

# HR As Entrepreneur

By Thomas R. Leet



University of California, San Diego is one of 10 campuses in the University of California system. With a total campus enrollment of more than 29,000 undergraduate and graduate students, UC San Diego employs more than 20,000 faculty and staff, making it the second largest employer in San Diego, behind the U.S. federal government. Amid the astonishing growth and ascendant academic reputation of UC San Diego, the total funding provided by the state of California today represents 6.6 percent of the university's operating budget, compared to close to 40 percent 25 years ago.

Like most other departments on campus, human resources has felt the belt tightening — between 2007 and 2013, HR saw a budget reduction of more than \$3.5 million, and staffing was slashed from 91 to 63 FTE. In the midst of the continuing budget crisis, the HR management team met to address three fundamental questions:

- What services are we capable of continuing to deliver?
- How do we respond in the short term to the budgetary challenges?
- What is our long-term strategy for delivering exemplary service?

We quickly determined that there were several programmatic initiatives that could be eliminated, but the reality was that customer expectations for HR services were escalating. Therefore, reduction of services was simply not an option. We had to get creative.

### **A Novel Approach**

The solution we identified? Entrepreneurism. Entrepreneurism represented both a short-term strategy and a long-term vision for ongoing strengthening of HR's service delivery and for providing sustainable funding streams to support the department's operations and development of staff. Specifically, systems, services and programs that HR had developed or was planning to develop would be the "products" that would be offered for purchase to other UC campuses, other universities and research institutions with affiliations or close working relationships with UC San Diego. Early on, it was decided that two key principles would drive our entrepreneurial

strategy: (1) HR must deliver highly regarded services to the campus (HR's primary customers) before offering these services to other universities and organizations, and (2) there can be no decline in service excellence to HR's primary customer, the UC San Diego campus, resulting from efforts devoted to the provision of services to other organizations.



## **Entrepreneurism is a strategy that can not only generate revenue, but also improve HR services, programs and processes.**

In establishing the strategic plan for our entrepreneurial efforts, decisions had to be made pertaining to the choice of products, services and customer markets along with a realistic assessment of time and effort that would need to be invested. The process for the selection and marketing of our products began with a review of what we considered to be our "best practices" that could be adapted easily by other organizations. Rather than relying on our own assessment of identifying best practice services, it was critical that we review UC San Diego customer feedback.

Our department has used performance metrics and customer feedback mechanisms for many years to continuously focus on improving business processes and customer service. Among the tools that we use to assess service delivery are an annual customer satisfaction survey, an annual work climate survey, point-of-service surveys, benchmarking metrics and campus advisory councils. Seven of the 10 HR department divisions measured on the 2013 survey are in the highest rated category of "excellent," while each of the three remaining divisions are in the next highest category of "good," and very close to pushing into the "excellent" category. Additionally, of the 50 campus business units measured by the survey, eight of the top 10 are in the HR department. HR is also the highest rated campus department for the annual climate survey.

### **Selling Our Services**

Based on customer satisfaction data and other customer input, we identified the products and services that would be most feasible for us to leverage to generate revenue. Our business case was built upon deploying our most successful

and adaptable products to work environments with HR needs similar to those of UC San Diego.

### ***Executive Recruitment Service***

In 2007, our department established an in-house executive search service in response to the more than \$1 million that the campus was spending annually on outside search firms. Starting with one recruiter and then adding a second based on growing demand for service, 183 campus recruitments



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were completed during the past seven years with over \$3.3 million in savings when compared to typical fees charged by search firms.

Recognizing that other UC campuses and other universities would have similar staffing needs, our Executive Recruitment Service was marketed outside of UC San Diego through HR's professional and peer contacts. This service has completed 56 successful searches for organizations outside of UC San Diego during the past four years. A key selling point for this service is that searches are conducted for fees that are roughly a third of what is paid to outside executive search firms. The recruiters' expertise in handling higher education searches allows them to effectively source and build pools of strong candidates for similar opportunities at other UC campuses and other universities.

### ***HireOnline***

This online applicant tracking system was built in-house by HR staff to effectively support, recruit and streamline the staff hiring process at UC San Diego. Subsequent to the system being demonstrated for other universities, requests to purchase the system have been growing steadily. The system is built exclusively for higher education. Thus, establishing custom features to the system is accomplished easily based on hiring process standards found at many large research universities.

### ***JOnline***

This electronic job description system was also developed within HR and complements the HireOnline system. Job descriptions can be built from scratch in a matter of minutes. The system provides a viewable library of current and previous job descriptions, tracks changes to positions, maintains the history of positions, and enhances the speed with which job descriptions are routed and classified. Like HireOnline, JOnline is based on classification process standards found at many large research universities.

### ***Mentor-Mentee Matching System***

UC San Diego has a robust mentorship program that pairs staff who wish to serve as mentors to staff seeking mentors. The online matching system, developed within our department, is another tool that has been purchased on a fee-for-service basis by other organizations.

### ***Temporary Employment Services (TES)***

HR has provided UC San Diego with in-house temporary placement services for more than 20 years. During the past decade, the service has grown from providing what were primarily clerical and support positions to a variety of service, technical, healthcare and financial management positions. Over the past several years, TES has reached out to other research institutions adjacent to UC San Diego that have many of the same staffing needs that TES fills. The efficiency of an easy billing process and access to a pool of well qualified temporary workers have been major benefits cited by customers for using the service.

### ***E-learning***

Online learning as a staff development tool has grown in popularity at UC San Diego due to its convenience and flexibility. Examples of e-learning that we have marketed to other organizations include two major learning tutorials: the Culturally Competent Management Program and Succession Planning. The content for both of these courses was developed by HR and produced using an outside vendor. Both courses are attracting a great deal of interest from other organizations.

### ***Background Checks***

To address escalating costs for campus background checks, including pre-employment criminal conviction record checks conducted by an outside service provider, HR

established its own background check service. Using technology that permits digitally scanned fingerprints to be electronically transmitted to the California Department of Justice and the FBI, we provide the service to campus departments. In the 18 months since its launch, \$50,000 in savings has been realized by UC San Diego compared to fees charged by the previous service provider. During the past year, we've begun conducting background checks for campus affiliates and area research institutes on a fee-for-service basis. Business has been brisk.

### Outcomes

HR's entrepreneurial efforts have generated significant revenue for the department — nearly \$1 million — since the services for a fee were launched two and a half years ago. HR department positions have been restored, none of which are devoted to revenue generation activities. Training and development opportunities that had been frozen due to funding cuts have been re-established and program resources have been boosted from the funding provided by the revenue. By seeking progressive and creative solutions to serve our customers and produce revenue, our business processes have been streamlined and made more efficient. As a result, HR department staffing levels, while still not optimal, will not need to return to their former levels to provide exemplary service.

HR performance results have also improved since the inception of our revenue generation initiatives, upholding the principle of delivering proven successful services to UC San Diego campus customers with no decline in service excellence. We use many of the same measures to assess customer satisfaction with UC San Diego campus customers as well as customers from other organizations. Like any business, poor service will doom the enterprise, so success should be defined in advance based on the outcomes the customer hopes to achieve. Measures of success need to be used accordingly by the service provider as a form of self-accountability.

### Lessons Learned

While management of our entrepreneurial initiatives is evolving, there are a number of lessons we've learned that are guiding our future plans:

- Revenue generating initiatives targeting outside customers often require approval from multiple organizational entities — receiving the green

light from offices such as technology transfer, risk management, legal and the controller, among others, may be required before going outside the organization to offer services for a fee. There also may be political and/or regulatory issues to consider in determining whether entrepreneurial ventures should be pursued.

- Start small and don't overcommit resources — begin with one or two resources or services that have a proven track record on campus before venturing outside. It's much easier to gradually increase efforts than to be overly ambitious and retreat from commitments to outside organizations.
- Assess expansion of services carefully — continuously review whether expansion of services to other organizations is supported by internal resources that are sustainable.
- Take a balanced approach to pricing services — careful market research will help determine pricing that will offer a discount over competitors but still produce a fair return.
- There is a greater return on investment in providing products/services that are easily adaptable to other organizations' needs — simply, the less labor intensive the processes of providing the product by the producer and implementing the product by the customer, the greater the return on investment for both parties. Continuous internal process improvement supports success with external customers.

Above all, we've learned that entrepreneurship is a strategy that can not only generate revenue, but also improve services, programs and processes within an organization. As we continue to explore new avenues for bringing in revenue, our efforts will be shaped by embracing internal organizational excellence as the engine that drives excellence with customers outside the organization. 

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