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Oct. 19, 2009

Dear Colleagues:

The past academic year was a challenging one, and President Hennessy and I are grateful for the way the university community persevered through our shared difficulties and remained committed to Stanford's teaching and research mission.

The good news is that our general funds budget reductions are largely done. During this year's budget cycle, I do not anticipate asking departments to propose further cuts. There will be some endowment-dependent units that must make additional reductions, and while we did not reduce our generous financial aid program, we still have much to do to solve the deficit in that program. But, barring unforeseen economic circumstances, our most difficult decisions have been completed.

Now we must rise to a slightly different challenge. We must focus our ingenuity and energies on increasing efficiency as we adjust to the loss of various programs and valued colleagues. We must be willing to pause, reassess and ask ourselves why we do things the way we do -- and whether there are better, more streamlined processes we might employ. We should use the opportunity of this crisis to assess, innovate and change.

The president and I do not think it is reasonable to expect fewer people supported by fewer resources to work twice as hard to accomplish the work of the university. We need to find ways to enhance our efficiency. There may be some functions we should eliminate. There may be processes that need to be rethought. We need to ask ourselves about everything we do in our work: Do we need to do it? If so, does it need to be done the same way we've always done it? Does the process have to involve so many people, so many signatures, so many steps? Or can we reorganize or reassign responsibility? Are there things we can stop doing?

Examples flourish throughout campus. Take, for instance, the changes made in central maintenance. Prior to this year, the maintenance staff put in thousands of hours of overtime each year to handle evening and Saturday calls. By voluntarily dividing into two shifts rather than one, the maintenance workers have virtually eliminated overtime, producing an annual savings of more than a million dollars. This savings will be passed on to every department that uses their services. To take another example, several offices around campus have found ways to do without a dedicated receptionist and to guide clients directly to the person they need to see. I am sure there are more and even better examples throughout campus.

As part of the budget process this year, I will be launching several task forces to look at major functions that cut across organizational boundaries. For example, one will look at research support in both the schools and central offices, while another will look at information technology around campus. These groups will examine these functions and look for ways we can do them better and more efficiently. The goal is not necessarily to

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squeeze further dollars out of the system (though savings will always be welcome), but to eliminate redundancy, inefficiency and extra work that have accumulated over time.

These groups will focus on a small selection of major functions. But we need to do more. In most cases, you are the ones who know best how we can operate smarter. So we are seeking your best ideas for increased efficiency across the campus. If you wonder about certain processes or have a suggestion we ought to consider, I encourage you to sign on to <http://efficiency.stanford.edu>. There you can post your questions, suggestions and solutions for consideration by the campus community. These will be available for everyone to read and comment on, and you can even vote for your favorite ideas. Though not every idea will be adopted, I promise that we will review each one and let you know its status on the site.

We need long-term solutions for what President Hennessy has called the "rebasings" of the university budget. The recent report of the Stanford Management Company confirms that it will be many years before our endowment regains its summer 2008 value, even if the economic recovery is swift. Still, we are in a much stronger position for having taken quick action this past year. Our remaining challenge is to find ways to function well with our new level of resources.

Let me end by saying again how pleased I am with the steps schools, departments, centers and administrative units took to meet our budget challenges. As many of you have heard me say before, Stanford has the very best employees of any university anywhere. That certainly proved true over the last 12 months.

I look forward to your continued good ideas as we work to improve our efficiency. Thank you again for all you do for Stanford. You have my best wishes for the new school year.

John Etchemendy  
Provost