide the ideas that have led to ROM. We will soon form a new, campus-wide implementation team charged with working in an open, consultative and collaborative process broadly across our colleges, schools, and departments to hammer out the details of the ROM process for implementation in academic year 2015. As an interim work step,

they will simulate the budget for academic year 2014 during this coming fall semester. This will allow us to compare performance in the new model to the actual budget prior to implementation.

The implementation team will hold forums with faculty and staff to communicate further about the new budgeting framework, answer questions, and seek initial feedback. The dates of these forums will be announced as the fall semester approaches. Thorough engagement of all members of our community is essential and will be a key theme of the six-month process-detailing activity. To facilitate transparency and communication throughout the process, we have created a new website that will contain the most up to date information on the development and implementation of the new Results Oriented Management process and allow for feedback. Visit rom.unm.edu for more information.

I would like to thank Provost Abdallah, Chancellor Roth, and Executive Vice President Harris for their leadership of the RCM/PBB Steering Committee, as well as to express my gratitude to each of the committee members for their clear thinking, courage and countless hours of work on the demanding assignment to discern the appropriate budgeting model for the university. Your efforts will aid us in improving performance of all units, ensuring salaries are commensurate with competitors, investing wisely for the future and better serving the needs of our students.

Lastly, while budget approaches are critical, we must also continue to control costs. In the next few weeks, we will announce a comprehensive program for addressing cost management through continuous process improvement.