



HEI Business Classification Scheme

User Guide

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1 Introduction to the *HEI Business Classification Scheme*

1.1 What is a Business Classification Scheme?

A Business Classification Scheme is a conceptual representation of an organisation's business. It describes an organisation's business functions and activities, and the relationships between them.

- **Functions** are the largest units of business activity. They are the major responsibilities that are managed by an organisation to fulfil its mission or mandate, and its responsibilities to its stakeholders.
- **Activities** are the tasks performed to accomplish each function.

The basic components of a Business Classification Scheme are:

- a hierarchical classification structure, with the top level containing the broadest categories of activity (i.e. functions) and the lower levels becoming increasingly specific (i.e. activities and their component parts);
- scope notes which define the scope of the categories.

A more detailed Scheme may also include:

- date ranges for functions and activities;
- 'For' references which clarify the relationships between functions and activities;
- definitions of terms used in the Scheme.

1.2 Why develop a Business Classification Scheme?

A Business Classification Scheme is the keystone of a records management programme developed in line with ISO 15489, the international standard on records management¹.

A functional approach to records management, as outlined in the standard, focuses on managing records according to their business *context* (why they exist) rather than their *content* (what they are about) or their *location* (which business unit or person holds them). It links records management activities clearly and firmly to business functions and activities. This is an important change from traditional approaches to records management based on organisational structure or subject. For HEIs, as for other organisations, there are three compelling reasons for this change.

1. Organisational structures change frequently while business functions and activities remain much the same over time. Records management systems which are based on business functions and activities will be unaffected by changes in organisational structures.
2. Preservation of evidence of decisions made and actions taken is essential to support corporate accountability and compliance, and to satisfy the increasing demand for public access to information. Records management systems

¹ ISO 15489-1:2001 Information and documentation – Records Management – Part 1: General

which are based on business functions and activities help to create and preserve evidence and audit trails.

3. Consistent retention and disposal of records – across all record formats and in all physical locations – is essential to ensure compliance with legislation and to control the costs associated with maintaining records. It is also a significant challenge in organisations which have devolved management structures. Records management systems which are based on business functions and activities make it easier to achieve.

A Business Classification Scheme, developed through a process of business analysis, provides the starting point for understanding the relationship between an organisation's business activities and its records. Understanding this relationship is itself the starting point for identifying an organisation's requirements to create, maintain, use, retain and dispose of records, and for developing processes and tools to do so effectively.

A Business Classification Scheme is also the best foundation for key records management tools such as records classification schemes (file plans) and records retention schedules.

1.3 What is the *HEI Business Classification Scheme*?

The *HEI Business Classification Scheme* (the *Scheme*) is a generic Business Classification Scheme for UK higher education institutions (HEIs). It is a high-level, conceptual representation of HEI business functions and activities. It has been developed to provide a framework which any institution can adapt and extend to produce a customised Business Classification Scheme.

The *Scheme* was developed through a process of business analysis which involved extensive research and consultation with a range of HEIs. It covers business functions and activities which were found to be common to most institutions. However, it is not intended to be either prescriptive or exhaustive.

For more information about the *Scheme*, contact JISC infoNet.

2 Content of the *HEI Business Classification Scheme*

The *Scheme* consists of:

- a **Classification Structure**;
- **Scope Notes** which define the meaning of categories in the Classification Structure and provide guidance on how they should be used;
- **'For' References** which clarify the boundaries of categories and the links/distinctions between them;
- **Definitions** of terms used in the Classification Structure or Scope Notes.

2.1 Classification Structure

The Classification Structure is a hierarchy of categories and sub-categories representing the business functions and activities of HEIs.

The hierarchy is organised into broad **Function Groups**:

- Teaching & Learning
- Research
- Knowledge Transfer & Enterprise
- Academic Administration
- Corporate Management
- Corporate Resources
- Corporate Relations
- Related Companies
- Commercial Services
- Corporate Services
- Student Services
- Business Units

These Function Groups are only intended as a navigational aid. They are **not** substantive elements of the Classification Structure.

Within each Function Group, there are two levels in the classification hierarchy:

- Level 1 – the top level, representing **Functions** of HEIs
- Level 2 – the second level, representing **Activities** which are carried out in HEIs to fulfil the Functions

2.1.1 Level 1 – Functions

Functions are in UPPER CASE text.

In each of the following Function Groups, there are two or more Level 1 categories representing Functions:

- Teaching & Learning
- Research
- Knowledge Transfer & Enterprise
- Academic Administration
- Corporate Management
- Corporate Resources
- Corporate Relations

The remaining Function Groups, i.e.

- Related Companies
- Commercial Services
- Corporate Services
- Student Services
- Business Units

are 'skeleton' groups which contain generic Level 1 categories. An institution should substitute specific Level 1 categories to represent its own particular Functions (i.e. individual companies, services or business units). For example:

- in Related Companies: Company XYZ Limited
- in Commercial Services: Catering Services
- in Corporate Services: Library Services
- in Student Services: Counselling Services
- in Business Units: School of Architecture

2.1.2 Level 2 – Activities

Activities are in Upper and Lower Case text.

Within each Level 1 category representing a Function, there are two or more Level 2 categories representing Activities which are carried out to fulfil the Function.

Within each generic Level 1 category (in the 'skeleton' Function Groups), there are generic Level 2 categories which an institution can adapt to represent the Activities it carries out to fulfil the Functions it has defined.

2.1.3 Common Activities

Some Activities (e.g. Policy Development) are common to all Functions. Others (e.g. Training) are associated with several Functions and could apply to others, depending on the institutional context. In addition to being listed under specific Functions in the Classification Structure, these Activities are also listed in a separate Common Activities section from where they can be selected on a 'pick and mix' basis to adapt or extend the *Scheme*.

2.2 Scope Notes

Each Function and Activity category is described and defined in a Scope Note.

2.3 'For' References

Some Functions and Activities have linked 'For' References which clarify the boundaries between Functions and Activities, and the links or distinctions between them. For example:

The collection of student tuition fees is classified as TUTION FEES ADMINISTRATION – Tuition Fee Collection. The processing of all incoming payments is classified as FINANCE MANAGEMENT – Financial Accounting. To emphasis the boundary of the first category – Tuition Fee Collection – it has a 'For' Reference:

For processing incoming payments, use FINANCE MANAGEMENT FINANCIAL ACCOUNTING.

2.4 Definitions

Some terms which are used in the Classification Structure or in Scope Notes have linked Definitions to clarify their meaning in the *Scheme*.

3 Use of the *HEI Business Classification Scheme*

The *Scheme* has been developed to provide a framework which any HEI can adapt and extend to produce a customised Business Classification Scheme.

Using the *Scheme* in this way is a two-stage process which is described below. It requires staff with good research, analytical and communication skills as well as a broad knowledge of an institution's work. An institution which does not employ suitably-qualified staff may be able to obtain advice from a professional records manager or business analyst employed by another HEI. If this is not possible, it should consult an independent professional records manager.

For more detailed advice on using the *Scheme*, contact JISC infoNet.

3.1 Stage 1: Adapting the *Scheme*

The first stage of the process is adapting the *Scheme* to produce a customised version which accurately represents the institution's business functions and activities.

This involves:

- identifying functions and activities in the *Scheme* which are not relevant to the institution, and removing them;
- identifying functions and activities in the *Scheme* which are relevant but which are not represented in a way which reflects the institution's particular circumstances or preferences, and making the necessary adjustments;

For example:

- redefining functions or activities (e.g. by combining or splitting categories at either level, or by moving categories from one level to another);
 - adding specific functions to the 'skeleton' function groups (i.e. individual related companies, services and business units) and adapting the generic business classification schemes for these functions to represent the activities which are actually carried out;
 - adding activities from the 'Common Activities' section to specific functions;
 - renaming functions or activities;
 - redefining terms used in the Classification Structure or in Scope Notes;
 - changing terms used in the Classification Structure or in Scope Notes to the institution's preferred terms.
- identifying institutional functions and activities which are not represented in the *Scheme*, and adding them.

The output of this stage is a customised version of the *Scheme*, i.e. a high-level institutional Business Classification Scheme.

3.2 Stage 2: Extending the *Scheme*

The second stage of the process is extending the customised version of the *Scheme* to produce a more detailed institutional Business Classification Scheme.

This involves, first, undertaking a process of business analysis to:

- identify and describe the component parts of each activity in the high-level Scheme;
- describe the relationships between these lower-level activities or transactions;
- define any new terms which are used.

Business analysis is a complex and time-consuming process. The level of complexity and the time required are not determined by the size of the institution, but by the nature of its functions and activities and by the level of detail which is needed.

The component parts of an activity may be 'smaller' activities, steps in a process or groups of transactions. These may then be further 'decomposed' to even greater levels of detail. There are no absolute rules about how many levels of 'decomposition' are necessary; it is a matter of judgement based on the purpose of the analysis. In this case, the purpose is to establish a framework for managing records. Experience suggests that this needs a hierarchy of at least three levels, i.e.

1. Level 1 – FUNCTION
2. Level 2 – Activity
3. Level 3 – Sub-activity ('smaller' activity, step in a process, group of transactions)

However, as many as five or six levels may be needed in some parts of the hierarchy, depending on the complexity of individual functions.

Whatever level of detail is needed, it is important to focus on identifying tasks or actions (what is being done) and **not** on subjects (what it is about), types of records (how it is documented) or business units (who is doing it).

An institution which employs business analysts may have a preferred method for undertaking business analysis. Otherwise, the method outlined in Step 2 of the DIRKS methodology², as described in the DIRKS Manual³ can be used.

When the business analysis is complete, this detailed information is incorporated into the framework of the high-level Scheme by:

- extending the classification structure to incorporate lower-level categories representing the component parts of each activity;
- writing scope notes for these new categories;
- adding 'For' references and definitions of any new terms.

The output of this stage is a detailed institutional Business Classification Scheme.

² The DIRKS methodology is an 8-step process for developing and implementing recordkeeping systems which was developed by the National Archives of Australia for Australian government agencies and is now widely used in the UK and elsewhere.

³ National Archives of Australia, *DIRKS : A Strategic Approach To Managing Business Information* (2003)