AUXILIARY OPERATIONS

2014/15 Administrative Division Strategic Plan and Annual Update as of 10/1/14

Situation Assessment

I. Internal Assessment

A. Strengths

- People
  - Profile of Senior Leadership team’s 360 By Design survey instrument indicates the following as highest rated competencies as of May 2012:
    - Integrity
    - Credibility
    - Leadership with purpose
    - Vision
    - Results
    - Composure
  - Strong relationships with suppliers/vendors
  - Longevity/years of service
  - Technical talent
  - Resiliency
  - Recognized expertise within respective industry
  - Active membership in national industry service organizations (i.e. NACAS, NACUFS, ACF, ALM, FLA, NACC, CCC, etc.)
  - Support of campus/local community initiatives (i.e. NDAC, United Way, Relay for Life, Visit South Bend/Mishawaka, Hotel/Motel Association, Chamber of Commerce, etc.)

- Facilities and Equipment
  - Built-environment is heavily supported with emphasis on the long term
  - Rigorous cost-benefit analysis that balances cost with business realities
  - Preventive maintenance undergoes planned review and updating on a regular basis

- Operating Processes
  - Commitment to annual SMART Goals and action planning with detailed indicators of success
  - Commitment to continuous improvement through Yellow and Green Belt participation and projects
  - Culture of innovation and intelligent risk-taking
  - Collaboration and cooperation among units and across campus
• Financial Resources
  o Local buying power inherent in size and stature of institution
  o Strong stewardship of assets
  o Positive unit net returns to the University that support the academic and residential mission
  o Transparency in financial accounting and reporting

• Customer Service
  o Culture of constituent service, relationships and hospitality to students, faculty, staff and visitors
  o Commitment to service excellence supporting the University’s values and goals as well as the academic and residential missions

• Products and Services
  o Variety of industry leading retail services such as residential and retail dining, catering and concessions, lodging and meeting space, bookstore and retail shops, laundry and dry-cleaning, etc.
  o Goods and services that support student life, academic endeavors, and research initiatives

B. Weaknesses
• People
  o Profile of Senior Leadership team’s 360 By Design survey instrument indicates the following as lowest rated competencies as of May 2012:
    ▪ Self-Awareness
    ▪ Reliance on feedback
    ▪ Openness
    ▪ Composure
    ▪ Inspiration
  o Immediate manager/staff relationships/communications
  o Accommodations for non-English speaking staff
  o Technology skills and access for non-exempt staff
  o Low turnover/longevity in years of service
  o Overall understanding of how the Catholic mission personally relates to non-exempt staff in their daily duties
  o Staff’s lack of understanding of the University’s intentions to grow the enterprise (i.e. AOV, Performance Management, etc.)

• Facilities and Equipment
  o Selected aging facilities (i.e. North Dining Hall, Stadium Concessions, etc.)
  o Lack of a funded master plan for equipment purchase/replacement
  o Lack of suitable “back-of-house” operations and storage (i.e. Morris Inn, Stadium Concessions, etc.)
  o Capacity issues to adequately serve large number of customers (i.e. Huddle, Stadium Concessions, etc.)

• Operating Processes
  o Lack of standardization in core business processes (i.e. departmental training and development plans, etc.)
  o Incomplete gathering of measureable unit core metrics
Financial Resources
- No increase in non-labor budgets for cost of goods and other expenses
- Internal conflict with meeting net revenue expectations as campus departments embrace cost savings initiatives
- High labor and benefit costs adversely impacts net revenue targets

Customer Service
- Net Promoter program is not fully implemented throughout the division
- Customer feedback is not consistently interpreted as a “gift”

Products and Services
- Inability to meet customers’ expectations with regard to price/value
- Limited brand equity in certain ND retail food operations

II. External Assessment

A. Opportunities

Institutional Power
- Largest local employer provides strong candidates and a diverse workforce
- During an uncertain economy, University continues to provide access to capital and plant fund reserves to reinvest
- Notre Dame brand identity facilitates in strong supplier partnerships
- Increasing interest in exploring national partnerships
- Performance, reputation and relevance of Notre Dame athletic programs and increased University affinity

Availability of Talent
- During uncertain economic times, opportunities to gain quality candidates
- Renewed focus by Human Resources on talent development, staff training and work/life balance

B. Threats

Activities of Competitors
- Increased local competition as economic development continues on Eddy St.
- Growth of competition through the E-commerce and social media
- Aggressive solicitation to on-campus departments, constituents and patrons

Regulatory, Legal, or Political Environment
- Operates units as for-profit enterprises in a not-for-profit environment
- Internal and external pressure as a result of college affordability
- Lack of economic rigor in the local community/government apart from Notre Dame initiatives

Developments in Industry, Society, or Economics
- Reallocation of resources to do more with same/less despite continued campus growth
- Cost and price volatility (i.e. commodities, benefit/compensation costs, etc.)

Availability of Talent
- Staff uncertainty and low morale due to resource reallocations and departmental reviews and reorganizations
- Impact of local economy on ability to attract and retain exempt-level staff
I. Mission Statement

To create a culture of hospitality and service excellence for campus constituents and visitors while providing financial returns in support of the University’s academic and residential mission. We seek to capture customers’ loyalty by engaging them in unique experiences based on strong brands, compelling products and exceptional services.

II. Vision Statement

We will be the premier campus hospitality and service provider, world-class in reputation, supporting and enhancing the University’s stature and goals.

III. Overarching Strategic Goals for Division

<table>
<thead>
<tr>
<th>Division Goal</th>
<th>University Goal(s) Supported</th>
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</table>
| **Goal 1** - Provide quality products and services that are competitively priced and sustain customers’ loyalty. | • Undergraduate education  
• Research and Scholarship  
• Stewardship  
• External engagement |
| **Goal 2** -- Maximize the potential of our human resources | • Stewardship  
• Catholic Character |
| **Goal 3** -- Contribute revenue to support the University’s mission | • Undergraduate education  
• Research and Scholarship  
• Stewardship |
**Goal 1 - Provide quality products and services that are competitively priced and sustain customers’ loyalty.** Provide service-oriented, quality auxiliary programs and services that are competitively priced, while developing stronger brands and compelling products in an effort to provide a unique, inherently personal customer experience – communicated through innovative customer outreach – thereby capturing customers’ loyalty and winning their business.

### Tactics for Achievement

a) Engage specific segments of the campus community (students/faculty/staff) in measuring current customer satisfaction and loyalty through outreach (i.e. improved web and social media presence, focus groups, Voice of the Customer measures, etc.)

b) Determine necessary service levels and standards for the provision of desired products/services focusing on the balance between customer preferences vs. cost.

c) Modify business model to accommodate changes and incorporate the four “Winning the Business” strategies.

d) Communicate specifically and regularly through written, in-person and social media vehicles with customers during all phases of product/services delivery to insure understanding of the cost-benefit trade-off.

### Points of Integration

The growth of the University in size and complexity requires flexibility. Open lines of communication will be essential to meet the ever changing needs of academic and administrative departments

### Indicators of Success

1) Positive change in unit-specific constituent service satisfaction survey results as measured by:
   a. Laundry Likelihood to Return Survey for Students, Faculty/Staff (Annually)
   b. Bookstore Secret Shopper in Varsity Shop, Eddy St and Main Store (Quarterly)
   c. Bookstore Annual Customer Service Survey (Annually)
   d. Morris Inn Net Promoter Survey (Quarterly)
   e. Food Services NACUFS User Satisfaction Survey (Annually)
   f. Food Services On-Campus Constituent Survey (Bi-annually)
   g. Cemetery User Satisfaction Survey (Quarterly)
   h. Stadium Concessions Secret Shopper VenueChek (Annually)
   i. Concessions Fan Survey (Annually)

2) Positive change in biennial ImproveND survey results in categories of Price/Value, Staff Service and Overall Satisfaction that results in strategic organizational change and responsiveness related to the specific measures of:
   a. NDFS Overall Satisfaction
   b. Catering By Design Value
   c. Morris Inn Customer Loyalty
   d. NDCC Staff Support
   e. St. Michael’s Laundry Overall Satisfaction

### Financial Implications

Incremental increases in operational and capital resources are required to provide necessary campus services in the pursuit of the University’s goals of providing an unsurpassed undergraduate education and supporting growth in research and graduate programs.
Goal 2 -- Maximize the potential of our human resources. Attract, develop, engage, focus, and retain a diverse, energized, and highly productive staff dedicated to the University’s mission, goals, and values.

Tactics for Achievement

To create a workforce culture that is diverse, service-oriented, productive, and engaged:

a) *ND Voice and other Employee Assessments*: Refine and execute ND Voice and other action plans emphasizing the employee/manager relationship, accountability, empowerment, respect/fairness and teamwork.

b) *Development & Talent Review*: Expand opportunities for personal and professional development; promote and facilitate employee participation; and conduct annual Talent Review Process that will help identify current and future talent needs.

c) *Performance Management*: Calibrate performance management measures to encourage a more standard and uniform basis of evaluation. Reinforce the criteria established in semi-annual reviews in daily, real-time communications with employees.

d) *Communication*: Expand vehicles for sharing information and fostering dialog with a diverse staff through both formal (town-hall meetings, staff meetings, AVP events) and informal (real-time updates, discussions with staff) means.

e) *Recognition*: Seek opportunities, both formal and informal, to recognize and thank staff for positive contributions in support of University goals/values. Personal, genuine, and spontaneous informal recognition will be emphasized.

f) *Recruitment*: Actively seek diverse and qualified candidates for open positions through dynamic advertising and recruitment strategies that highlight competitive compensation and benefits.

Points of Integration

This program will require coordination with Human Resources, Continuous Improvement, and the Office of Strategic Planning.

Indicators of Success

1) Increased participation and continued improvement in ND Voice Survey results by employee classification in the following categories:
   a. Engagement
   b. Accountability
   c. Teamwork
   d. Respect & Fairness
   e. Immediate Manager

2) Performance Reviews and Merit Increases by employee classification tied to strategic goals:
   a. 100% participation
   b. Auxiliary Operations bell curve and box matrix charts

3) Continued strategic communication and action planning:
   a. Twice-yearly Open Forums with all divisional staff
   b. Regular senior staff and one-on-one meetings
   c. Quarterly “Lunch & Learn” developmental training with direct reports of direct reports

4) Annual review and update of division Talent Development plan:
   a. Actively identify top performers and high potentials
   b. Evaluate staff diversity report from Office of Institutional Equity
   c. Develop Upwardly Mobile staff by incorporating actions within Endeavor

5) Other indicators in development:
   a. Training and development hours
   b. Exit interview feedback and responses when appropriate

Financial Implications

Operational funding will be required to offer new training programs or expand existing ones. New recognition programs will support core values and innovation on the part of managers, supervisors and staff.
Goal 3 -- **Contribute revenue to support the University’s mission.** Operate externally competitive business units that augment and support the core University functions and contribute revenue to the University’s operating budget.

**Tactics for Achievement**

a) Assess the performance of existing business units, measuring revenue targets against actual returns  
b) Track revenue by internal and external sources  
c) Seek ways to be creative and “grow the business” within each business unit  
   a. Identify customer preferences  
   b. Incorporate retail trends  
   c. Understand campus needs  
   d. Focus on alumni engagement  
d) Review the auxiliary budgeting process with key campus partners, identifying opportunities to balance net revenue returns with business realities

**Points of Integration**

All University departments will want to use campus auxiliary products and services.

**Indicators of Success**

1) Benchmarked service levels and price structure that are competitive with the respective marketplace as measured by:  
   a. Bookstore Sales Per Retail Square Foot (Annually)  
   b. Food Services Dining Hall Total Cost Per Meal (Quarterly)  
   c. Ranking within IMG/CLC Consortium  
   d. The Morris Inn RevPar (Average Rate x Occupancy) (Quarterly)  
   e. St. Michael’s Laundry Pounds Per Operator Hour (Quarterly)  
   f. ND Marketplace Storefronts and Sales Per Store (Quarterly)  
   g. Concessions Event Per Caps (Quarterly)

2) Continued increase in net auxiliary revenue and unit revenue benchmarks as documented in quarterly core metrics:  
   a. Follett Commission Payments  
   b. Food Services Retail Net Revenue  
   c. Licensing Net Royalty Revenue  
   d. Morris Inn Revenue  
   e. St. Michael’s Laundry Net Revenue  
   f. Centerplate Net Operating Profit  
   g. Segura Arts Studio Net Revenue  
   h. Net Auxiliary Revenue

**Financial Implications**

Capital resources may be required for new initiatives. All auxiliary-based enterprises should be financially self-supporting or their net revenue shortfall subsidized by the requested department and/or academic college.
Division Strategic Plan
Summer 2014 Annual Update

A. Update of 5 Year Strategic Plan

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**Auxiliary Operations Accomplishments**  
**Departmental SMART Goals 2013/14**

**University Goals:**  
Become a preeminent research university  
Offer an unsurpassed undergraduate education  
Ensure that the University's Catholic character informs all its endeavors  
Create a sustainable culture of continuous improvement and overall service excellence to support the University's mission  
Communicate strategically to internal and external constituents

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<th>2013-2014 SMART Goals/Objectives</th>
<th>Progress Over the Last Year</th>
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<td>To meet or exceed all metrics established for the reopening of the Morris Inn by June 2014.</td>
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  • Exceeded gross operating profit of the revised budget by $230K  
  • Exceeded the Net Promoter benchmark of industry leading hospitality companies (55%) with a score of 91%  
  • Achieved AAA Four Diamond award well ahead of expectations (August 2013) |
| To conduct Administrative Unit Reviews (AUR) in St. Michael’s Laundry and Licensing by June 2014. |  
  • Completed the St. Michael’s Laundry AUR and associated action plan in the fall of 2013 and has been fully implemented  
  • Completed the Licensing AUR in spring/summer of 2014 and results are ready to be shared |
| To conduct an Organizational Design Review of the Notre Dame Food Service Department that meets the University’s goals and principles related to departmental restructuring by June 2014. |  
  • Postponed until FY 2014/15 |
| To implement key actions by the AVP as part of the ND Voice IV results surrounding the theme of communication and teamwork by December 2013. |  
  • Implemented a Cookies & Conversation program and to date have held 35 sessions  
  • Developed a Communications Committee in April and have held three meetings to begin strategic planning on our communication process  
  • Enhanced the Shout Out program by integrating the University’s variable pay program, recognizing staff with monetary SPOT and Recognition awards  
  • Continued the annual year-end Program Reviews with senior leadership teams, giving them the opportunity to celebrate, address their pressure points and discuss the new fiscal year initiatives |
| To create a diversity plan in partnership with the |  
  • Presented to AVP team the new University |

Presented to AVP team the new University
| Office of Institutional Equity that addresses diversity in a meaningful and relevant way by June 2014. | initiative with respect to diversity and inclusion
- Held an AVP Lunch and Learn session with the University’s OIE Department
- Conducted a rigorous analysis during the Talent Review process with an emphasis on Upwardly Mobile individuals |
|---|---|
| To work with the Licensing Department, a campus oversight committee (appointed by EVP), and selected Notre Dame licensees to conduct a Freedom of Association pilot program for the purpose of identifying factories in precluded countries whose implementation of effective worker participation programs can be independently verified by June 2014. | • Assessed the current situation, formed a University committee and developed action plan to review the University’s current Freedom of Association policy
• Identified Verité as the University’s third party oversight organization to conduct factory verifications and developed instruments to assess shortcomings
• Reviewed proposed minimal levels of acceptable standards and planned factory on-site visits in the fall of 2014 |
| To assimilate the two new senior Auxiliary Operations directors of Notre Dame Food Services and Morris Inn, which will accelerate a smooth transition, going from a new hire to productive leader, while understanding and exhibiting behaviors that represent the University’s mission, goals, and core values by March 2014. | • Participated in the University’s “New Leader Assimilation” within their first week on the job, in coordination with the Office of Human Resources
• Expedited the new hire assimilation with members of their senior leadership team which lays a good foundation of dialogue and communication
• Integrated both directors as new members of the EVP group, attending all functions and education sessions with other campus stakeholders |
| To meet the overall division-wide financial targets as established under the direction of the Executive Vice President, the Budget Working Group process, and in partnership with the Office of Budget & Planning by June 2014. | • Held each unit accountable, both from a financial and metrics perspective
• Conducted quarterly analysis of core metrics and budget vs. actual in order to make adjustments accordingly
• Completed departmental year-end reviews to celebrate success, review areas for improvement and discuss initiatives for future year |
Planned Objectives for 2014/15

**Auxiliary Operations**

**Departmental SMART Goals 2014/15**

*University Goals:*
- Become a preeminent research university
- Offer an unsurpassed undergraduate education
- Ensure that the University's Catholic character informs all its endeavors
- Create a sustainable culture of continuous improvement and overall service excellence to support the University’s mission
- Communicate strategically to internal and external constituents

- **To relocate Notre Dame Food Services Catering to the Center for Culinary Excellence (formerly known as Food Services Support Facility) by September 2014.**
  - Collaborate with the Office of Facilities Design & Operations to develop initial concept and cost estimates
  - Review staffing impact at both North Dining Hall and Food Services Support Facility
  - Identify funding sources
  - Create a rebranding vision and execute a marketing and public relations plan

- **To create an action plan based on the recent Licensing Administrative Unit Review (AUR) by November 2014.**
  - Complete Licensing AUR and review external report
  - Develop action plan based on self-study and reports by external experts that include where improvements can be made and potential for innovation

- **To enhance the Bookstore E-commerce website by January 2015.**
  - Review recent upgrade to the E-commerce website with Follett
  - Define metrics to gage levels of success

- **To successfully merge the Auxiliary Operations I.T. function with the Office of Information Technology (OIT) by June 2015.**
  - Outline roles and responsibilities through a Memo of Understanding
  - Develop goals for year one
  - Identify necessary funding requirements for a successful transition
  - Conduct 9-month assessment in March 2015

- **To complete an Organizational Analysis and Design of Notre Dame Food Services operation by June 2015.**
  - Review every position in department and evaluate for necessity and efficiency
  - Assess culture with indicators such as job satisfaction levels and productivity
  - Determine key outcomes
  - Commit and implement
• To examine North Dining Hall for the purpose of renovation by June 2015.
  o Collaborate with Office of Facilities Design & Operations to review the current cost estimates and concepts on file
  o Assess Voice of the Customer with the Office of Student Affairs
  o Provide recommendations and identify funding sources

• To complete key ‘Day 2’ construction projects to further enhance Morris Inn guest and associate experience by June 2015.
  o Complete stairs to lower concourse and lobby expansion projects over Christmas break
  o Coordinate final one year warranty punch list contractor responsibilities with the Office of Facilities Design & Operations
  o Prepare ROI analysis and obtain final approval for Morris Inn kitchen expansion project for work to be completed over the post-football winter season FY 2016
  o Begin study for best use of McKenna Hall current academic space to coordinate with opening of the Campus Crossroads Project to maximize space utilization and financial return

• To meet the overall division-wide financial targets as established under the direction of the Executive Vice President, the Budget Working Group process, and in partnership with the Office of Budget & Planning by June 2015.
  o Hold each departmental unit accountable
  o Conduct quarterly core metrics review and make adjustments accordingly
  o Review budget vs. actual analysis on a quarterly basis
  o Assess departmental financial performance at mid-year
  o Make strategic or tactical decisions at mid-year necessary to improve financial performance by fiscal year-end
  o Complete departmental year-end reviews and financial targets for 2014/15

I. Preamble for Upcoming Objectives

How Auxiliary Operations strives for and accomplishes its goals is just as important as what we achieve. In Auxiliary Operations, we embrace the five University goals and core values as our guide for success. The division is based on a decentralized organizational structure with a strong leadership philosophy that acknowledges that authority and accountability must exist at the unit level.

The eight Auxiliary Operations objectives for 2014/15 were selected to unify each department within the division incorporating the mission, goals, and values of the University.

In conclusion, we believe throughout the division that cultivating relationships improves the organizational effectiveness of the entire organization. Our philosophy continues to be responsive to the needs of the University by offering quality products and services priced competitively.
11. **Significant Threats/Challenges - 2014/15** (please refer to situation assessment, page 3)

111. **2014/15 Potential Areas of University Collaboration**

<table>
<thead>
<tr>
<th><strong>Auxiliary Operations Goal</strong></th>
<th><strong>Collaborative Functions</strong></th>
<th><strong>University Goal</strong></th>
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| 1. Provide quality products and services that are competitively priced and sustain customers’ loyalty. Provide service-oriented, quality auxiliary programs and services that are competitively priced, while developing stronger brands and compelling products in an effort to provide a unique, inherently personal customer experience – communicated through innovative customer outreach – thereby capturing customers’ loyalty and winning their business. | • Colleges and Institutes  
• Student Affairs  
• Office of Research  
• Graduate/Professional Schools  
• Undergraduate Admissions  
• Athletics  
• University Relations  
• Human Resources  
• Sustainability  
• Other EVP divisions | • Offer an unsurpassed undergraduate education  
• Become a preeminent research university  
• Create a sustainable culture of continuous improvement and service excellence to support the University’s mission  
• Communicate strategically to internal and external constituents |
| 2. Maximize the potential of our human resources. Attract, develop, engage, focus, and retain a diverse, energized, and highly productive staff dedicated to the University’s mission, goals, and values. | • Human Resources  
• Continuous Improvement  
• Strategic Planning  
• Office of Institutional Equity  
• Campus Ministry | • Create a sustainable culture of continuous improvement and service excellence to support the University’s mission |
| 3. Contribute revenue to support the University’s mission. Operate externally competitive business units that augment and support the core University functions and contribute revenue to the University’s operating budget. | • Office of Budget and Planning  
• Tax Office  
• Controller’s Office  
• Treasury Services | • Offer an unsurpassed undergraduate education  
• Become a preeminent research university  
• Create a sustainable culture of continuous improvement and service excellence to support the University’s mission |