

**ADDENDUM**

Date: January 21, 2011  
Addendum Number: 2  
RFP Number: 87198  
PR Number: 2237  
New Closing Date: January 28, 2011 2:00 p.m. CST  
Buyer: Deana Merryman  
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**Item: Organizational Consulting Services for Strategic Transformation  
of Administrative Services**

Agency: University of Kansas Office of the Provost  
Location(s): Lawrence, Kansas

Conditions: See Questions and Answers starting on Page 2  
Close Date has been moved to January 28, 2011 2:00 p.m. CST

A signed copy of this Addendum must be submitted with your bid. If your bid response has been returned, submit this addendum by the closing date indicated above

I (We) have read and understand this addendum and agree it is a part of my (our) bid response.

NAME OF COMPANY OR FIRM: \_\_\_\_\_

SIGNED BY: \_\_\_\_\_

TITLE: \_\_\_\_\_ DATE: \_\_\_\_\_

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**HyperLinks to documents referenced in Questions and Answers Below:**[Economies & Efficiencies Report 2003](#)[Economies & Efficiencies Report 2008](#)[Economies & Efficiencies Report 2010](#)[KU Med Center Effectiveness Report](#)[Post Audit Recommendations](#)[Summary of 2008 Report](#)

## 1. Q: Section 3 – Project Scope

With respect to Phase One (Benchmarking and Diagnostic), does the Sponsoring Project Team have a preferred completion date for this work? Another way of asking this is when would the sponsors ideally want Phase II work to begin? This will assist us in assessing resources availability, timing and scoping the project.

A: **Ideally - we would like Phase One completed by the end of this fiscal year (June 30, 2011).**

## 2. Q: Section 3 – Phase 2 (Optional)

I just want to confirm what is meant by optional. I am assuming that Optional refers to the following: In the event we participate in the Phase one and although we did a preliminary scoping in the proposal of Phase Two, there is no promise on the part of KU that we will be helping with Phase Two. For example, you could end up using one vendor for assessment and a different one for developing implementation plans. Please confirm.

A: **Optional means that KU may decide at the conclusion of Phase One to not proceed to Phase Two. A change in vendors between Phases is not anticipated.**

## 3. Q: General question regarding methodology

Before submitting this comprehensive proposal and having conducted a number of Higher Ed Org Assessments and helping develop University Service Center, our approach always involves active support from targeted University personnel. In my experience, success of these initiatives is best achieved when ownership of the outcomes lives within the institution. With that said, will there be an internal team (or group of individuals) we can work with to participate in assessment, and subject matter experts we can reach out to through interviews and surveys. Although our analysis is rooted in independent observation, I just want to make sure the expectation of the sponsors is not that we would be doing this analysis with little or no involvement of an internal group. This is a foundational approach to our consulting methodology.

A: **There will be internal teams as well as subject matter experts available throughout the engagement.**

## 4. Q: Proposal Process/Timing

Would you please provide us with a description of the KU's process for reviewing proposals and selecting a consultant, and the timing for proposal review, selection and commencement of work?

A: **The Procurement Negotiation Committee will review all proposals and will make recommendations to University leadership as to how to proceed and which firms to begin negotiations with. Review of the proposals will begin immediately upon the bid closing.**

5. Q: Proposal Process/Timing

Does the Office of the Provost have an expected timeframe for execution of Phase I of the engagement?

A: **See the answer to question 1.**

6. Q: Proposal Process/Timing

RFP Section 1, paragraph number 3, "Proposal Deliverables" requests a "fixed cost total for each opportunity identified as a potential initiative for Phase II." Given that the initiatives will be identified during Phase I, it will be quite difficult to identify and provide cost guidance for execution of the Phase II initiatives in the response to the RFP. Under the assumption that all the other proposing firms will have a similar constraint, what is the Office of the Provost's guidance for responding to this RFP request?

A: **Proposal Deliverables also says: "In addition to a fixed cost, describe any other cost basis you may want us to consider for conducting this work".**

7. Q: KU Financial/Background Information

RFP Section 1, paragraph number 2, fourth bullet, references KU's self-supporting units. Would you please identify and provide us with financial information on these units?

A: **Those self-supporting units that will be included in the review will be chosen by university management and the vendor at the beginning of Phase I. Examples of self-supporting units include student housing, motor pool, print shop on the KUMC campus, etc.**

8. Q: KU Financial/Background Information

Would you please provide three years of historical (audited if available) financial information for the various self-supporting units?

A: **Our self-supporting units are generally not independently audited. Financial information will be made available at the appropriate time.**

9. Q: KU Financial/Background Information

Has KU undertaken any cost savings/revenue enhancement studies in the past and, if so, would KU provide access to such studies?

A: **Yes – attached to this response is an overview of those efforts.**

10. Q: KU Financial/Background Information

Would you please provide any current financial projections for KU or its self-supporting units?

A: **See answer to question 8.**

11. Q: KU Financial/Background Information

RFP Section 1, paragraph number 3, “Overall Guiding Principles,” fifth bullet, references KU’s strategic plan. The information publicly available provides only general references to KU’s strategic plan. In order to enable us to better focus its proposal, would KU be willing to share a copy of its strategic plan?

**KU is currently in the strategic planning process and will be able to provide more information at a later date.**

12. Q: Proposal Items

RFP Section 1, paragraph number 2, sixth bullet, references: “ideas gathered by the University to date.” Would you please provide us with the ideas gathered to date?

**A: See the attached Final 2010 Report document for a description of our most recent initiatives. In addition, we have a current performance contract with ESP for energy savings.**

13. Q: Proposal Items

RFP Section 1, paragraph number 2, seventh bullet, references: “the demands of the future given the financial constraints projected over the next decade.” If the data is available, please quantify/qualify the financial constraints that KU envisions over the next decade?

**A: We anticipate a flat state budget for the next several years.**

14. Q: Proposal Items

RFP Section 1, paragraph number 3, “Phase One: Benchmarking/Diagnostic,” second bullet, references: “efforts already underway to reduce costs and improve services.” Please describe those efforts. Are any third parties assisting KU with this work, and what is the status/result of those efforts?

**A: See answer to question 9.**

15. Q: Page one of the RFP document refers to the closing date for the RFP response as January 27, but page 11 says January 25<sup>th</sup>. Please clarify the due date for the RFP response.

**A: As referenced on Page 1 of Addendum 1, the Close Date has been Scheduled for January 28<sup>th</sup>, at 2:00 p.m. CST.**

16. Q: The RFP document asks the following two questions, which appear very similar. Please clarify how the answers to these two questions should differ.

- a. Describe your firm’s efforts to improve efficiency within your organization and how the suggestions your firm has made to other organizations have been implemented within your firm.
- b. Provide information on how your firm demonstrates efficient practices within your organization.

**A: These may be combined into a single response.**

17. Q: If possible, additional detail on the KU budget would be helpful:
- Functional breakout, particularly for administrative categories: Total budget (over time) for HR, IT, Finance, etc.
  - Percentage administrative spend that is centralized vs. dispersed among the individual colleges/schools.

A: **A functional breakout will take a great deal of explanation due to the extent we budget many campus costs centrally. We are prepared to work through this data with the successful vendor at the start of phase one.**

18. Q: Has KU previously attempted similar structural cost reduction efforts? If so, what has been the result?

A: **See answer to question 9.**

19. Q: Are there on-going budget actions being implemented from “the center” (e.g. procurement) or at the Division or school level?

A: **This information is contained in the attached documents.**

20. Q: Section 3. Project Scope

In the list of service and program areas it appears that Facilities Operations, Design and Construction Services and Other non-academic programs lines are indented under the Business Services line. Are these considered subsets of Business Services or are all them to be considered as stand-alone areas within the scope?

A: **They are not subsets of business services and should be considered as stand-alone areas within the scope.**

21. Q: Section 3. Project Scope

Is Research Administration included? If so, is there a separate Research Administration function responsible for research at KUMC?

A: **Research administration is included. Yes – there is a separate research administration function responsible for research at KUMC.**

22. Q: Section 3. Project Scope

Are the administrative functions and administrative services specific to KU medical center patient care (KU Hospital and faculty practice plan) included in this engagement?

A: **No**

23. Q: Section 3. Project Scope

Should the student services component include medical students and the students of the allied health professions schools on the medical campus?

A: **Yes**

24. Q: Section 3. Project Scope

Are healthcare and affiliated health education IT systems and IT support structures to be included?

A: **IT support structures are to be included.**

25. Q: Section 3. Project Scope

Should we consider administrative functions, infrastructure and processes that provide support to medical interns and residents as part of this assessment?

A: **Yes**

26. Q: Section 3. Project Scope

Are the specific healthcare-related procurement areas (e.g., inpatient med/surg; outpatient supplies) included in this assessment?

A: **No**

27. Q: Section 3. Project Scope

Does this assessment include departmental administrative infrastructures throughout the Lawrence campus and medical school and consideration of possible alternative operating structures?

A: **Yes**

28. Q: Section 3. Project Scope

Will Public Relations, Marketing and Communications for the Lawrence campus be part of this assessment? If so, will the same areas related to the KU Hospital and the schools of the medical campus be part of this assessment?

A: **KU Hospital – No.**

29. Q: Section 3. Project Scope

Is Financial Aid to be included on the Lawrence and KUMC campuses?

A: **The administrative aspects of the financial aid office are in scope. The financial aid award process is not in the project scope.**

30. Q: Section 3. Project Scope

Are Academic and Faculty Affairs to be included on the Lawrence and KUMC campuses?

A: **Academic administration will be included.**

31. Q: Section 3. Project Scope

Should we consider institutional advancement/development in our cost reduction/revenue enhancement work?

A: **Institutional advancement/development in not in project scope.**

32. Q: Section 3. Project Scope

Would any analysis of overall administrative levels include or exclude academic functions?

A: **Administrations functions within academic units will be included.**

33. Q: Section 3. Project Scope

To what extent should analysis capture operations in financial aid, admissions, and other related functions?

A: **The administrative functions in these units are in scope.**

34. Q: Was the “Certification regarding Immigration Reform and Control” inadvertently left off the “Vendor Response Checklist,” or not a part of the package?

A: **It was inadvertently left off the Vendor Response Checklist.**

35. Q: I understand what is meant under the section entitled “Proposal Deliverables” by: Provide information on how your firm demonstrates efficient practices within your organization. However, the previous question under Proposal Deliverables, although very similar in its first part, goes on to ask: “How the suggestions your firm has made to other organizations have been implemented within your firm?” Please provide clarification.

A: **See answer to question 16.**

36. Q: Section 1.2 (page 2)

What are the University’s “self-supporting units”? How many are there? What are their functions?

A: **See the answer to question 7.**

37. Q: Section 1.2 (page 2)

Approximately how many individuals (including management and staff) within each of the areas of analysis should we anticipate interviewing as part of this project? How many members of management exist within each function/area?

A: **The number of interviews for this part of the project will depend on the approach taken by the vendor. We are committed to bringing together as many folks as the proposed approach needs.**

38. Q: Section 1.2 (page 2)

What financial constraints are anticipated by the University over the next decade?

A: **See the answer to question 13.**

39. Q: Section 1.3 (page 3)

The RFP indicates that the University is seeking an independent assessment of potential revenue enhancement and cost reduction opportunities and that the selected vendor should take into account efforts already underway to reduce costs and improve services. What revenue enhancement, cost reduction, and service improvement strategies are currently being pursued by the University? What opportunities has the University already pursued in recent history?

A: **This information is contained in the attached documents.**

40. Q: Section 1.3 (page 3)

Phase I involves the identification of performance benchmarks. Is it anticipated that the selected vendor will already have access to benchmark data or does the University expect that this data will be gathered as part of the project?

A: **The selected vendor should already have access to benchmark data or should expect to gather that data as part of the project.**

41. Q: Section 1.3 (page 3)

The RFP states that the selected vendor will develop tools for measuring and tracking improvements against performance standards during Phase I. Do any such tools exist today at the University?

A: **No**

42. Q: Section 1.3 (page 4)

The RFP states that the selected vendor will provide recommendations to address regulatory restrictions that currently keep the University from achieving its strategies. Will these regulatory restrictions be provided by the University or is identifying such restrictions part of the selected vendor's Phase II analysis?

A: **The University will provide the restrictions it is already aware of. Additional restrictions should be identified as part of the vendor's analysis.**

43. Q: Section 1.3 (page 4)

Does the University have any preferences with regard to the governance of the project? For example, what frequency of status reporting to the project sponsor and/or University leadership is anticipated?

A: **University leadership will be very engaged in this process and will want ongoing and regular status reporting.**

44. Q: Section 1.3 (page 4)

Should the fixed cost provided in our pricing proposal include administrative and out-of-pocket expenses?

A: **These costs can be listed separately but must be included.**

45. Q: Section 1.3 (page 4)



Does the University have a budget defined for the project and its phases? If so, can the approximate budget be shared at this time?

A: **The approximate budget cannot be shared at this time.**

46. Q: Section 1.3 (page 4)

We have been asked to provide fixed cost totals for each potential Phase II initiative. It is possible that many initiatives will be identified as a result of our Phase I analysis. As a result, how should we account for such efforts within our Phase II pricing proposal?

A: **See the answer to question 6.**

47. Q: Section 1.3 (page 4)

The RFP indicates that we should indicate “methods for ensuring accountability” related to our Phase II pricing proposal. Please explain what type of information you are looking for in this request.

A: **To the extent you propose alternate cost basis for phase two that you want us to consider for conducting this work then we expect a discussion for how you would ensure accountability given those alternate cost basis.**

48. Q: Can you provide any information regarding the goals for this project in terms of total cost savings, in total dollars, or percentage of current budget? What is the range of the University’s expectations?

A: **That is yet to be determined.**

49. Q: Are any of the positions/employees indicated on the organization chart represented by a collective bargaining unit? If so, please indicate which positions are represented and describe your ability to change the duties of these positions?

A: **We have several groups represented by a collective bargaining unit:**

**Campus Police on both campuses**

**Trades positions on both campuses**

**GTA’s on the Lawrence Campus**

**We have some flexibility to change duties for these groups.**

**The Medical Center also has classified employees that fall under some additional state restrictions that can impact our ability to change duties quickly.**

50. Q: Does KU have a prescribed format or set of requirements regarding the business case development required in Phase II? We have seen many different approaches, and we have found that the amount of time required is variable based on a number of factors; including responses to requests for additional analysis by various stakeholders.

A: **KU expects the vendor to propose their best and most effective approach.**

51. Q: Is there documentation available regarding the current processes which are in-scope? Please provide any documentation which is available, including:

- a. Narratives
- b. Flowcharts
- c. Procedures

A: **We will provide all documentation in whatever form they exist in (on-line or hard-copy) once the award is made.**

52. Q: Does the University make use of outsourced services (such as payroll processing) in the in-scope list of processes? If so, please indicate the vendor and services offered.

A: **Housekeeping services at the Medical Center is the largest outsourced service.**

53. Q: In many cases, while processes can be made more efficient, cost reductions can only be realized via staffing reductions. Is the University able or willing to make such reductions to realize savings? Are efficiencies only sufficient for this project?

A: **Efficiency and effectiveness are the top priority. We understand there will be a need to reorganize and change the composition of our workforce.**

54. Q: Please describe the scope of the "Information Technology" processes which are in-scope? Does this extend outside of administration and into other areas such as academics or research? The Medical Center?

A: **Information Technology is in-scope. Electronic medical records, however, are NOT in-scope.**

55. Q: To what degree are processes centralized today between the Medical Center and the University? Are there instances where processes such as Accounting/Finance and Procurement exist in both entities (effectively, there could be two processes which must be evaluated)

A: **Some enterprise administrative systems are shared (Student System, HR/Payroll system in the future) as well as some procurement initiatives. The following are the only centralized offices that serve all campuses:**

**Chancellor's Office**

**General Counsel**

**Internal Audit**

**Government Relations**

**All other offices exist separately on both campuses and would require two processes be evaluated.**

56. Q: Can you provide additional detail on operating expenses, in particular a breakdown of the categories Instructional, Research, and Auxiliary Enterprises? Please if there are any individually significant costs tied to multi-year contracts.

A: **Refer to our 2010 Annual Financial Report which can be found at:**

[http://www.comptroller.ku.edu/financial\\_reporting\\_services/documents/annual\\_financial\\_report/KU\\_AFR\\_FY2010.pdf](http://www.comptroller.ku.edu/financial_reporting_services/documents/annual_financial_report/KU_AFR_FY2010.pdf)