November 6, 2008

To: Robert N. Shelton

From: Steve MacCarthy

Subject: Transformation Process for External Relations

I am writing in response to your memo of October 2, asking for input on how we might improve productivity and efficiency within External Relations as part of the UA’s overall Transformation Plan.

I want to say up front that I am extremely proud of the level of productivity within the External Relations units. We operate with substantially fewer resources than national peers, or indeed our sister institutions within Arizona. Yet we have, in the year-and-a-half that I have been here, greatly increased the output and effectiveness of each of the units within External Relations.

A critical assumption of this memo is that the University wants to continue to communicate and lobby at the state, federal and local levels, and market and promote the institution regionally and nationally.

For purposes of this discussion, External Relations might be thought of as having two distinct components: the core units, which work on promoting the UA and lobbying for its agenda to critical constituent groups (Governmental Relations, Federal Relations, Community Relations, Marketing, Communications, AHSC Public Affairs, and External Relations – Phoenix), and Arizona Public Media which, while critical to providing news and information about the University, might better be characterized as an outreach function to the Southern Arizona community.

With regard to Arizona Public Media, since 2006 they have reduced their employee headcount by 25.5 percent (going from 161 to 120) and their FTE headcount by 8.1 percent. During that time they have dramatically increased their program offerings. With the advent of the HD broadcast spectrum, APM has gone from 2 streams of radio content and 4 streams of television to now offering the community 6 streams of television and 3 streams of radio content in addition to online offerings. (Online offerings now include over 1,500 original program
segments available for viewing on demand, as well as the live audio stream for KUAT-FM and KUAZ.)

In addition to the personnel reductions, to reduce costs APM is retiring its bi-monthly members magazine and consolidating production on shows like *Arizona Illustrated* from a 5-day production schedule to 3 days of studio production per week, which saves on set-up and air conditioning costs. Despite the difficult economic times, innovative fundraising techniques continue to be developed, and have kept APM development efforts ahead of peer institutions nationally in membership success.

Our public broadcasting facilities are substantially smaller (and thus restrictive) than most peers and are in great need of upgrading (as is our teleconferencing capability at Harvill). The possibilities for additional savings in our public broadcasting area are very limited if we wish to continue operating PBS and NPR stations.

For the core External Relations units, in the past year we have eliminated 5.0 FTE. The staffing for External Relations units is bare bones (e.g., 2.75 FTE in Governmental Relations, 3 FTE in Federal Relations, and 3 FTE in Marketing). Using Marketing as an example, when our creative director (who is our sole designer) is on vacation or sick leave, there is no one available to do any design work. For an institution the size of UA, the marketing office should be 2-3 times LARGER than it is. Further reducing the staff size of any of the units would merely foster dysfunction.

On the operational budgets, we are taking steps to reduce spending in every way possible, and these range from cancelling Community Relations’ subscription to the Arizona Daily Star, to doing more black and white printing, and eliminating paid student intern positions. But these savings are counted in the several hundreds of dollars, not in tens of thousands of dollars.

At present, the budget for the marketing office is $180K annually. Out of that, the office must cover its general overhead (e.g., Xeroxing) as well as pay for all local and statewide advertising and marketing programs for the UA. As a point of comparison, my last year at Penn State the marketing budget for these same functions was $1.2 million.

The same challenge is true in the University Communications office, where the annual operating budget is less than $79,000. That must cover everything from
paper clips to online podcasts and video productions to satellite uplinks for national tv interviews. There has not been any print publication out of the office since their print budget was eliminated several years ago. As with the marketing office, communications is understaffed to provide coverage of all the research, scholarly and other news activity of the UA (not to mention crisis communications for which there is ever growing demand, not only from a simple communications perspective, but from a legal one as well).

While we will continue to dig for savings in all our operations (we are reducing travel, setting longer iterations before technology is upgraded, etc.) I do not see great possibilities in further cost-cutting efficiencies, nor do there appear to be any viable options for mergers.

With future savings on the cost side limited by all that has already been done, I believe our best path is to increase resources for our operations through private funding and pro bono contributions from alumni. This year we were able to launch the University’s most comprehensive advertising effort in Phoenix solely because the entire campaign was funded through the Foundation. While I would quickly acknowledge that the Foundation’s resources are limited, I would posit that the best pathway for us to continue (and hopefully improve) our overall marketing efforts is to secure additional annual commitments from the Foundation Board (they were strongly supportive of this year’s Phoenix campaign and indicated a willingness to continue their support), and to tap other private resources (including pro bono efforts by alumni in the advertising and marketing areas) to maximize our potential to do more with less general fund support.

Expanding our resources through better engagement with alumni and donors offers us the best prospect of increased output and productivity.

I hope this is helpful. Please let me know if I can provide you with anything more.