THE UNIVERSITY OF MAINE SYSTEM

Proposal for the Review of Human Resources Function

RFP # 12-13

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SIBSON CONSULTING
A DIVISION OF SEGAL

3.1 General Information

3.1.1. Please provide your company's principal place of business and telephone number, and the name, address, and telephone of a key contact for questions associated with this proposal.

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333 West 34th Street New York, NY 10001 (*headquarters*)
212.251.5444 (Direct telephone)

3.1.2. Please provide a brief history and description of your company, including all lines of business, relevant publish reports about your company.

Our History

Since 2002, Sibson Consulting has been a division of The Segal Company, a highly regarded, privately held benefits, actuarial and human capital consulting firm with approximately 1000 employees. Segal, founded in 1939, is the only large, privately held firm in its industry and is 100% employee owned.

Founded in 1959, Sibson Consulting is a human resources consulting firm dedicated to helping organizations solve the most challenging people issues and improve the return on human capital through change management, talent strategies, effective organizational practices, rewards and compensation design, work/life programs, and other solutions that help enhance employee performance. Sibson has worked with half of the Fortune 500 and a significant number of higher education institutions as shown in the *Appendix*. The *Appendix* also contains the range of our services and common projects.

As the chart below shows, the combined Sibson offering is one of the most compelling sets of human resource consulting services available today. Our offering gives us the depth, breadth, and critical mass to provide insight to our clients across a broad spectrum of human resource and organizational performance issues.

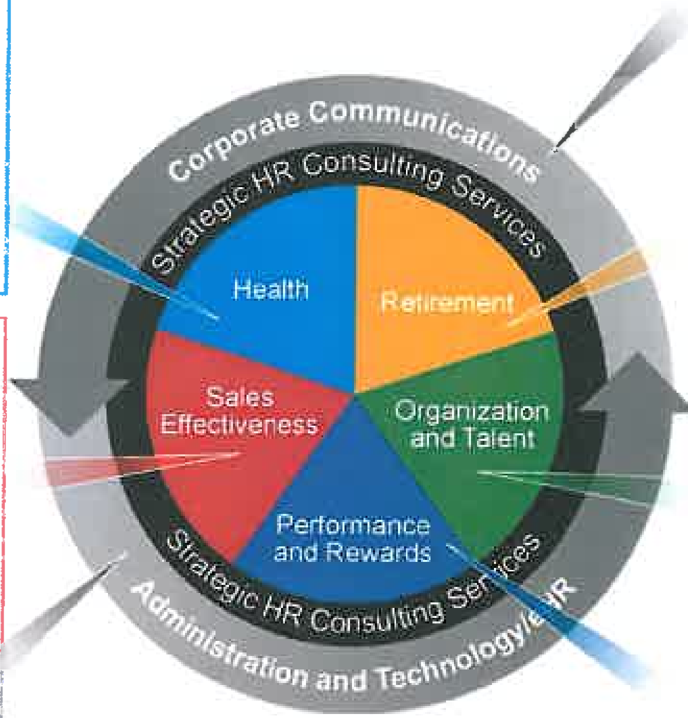
Our Lines of Business

As illustrated below, Sibson's key strength is our ability to see and address client related issues across all areas of human capital management, addressing challenges where they manifest themselves while working closely with clients to diagnose systemic causes.

Typical Projects
- Benefits strategy, planning and design
- Underwriting analysis and plan pricing
- Vendor assessment and negotiation
- Retiree medical valuation and design
- ROI and business case development for health and wellness investments
- Health care data analytics

Typical Projects
- Market assessment and growth planning
- Customer segmentation and account targeting
- Channel selection and management
- Sales job design and staffing
- Sales compensation and quota setting

Typical Projects
- Outsourcing strategy, vendor selection, administrative solutions and implementation
- HR process review



Typical Projects
- Communication strategies and support

Typical Projects
- Retirement program design and analysis
- Valuation to determine funding requirements
- Administrative consulting and vendor selection
- Stochastic forecasts and asset/liability modeling
- Education and transformation

Typical Projects
- Strategic talent planning and analysis
- Merger and acquisition integration
- Organization and job design
- Succession management and development
- Talent standard definition and assessment

Typical Projects
- Employee value proposition definition and measurement
- Rewards/compensation, benchmarking, strategy, design and communications
- Performance measurement and management

Health	Retirement	Organization and Talent	Performance and Rewards	Sales Effectiveness
• Optimize the return on investment in health and welfare benefits • Create design strategies that balance cost effectiveness and health promotion • Implement and execute plan strategies • Actuarial analysis and pricing	• Optimize the return on investment in retirement benefits • Manage financial risk • Comply with complex regulatory and accounting requirements • Improve administrative effectiveness	• Execute business strategy through organization capability and supporting people processes • Build talent capability through development and succession • Design effective organizations and jobs • Predict and fill future talent needs	• Optimize the return on investment in rewards • Create compensation plans with impact • Create the measures that matter most • Effectively manage performance	• Achieve and surpass growth and profitability objectives • Effectively segment and target opportunities • Improve sales force productivity

Published Reports

Dun & Bradstreet publishes a report on The Segal Company (Sibson's parent company). We have attached a recent copy of the report in the Appendix for your review. Our consultants are also quoted in national publications and author articles, which are published in industry magazines. The latest articles can be found on our website at www.sibson.com.

3.1.3. Tell us about the nature of your clients:

a. How many public sector and higher education clients has your firm advised in the last five years? In the past two years?

The following represents the number of higher education clients we have advised:

- Last five years – 231 clients
- Last two years – 131 clients

The following represents the number of public universities we have advised:

- Last five years – 59 clients
- Last two years – 35 clients

We also advise other non-university public sector clients through our Public Sector Practice.

b. Provide a list of public university systems with which you have worked and any other relevant clients you wish to include.

Please refer the *Appendix* for a complete list of the public (and private) universities Sibson has worked with.

3.1.4. How long has your company provided consulting services for human resources in the public sector and/or higher education?

Sibson (and its parent company Segal) has provided consulting for both public sector and higher education clients for over 50 years.

Sibson is a national firm with 22 offices in North America with a focused and dedicated higher education team. Our higher education leadership team proactively keeps current on trends through consulting work, research, and involvement in professional associations. We have extensive expertise and an ongoing commitment in higher education as evidenced through our robust client list. We also draw upon our expertise through our work with corporations to bring effective practices to our clients, adapting as necessary to suit the academic environment. Our size, decision-making process, and consulting philosophy enables us to tailor our partnership with you, our higher education, clients to suit each institution's needs.

Colleges and universities continue to choose Sibson to help them develop strategies that address their specific needs and challenges. We understand the issues that are particular to higher education institutions and we have consistently delivered superior solutions across a broad spectrum of human resources services for faculty, executives, administrators, and staff, as determined by our clients' needs. Consequently, we have been the firm of choice for many in higher education.

3.1.5. A list of references is required to be submitted with your proposal. These references should be clients your firm is currently or has recently done business with on projects of similar scope as this one. Please provide the following for each: University or organization Name, Address, Contact Name and Title, and Phone Number.

Client Name	Contact Name, Title, Address and Phone Number
The Florida State University	**Mr. Mark Palazesi** Director of Human Resources The Florida State University Office of Human Resources Location: UCA – 6224 600 W. College Avenue, Tallahassee, FL 32306 Phone: 850-644-0184 mpalazesi@admin.fsu.edu
University of Minnesota	**Ms. Lori Lamb** Director of Human Resource Operations University of Minnesota Office of Human Resources 660 West Bank Office Building 1300 S. 2nd Street Minneapolis, MN 55454 Office Phone: 612-625-6618 Cell Phone: 507-382-3879

3.2 Personnel

3.2.1. Identify the staff, years of service, education, professional certifications, and expertise of those who would be assigned to this engagement. Specify experience in similar work for public university systems with collective bargaining.

To lead the Sibson team our first priority is to provide the most seasoned subject matter experts to manage this engagement for you. As additional expertise is needed, we will assemble a diverse and skilled team to serve and interface with UMS during the engagement.

Three seasoned consultants with rich and diverse backgrounds in higher education will assigned to the UMS team:

- ***Glenn Alonzo, CEBS, HIA, CIC,*** will be your Client Relationship Manager. Glenn is very familiar with the University and will be responsible for the overall work

- ***Michael O'Malley, PhD*** and ***Carolyn Wong, MBA,*** will serve as Co-Project Leaders. Given the nature of the assignment, we anticipate that both Michael and Carolyn will work in tandem with the UMS team.

Please refer to the Appendix for biographical sketches on the proposed team.

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3.3 Scope of Services

Specify the services your firm proposes to provide, addressing the following areas. For each area, please include an estimate of hours/days of effort you anticipate devoting to the task. Please indicate any responsibilities which may be performed either by your firm or by UMS and identify the cost impact in the section on fees.

3.3.1. Review of work conducted to date: See attached HR function matrix, resource inventory and areas identified for further focus. Describe what steps your firm will take to review and assist the team in building on this work.

Our approach will be structured around a formal decision process that often is used to assess and select among organizational options: multi-attribute utility analysis. The benefit of this approach is that it organizes institutional options, and demands that decision makers articulate two major aspects of the decision process: (1) the viable alternatives, and (2) the criteria that will be used to evaluate the alternatives.

The Alternatives

From our inspection of the materials sent to us along with the RFP, the Human Resource Department ("the Department") has done much of the preliminary work in clarifying its available options. We would further suggest that this work be organized around a set of related dimensions that, in combination, constitute different ways that the Department might wish to structure its operations.

- *The bundle of programs and services that Human Resources will offer to the University community:* Specifically, the Department might want to consider if it needs to retain its current package of programs and services, or whether it wishes to augment or reduce them.
- *The availability of replacement services through contracting, outsourcing, or technology:* Many Human Resource functions can be delivered in different ways, and the Department might want to consider the various avenues that it could pursue.
- *The organizational design the Department elects to use:* Given that the Department already has committed to the concept of inter-operability, the design will concern the means by which System integration will occur, and there are different ways to achieve this end ranging from complete centralization to a form of distributed authority short of complete decentralization.

Thus, the first step will be to assemble the components above – the service offerings, the delivery infrastructure, and the organizational design – into coherent options at a level of detail that permits us to evaluate the utility and costs of the alternatives. Each option will involve unique costs that will have to be identified and assessed. These may be costs that will be immediately incurred, recurring costs, or long-term costs that will impose present value expenses. We will assist Human Resources in estimating the total costs associated with the different options. These may include, but are not limited to, the cost of staff, technological enhancements/modifications, relocation expenses, etc. We duly note that the Department has already produced some baseline estimates of expenses.

The Criteria

The second major component to utility analyses is defining the criteria that will be used to evaluate the different possible configurations of Human Resources – the options. One criterion we already have discussed is embedded into the alternatives: the cost of each. But there will be benefits, too, and prudent decisions require that this side of the utility equation be factored in. In addition to cost, the RFP mentions two other criteria that might be considered. These are efficiency and service. Each of these will need further clarification, or to be operationalized. For example, service may mean accessibility to information, personalized attention, or authoritative answers to questions. Efficiency may mean speed of transactions, ease of usage, or single-source (one-stop) solutions to multiple queries. Some alternatives may be more (or less) successful at fulfilling certain aspects of service and efficiency more than others.

These aren't necessarily the only criteria that the Department might want to insert into its decision process. For example, the Department may want to achieve its service and efficiency aims with as little disruption to people's lives as possible: well-being, then, might emerge as a criterion to consider during deliberations. The overall point of defining criteria is to make the grounds for choosing one option over others explicit.

In order to measure the alternatives against the criteria, there are a couple of additional steps required:

- ***Assign Weights***—Some factors may be more important than others in the scheme of things and, when using this approach, you have the ability to weight the criteria accordingly.
- ***Develop a Rating Scale***—Create a measurement scale that evaluates how much each option contains of the particular attribute, or criterion, in question -- and implement a process by which the stakeholders can reach agreement on the measurement outcomes.
- ***Monetize the Measures***—There are different ways of converting ratings, or utilities, into dollars so that the sum benefits can be netted against the costs.
- ***Create Decision Standards***—It is tempting to opt for the alternative that produces the highest net utility, but that is only one selection criterion. There are many others. For example, you can set minimums on certain criteria and only select the option with the highest utility that meets a minimum threshold on other factors.
- ***Conduct a Sensitivity Analyses***—Examine how the results might change if slight modifications were made to criteria weights and ratings. Ideally, we would want to see some stability in our answers: that would reduce our analyses down to one or two choices that persist despite minor fluctuations in our assumptions.

Multi-attribute evaluation is a decision tool that enables parties with different outlooks and perspectives to reach agreement on complex and emotionally charged issues. It doesn't sterilize human judgment, but rather channels it.

Project Steps

The process we would follow over the next two-plus months is to take the information you have gathered, in addition to other data that may be required, and place it all within the context of the decision model we have outlined. Specifically, we will work collaboratively with you to:

1. Compose various Human Resource options based on the goals that you are seeking to achieve

2. Determine the net costs of each of the alternatives *(Please note: we assume that as a part of your work to date, that you have conducted process reviews and identified places within your system where the needs for technology are greatest and that the purpose of our work is not to conduct a holistic efficiency review – we are commenting on this RFP under the assumption that much work has already been completed and that we will be reviewing that work and not starting anew)*

3. Specify the criteria that will be used in evaluating the alternatives

4. Measure "how much" each alternative possesses on each of the criteria and determine the dollar values associated with each

5. Establish decision criteria and apply the selection method to the alternatives

6. Perform a sensitivity analyses to ascertain the stability of answers, and whether some rethinking of the options is in order

7. Make a final determination and develop a plan of action accordingly.

3.3.2. Data collection: Describe what further information needs to be collected both internal and external to UMS and how your firm will gather the data, including use of interviews if necessary.

We will need the usual materials from Human Resources. This would include job descriptions, organizational charts, metrics on performance, strategy statements and goals, process flows/maps, descriptions of all programs, and notes and assessments taken during the course of the current review.

Most of the data collection will involve assessing the costs and benefits of different service delivery portfolios. Much of this information such as staff costs will be gathered through internal sources. Some estimates, e.g., for technology enhancements, may involve obtaining quotes from vendors or time requirements from the internal IT staff. We will determine other data collection needs once the project starts and evolves. For example, if Human Resources wants to evaluate which programs and services are most highly valued within the Maine System, we might want to conduct interviews and administer a survey. However, our assumption is that the potential functions that HR wishes to offer have been largely determined.

3.3.3. Benchmarks: Describe metrics or analytics your firm will use to compare UMS HR to other public university systems and/or other similar multi-location systems and how you will account for difference between systems such as number and size of universities, scope of collective bargaining and use of outsourcing.

Based on our experience, we can say what the standards of practice are and point out variations on standards that some institutions have adopted. We would hesitate to refer to our common understandings as "benchmarks" since there is too much variability from institution to institution to definitively quantify Human Resource operations. We will be able to tell you what many institutions do, the way they are organized, and the processes and technologies they use.

3.3.4. Best practices: Describe how your firm will identify and present relevant leading or best practices and the source of your information.

The consultants on the project have cumulative experiences of roughly 60 years. We also have tremendous backroom analytical support and resident content experts in select areas of human resources who can be deployed to gather or supply additional information, as needed. With regard to the consultants assigned to this project, the basis of their judgments is grounded on a combination of knowledge of Human Resource content, cross-industry experiences, understanding of higher education, and years of trial concerning what works, and what does not.

3.3.5. Service delivery models: Describe how your firm will lead the Review Team and others in a workshop setting to learn about the assess alternative service delivery models.

We have outlined our process above. All of our work with the Review Team will be facilitated discussions within the context of an agenda and clearly specified goals. In between sessions, there will be homework/information gathering for participants prior to each successive meeting. The process we will follow is well designed and a proven means to reach consensus on alternative courses of action.

3.3.6. Role of technology: Describe how you will provide guidance to the Review Team in assessing the role of technology in service delivery to increase efficiency and maintain or improve service. Technologies to be considered include, but are not limited to: applicant tracking, talent management, document management, workflow, portal with knowledge center, data warehouse and case management.

Sibson has an internal HR technology group that is familiar with the various platforms and software in use. In addition, it would be prudent to survey other university systems in areas in which we think will yield efficiency advantages and would be worth investigating further. We also have a Senior Human Advisory Resource group that serves as external board to Sibson, and technology has been an area frequently discussed. Our focus, however, will be on a "work review" versus a technology review in order to locate processes that could be beneficially automated.

3.3.7. Business case for future state: Describe your firm's approach and experience in developing a business case that supports decision making based on required investment and return on investment in financial resources, staffing and technology. Include how your would assess whether current human resources talent within the System is adequate to support the future state.

The business case will be made based on a formal cost-benefit analysis that will estimate the costs and expected short and long-term returns of the new model. There are two dimensions to staffing: whether you have the right people and whether you have adequate staff deployed in the proper places. One outcome of the organizational design is to define the jobs and associated requirements that will be needed to fulfill the functions of Human Resources. The Department will have to measure individuals' existing skill sets against any newly formulated positions and decide how to remedy gaps if present. In terms of the number of people and how they are deployed, we will estimate the time requirements that will be needed to satisfy service standards and program quality, and the number of FTE that will be needed to meet user expectations.

3.3.8. Implementation, communication, costs and staffing: Describe how your firm will position the Review Team to be prepared to develop a full transition and implementation plan if the proposed service delivery model is approved.

We have an experienced in-house communication/change management team who we will introduce to you once a direction is becoming increasingly evident. Indeed, you may want to obtain consult from this group sooner versus later since the sorts of changes you are undergoing weigh on people, and the uncertainty can be debilitating in the workplace. We are prepared to work with you every step of the way to produce a feasible action plan with collateral materials and employee communications. *Please note, however, we have not built communications into our fee quote.*

3.4 Overall Approach to the Work

3.4. Describe your firm's philosophy and general approach to HR effectiveness and this review project.

Our approach is based on experiences with hundreds of organizations and information from a recent "At the Table" study with Human Resource departments.

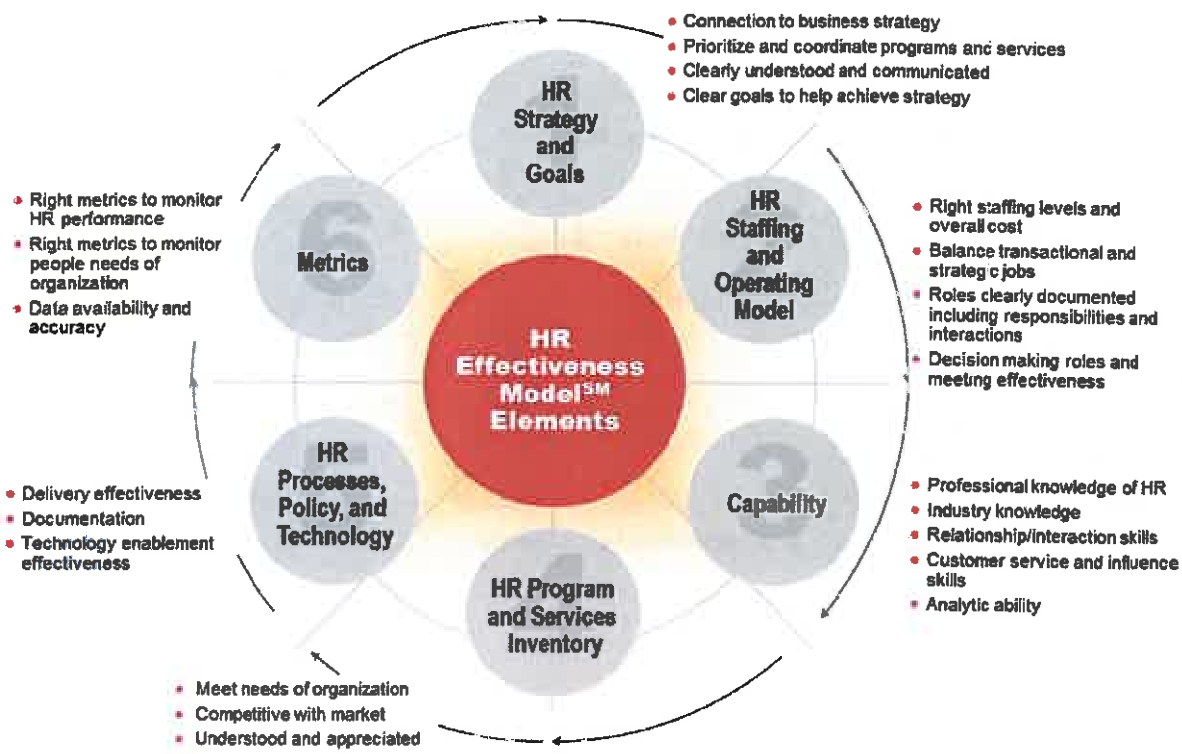
The developmental goal of our model is to help build dynamic functions that flexibly meet the human capital needs of the business and are viewed as valued business partners by the organization's leadership—as depicted in our ***Five-Stage Model***, below.

Stage	Stage Characteristics
5. Dynamic	The HR organization is agile and fluid in addressing the human capital needs of the organization. It is proactive in ensuring that the institution has the people needed to execute its strategy. It constantly improves its impact.
4. Influencing	HR has high credibility and leader support throughout the organization. HR influences results through the alignment of its programs and also its relationships. It measures its impact and cost effectiveness.
3. Capable	HR processes, functions, and people effectively manage the day-to-day operations of HR and react to the people needs of the organization. Several HR programs are competitive with best practices.
2. Reactive	Most HR processes function appropriately but are not closely aligned to the needs of the institution. HR has limited credibility and influence within the organization but is good at putting out fires.
1. Passive	The HR processes are not coordinated and mostly transactional. HR does basic services that do not adapt to the changing of the institution. HR has no influence on the results of the organization.

Our General Approach to HR Effectiveness

We specifically look for proficiencies on six elements in order to determine the overall effectiveness of Human Resources—each element is crucial to the elevation Human Resources to a transformational function.

THE HR EFFECTIVENESS MODELSM
ELEMENTS OF EFFECTIVE HR ORGANIZATIONS



With regard to service delivery, we explore how well Human Resources carry out its functions in the six areas below. The ability to deliver on these are essential for service effectiveness and positively influence the experiences of employees throughout the organization.

THE HR SERVICE DELIVERY MODEL

Talent Acquisition	Sourcing, recruiting, selecting, and assimilating new employees
Performance and Development	Skills training and competency development, succession planning, career advancement, and performance management
Compensation	Cash compensation market analysis, levels and ranges, structure, and delivery
Benefits	Medical, life, retirement, vacation, leave, and other related programs
Management and Employee Relations	Relationship management, team-building, environment and culture, and conflict resolution
Legal Compliance	EEO, affirmative action, workers compensation, FLSA, and other compliance needs
Health, Wellness, and Safety	Employee health and wellness services, and safety practices and programs