

**THE UNIVERSITY OF TEXAS AT AUSTIN**

**Office of the President**

**Final Report of the Committee on Business Productivity**

**Steve Rohleder, Chairman**

**January 2013**

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## Message from the President

January 29, 2013

Dear UT Family,

As we all know, we're going through very tough economic times, in the State, in higher education, and here at UT. We've just been through a protracted recession that has tightened state funds for our university, state funds that were already at historic lows as a share of our budget. The recession has constricted our investment income, and it has made development a greater challenge. And certainly, it has affected families trying to send their children to college. The Texas economy is doing a lot better now, and certainly it has done better than the rest of the country. But we still see dramatic effects on our campus. We still have to be very creative on how we use our resources to move the University ahead.

To that end, in April of last year, I asked 13 distinguished leaders in business to come together and offer advice on aspects of the University's business operations and processes that could be improved, streamlined, and leveraged to better effect. We called it the Committee on Business Productivity. They met several times as a full committee and even more times as working subcommittees. In addition, the committee's support staff, some of whom established an office here on the campus, conducted dozens of interviews with our own staff and with staff across the country on different aspects of campus operations, campus assets, and commercialization of intellectual property. I am happy to say that they report that our staff has been tremendously supportive and open to new ideas.

We have an academic mission that pursues goals unlike those of ordinary businesses, but we also perform functions that are very much like businesses, such as accounting, purchasing, and asset management. In these areas, we should be using the best business practices. That is what the Committee focused on so that we can use more of our resources to support our core missions of teaching and research.

Today I am releasing the Committee's report, "Smarter Systems for a Greater UT." This will start a process and dialogue about their recommendations. I am also addressing the UT community to discuss the report in more detail. I want to thank the Committee members for all of their hard work. Decades from now we will look back on this moment as a turning point in our ability to serve all of our constituents better and focus even more of our resources and energy on our core mission.

A handwritten signature in black ink that reads "Bill Powers". The signature is written in a cursive, flowing style.

William Powers Jr.

President

## Executive Summary

The University of Texas at Austin is one of the most efficient and effective public universities in the nation. It is so due to a pervasive spirit of restlessness and discontentedness with the status quo.

In April 2012, President William Powers Jr. appointed 13 business leaders to form the Committee on Business Productivity to examine ways in which The University of Texas at Austin might increase its operational efficiency and productivity. After some nine months of research and deliberation, the Committee on Business Productivity now submits its findings and recommendations with this report.

The committee strongly shares President Powers' goal of making UT Austin the No. 1 public university in America and believes these recommendations are an important means to that end. As he has stated, the more efficient the machine, the more energy can be focused on the product.

The combined recommendations in this report could yield as much as \$490 million over a decade. This will not be simple or easy. Indeed, if successful, The University of Texas would be the first university in America to overhaul its operational models in all three areas under consideration. But little worth doing is easy, and if it were easy, it would have been done already.

The committee's charge was divided into three main areas of inquiry: administrative functions, commercialization of technology, and use of assets.

The Subcommittee on Administrative Services Transformation studied how UT could save by changing how a number of administrative functions are organized and operated. This "shared services" initiative would consolidate such functions as finance and procurement, human resources, and information technology. Though some consolidation has occurred in these areas over recent years, the committee found that the campus is still highly decentralized across the various colleges, schools, and units in comparison to the best practices of the private sector. Consolidating these administrative functions could yield up to \$200 million in savings over the coming decade.

The Subcommittee on Technology Commercialization examined how UT encourages innovation as well as protects and monetizes the intellectual property developed on the campus. While the University is already among the nation's elite in this area, the committee felt that UT can raise its game to another level to spur innovation, to foster entrepreneurship, and to generate economic growth in the region as well as across the state.

Lastly, the Subcommittee on Asset Utilization looked at how UT could better leverage its existing assets, such as selling excess power generated by its own power plant on the open market, incentivizing deans and department heads to conserve power, bringing UT's food, housing, and parking rates more in line with market values, and taking advantage of outsourcing or privatization opportunities. Following these recommendations could yield up to \$290 million over 10 years. The amount could dramatically increase if a culture of transformation takes root.

A common thread through all three recommendations is the need for a champion of these changes. If these changes are to be implemented, the committee feels that they must become the sole charge of a single person. Leadership by committee will not suffice. Whether conceived of as an “operations czar,” “a project manager,” or something more traditional such as a vice president or associate vice president, someone must be appointed to drive these recommendations forward, and that person must be directly accountable to the president and have sufficient power — the proverbial 10,000 votes — to resolve conflict and overcome institutional inertia. Without a person of significant leadership skills and power pushing these reforms full-time, the committee feels that this report will go the way of many another well-intentioned but ultimately ignored blue-ribbon panel reports.

The body of this report will be organized according to the three charges given to the subcommittees. Recommendations are numbered according to section. Corresponding appendices to each subcommittee section are included at the end.

In conclusion, as chair, I would like to thank President Powers for the opportunity to serve The University of Texas in such a potentially impactful way and to offer my own thanks to the committee’s members and to the support staff that did much of the research, facilitated our meetings, and prepared the recommendations.

Respectfully submitted,

Steve Rohleder, Chair  
Committee on Business Productivity

## Section 1 - Asset Utilization

### The Charge

*“The Committee will examine the current utilization of tangible and intangible assets of The University of Texas at Austin and make recommendations for improvement to enhance the goals and mission of the University. Assets to be examined might include University-owned lands, trademarks and brands, physical facilities, and services such as for housing, food, parking, and books.”*

### Situation

The University of Texas at Austin is not rich, but it is blessed with certain valuable assets that, if leveraged more efficiently, could yield significant and badly needed revenue to the institution. The Subcommittee on Asset Utilization believes there is no conflict between UT's mission and the smarter, more productive use of its assets. To the contrary, greater productivity in these areas will deliver more firepower to the University's twin missions of teaching and discovery.

It is plain to the subcommittee that there is significant potential for revenue increases and/or cost savings. Today these asset classes are operated on a “cost recovery” basis. This is the norm throughout higher education, but it is part of an administrative culture that blunts the potential of each asset class.

By increasing oversight and focus on all asset classes, UT could bring in significantly more money. If the institution adopts these recommendations, it also will need to change its operating model. And changing the operating model is where real transformation can occur because it will result in a shift toward a culture of continuous improvement.

UT has a potential benefit of \$240 - \$290 million from these asset classes over a 10-year period. There are many other asset classes with potential benefits, which because of time and resource constraints the subcommittee did not examine.

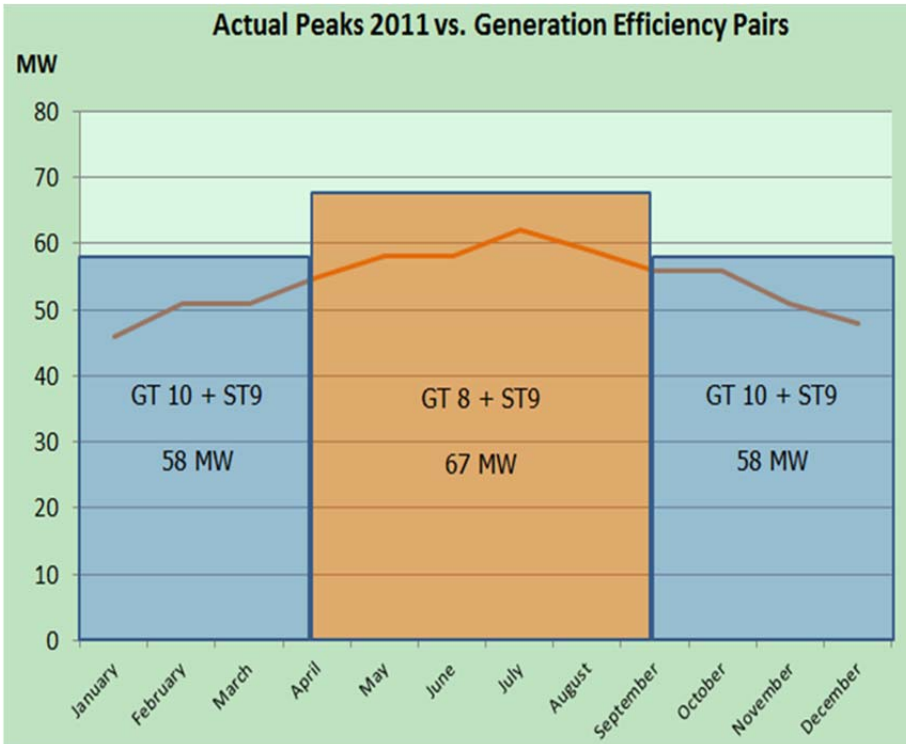
Our closest peer institution provides a very recent example of what can be accomplished in this area. In summer 2012, Texas A&M received \$40 million for outsourcing 1,000 food and other jobs to Compass Group USA, Inc. Media report that it could save millions more over the contract's 10-year life. Additionally there was a \$46 million signing bonus of which the \$40 million was the first portion. The chancellor reports the deal will be worth \$260 million in extra revenue and cost savings over 10 years. Compass is taking over dining services, landscape management, and custodial and building maintenance services.

As this contract illustrates, the projected savings in this report are quite conservative, but UT will not realize any benefits without a culture change in the area of driving improved asset utilization.

## Recommendations

### Utilities

Through the implementation of several key sustainability/efficiency initiatives, the Utility Plant has continued to meet campus energy demand without having to use more fuel. However, UT's current power inventory has the capacity to generate significantly more power than the campus needs.



Source: University of Texas Utilities and Energy Management, 2011.

The University has the ability to profitably sell this surplus electricity on the open market. In addition, implementing an energy conservation program could provide UT with long-term cost savings and support environmental consciousness across campus.

**1.1 Sell surplus electricity.** UT could sell approximately 468,000 MWh at an average price of \$34.81 (at current market rates), yielding annual revenue of \$16 million and a net income \$12 million. Power sales could begin in year three, after capital improvements and regulatory changes are complete. Projected 10-year value, net of investment: \$92 million.

## 1.2 Launch conservation initiatives

**1.2.1 Increase energy awareness.** Peer universities have been able to reduce energy consumption by 2-5 percent. The assumption in this analysis is that UT could conserve 3.5 percent. Qualitative benefits from “green” awareness and a new productivity mindset may also result. Additional savings would certainly result if UT were to begin incentivizing academic units to save by charging them for their energy consumption. We recommend this operational shift. Projected 10 year value, net of investment: \$11 million.

**1.2.2 Improve buildings.** The subcommittee believes capital improvements to buildings, such as improving controls and air handlers, could reduce consumption by 20 percent. Similar institutions have shown a savings of 15-30 percent. The cost reduction over a decade could equal \$59 million. What’s more, reduced consumption would free up more power to sell, with an incremental 10-year profit of \$36 million. Projected 10-year value, net of investment: \$63 million.

## Parking

**1.3 Adopt a market-based approach to parking operations.** The subcommittee found that significant opportunities exist to either raise parking permit rates to comparable market levels or to enter into a concession agreement with a third party.

Permit Type	'06- 07	'07- 08	'08- 09	'09- 10	'10- 11	'11- 12	'12- 13	Avg. Annual Increase Since '06-07
A	\$132	\$132	\$138	\$138	\$138	\$138	\$142	1.26%
F Garage	\$384	\$384	\$408	\$408	\$408	\$408	\$420	1.56%
F Surface	\$444	\$444	\$464	\$464	\$464	\$464	\$476	1.20%
O/F99	\$744	\$744	\$775	\$775	\$775	\$775	\$814	1.57%
C	\$110	\$110	\$110	\$110	\$115	\$120	\$120	1.52%
D--Fac/Staff	\$132	\$132	\$138	\$138	\$138	\$138	\$142	1.26%
D Student	\$110	\$110	\$110	\$110	\$115	\$120	\$120	1.52%
M	\$66	\$66	\$66	\$66	\$69	\$72	\$72	1.52%
S	\$576	\$576	\$602	\$602	\$602	\$602	\$602	0.75%
R BRG	\$711	\$711	\$743	\$743	\$743	\$743	\$743	0.75%
R SWG	\$675	\$675	\$705	\$705	\$705	\$705	\$705	0.74%
R MAG	\$648	\$648	\$677	\$677	\$677	\$677	\$677	0.75%

Source: University of Texas, Parking and Transportation Services 2010-2011 Annual Report.

Recommendations 1.3.1 and 1.3.2 are either/or:

**1.3.1 Increase UT rates only.** Currently, there is an annual gap of \$9.2 million between market rates and what UT charges for parking. A rate increase of 7.5 percent per year for 15 years would put UT equal to the market. Projected 10-year value, zero investment: \$96 million.



**1.3.2 Contract with third party.** In order to determine what the true market-based opportunity might be, we recommend that UT issue a request for proposal to value what the private market could offer with regard to parking. However, depending on the treatment of property tax the potential benefit to a concession agreement may be significantly reduced compared to what UT could achieve independently.. Projected 10-year value, zero investment: \$62 million.

## Housing

Currently data suggests that UT Housing has a financially viable, albeit short term focus and should consider adopting a long term capital plan for sustainable success. There is room for improvement in how Housing funds its capital modernization program. Today if a budget surplus is earned, these funds are allocated to the following year's capital maintenance program. If the surplus is insufficient, maintenance is deferred until funds are available. From FY2014-FY2022, the funding need for capital modernization is \$117 million. There is \$7 million on hand to meet capital modernization needs. Currently Housing's rates do not include funding for its capital modernization program. Annual operating surpluses provide funds on a 'best efforts' basis. Today operating surpluses are created through: higher than forecasted occupancy rates and lower than expected utilities and labor costs.

Housing can realize added benefit from energy conservation initiatives. Cost of maintaining or modernizing capital equipment (i.e. HVAC, fan coils, etc.) could be funded by the energy conservation initiative.

**1.4 Formalize a capital modernization budget.** Housing's capital modernization plan requires a stable source of funding and UT should formalize a capital modernization budget. The subcommittee believes that a small savings could be realized by moving housing to a third-party operator. For instance, third-party operators would reduce maintenance costs by 5 percent. Projected 10-year value, zero investment: \$4 million.

## Food

**1.5 Adopt a market-based approach to food operations.** The analysis suggests that UT Food is a financially viable operation, with a relatively stable and predictable revenue stream. However, based upon comparisons to peer institutions, there is an opportunity to price more strategically without adversely impacting the mission.

University	Annual Cost Range	Cost for 21 Meals/Week	Indexed Cost for 21 Meals/Week
<i>UT Austin</i>	<b>\$1,700</b>	<b>\$2,680</b>	<b>\$2,680</b>
University of Arizona	\$2,000 - \$3,000	\$4,225	\$3,634
UT Dallas	\$2,050 - \$3,395	\$4,350	\$3,741
Texas Tech	\$2,945 - \$3,895	\$4,420	\$3,845
Texas A&M	\$1,600 - \$4,400	\$4,865	n/a
Ohio State University	\$3,475 - \$5,300	\$5,300	\$4,823

Source: University websites, October 2012.

UT could institute a modest rate increase (5 percent) and maintain the current operations. The rate increase would bring UT into parity with room-and-board costs at peer institutions. Alternatively, UT could realize a significant increase in income if it contracted with a third party the operation of all campus dining locations including dining halls, all department or college run dining operations, and any currently outsourced dining facility.

Recommendations 1.5.1 and 1.5.2 are either/or options.

**1.5.1 Increase rates.** To close the gap between UT and comparable school meal plans, UT would need to increase rates 5 percent per year for 10 years. If this approach is pursued, the University should consider a plan to subsidize students with need to protect them from the rate increase. Projected 10-year value, zero investment: \$8.5 million.

**1.5.2 Contract with third party operator.** UT should issue a request for proposal to value what the private market could offer in the area of food service. Projected 10-year value of DHFS venues only, zero investment: \$8.9 million; or Projected 10-year value of all on-campus dining, zero investment: \$26.2 million. It is worth noting that a significant change effort would be needed with the deans before attempting to take control of dining venues in the various schools.

## Next Steps

To move forward and implement these asset utilization recommendations, the subcommittee offers three recommendations:

**1.6 Evaluate each asset class in relation to the University's mission.** Before committing to a series of next steps, each of the asset classes requires a re-evaluation of the role it plays in achieving the mission of the University. To achieve its full potential, each asset class will require some degree of adjustment to its current mission. The University should evaluate which option for an asset class is best suited to its role in the mission. This could include a stakeholder impact assessment for classes like Parking and Food. Additional study may be required to understand the regulatory requirements for the Utilities class.

**1.7 Establish program office for asset utilization.** The University should establish a program management office for asset utilization, with structure, budget, and accountabilities – reporting directly to the University's president. This will provide better results than piecemeal or a la carte responsibility. Initiatives of this size require project teams, a steering committee, a communications program, and identification of key stakeholders. There must be a central point to drive transformative, cultural change, and continuous improvement.

**1.8 Gather data for RFP.** "Asset specific" next steps include soliciting the required information needed to issue an RFP, conducting a pre-feasibility study, and engineering studies.

## Section 2 - Technology Commercialization

### The Charge

*“The Committee will examine the University’s current structures and practices intended to promote technology commercialization at The University of Texas at Austin and will make recommendations for improvement. Specifically, the Committee will examine the current structure and practices deployed by the Office of the Vice President for Research and Office of Technology Commercialization as they relate to identifying technologies with commercial potential and support for taking them to market in a manner that is most attractive to the private commercialization markets.”*

### Situation

The Subcommittee on Technology Commercialization began its review of UT's commercialization activities against a backdrop of two generally held external views:

- The University of Texas at Austin does not adequately convert its research generated intellectual property into large sources of revenue, and
- Peer institutions target specific technologies in attempts to maximize income.

Based upon the Subcommittee’s research and interviews with a comprehensive universe of public and private universities, it believes these views are not supported by a fact based analysis. However, the Subcommittee’s work has enabled it to develop both insights and specific recommendations into improving The University of Texas at Austin’s commercialization efforts.

As to the first commonly held view, the Subcommittee findings reveal that UT Austin is already among the highest earning universities and, importantly, most of its peers earning more have a quality UT Austin does not currently share – close proximity to a medical school. This latter quality has allowed these universities to benefit economically from the commercialization of therapeutic drugs or devices discovered in research collaborations with their medical schools. Of equal importance to the conclusions reached by the Subcommittee, all of these institutions attributed the commercialization of their discoveries to either luck or serendipity.

Ironically, as to the second commonly held view, those universities generally regarded as the “best” at commercializing research generated intellectual property emphasize the dissemination of knowledge rather than optimizing revenue as the core strategy which drives their licensing activities. Little or no internal effort is made to pick “winning” technologies, emphasis is placed on maximizing the number of licenses entered into as opposed to maximizing revenue per license. In addition there is an overarching philosophy that the private sector is inherently more

capable of sorting out winning technologies than are universities themselves. As such, efficiency of process and clear alignment of interest between participants – university, college, faculty and industry – are critical to this core strategy.

One other fact came out of the Subcommittee's research that has profoundly impacted its final recommendations. Most studies of university technology transfer activities focus more on revenue generation than on new company creation. For The University of Texas at Austin, the City of Austin and the surrounding region, new early stage company formations are significant and represent an important strategic imperative.

## **Recommendations**

It is the Subcommittee's opinion that attempting to manage centrally for serendipity or luck is a misguided management principle. Entrepreneurial and creative processes are, by nature, messy and chaotic and not susceptible to centralization. No one person should be designated as "responsible" for such activity.

On the other hand, making UT Austin responsible for enhancing its commercialization activities, or having it identify commercialization as a priority, is not unreasonable. However, due to the complexity and degree of collaboration required to deliver on an entrepreneurial/commercial mandate, success won't be achieved without such a mandate being embraced and committed to by the President of UT Austin and the myriad of constituencies within The University necessary for ensuring its success.

A more effective commercial mission for UT Austin encompasses both near and longer term strategies that will result in both direct and indirect revenue opportunities. Essential keys are to clearly define and remove all ambiguity regarding the role and responsibilities of the current Office of Technology Commercialization; to enhance strategic focus on early stage company formation within The University of Texas at Austin; and to conduct an outreach effort allowing it to more broadly contribute to the commercial and cultural growth of Austin, the region and Texas. Broad student involvement across these activities is also essential.

In developing its recommendations, the Subcommittee early in its deliberations adopted the following two guiding principles:

- The University has clearly identified its mission as its teaching and research mandates, and
- The Subcommittee believes commercialization of research generated intellectual property is primarily the purview of the private sector.

Expanding and enhancing The University's commercial and cultural initiatives can be done within the integrity of these two guiding principles. Within this context, the Subcommittee makes the following recommendations:

- Increase the licensing volume of the Office of Technology Commercialization,
- Foster an innovative and entrepreneurial environment on campus to increase high-potential start-ups, encouraging cross pollination between colleges, students and faculty,
- Align the academic and research strengths of The University with regional industry needs,

- Enhance the contribution to Austin’s creative and cultural environment necessary for recruitment and retention of talent,
- Create an Electronic Portal to enable internal and external constituencies to more easily access and navigate The University’s human and intellectual capital, and
- Establish student involvement as a priority.

The recommendations of this Subcommittee are described in more detail below:

## **2.1 Increase the licensing volume of the Office of Technology Commercialization.**

**2.1.1 Emphasize volume over revenue.** Reset UT’s commercial strategy to be one of maximizing dissemination of knowledge rather than maximizing revenue on a per-deal basis. UT should clarify the commercial objective of the Office of Technology Commercialization and the University overall to drive relevant operational decisions. Metrics should be weighted toward deal execution (e.g. license volume, disclosures, deal time). More frequent use/reuse of standard terms and conditions, where appropriate (e.g. sponsored research, faculty-driven start-ups), will increase speed of process and reduce potential obstacles to engagement of industry through enhanced transparency.

**2.1.2 Staff up the licensing team.** An increase in volume of licenses will necessitate a commensurate increase in associate or assistant licensing officers. This will allow for more time to be spent on increasing faculty disclosures and, importantly, industry engagement.

**2.1.3 Adjust the split.** UT Austin should consider re-allocating licensing revenue to incent relevant stakeholders. Revenue is typically split between the individual faculty member, the department or CSU, and UT. The Subcommittee feels licensing likely would increase if departments and colleges and schools were awarded a larger share than currently to incent relevant stakeholders. This will prove crucial to improving UT’s commercial culture and to incentivizing schools, departments and research units to encourage, recruit for, and invest in commercially relevant activity among faculty.

## **2.2 Foster an innovative and entrepreneurial environment on campus to increase high-potential start-ups.**

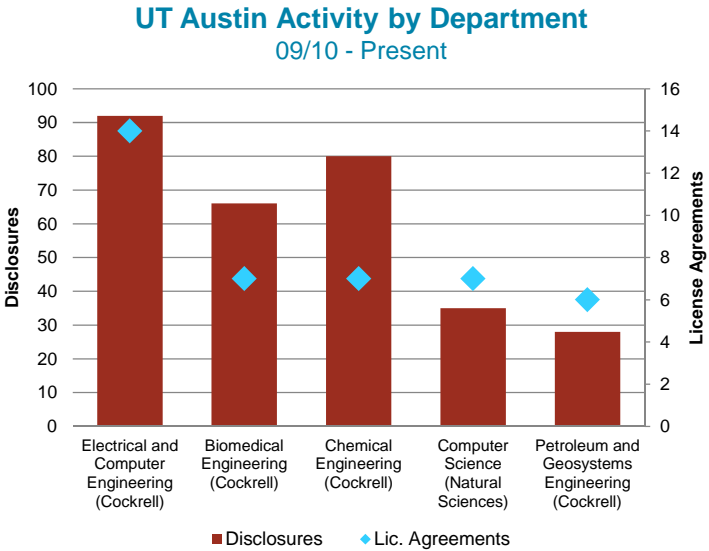
**2.2.1 “First, do no harm.”** The University should avoid attempts to centralize *control* as such approaches are antithetical to an innovative and entrepreneurial culture.

**2.2.2 Create a clearinghouse.** While guarding against centralization, the University *should* create a body to facilitate the sharing of ideas and best practices. The University should create an informal Commercial and Entrepreneurship Council (“CEC”) composed of those most involved in this realm, on and off campus. Initial members should certainly include the Deans of the schools of Business/Engineering/Natural Sciences and the head of Texas Venture Labs. Such a group would facilitate cooperation, avoid duplication of effort, foster cross-pollination of ideas, and share best practices. As part of its

initial deliberations, the CEC should consider what administrative support is required for it to carry out its critical function.

**2.2.3 Create a conflict resolution mechanism.** The startup process is inherently messy, chaotic, and cuts across The University’s established structures. A robust conflict-resolution mechanism would prevent stall-outs and would help maintain startup momentum, allowing companies to be formed with confidence. This mechanism could be a single senior officer or a small body that could deliberate on conflicts, but in either case needs to be positioned on the organizational chart such that it has the power to act in a timely manner.

**2.3 Match University’s strengths to industry needs.** UT should focus closely on areas of research and industry strength. More than half of UT Austin’s licenses come from four departments. Seven of the top 11 licensing departments are in the Cockrell School of Engineering; the remaining four are in the College of Natural Sciences. Measured by the number of licenses, The University’s relative strengths currently lie in electrical and computer engineering, biomedical engineering, chemical engineering, computer science, and petroleum and geosystems engineering.

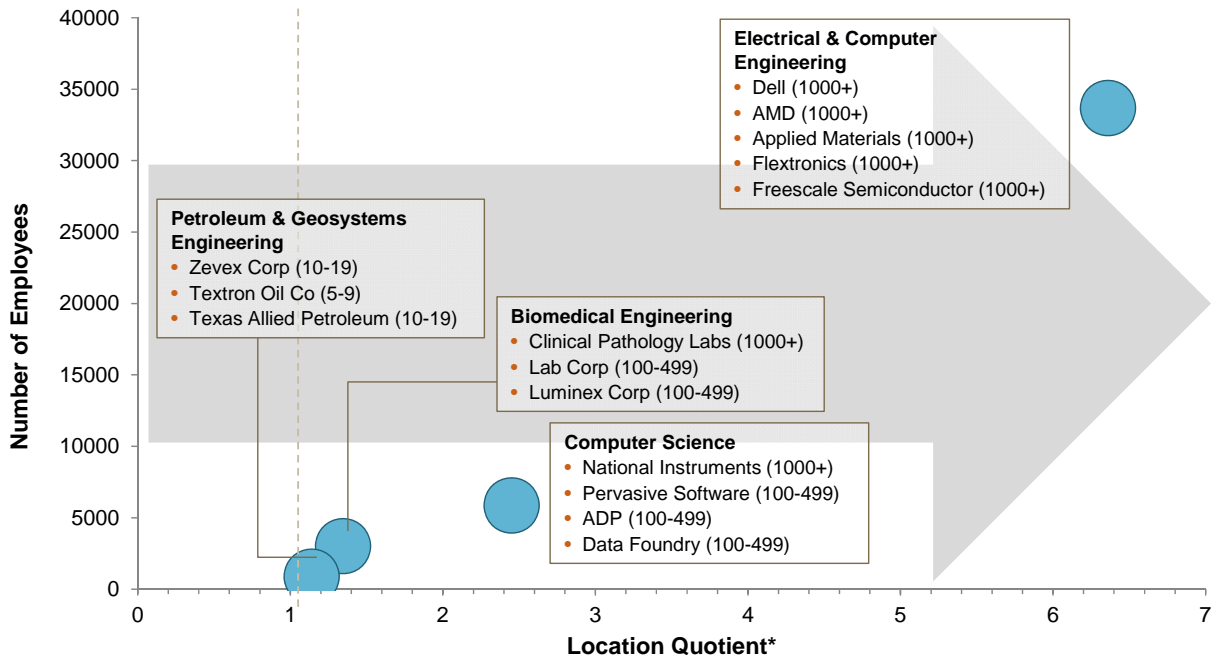


**UT Austin License Data**  
09/10 - Present

Field of Research	Licenses	% of Total
1. Electrical & Computer Eng.	14	20%
2. Biomedical Eng.	7	10%
3. Chemical Eng.	7	10%
4. Computer Science	7	10%
5. Petroleum & Geosystems Eng.	6	9%
Other	28	41%
<b>Total</b>	<b>69</b>	<b>100%</b>

Source: University of Texas Office of Technology Licensing, 2012.

A look at industries that locate in the Austin region makes clear that industry is following UT’s academic and research excellence:



\* LQ measures the relative concentration of industry in a region relative to its concentration in the country as a whole. Industries with LQs > 1 have higher relative concentration in Austin than in the rest of the US on average

Source: Austin Chamber of Commerce, [www.austinchamber.com](http://www.austinchamber.com); <http://www.texasindustryprofiles.com/apps/locquot/index2.asp>

**2.3.1 Coordinate with local, regional and state trade bodies and economic development agencies on strategic initiatives.** Create a commercial and entrepreneurial steering council comprised of key industry stakeholders, investors, and internal representatives, reporting to President Powers, co-chaired by Dr. Sanchez and a key industry representative. The mission of the Council will be to better integrate The University with local and regional economic development efforts.

**2.3.2 Recruit for commercial success.** UT should develop a plan and funding to identify and recruit top commercially active faculty in priority disciplines.

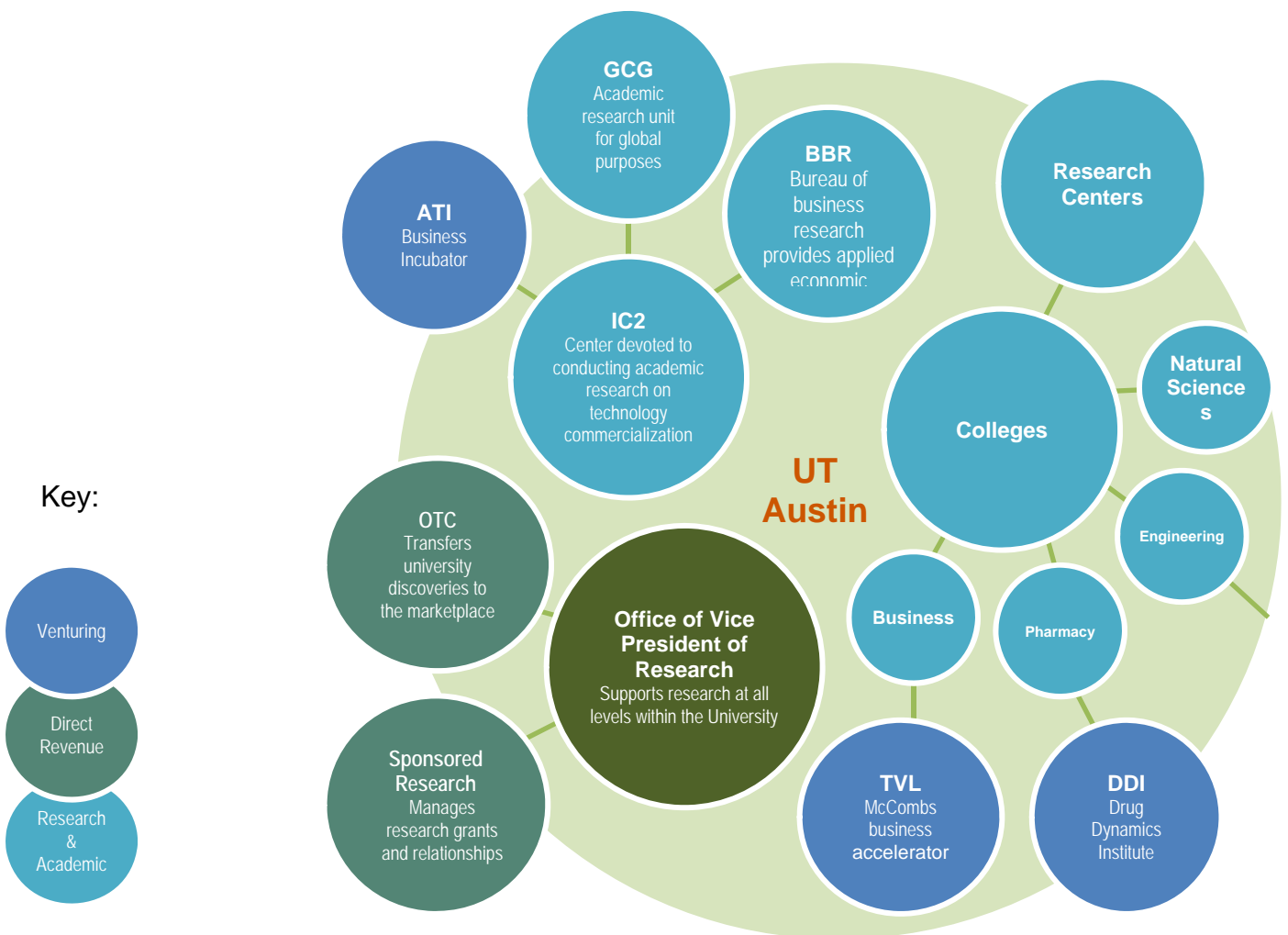
**2.3.3 Strengthen ties to regional economic initiatives.** UT should focus on areas of greatest current activity or success, industry relationships, and regional strength. Half to 60 percent of our effort should target areas such as electrical engineering, chemistry, and computer science. Some 30 percent of UT's efforts should target areas of emerging strength within the university and local or regional investment such as biomedical engineering, pharmaceuticals and "smart manufacturing". The remaining 10 percent of UT's effort should target other university activity with commercial potential or economic impact.

**2.3.4 Target corporate leaders.** UT should proactively target regional corporate leaders in industry that match its research strength.



**2.4 Enhance the contribution to Austin’s creative and cultural environment necessary for recruitment and retention of talent.** The Austin region already possesses an overall set of qualities making it attractive for technology and other company relocations and new company start-ups. UT Austin makes significant contributions to the intellectual and cultural capital of Austin which account for these factors. The teaching and cultural units of The University making this contribution such as the Blanton Museum, Harry Ransom Center, Bass Music Hall, etc. deserve continued strong support.

**2.5 Create an electronic portal to enable internal and external constituencies to more easily access and navigate the University’s human and intellectual capital.** The graphic below illustrates the current number and relationship of campus entities involved in the commercialization of technology. As this makes clear, there are many, and some entities are linked through reporting lines while others are not. Even at a glance, it gives the impression of a system that has evolved organically and without an institution-level strategy. The university’s commercialization activities would benefit from the creation of a web based portal that would provide easier access to internal and external constituencies trying to navigate this complex structure.



Source: University of Texas Committee on Business Productivity Analysis, 2012.

**2.6 Establish student involvement as a priority.** The power of the Subcommittee's final recommendation cannot be overstated.

### **Clarifying Comments**

In reviewing the Subcommittee's recommendations, the reader may find contradiction between the Subcommittee's second guiding principal (commercialization is the responsibility of the private sector) and Recommendation 2.2 above (fostering an environment conducive to start-up companies). Interestingly, these concepts can actually co-exist in a very functional and productive way. To clarify, the Subcommittee is not suggesting that the University provide capital to facilitate start-ups – that is the purview of the private sector. Similarly, the Office of Technology Commercialization cannot be responsible for picking the winners versus the losers from the University's licensing portfolio. The University has a unique opportunity to increase the efficiency of the OTC in combination with fostering an innovative and entrepreneurial environment on campus, which the Subcommittee believes will result in real value creation for students, faculty, the University and the City of Austin.

## Section 3 - Administrative Services Transformation

### The Charge

*“The Committee will examine the economic impact the federated model of administration has on the economic efficiency at The University of Texas at Austin and will make recommendations to improve that efficiency. Specifically, the Committee will examine how the federated model has been deployed at each college and within the central administrative units and make recommendations concerning how it might be changed to increase efficiency and effectiveness specifically in the areas of financial services, human resource services, technology infrastructure and support and administrative support services.”*

### Situation

UT's administrative service performance is roughly on par with the average performance of other large universities. But adopting a centralized and shared administrative model would generate significant benefits and would help UT catch up with higher education leaders currently making this change. Specifically, the committee recommends that a significant portion of high volume administrative functions be consolidated and managed centrally. These functions include key portions of Finance and Procurement, Human Resources, and Information Technology.

In the eyes of the private sector leaders that compose the Committee on Business Productivity, the transition to the “shared services” model is perhaps the most obviously necessary recommendation within the entire report. That is to say, for anyone operating under the constraints of the private sector, consolidating like administrative functions into centrally controlled units is a “no-brainer.” This strategy has been proven effective in the private sector with hundreds of implementations resulting in reduced cost, improved financial controls, and more consistent policy compliance. And while leaders across all units have pursued several improvement initiatives, these efforts would have been more effective if there were a central authority at the institution level to drive improvements and be fully accountable for results.

In general, the subcommittee found that units are receptive to change and recognize that transformation of services will improve efficiency and service levels. At the same time, because the shared service model will shift authority and change established practices, effective and thoughtful change management will be key to success. Pending changes to institution-level IT systems make this a unique time in UT's history to undertake this effort.

After a detailed analysis of administrative activities across the University, we believe that UT can achieve between \$150 - \$200 million savings over a decade, net of estimated implementation costs, by implementing the following recommendations. The cost of implementing new administrative systems is substantial and full achievement of the savings is heavily dependent on that successful implementation. It is also important to note that the

functions reviewed by the committee comprise only 25% of the total administrative functions of the University. A more detailed review of the remaining 75% of those functions will likely yield significantly more benefit.

## Recommendations

**3.1 Implement a shared administrative services model.** The subcommittee recommends that high-volume commodity processes that have typically been consolidated in private sector industries be likewise consolidated across the University. These include functions in Finance and Procurement, Human Resources, and Information Technology. The sub-committee gathered and analyzed a significant amount of data collaboratively with 27 different units within the University. This data strongly suggests that the recommendations are achievable based on the workforce distribution, the similarity of work functions, and the level of effort currently expended by individuals in each unit. Given the largely dedicated workforce focused on these functions within the units, the work can be transitioned more easily than at peer universities where the activities are typically performed in a much more distributed fashion. Success depends in large part upon instilling a new culture at UT, trusting each party to meet its responsibilities in a reliable way, and avoiding the temptation to work outside of one's core competence. The specific administrative functions to be consolidated, include:

### Finance and Procurement

- Accounting
- Accounts Payable
- Travel & Expense Reimbursement
- Accounts Receivable
- Requisition to Order

### Human Resources

- Employee Administration
- Recruiting & Deployment
- Payroll
- Time Administration

### Information Technology

- End User Support
- Infrastructure Implementation
- Application Maintenance
- Application Implementation

**3.1.1 Plan and design the transition process.** The transition from the current decentralized system to a shared-services model should proceed as a carefully designed process consistent with leading practices but balanced with sensitivity to the university environment. Establish a Steering Committee and develop a

charge document. Communicate the decision to undertake a design project for UT-Austin

**3.1.2 Establish common governance.** As with many other recommendations in this report, a new and clearly defined governance model must accompany the change in order to ensure accountability. Establishing a common governance process will require changes that are consistently implemented at the unit levels. Identify and empower a leader.

**3.1.3 Automate work through technology.** To the extent possible, UT should use technology to automate work such as document management, inquiry management, travel and expense reporting, and so forth. UT will need an institution-level change in IT systems in order to realize full benefits. A design phase can confirm the benefit estimates that enabling technologies can help achieve. This is the right time to undertake changes in core administrative systems to support changes in the administrative operating model.

**3.2 Increase the ratio of strategic sourcing in procurement and capture the savings.** UT can capture more through a collaborative, scaled, and disciplined approach to procurement. The University should continue to lead academic initiatives with the UT System's procurement team. It should also institute a mechanism to capture the resulting savings at the University level.

**3.2.1** Integrate the UT System Purchasing Alliance calendar into an assessment effort.

**3.2.2** Understand how savings might be captured locally to fund University initiatives.

**3.2.3** Communicate that schools/units are expected to participate in sourcing.

**3.2.4** Conduct key stakeholder interviews, identify opportunities at the spend category level.

**3.3 Investigate University-specific administrative work to identify additional savings.** Based on the committee's charge, only 25 percent of the current administrative costs were reviewed by the sub-committee. Some 75 percent of UT's administrative costs occur in other functions such as development, academic support, research administration, marketing/public relations, and student services. Given the University's scale, even small efficiencies in these areas can amount to significant cost savings or increased revenue. In fact, the savings and revenue improvements achieved in this area could exceed the benefits already identified for the administrative shared services transformation. Examples include process redesign, management restructuring, and policy rationalization. In most cases these improvements can be achieved by incenting all units to follow the best practices of a few units. Key next steps include:

**3.3.1** Assess the potential of individual functions for detailed analysis

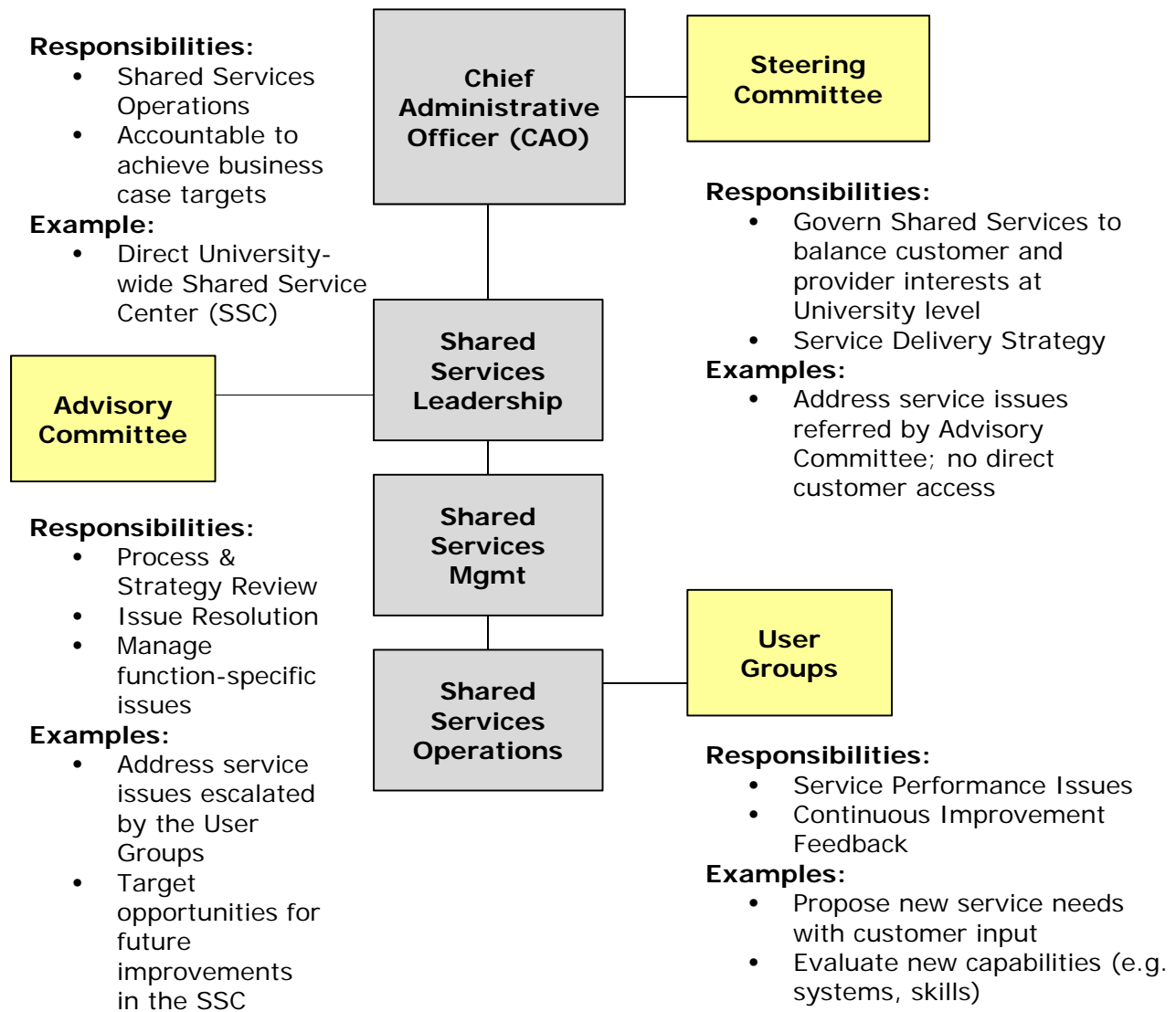
**3.3.2** Identify key stakeholders, conduct assessment interviews

**3.3.3** Perform detailed data collection for high potential functions

**3.3.4** Investigate university specific work effort for additional opportunities

**3.4 Create transformation organization.** UT should create an organization to support transformation of the administrative functions at the University level. UT should establish metrics to empower and hold accountable a single executive to achieve them during and after implementation.

One possible model for this organization is illustrated below:



Source: University of Texas Committee on Business Productivity Analysis, 2012.

## **Conclusion**

Though these changes may seem sweeping in scope, there are many other areas that fell outside the committee's charge that no doubt would benefit from similar examination, including such areas as Development and University Communications.

The University of Texas at Austin is in a unique position in its 130-year history to make a bold move to the front of the pack of public research universities. But excellence costs money, and in an environment of scarce public resources and economic challenges it therefore must look elsewhere, both inward and outwardly for those sources of funding.

## **Committee Members**

**Steve Rohleder**, Chair

**Gary Kusin**, Chair, Subcommittee on Asset Utilization

**Charles Tate**, Chair, Subcommittee on Technology Commercialization

**Steve James**, Chair, Subcommittee on Administrative Services Transformation

**Jason Downie**

**R. Paul Kinscherff**

**David S. Moross**

**Benjamin E. Rodriguez**

**Hector de Jesus Ruiz**

**Sam Susser**

**Lawrence P. Tu**

**Lynn Utter**

**Marcie Zlotnik**

## **Bios**

### **Steve Rohleder, Chair**

Steve Rohleder is a member of the executive leadership team for Accenture, a global management consulting, technology services, and outsourcing company employing more than 215,000 people and serving clients in more than 120 countries. He is chief executive of the Health and Public Service operating group and is responsible for Accenture's global services to healthcare providers as well as government and public-sector clients.

Mr. Rohleder served as Accenture's chief operating officer until 2009, leading the company's business strategy and geographic operations, ensuring companywide operational excellence.

Before becoming COO, Mr. Rohleder served as group chief executive of Accenture's global Public Service operating group, which achieved double-digit annual revenue growth under his leadership. From 2000 to 2003, Mr. Rohleder was managing partner of Accenture's Public Service operating group in the United States. From 1997 to 2000 he served as managing partner of Accenture's U.S. Federal operating unit.

Mr. Rohleder has been featured on Fox Business News, Forbes- VideoNetwork.com, BusinessWeek.com and is a regular contributor to The Huffington Post. His speaking engagements include the Aspen Institute's Business and Society Forum in New York.

Mr. Rohleder was honored in 2006 as Industry Executive of the Year by Government Computer News, a division of the Washington Post. In 2004 he was named one of the 25 Most Influential Consultants by Consulting Magazine and one of the top 100 business executives in the federal government by Federal Computer Week in 2000 and 2001.

Mr. Rohleder has testified before congressional committees on homeland security and government reform and has served on several external committees and boards. He is a member of The University of Texas at Austin McCombs School of Business Advisory Council,



The University of Texas Chancellor's Circle, and of the Texas Venture Labs Advisory Council. He is the chairman of the St. Michael's Catholic Academy Foundation Board in Austin.

Mr. Rohleder joined Accenture in 1981 and became a partner in 1992. He holds a bachelor's degree in finance from The University of Texas at Austin.

**Gary Kusin, Chair**  
**Subcommittee on Asset Utilization**

Gary Kusin is a senior adviser to TPG, a private equity firm based in San Francisco and Fort Worth. He was president and chief executive officer of FedEx Kinko's, which today operates as FedEx Office. Mr. Kusin was responsible for the strategic growth of Kinko's and oversaw the company's sale to FedEx. During the two- year transition of Kinko's into FedEx Office, Mr. Kusin served on the nine-person Strategic Management Committee for FedEx Corp. worldwide.

Prior to joining Kinko's in 2001, Mr. Kusin was chief executive officer of HQ Global Workplaces, the world leader in serviced offices, now a part of Regus. In 1995, Mr. Kusin co-founded Laura Mercier Cosmetics, a makeup line now sold through leading specialty and department stores worldwide. He sold the company to Neiman- Marcus in 1998.

Mr. Kusin was president and co-founder of Babbage's Inc., the leading consumer software specialty store chain in the United States, which now operates under the name GameStop. Earlier in his career, he was vice president and general merchandise manager for the Sanger-Harris division of Federated Department Stores, today operating as Macy's.

An Inc. magazine Entrepreneur of Year award winner, Mr. Kusin serves on the board of directors of Petco, Sabre Holdings, American Tire Distributors, and Fossil.

Mr. Kusin is involved in community activities and has served on the St. Mark's School of Texas Board of Trustees, as Dallas Young Presidents' organization chairman, on Dallas Citizens Council board of directors, on the Southwestern Medical School Foundation board, and as chairman of the Advisory Council for The University of Texas at Austin McCombs School of Business.

He earned a BA from The University of Texas at Austin and a MBA from Harvard Business School. He lives in Dallas with his wife, Karleen.

**Charles Tate, Chair**  
**Subcommittee on Technology Commercialization**

Charles Tate founded Capital Royalty, a private equity healthcare investment firm, in 2003 after a successful 35-year career in investment banking and private equity. Before launching Capital Royalty, Mr. Tate was a Partner and Executive Committee member of Hicks, Muse, Tate & Furst from 1991 to 2002. For 19 years Mr. Tate worked at Morgan Stanley & Co. He spent 11 years as a Managing Director in Morgan Stanley's M&A and merchant banking divisions.

Mr. Tate received a Bachelor of Business Administration from The University of Texas at Austin in 1968, where he is a Distinguished Alumnus and member of the McCombs School of Business

Hall of Fame. He received an MBA from Columbia University Graduate School of Business in 1972 and has been a member of its Board of Overseers since 2001.

Mr. Tate serves on many boards and committees including the Board of Visitors and the Executive Committee for M.D. Anderson Cancer Center. He serves as Chairman of the External Advisory Committee for The University of Texas at Austin Department of Biomedical Engineering, Director and Chair of the Risk Committee of the University of Texas Investment Management Company, on the Oversight Committee and as Chair of the Economic Development and Commercialization Committee of the Cancer Prevention and Research Institute of Texas, and on the Board of Directors for the Robert W. Welch Foundation.

**Stephan A. James, Chair  
Subcommittee on Administrative Services Transformation**

Steve James has occupied various leadership roles for 38 years at Accenture, a leading global management consulting and technology services company. In August 2006 he stepped down as international chairman. He served as Accenture's chief operating officer from June 2000 to September 2004. As COO, Mr. James was responsible for the company's business consulting, technology, and outsourcing groups, global business operations, and marketing. Prior to his appointment as COO, Mr. James was the managing partner of Accenture's resources global market unit for one year. Mr. James led the company's financial services global market unit from 1996 to 1999.

Mr. James was a member of the Accenture Board of Directors and was vice chairman of the board from June 2001 to September 2004. He was vice chairman of Accenture's Management Committee and a member of the company's Executive Committee and Global Leadership Council. He was elected to the board of Andersen Worldwide for the period 1989 to 1998 and from 1999 until the separation of Andersen and Andersen Consulting in 2000.

He is currently a member of the board of Fidelity National Information Services, Navigant Consulting, and BMC Software Inc. He served on the Board of CDW prior to it being acquired by a private equity company in 2007 and on the board of the Staubach Co., a private real estate advisory company, prior to its sale to Jones Lang LaSalle in 2008.

A 1968 graduate of The University of Texas at Austin, Mr. James holds a degree in business administration with a focus on industrial management and labor relations. He is a member of the McCombs School of Business Advisory Council. He is also a director of the University Co-op Board of Directors.

Mr. James resides in Spicewood, Texas. He and his wife, Shereda, have three adult children.

**Jason Downie**

Jason Downie is a partner at HM Capital Partners, a Dallas-based private equity firm focused on control oriented leveraged buyouts. Mr. Downie has more than 15 years of investment experience and has been at HM Capital Partners since 2000. His primary responsibilities include deal sourcing, execution, and monitoring the firm's investments in the energy sector.

Mr. Downie currently serves as a director of BlackBrush Oil & Gas, TexStar Midstream Services, and SunTerra Oil & Gas.

Prior to joining HM Capital Partners, Mr. Downie was with Rice, Sangalis, Toole and Wilson, a mezzanine private equity firm based in Houston. Prior to pursuing his MBA, he was employed by Donaldson, Lufkin & Jenrette for five years.

Mr. Downie received both his BBA and MBA from The University of Texas at Austin. He continues his dedication to the university by serving as a current member of the McCombs School of Business Dean's Advisory Board. He has served as the chair-elect of the McCombs MBA Alumni Network Advisory Board and has been an active member of the board for the past six years, serving as the chair of the Alumni Giving Committee and as an at-large member.

In addition to his service to UT Austin, Mr. Downie serves on the advisory board for Capital for Kids and HeartGift Foundation, two organizations dedicated to helping children. He serves on the board of directors for the Dallas Holocaust Museum.

Mr. Downie lives in Dallas with his wife, Berkeley, and their four children, Sam, Michael, Malcolm, and Vivian.

## **R. Paul Kinscherff**

Paul Kinscherff was named chief financial officer for International Finance at the Boeing Co. in April 2011. Mr. Kinscherff is responsible for delivering an integrated enterprise international finance strategy for Boeing's growing global sales and operational presence. He oversees the finances of Boeing International offices and facilities in more than 18 countries.

From 2008 to 2011, Mr. Kinscherff was vice president of Boeing International and president of Boeing Middle East and was instrumental in expanding Boeing's business and strengthening Boeing's image and reputation in the region.

Mr. Kinscherff has served as Boeing's vice president of finance and as treasurer, where he was responsible for corporate finance and banking, pension and savings investments, risk management and insurance, as well as global treasury operations. Mr. Kinscherff served on the board of the company's finance subsidiary, Boeing Capital Corp. He served as vice president of investor relations after joining Boeing as assistant treasurer in July 1999.

Previously, Mr. Kinscherff worked at Lockheed Martin for 10 years serving in progressively responsible roles, including director of corporate finance, director of finance for the information and services sector, and director of customer finance. He started his career with Atlantic Richfield in international corporate audit.

Mr. Kinscherff graduated summa cum laude with Phi Kappa Phi honors from the University of Southern California with a bachelor's degree in public administration. He earned master's degrees in both business and public policy from The University of Texas at Austin. He currently serves on the leadership boards of the McCombs School of Business at The University of Texas at Austin, the Marshall School of Business at the University of Southern California, and the Chicago Council on Global Affairs.

## **David S. Moross**

David Moross is chairman and CEO of Falconhead Capital, which he founded in 1998. Mr. Moross has enjoyed a long history as a leader in the consumer, leisure, and sports investment world, having been an investor and partner for many years with IMG, the world's premier sports marketing and management company. Together they founded the first private equity sports investment fund, Sports Capital Partners, which was rebranded Falconhead Capital in 2001.

Since 1998, Mr. Moross led more than \$1 billion of transactions for Falconhead and has been actively involved in acquiring and building many leading growth companies such as ESPN Classic, Europe; Maritime Telecommunications Network, National Power Sport Auctions; ESCORT; Not Your Daughter's Jeans (NYDJ); Competitor Group, GPSi and Rita's Water Ice. Mr. Moross started his career in the investment department of his family office, Whitehall Financial Group, in 1982 and rose to the position of vice chairman. He enjoyed a long career at Whitehall as a private equity investor focusing on a broad range of industries including energy, financial services, technology, and shipping.

Mr. Moross serves on numerous civic and charitable boards. He is a governor and trustee of the Dana-Farber Institute, a governor and trustee of the Weizmann Institute of Science, a director of the Silver Shield Foundation, and a member of the Development Board of The University of Texas at Austin. In 2008, Mr. Moross was chosen as the honoree of the year by the Challenged Athletes Foundation for his philanthropic efforts, and most recently he was selected as a recipient of the 2011 Ellis Island Medal of Honor.

Mr. Moross holds a BA in economics from The University of Texas at Austin.

## **Benjamin E. Rodriguez**

Ben Rodriguez is the president of Management and Business Advisors, a strategic planning consulting firm based in San Antonio serving international clients. A consultant and business owner for more than 30 years, Mr. Rodriguez has helped transform many companies and organizations with his strategic planning expertise. He has conducted more than 600 strategic planning sessions with numerous organizations in a wide variety of industries and has more than 30 years of management experience.

Over the past two decades, Mr. Rodriguez has been instrumental in a number of corporate transformations. Some of these strategic planning assignments have resulted in the creation of more than \$5 billion in market value for company shareholders.

Mr. Rodriguez holds an MBA from the Harvard Business School, where he studied under world-renowned strategic planning professor Michael Porter. He has applied many of Professor Porter's theories with great success to many smaller companies. In addition to his MBA, Mr. Rodriguez holds degrees in social psychology and business from The University of Texas at Austin, where he was selected as an outstanding student.

Mr. Rodriguez has long been involved with group dynamics and leadership and was involved with more than 40 student organizations at UT. He is an active member of the community and was recognized by the San Antonio Light as one of the 10 most significant business leaders in San Antonio in the '80s, and one of the 10 most likely business leaders in the '90s.

## **Hector de Jesus Ruiz, PhD**

Dr. Hector de J. Ruiz currently serves as CEO of Bull Ventures LLC, advising individuals, corporations, and governments worldwide on technology initiatives and on bringing these strategies to fruition.

His career began at Texas Instruments in research laboratories and manufacturing operations. He went on to Motorola, rising from overseeing microchip manufacturing to become president of Motorola's Semiconductor Products Sector.

In 2000, Dr. Ruiz joined AMD as president and chief operating officer and in April 2002 was named chief executive officer. Dr. Ruiz set the strategic direction of the company helping guide its growth into an innovative technology solutions leader. In 2006, he announced plans to build and operate the most advanced semiconductor manufacturing facility in the world in upstate New York and in 2009 he led an industry transformation by spinning out AMD's manufacturing assets to form GLOBALFOUNDRIES, the world's first truly global leading-edge semiconductor manufacturing company.

Dr. Ruiz received numerous accolades, including the Semico Bellwether Award in 2009, Executive of the Year by EE Times and CEO of the Year by Electronic Business in 2005, and Top 25 Business Leader in 2006 from Fortune Magazine.

Dr. Ruiz serves on the board of trustees of the RAND Corporation, and is a trustee emeritus of Rice University. He is also a board advisor to EDCO Ventures. He previously served as a member of President George W. Bush's Council of Advisors for Science and Technology and as a member of the board of directors for Spansion Inc., as well as the Eastman Kodak Co. and the Semiconductor Industry Association.

A Life Member of Texas Exes, Dr. Ruiz has served since 1998 on The University of Texas at Austin College of Engineering Foundation Advisory Council. He was selected as a Distinguished Engineering Graduate of UT Austin in 2006.

Dr. Ruiz attended The University of Texas at Austin, earning a bachelor's and a master's degree in electrical engineering in 1968 and 1970, respectively. He completed a doctoral degree at Rice University in 1973.

## **Sam Susser**

Sam Susser is the president and chief executive officer of Susser Holdings Corporation, which operates through its subsidiaries, Stripes LLC, Susser Petroleum Company LLC, and Applied Petroleum Technologies. Prior to founding the Southguard Corporation, the predecessor to Susser Holdings, in 1988, Mr. Susser spent two years with Salomon Brothers, Inc. in New York and Dallas, working in the corporate finance division and the mergers and acquisitions group. He received his BBA in finance from The University of Texas at Austin.

Mr. Susser is a member of several boards at the university: the Advisory Board of the McCombs School of Business, the Advisory Board of the Schusterman Center for Judaic Studies, and the Advisory Council for the Marine Science Institute at the University of Texas at Austin. He is a member of the Advisory Council for the College of Business Texas A&M University – Corpus

Christi, a trustee and past chairman of the Driscoll Foundation, which owns the Children's Hospital System in South Texas, a director of the Texas State Aquarium, a former director of the Texas Hospital PAC, a former director and past president of the USS Lexington Museum, and a former director and vice chairman of the Corpus Christi Regional Economic Development Corporation. In 2009, Mr. Susser was admitted to the Texas Business Hall of Fame. He and his wife, Catherine, have one daughter and two sons.

### **Lawrence P. Tu**

Larry Tu serves as senior vice president, general counsel, and secretary for Dell, overseeing the global legal department. He manages government affairs, compliance, and ethics functions for the company.

Before moving to Dell, Mr. Tu served as executive vice president and general counsel at NBC Universal for three years. Before that he was a partner at O'Melveny & Myers LLP, where he focused on energy, technology, Internet, and media-related transactions, including five years as managing partner of the Hong Kong office. Mr. Tu was general counsel Asia-Pacific for Goldman Sachs, an attorney for the U.S. State Department, and a law clerk for U.S. Supreme Court Justice Thurgood Marshall.

Larry holds juris doctor and bachelor's degrees from Harvard University, as well as a master's degree from Oxford University, where he was a Rhodes Scholar.

### **Lynn Utter**

Lynn Utter was appointed president and COO of Knoll, North America in 2008. In 2011, her role was expanded to include global responsibilities for Knoll Office. Knoll is recognized worldwide as a leading designer and manufacturer of branded furniture and textiles, focusing on innovation and modern design for residences and work environments.

Before joining Knoll, Ms. Utter served as chief strategy officer for Coors Brewing Company. During her ten years at Coors, she held a myriad of operating and strategic roles. Earlier in her career, Ms. Utter spent six years with Frito-Lay, and four years in management consulting with Strategic Planning Associates in Washington, D.C.

She is currently a director for WESCO International, and serves or has served on a number of non-profit boards with the United Way, the Stanford Graduate School of Business, the McCombs School of Business, and the University of Texas Exes. She is a Henry Crown Fellow at the Aspen Institute, and has held a number of leadership roles with entities supporting the advancement of women in the workplace. Ms. Utter has been recognized as an Outstanding Young Texas Ex and is a recipient of the John Gardner Award for service from Stanford.

She earned her BBA in business administration in the honors program at The University of Texas at Austin in 1984. She earned her MBA from the Stanford Graduate School of Business in 1986.

Ms. Utter and her husband, Ward, reside in Pennsylvania with their two children.

## **Marcie Zlotnik**

Marcie Zlotnik, co-founder of StarTex Power, has more than nine years of experience in the energy industry. From StarTex Power's inception through September 2010, Marcie was chief operating officer responsible for overseeing all day-to-day operations of this \$400 million company. Now executive vice president, she oversees legislative and regulatory affairs. Mrs. Zlotnik lectures on corporate culture and its effect on employee enthusiasm and customer satisfaction. Prior to co-founding StarTex in 2004, Marcie served as president and director of Gexa Energy. Mrs. Zlotnik is the recipient of many professional and community awards including the 2008-2010 Ernst and Young Entrepreneur of the Year Finalist, the Texas Women's Chamber of Commerce 1996 Texas Business Woman of the Year, and the 1995 Houston Area Women's Center Volunteer of the Year. Houston Woman Magazine recognized Marcie as one of Houston's most influential women of 2010 and she was named a Top 100 professional in Houston by H Magazine.

StarTex Power has received a No. 1 ranking in 2009 in the JD Power Retail Electric Provider Customer Satisfaction Study in Texas, a ranking of No. 3 in 2010 and 2011, and its 2009 Inc. 500 ranking as the 30th fastest growing privately held company in the U.S. Houston Business Journal named the company a Best Place to Work for the past four years and it was named a 2010 Best Company to Work for in Texas by Texas Monthly Magazine.

Mrs. Zlotnik is on the board of the Gulf Coast Power Association and is currently serving on the 2011 Electric Reliability Council of Texas Technical advisory committee after serving on its board in 2010 and 2011. She serves on the board of Texas Energy Association for Marketers.

Mrs. Zlotnik graduated from The University of Texas at Austin with a bachelor of business administration in accounting and is a licensed Certified Public Accountant. She serves on the board of the Association of Woman in Energy and Girls Inc. of Houston. Marcie donates her time to Longfellow Elementary, a Houston school StarTex Power adopted in 2009. When Mrs. Zlotnik isn't working, she enjoys snow skiing and spending time with her husband and three boys watching or participating in sporting events.