Metrics for Research Administration Offices (Part 2)

By Nathan Haines

Part 1 of this two-part series documented the importance of metrics as a tool for managing people and measuring productivity. This article explains how to plan and implement a management system based on metrics.

How and where do you start?

When deciding how to best utilize performance metrics in a research administration office, a gradual implementation process will likely work best, so as to not overwhelm staff or make goals seem unachievable.

Begin by using metrics to identify your greatest opportunities. The most likely areas will include operational performance, compliance management, financial/cost management, and/or customer perception. Focus on the most important projects and only those you can address comprehensively. In other words, avoid the common mistake of trying to do too much at once. A focused approach will allow you to more quickly implement successful, lasting and measurable improvements.

Ambitious, long-term goals can be achieved, but they may seem unrealistic to your staff. Therefore, explain the long-term direction but focus your staff on modest, short-term goals each month, based on progress to date. You probably will not make progress every month, so track results with a rolling average.

An example

To illustrate, take the case of a research institution that had identified several opportunities in its post-award office, including improved billing and collection of research receivables. To start, the institution put in place improved reporting, including a monthly management report to track receivables. The report split receivables into "billed" and "unbilled" categories, and implemented a separate tracking of letter of credit (LOC) accounts. The office decided to track eight metrics.

Each month, the entire office discussed its progress. After six months of tracking, accounts receivable older than 120 days dropped by 75%, unbilled receivables dropped by more than 50%, and total accounts receivable dropped by more than 60%, as shown in Figure 1 below.

The results we achieved in a short period of time were dramatic. Metrics created a clear understanding of our situation and allowed us to quantify the improvement, which was significant. As an example, we realized a $27 million decrease in accounts receivable during the first eight weeks of our project. Furthermore, after several years, the university continues to use the processes and metrics that were put in place.

Ray Pinner, University of Alabama-Huntsville Vice President for Finance and Administration

Figure 1. Accounts Receivable ($M)

$47.4 (Dec 2006), $19.9 (Jan 2007), $20.3 (Feb 2007), $17.8 (Mar 2007), $17.6 (Apr 2007)
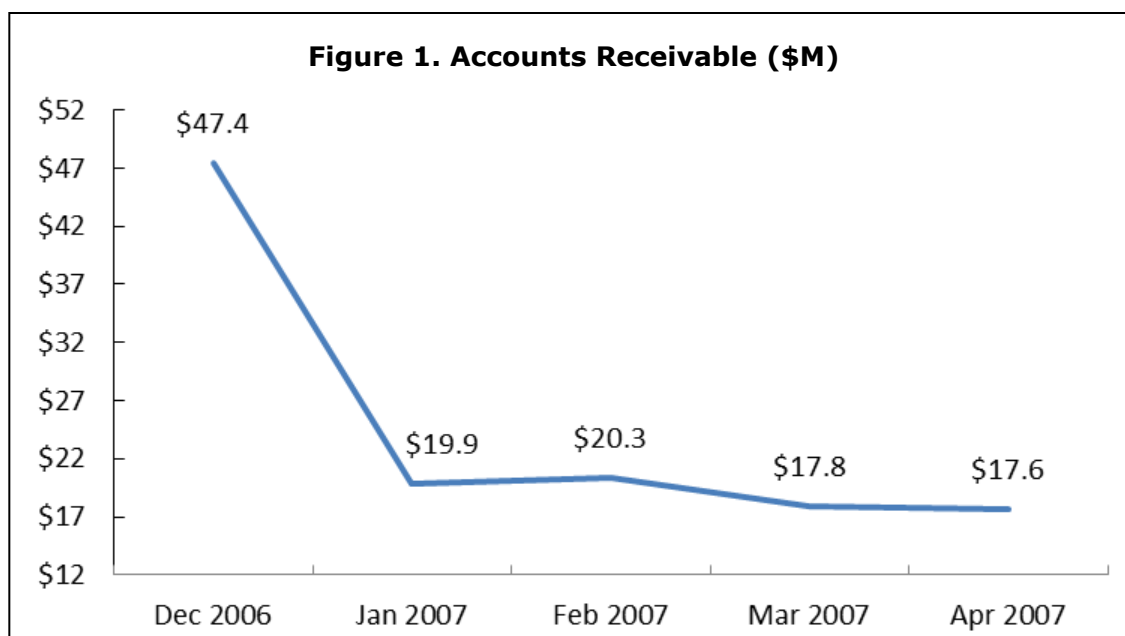
This institution's achievement in using metrics to successfully implement process improvement can be attributed to the following key actions:

- Establishing metrics and initially using them to determine baseline performance, thereby generating a shared awareness of the need for change
- Distributing relevant metrics to staff in the central research administration office(s) and to the Vice President for Finance and Administration, among other leadership
- Diligently tracking progress against shared goals
- Establishing clear procedures to improve performance

What metrics should you track?

Seek the input of different stakeholders who are involved in the day-to-day work. It is important to track the right metrics, since tracking the wrong ones or putting excessive emphasis on any one metric could incentivize undesired behavior and result in unintended consequences.

For example, one institution made a concerted effort to decrease its financial reporting backlog. It did so by putting a team in place to submit all past-due reports prior to a certain date. Good progress was made. However, the focus on reducing the existing backlog distracted the office from ongoing work, and on-time report submissions decreased, resulting in a new backlog. Hence, leadership must provide guidance and underscore the continued importance of all business processes, even when the metrics focus on a specific area. Thoroughly contemplate the impact of the metrics when you establish them, to prevent counterproductive incentives. Success may come through trial and error, so close observation is critical; think about what is working and what is not, and adjust accordingly.

Table 1 below shows example performance metrics and volume statistics for research administration offices.

Table 1. Example Performance Metrics and Volume Statistics

Area	Metric
Proposal Submission	Average days complete submission received before deadline
Proposal Submission	Number and $ of proposals
Award Set-up	Days for central office(s) to process set-up
Award Set-up	Days from receipt of Notice of Grant Award (NOGA) to financial account activation
Subcontract execution	Days with central office
Subcontract execution	Days with department administration or investigator
Advance Accounts	Number and $
IRB/IACUC Approval	% and number by type (new, continuation, amendment)
IRB/IACUC Approval	% and number by type expedited or Designated Member Review (DMR)
IRB/IACUC Approval	Days between submission and DMR or committee review
IRB/IACUC Approval	Days between submission approval
IRB/IACUC Approval	Number of lapsed protocols
Letter of Credit	Number and $ of draws
Letter of Credit	$ unbilled
Letter of Credit	$ in LOC clearing account
Invoicing	Monthly unbilled (i.e., backlog): number and $
Invoicing	Monthly billed: number and $
Accounts Receivable	Number and $ in aging buckets of 30/60/90/120+ days
Overdrafts	Number and $ in aging buckets for overspent accounts
Closeout	Number of awards open 120+ days past end date
Cost Transfers	Number submitted/approved less than 90 days
Cost Transfers	Number submitted/approved less than 90+ days
Financial Reporting	Monthly number submitted
Financial Reporting	Monthly % submitted on time
Financial Reporting	Monthly number past due (i.e., backlog)
Cash Application	Number and $ of payments in holding account
Bad Debt	Number and $ of write-offs
Effort Reporting	Number and % certified on time
Effort Reporting	Number and % outstanding
Effort Reporting	Number and % certified by principal investigator or individual
Effort Reporting	Number of recertifications

Operationalize the tracking process

Valuable resources are required to compile, analyze and distribute metrics. Evaluate the cost and benefit of each metric so it does not hinder performance of the tasks being measured. Minimize the effort with metrics by tracking a manageable number and using data that is already available or simple to collect.

In addition, metrics should be easy to understand; therefore, do not attempt to analyze any measures that are too complex or subjective. Focus on metrics for those business processes that can be tracked in a straightforward manner, such as the number of past-due invoices or the time between the submission of a human subject protocol and approval by the Institutional Review Board.

Distribution considerations

The effectiveness of metrics can be greatly affected by the selection of recipients who will be reviewing those metrics. For example, a central post-award office at a large research university disseminated individual metrics to the entire team (i.e., each team member was able to see how the other team members were performing on an individual basis). This level of transparency caused strife among team members by creating unhealthy competition. To remedy the situation, leadership changed course and began sharing metrics by team rather than individual, which helped promote a sense of teamwork and increased motivation to become more productive as a group. Ultimately, your goal should be to create a collaborative and positive dynamic: teams working toward shared goals.

Conclusion

Tracking the right metrics for an office and using them in the right way enables a manager to improve team decision-making, motivation and performance. Not only will tracking metrics improve both short and long-term outcomes, it will also enable you to quantify and share your success. Whether you are making incremental process improvements or creating large transformational change, metrics should play a fundamental role.

Author

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