COUNTING THE COSTS: 
Strategic Cost Management Project

Overview
The strategic cost management project at the University of Newcastle, Australia, was designed to provide more useful and reliable cost information to a wide range of decision makers and decision influencers across the University. This project captured the “full cost” associated with (i) various student types (ii) the delivery of institutional wide programs and courses (iii) conducting core activities (teaching and research) and support activities (IT and Student Administration) (iv) the costs relative to the key campuses. A critical success factor for the project was the development of an academic workload modelling system.

Beyond the institutional benefits, the project has delivered specific benefits relating to the provision of IT services. These include:

- **Transparency of IT service consumption** – the project reports on the relative consumption of IT services by a range of views, eg by faculty or school, by program, and by campus. This visibility becomes more critical as IT consumes an increasing proportion of university budgets.

- **Improved data integrity** – this is a zero sum game and the total costs are known; an over-allocation in one area must be matched by under-allocation elsewhere. There may be initial dispute about findings which may require some fine-tuning of measurement and allocation methods. However, over time, the resource consumption profiles will become accepted as a reliable basis for decision-making.

- **Measuring the value of IT** – the project provided a mechanism to objectively assess the contribution that IT services and infrastructure make to the core activities of teaching and research. This provides a platform for real business case analysis of IT investment proposals.

University of Newcastle
The University of Newcastle, Australia has a student population of 22,000 students. They offer over 150 undergraduate and graduate courses, delivered via five Faculties (Business and Law, Education and Arts, Engineering and Built Environment, Health and Science & IT). The University is one of Australia’s largest research institutions and has an excellent reputation in the field of teaching and problem-based learning. They operate two main campuses that serve a community of 1 million people in the Hunter Valley and the Central Coast regions immediately north of Sydney.

Campus Consulting
Campus Consulting is a boutique Australian based consulting company who focus on helping universities, colleges and schools to better manage their support functions which includes areas such as finance, HR, IT and marketing. One of their core services is to help universities implement advanced performance measurement and costing systems.

Contact Details
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Flow chart