

HIGHER ED IMPACT

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SECURING NEW RESOURCES IN A DIFFICULT FINANCIAL CLIMATE

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A Letter from Amit Mrig President, Academic Impressions

In reviewing the last two years, it might be easy to think that higher education's economic challenges were largely precipitated by the recession and are thus temporary. Unfortunately, most institutions have been operating in a financially unsustainable way for many years. Rather than make the tough decisions about what to invest in and what not to, many institutions have instead continued to add programs and seek new sources of revenue to fund these investments.

However, this recession demands that institutional leaders face a hard reality: most new resources are not going to come from external sources but from strategic reallocation of the resources you already have.

That's why we've chosen to address resource allocation and reprioritization in our first issue of *Higher Ed Impact: Monthly Diagnostic*. Many institutions are already making difficult cuts that would have proven politically untenable in stronger economic times. Yours might be one of them. But are you being strategic in your approach to ensure that after these cuts are made, your institution is stronger and more competitive as a result?

We've asked former presidents, provosts, and CFOs for advice on what campus leaders can do in both the short and long terms to free up much-needed resources in ways that help position their organizations for success. We hope their advice will be useful to you.

A handwritten signature in blue ink that reads "Amit Mrig". The signature is fluid and cursive, with a long horizontal stroke extending from the end of the name.

SECURING NEW RESOURCES IN A DIFFICULT FINANCIAL CLIMATE

Most institutions are facing an unprecedented cash crunch due to declining state support, volatile endowments, increased demand, and students' diminished ability to pay. We have seen institutions adopt many ways to respond to this difficult climate, from faculty buyouts and downsizing staff to cutting academic programs. Many institutions are seizing the opportunity to make cuts that would have proven politically untenable in stronger economic times.

But will the cuts you've planned position your institution for long-term success? Are you taking a strategic approach to cost-cutting, to ensure that after the cuts your institution is stronger than it was previously?

We've asked former presidents, provosts, and CFOs for advice on what institutions can do in both the short and long terms to free up much-needed resources and position their organizations to be more successful as the economy recovers. Here's what they advise.

ADVANCE WITH A DEFINED SENSE OF PURPOSE *page 6*

It will be difficult to guide strategic cuts and identify the right units to invest in if your institution does not have clear goals and a defined sense of its mission. Bob Dickeson, Lucie Lapovsky, Pat Sanaghan, and Larry Goldstein offer suggestions for clarifying your core direction.

IDENTIFY INEFFICIENCIES ON THE ACADEMIC SIDE OF THE HOUSE *page 9*

Because the vast majority of an institution's resources are expended on instructionally-related and academic support activities, institutions looking to identify inefficiencies and reallocate resources toward key investments are likely to find the most opportunities to do so by auditing academic programs and units. Lucie Lapovsky describes key places to look for inefficiencies.

PRIORITIZE ACADEMIC AND ADMINISTRATIVE UNITS *page 11*

It's vital to recognize that the single greatest source of new financial resources will not come from tuition increases, state or federal funding, or alumni support, but rather from the reallocation of your existing resources. Institutions of all sizes, types, and selectivity are currently investing in academic and administrative programs that are not critical to their mission or their market position, and that in fact drain their financial resources and limit their ability to generate more resources.

But how do you determine which programs are most important to your mission, market position, and financial health? Bob Dickeson offers core strategies for how institutions can identify critical academic and administrative units worthy of investment.

PLAN FOR RESOURCE ALLOCATION IN WAYS THAT BUILD INSTITUTIONAL TRUST *page 16*

Trust can be a resource as critical to steward as dollars. Even if your institution identifies the right programs or units to restructure or downsize, you may lose more than you gain for your institution's future if the decision-making process is one that damages the trust and morale in your organization. Larry Goldstein and Pat Sanaghan offer sound advice for ensuring that priorities are set in ways that encourage transparency and garner institutional support for difficult decisions.

Want to Learn More?

Academic Impressions invites you to dig deeper by attending an upcoming conference, webcast, or workshop on these issues. For more information, visit www.academicimpressions.com or contact Amit Mrig at 720.988.1210.

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In addition to serving as a college president, Bob has served as president and CEO of Noel-Levitz Centers, Inc. and was a co-founder and senior vice president of the Lumina Foundation for Education. Bob also has held multiple roles in state and national government. He was the chair of the cabinet for Arizona Gov. Bruce Babbitt and chief of staff for Colorado Gov. Roy Romer. In 2006, Bob was a senior policy advisor to the Spellings Commission on the Future of Higher Education. His research and work in the area of understanding and managing college costs is widely reputed. His book *Prioritizing Academic & Administrative Programs and Services: Reallocating Resources to Achieve Strategic Balance* (Jossey Bass, 2nd ed, 2010) is the culmination of his work at several hundred colleges and universities across the US.



Larry Goldstein - President, Campus Strategies, LLC

Larry is the president of Campus Strategies, a higher education management consulting firm. His consulting interests cover a wide range of topics, including higher education budgeting, strategic planning, accounting, and finance. He is the author of *College and University Budgeting: An Introduction for Faculty and Academic Administrators* and has co-authored several publications, including *Presidential Transitions*. Immediately prior to establishing Campus Strategies, Larry served as senior vice president and treasurer of the National Association of College and University Business Officers (NACUBO). He joined NACUBO after spending 20 years in higher education financial administration. In his last campus position, he served as the University of Louisville's chief financial officer. Before that, he held administrative appointments with The University of Chicago, the School of the Art Institute of Chicago, and the University of Virginia.



Lucie Lapovsky - Principal, Lapovsky Consulting; Past President, Mercy College

Lucie is an economist who consults, writes, and speaks widely on issues related to higher education leadership, governance, finance, strategy, and enrollment management. Much of her recent work has been with boards of trustees on issues of leadership and effectiveness. Lucie previously served as president of Mercy College, a diverse, multi-campus college of 10,000 undergraduate and graduate students with New York City, Westchester, and online campuses. She serves on a number of boards and advisory committees, including the boards of HERS, the American Public University System, Western New England College, Packer Collegiate Institute, the Tuition Exchange, the National Council for Research on Women, and the White House Project. Lucie is the editor of one book and the author of more than 100 chapters and articles.



Patrick Sanaghan - President, The Sanaghan Group

Pat is the president of The Sanaghan Group, an organizational consulting firm that specializes in strategic planning, leadership development, executive team building, meeting facilitation, and leadership transitions. He has worked in over 100 organizations and 60 campuses in the past 25 years. He has taught strategic planning to more than a thousand administrators in higher education. Pat has co-authored several books on strategic planning, high-performing teams, and change management, including *Presidential Transitions* (ACE/Praeger, 2007) and *Collaborative Strategic Planning in Higher Education* (NACUBO, 2009). He is currently writing a book on exceptional leadership.

ADVANCE WITH A DEFINED SENSE OF PURPOSE

Daniel Fusch, *Academic Impressions*

The economic crisis has opened a window of opportunity for institutional leaders. This can be a time to make previously unpopular cuts, and to engage the campus community in a strategic planning and prioritization effort. The economic situation demands that colleges and universities challenge old and long-held assumptions and planning/budgeting scenarios. However, it's critical that leaders proceed with intentionality and clarity of purpose.

It will be difficult to make strategic cuts and identify the right units to invest in if your institution does not have clear, strategic objectives and a defined sense of its mission.

Most institutions are unrealistically striving to be all things to all people in their quest for students, reputation, and support rather than focusing their resources on the mission and programs that they can accomplish with distinction.

Bob Dickeson, in *Prioritizing Academic Programs and Services* (2nd ed; Jossey Bass, 2010)

We interviewed Bob Dickeson (President Emeritus, University of Northern Colorado), Lucie Lapovsky (Principal, Lapovsky Consulting; past president of Mercy College), Larry Goldstein (President, Campus Strategies, LLC; past senior vice president and treasurer, NACUBO), and Pat Sanaghan (President, The Sanaghan Group) for their advice on differentiating and defining your institution and identifying the direction that will guide your cuts and investments so that you can plan strategically to emerge stronger as the economy recovers.

The Mission as a Guide to Prioritization

Goldstein stresses the importance of clarifying your mission in such a way that will help guide your institution in making critical decisions: "If I am faced with choosing between two good alternatives, does the mission give me guidance as to which direction to go? Does it steer me toward the direction that is most critical to my institution's guiding vision?"

Lapovsky notes that schools that don't have the luxury of financial and enrollment strength may tend to be more opportunistic in their investments. They may need to remain nimble and able to move in a variety of directions depending on the demands of their market – so their missions may be more general. However, these institutions still need to draw a line that tells them what not to invest in. "You need to set boundaries around what you won't do," Lapovsky advises, "which directions you won't invest in."

Your institution's "niche" may be broad or narrow, but it's crucial to know what that niche is. You do not have the resources – and, as time passes and demands from students, parents, alumni, government, and other constituents increase, you will be even less likely to have the resources – to serve everyone's needs equally. It's important to be absolutely clear on what is mission-critical and what is not – that is going to drive where you look to make cuts.

Clarify What You Regard as Core

Larry Goldstein offers two examples of how institutions in different situations might "drive a stake in the ground" and define what investments they will and will not pursue.

Scenario A

Imagine a small, residential, liberal arts college that decides intentionally that it will not pursue online education (either as an importer or an exporter). What this college has decided is that its mission focuses on the value of face-to-face education. Rather than invest its limited resources in online learning and distance education initiatives, this college will likely invest in living-learning communities and rethinking its faculty/student ratio.

Scenario B

A state flagship university is under tremendous pressure from its board to shift from Division II athletics to Division I. This university may make an intentional decision not to make that investment if athletics are not core to its mission and its strategic vision.

Lapovsky also points to extreme examples such as the University of Southern New Hampshire and other “no-frills” campuses that have defined the courses and the academic support as critical and have trimmed away everything else – study abroad, internships, community services, co-curricular activities, the cafe, the student center. “That paradigm shift,” Lapovsky adds, “was driven by a close look at what was critical to their mission.”

Many institutions, however, have missions that require significant investment in the whole development of the student – both academic and co-curricular. In this case, evaluate each of your student development programs carefully in terms of what value it adds to the pursuit of your institution’s mission. Determine clearly which programs are mission-critical and need to be university-supported.

If You Inherit a Broad Mission

“If a broad mission has been imposed on an institution,” Goldstein suggests, “it would be desirable to craft a more meaningful mission statement specifically to guide the planning or prioritization effort. This should be undertaken as part of the overall planning process and, because of its critical importance in influencing the plans, both the president and the board must have direct involvement in this effort.”

In his book *Prioritizing Academic Programs and Services*, Bob Dickeson offers several examples of these “operating mission statements” that can provide guidance to efforts to prioritize your institution’s programs and investments:

Two Sample “Operating Missions”

Our strategic direction will strongly support our core values, vision, and mission, but will focus on strategic initiatives that:

- 1** have university-wide impact or importance;
- 2** establish clearly demonstrated need, expectation, or opportunity; and
- 3** have potentially greater benefit than cost.

Anonymous University strives to become the premier public liberal arts university in the region by preparing students for success in a selected number of careers and professions undergirded by a solid base in the liberal arts and sciences.

Bob Dickeson, in *Prioritizing Academic Programs and Services*

Sanaghan notes that crafting a second statement for the purpose of strategic planning also gets you around the risk of feeling as though you are “messing with sacred lines” in revising the institution’s mission statement, or the risk that discussions of strategic vision will get bogged down in wordsmithing.

“I don’t start with mission anymore,” Sanaghan remarks. “You need to start by engaging your constituents in developing a shared vision. Create context – where are we going, what are the implications for who we are as an institution? That will guide refining the mission.”

Learn More About Engaging Your Constituents

For more about engaging constituents in developing a shared vision, read our article “Plan for Resource Allocation in Ways That Build Trust,” later in this issue.

Set Strategic Objectives that Can Be Measured

Goldstein and Sanaghan emphasize that in defining your vision for your institution, you need to describe your highest-priority objectives in ways that ensure that you can track and measure success: “One of the things that causes plans to fail in implementation is a lack of accountability. Over the years we’ve come to believe that shared responsibility is no responsibility. If an individual champion is not identified for each goal, it will be too easy for individuals to assume that someone else is taking care of it. Each goal needs to be part of someone’s assigned portfolio – usually a cabinet member’s. It is up to that person to pay attention to the goal and ensure that progress is being made. The president’s responsibility is to be aware of each goal and to establish an expectation of progress reports from the appropriate cabinet member. The only time you can be certain that strategic goals have been achieved is when those goals have predefined metrics.”

Consider these two aspirational goals:

- “To be among the strongest research universities in the country”
- “To be among the top 25 research universities, as measured by the National Science Foundation’s research and development rankings”

“Both of these goals are likely to drive the same behavior on campus,” Goldstein and Sanaghan note, “but only one of these offers a way to measure its success. With the type of specificity shown in the second example, the institution can track its progress over time as the strategic plan is implemented. Most importantly, if assessment demonstrates that progress is lagging, then attention can be paid to the initiative to bring it back on track.” ■

IDENTIFY INEFFICIENCIES ON THE ACADEMIC SIDE OF THE HOUSE

Daniel Fusch, Academic Impressions

The vast majority of an institution's resources are expended on instructionally related and academic support activities. Institutions looking to identify inefficiencies and reallocate resources toward key investments are likely to find the most opportunities to increase efficiency by revisiting their academic programs and units.

Lucie Lapovsky, president of Lapovsky Consulting and past president of Mercy College, offers advice on where to look to begin freeing up resources and using existing resources more efficiently.

Many leaders haven't given enough attention to cutting costs on the academic side of the house.

Lucie Lapovsky, Lapovsky Consulting

Audit Your Curriculum

Lapovsky recommends asking some hard questions, using your mission or strategic vision as a guide to help you identify what is core and what isn't:

- Do you have unnecessary duplication in courses within your own curriculum?
- Are there opportunities to share resources with neighboring institutions?
- Do you have many courses that are consistently under-enrolled?

Where do you share curriculum with other schools in your vicinity or with schools you could partner with? Not every school needs to offer courses in every language.

Lucie Lapovsky, Lapovsky Consulting

Start by auditing your core curriculum. "The more choices you have," Lapovsky cautions, "the less likely you are to fill up all the seats in your classes. It's like a restaurant: the more options you give on a menu, the more wasted food there's likely to be." It is common for institutions to expand the credit hours of their core over time, but often this entails unnecessary mission creep. Lapovsky advises defining very specifically what your core curriculum needs to accomplish. "You may have to step outside the box and redesign. Start with what ought to be, not with what is. What are your goals? What are the options for reaching those goals? What are the actual competencies an educated citizen needs?"

Next, audit the curriculum for your individual majors. How many credits are required to satisfy a particular major? Majors with higher credit requirements are costlier, so make sure that if you have them, it's because they are necessary. A few years ago, one major public university system required all academic departments with degree requirements in excess of a certain number of required credits to justify the reason for it to the board of regents.

"Redesign your curriculum in an efficient fashion," Lapovsky advises. "Don't offer under-enrolled courses every term; look at a one- to two-year curricular cycle so that you can fill up all the seats in your classes."

Faculty Workload

Lapovsky suggests assessing faculty workload. The more public service and research you expect of faculty, the less teaching they will be able to provide – so academic leaders need to evaluate the balance of these commitments with care. At your institution, is faculty workload aligned closely with your mission, or is there evidence of mission creep? Make sure you have thought through both how your mission is driving the way you invest your faculty's time, and the impact of your decisions on the cost of delivering education.

Also, as you look to increase registration in some classes, there may be ways to rethink your teacher/student ratio without losing academic rigor. What's needed is creative thinking. Lapovsky cites the example of a course at UC Berkeley that was planned to include a big lecture by the tenured professor, supplemented by small seminars of 20 students each, led by 10 graduate assistants. The course was planned for 200 students ... but 400 students signed up. The solution? The campus offered a two-credit version of the course that included only the lecture, and a four-credit version that included both the lecture and

the seminars. This expanded access to the course without sacrificing academic rigor and without adding more faculty or assistants.

Help Students Graduate Sooner

Further, if your institution charges students a flat rate of tuition for a range of credit hours (e.g., one price for 12 to 18 credits per term), Lapovsky notes that you can achieve savings by ensuring that students graduate on time and take fewer courses. Besides auditing your curriculum to pare down requirements to include only what's most essential, this entails streamlining processes to make it easier for students to register for the right courses when they need them.

Lapovsky suggests letting students do their own degree audits regularly. "Make the degree audit available online." An online audit can keep both students and advisers up to date. Many registrars already use effective online programs, often for a degree audit in the spring of the junior year. Lapovsky recommends having these programs shared out with academic departments and with students. Give the program an easy Web-based, end-user interface. The ability to produce a degree audit quickly will empower students to make smarter choices.

Also, as schools become more crowded – particularly public institutions with rising enrollments – students may get closed out of full courses. Inability to secure prerequisites can cause a delay in graduation of a term or, in some cases, a full year. This is especially a risk now, as institutions that are tight on resources may be hesitant to open new sections of a course unless absolutely needed.

Does your institution give priority to students taking a course as a prerequisite over students who are taking a course as an elective?

Lucie Lapovsky, Lapovsky Consulting

"There aren't great solutions to this problem," Lapovsky warns. "You'll have to be creative." The best initial step is to map out your curriculum and establish a system that ensures that students who need a course for a prerequisite in their major have first priority at registration. Once you have done that, look for alternative means of getting students into courses that they need in order to

fulfill requirements. For example, if a course is full, find opportunities for a student to take an online course or a comparable course at a nearby institution – and ensure that the credit will transfer quickly.

Finally, Lapovsky recommends revisiting your academic calendar. How are you using summer session? "An agrarian calendar doesn't make sense in this day and age," Lapovsky remarks. "It's a much more cost-effective use of your resources – both facilities and faculty – to adopt a year-round calendar." This also increases your flexibility in scheduling required courses.

Rely on Data

Wherever you start trimming – whether you are evaluating academic or administrative programs – Lapovsky cautions that it is crucial to make decisions based on hard data. "If your school is already focused on student learning outcomes and retention rates," she remarks, "you will be better able to make changes and see the effects of them." Don't make assumptions. You want to cut and reallocate resources where there is a high likelihood of positive impact on student learning and persistence. ■

PRIORITIZE ACADEMIC AND ADMINISTRATIVE UNITS

Daniel Fusch, Amit Mrig, and JB DeVries

It's vital to recognize that the single greatest source of financial resources will not come from tuition increases, state or federal funding, or alumni support, but rather from the reallocation of your existing resources. Institutions of all sizes, types, and selectivity are currently investing in academic and administrative programs that are not critical to their mission or their market position, and that in fact drain their financial resources and limit their ability to generate more resources.

Strategic plans have become purely additive. ... These plans tend to assume several things: (1) the status quo as a given, with all current programs composing the baseline, (2) all programs, goals, and objectives are to be "maintained" or "enhanced," but rarely diminished or eliminated, (3) if resources are mentioned at all, they are to be enhanced by hiking tuition, increasing enrollment, securing more appropriations or grants, or raising more money, or all of these, and (4) all planning goals are equal in weight and importance and thus lack priority. This is neither planning nor strategic.

Bob Dickeson, in *Prioritizing Academic Programs and Services* (2nd ed; Jossey Bass, 2010)

The most important step you can take toward strategically reallocating your resources is to determine which programs are most important to your mission, market position, and financial health. We interviewed Bob Dickeson, former president of the University of Northern Colorado and author of *Prioritizing Academic Programs and Services*, to learn more about how institutions can identify critical administrative and academic units worthy of investment.

Prioritizing Academic Units

AI: How should institutions identify the criteria they will use to evaluate programs? Are there certain critical criteria that should always be included?

Dickeson: I recommend using 10 criteria:

- History, development, and expectations of the program
- External demand
- Internal demand
- Quality of inputs and processes
- Quality of outcomes
- Size, scope, and productivity
- Revenue and other resources generated by the program
- Costs and other expenses
- Impact, justification, and overall essentiality
- Opportunity analysis

Institutions which are in dire crisis have sometimes used only three: size, cost, and quality. However, I think a serious prioritization process, to be academically responsible, requires a more comprehensive analysis.

AI: How should institutions balance prioritization for academic versus administrative programs?

Dickeson: Typically, institutions have been avoiding the academic side of the house – because cuts there are more politically volatile – and instead have been chopping away at the administrative side, particularly adding to the deferred maintenance problem.

I recommend that all programs at the institution – academic and non-academic – undergo one review, simultaneously. It's an entire institution, well-balanced for the future, that we're after.

Bob Dickeson

AI: How do institutions ensure they account for the potential of new programs and the aging of older programs?

Dickeson: The criterion – history, development, and expectations – can give you insights into the history of the program: why was it developed? How has it evolved over time? Would it meet today's expectations for new programs? And other questions.

For new programs, you should apply the same criteria, but identify what expectations you have for the program and what consequences will occur should the new program not meet expectations. Many campuses, after prioritization, will reallocate resources away from legacy programs that are not performing and toward newer programs with greater quality and promise.

AI: What are the one or two key lessons you have learned as you have helped steward this process along at other institutions?

Dickeson: The most important factor is for institutions to recognize the need for reform. Often it takes a crisis for the multiple forces on a campus to come together and realize that reform is necessary.

Of course, many schools today face fiscal crises, and the recognition that something different must be done is more apparent. No effort to prioritize and then reallocate resources has been successful, however, without the proper alignment among the governing board, the president, and the chief academic officer. I've seen some examples of this process failing, and it always was due to lack of alignment among the chief players.

AI: Who are the executive-level champions that need to be involved?

Dickeson: The president, the chief academic officer, and the chief financial officer must be of one mind about prioritizing, and they should have sought (and secured) the support of the governing board before proceeding.

AI: Who should be involved in the committee that manages the program review process?

Dickeson: Campuses will differ on their views of inclusion. Some institutions want the committee to be composed only of individuals who have budget responsibilities. Others want the typical, representative committee.

My experience is that it doesn't much matter about the areas that are represented on the committee

– what matters is the wisdom and courage of the individual members. In the best cases, members see themselves as trustees of the institution, protecting its future, rather than as “delegates” representing a single interest, department, or area, and thus protecting the past.

Prioritization is not about politics as usual. It is an extraordinary undertaking with the future of the institution at stake, and the members of the steering committee are essential stewards in seeing that the process is fair and that the results are in the best interest of the institution.

I have actually seen the trustee-type member vote against his own program because he saw, in comparison with other programs and based on the data, that it was not worthy of his support.

AI: What can leaders do to mitigate low trust or actually build trust during academic program prioritization?

Dickeson: Trust is something that is built over a long period of time – it cannot be manufactured overnight for priority-setting or for any other purposes. Trust comes about when leaders are open, transparent, and share with the campus community all the dynamics behind key decisions.

Leaders who are trusted seem to treat members of the community with respect and behave in ways that are above reproach. By contrast, leaders who play “hide the ball” or exaggerate the institution's problems, or engage in the practice of “noble lying” to try to reassure people – wrongly – that things are OK, will have great difficulty in repairing the relationships that build and sustain trust. Trust is like all relationships – it takes working at, over time. Certainly during program

prioritization, the process must be open, the data accurate, and the participation by all those affected encouraged. This does not mean that everyone will agree with the results; that is unlikely. It does mean, however, that participants will feel that the process was fair, even if they disagree with the outcomes.

Managing the Process In a Way That Generates Trust

To learn more, read our article, "Plan for Resource Allocation in Ways That Build Trust," later in this issue.

AI: How varied is the process based on different institution types? Should research institutions, for example, go through a program selection process fundamentally different than a land grant or a teaching college? What variations in process would you recommend?

Dickeson: I have seen every kind of campus use the same process. What differs, of course, will be the scope of the exercise and the ease of securing the data to support responsible decision-making.

Larger campuses, with more sophisticated institutional research offices and cost-accounting methods, will have it easier than smaller campuses where the data may not be as centrally available and allocating costs may be tougher. But the steps of the process apply to all types of institutions, and all types have completed it successfully. It's also true that no two institutions do it exactly the same way – they take the principles, recommendations, and criteria and adapt it to their unique cultures and issues.

Host a Customized Prioritization Workshop

Academic Impressions is pleased to offer customized workshops in strategic resource allocation and prioritization. With our pool of experts and facilitators, we can design workshops for your institution that allow you to build awareness and begin the process of prioritization collaboratively and transparently, which we believe are key tenets for success in effective resource allocation. Below is a non-exhaustive list of workshops we offer, as well as a description of a recent workshop we developed and facilitated in the area.

Please call Naomi Nishi at 720-988-1216 or email her at naomi@academicimpressions.com to brainstorm what type of workshop is best for you.

Academic Impressions Customized Workshops

- Assessing Models of Resource Allocation – Educational Workshop
- Selected Resource Allocation Model – Educational Workshop (campus-wide or for leadership)
- Kick-off Meeting for Planning and Resource Allocation Task Force
- Program Prioritization Facilitative Workshops

Case Study: Strategic Resource Allocation Workshop

When a new president was appointed at a medium-sized, teaching-focused university, she knew that, like all institutions, the university's resources were limited. She also knew that she would need to engage the campus community in a thoughtful process that allowed them to best use their resources to not only maintain the university but to help it excel. To begin this process, Academic Impressions designed a one-day educational workshop for the university's academic and administrative leadership to allow them to consider some different resource allocation models and to facilitate an initial conversation about how the university could begin a strategic resource allocation process that would be transparent and collaborative, that the institution's community could get behind, and that would lead to the most effective use of current and future resources. The workshop resulted in recommendations for an appropriate model, suggested changes to the university's budget criteria to allow them to serve as more effective metrics, and recommendations for champions and first steps in the resource allocation process. Most importantly, the workshop resulted in a well-informed and supportive academic and administrative leadership team that could position the university for success.

This workshop example is meant to get you thinking about what type of workshop would best allow you to meet your goals. Remember, your workshop is yet to be designed. You're the best judge of what your college or university needs.

Examples of Effective Academic Program Prioritization

We also asked Dickeson for a few specific examples of how academic program prioritization has been managed at a small campus versus a large research institution, as well as how each of these institutions of higher learning overcame barriers to prioritization. Dickeson directs attention to two examples:

Drake University

Drake University established a strong steering committee of faculty and staff and encouraged the committee to develop a system-wide perspective of the issues faced by that institution.

Dickeson suggests three lessons that can be learned from the successes at Drake:

- “Set clear expectations for how the steering committee will operate as a university-wide entity that will make data-driven decisions in the best interest of the institution. Don’t leave core expectations unspoken. If you expect it, be explicit.”
- Establish a proactive communication plan that will inform decisions around who will receive what information and when.
- Institutional leaders need to treat a prioritization process not as a one-time effort but as an improvement in the way the institution will undertake ongoing strategic planning efforts (as part of its initial prioritization process, Drake built a database of pertinent information about its programs; Drake continues to update and use that database).

University of South Carolina

Several years ago, the University of South Carolina under Provost Jerry Odom undertook a prioritization process during a presidential search and faced considerable resistance from some academic leaders within the institution. Establishing a highly structured prioritization process with explicit “ground rules” quickly became necessary.

“It will be difficult to set your guiding principles as you go along,” Dickeson cautions. “You need to have up-front dialogue to arrive at a consensus on these principles. That will remove confusion and some tension and will empower all participants in the process to be auditors of it. If someone is out to derail or roadblock the process, anyone can blow the whistle – there are already shared, agreed-on principles.”

Guiding principles for your prioritization process might include:

- How open the process will be
- Specific expectations for those involved in the process and how they will serve
- How critical data will be in driving decision-making

Prioritizing Administrative Units

AI: Bob, what about prioritizing administrative programs – what are the most critical criteria?

Dickeson: Administrative programs are tough to measure. Most of them are related to essentials that the institution needs and which support the academic enterprise. There may be superfluous administrative programs, and there may be some that can operate with greater efficiency. The challenge in prioritizing administrative programs is to identify what is truly needed (demand), what is most cost-effective (productivity), and how well it is delivered (quality). Sometimes, separate fiefdoms within administration are created, and it would be important to identify and modify these so that replication is eliminated, management levels are streamlined, and effectiveness measures are emphasized.

AI: Could you offer a scenario or example to illustrate the importance of these criteria?

Dickeson: Financial aid is a necessary administrative program for reasons that are obvious. Yet I am struck by the plethora of financial aid models at work. There is no one best way to calculate and administer an aid package, yet most institutions cling to a “We’ve always done it our way” mode without exploring better, more efficient models. By so doing, they can reduce labor costs, streamline processes, get aid communicated to students and families more readily, and still be in compliance with federal and state regulations. Outsourcing of administrative functions is a growing practice in higher education but needs to be considered carefully.

AI: What questions can you ask to find out where to “trim the fat”?

Dickeson: Ask questions to identify the impact various budget cuts would have on operational units, for example:

“Trimming The Fat”: Sample Questions to Ask Each Unit

- What are the main objectives of your unit, and how do you measure success in achieving them?
- What are the services that your unit provides and to which customers (students, faculty, staff, donors, others)?
- List each position in your unit, and briefly describe the responsibilities of each.
- Do you see needs and demands for services that your unit cannot currently meet? If so, what are they, and how do they relate to the university’s mission?
- In what ways does your unit relate to other units of the university, academic and nonacademic? For example, what services do you provide to other units? What services do other units provide to you? On what tasks do you collaborate with other offices?
- Which individuals in your unit are cross-trained and in what areas?
- What resources do you need to improve your services to a superior level?
- Explain how your unit could function with: a 10% reduction in staff; a 20% reduction in staff; a 30% reduction in staff; a 10% reduction in nonpersonnel resources; a 20% reduction in nonpersonnel resources; a 30% reduction in nonpersonnel resources – what would be the consequences or other effects on service delivery in each case?

These questions are an excerpt from a full checklist available in “Resource C” in *Prioritizing Academic Programs and Services*.

If these questions are answered honestly, some fat will emerge. Examining structure is important: I once observed a director of housing and food service who supervised two people – the director of housing and the director of food service. His position was unnecessary, and costly. Similar review of reporting levels and searching for opportunities to arrive at a leaner structure can prove beneficial. It is also beneficial to look at peer institutional practice, through the NACUBO studies, for example, that can provide comparative data on which to make judgments.

AI: Are there less obvious but important places to look for inefficiencies on the administrative side?

Dickeson: Processes are costly. It would be desirable to look at the costs to cut a check, to enroll a student, to make a repair, to purchase something, and so on. Often we have built enormous bureaucracies through the unnecessary practice of having every item go through too many steps, requiring too many signatures, all at a cost. ■



PLAN FOR RESOURCE ALLOCATION IN WAYS THAT BUILD TRUST

Daniel Fusch, Academic Impressions

Almost all colleges and universities have already started making cuts, many of which are targeted rather than across-the-board. Yet many institutions have not established inclusive and transparent processes for making and implementing these decisions. Recent faculty outcry against program prioritization at such institutions as Miami University and the University of Toronto has demonstrated that trust can be a resource as critical to steward as dollars. Even if your institution identifies the right programs or units to restructure or downsize, you may lose more than you gain for your institution's future if the decision-making process is one that damages the trust and morale in your organization.

When planning major changes to resource allocation across your institution, it's critical to approach the effort with a commitment to inviting broad participation and to soliciting input from a wide cross-section of stakeholders both internal and external to your institution. This broad participation is critical to your success in building trust and

maintaining transparency as you develop your institution's plan for prioritization and allocation of limited and hotly contested resources.

For this article, we asked Larry Goldstein, President of Campus Strategies, LLC and former CFO of the University of Louisville, and Pat Sanaghan, President of the Sanaghan Group, to offer their advice on:

- Getting the right task force in place
- Involving broad participation
- Getting one, unified message out about your institution's strategic priorities

These steps are critical to ensuring that priorities are set in ways that encourage transparency and garner institutional support for difficult decisions.

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January 24 – 26, 2011, in San Antonio, TX. Join Larry Goldstein and Pat Sanaghan and learn tools and techniques to facilitate an integrated and collaborative planning and resource allocation process.

Getting the Right Task Force

The task force is a core group responsible for managing the planning activities and overseeing the process of prioritization. Sanaghan recommends:

- Appoint 30 to 35 members, no more than 40
- Ensure the task force consists of 60% faculty: “If faculty don’t buy in, you don’t have a strategic plan you can implement”
- Appoint members who are highly credible and well-respected within your institution
- Have the task force co-chaired by a faculty member of exemplary reputation and a key administrator, such as the chief financial officer: “This will send a very effective message that faculty and administration are working together on this plan”

Sanaghan recommends having task force members work together in pairs, as “thought partners,” to encourage cross-silo thinking. For example, you might pair an English professor with a business officer.

Involving Broad Participation

An open planning process is critical. Goldstein cites the example of one college at which the union stepped forward and agreed unilaterally to forego staff and faculty raises in order to protect jobs. If the planning process had not been open, this proposal might never have been on the table.

When planning, open the door to more people so you get a broader range of ideas. Get all the ideas in the room, then think about which ones are worth pursuing. Don’t worry right now about screening out the bad ideas. Let the bad ideas come in with the good, and find the nuggets. You may find something unexpected – like the union that offered to forgo pay raises.

Larry Goldstein, Campus Strategies, LLC

against making the assumption that if stakeholders have input to share, they will offer it. “People don’t always know you’re receptive. You have to let them know.”

One way to do this is to take advantage of an existing forum – such as scheduled visits to the faculty senate or the student government. Make sure the purpose of these visits is to gather input, not to explain your positions. “Let’s say they give you 30 minutes on the agenda. The smart thing is not to use 25 minutes to talk and give them 5 minutes to respond. You want to talk for 5 minutes and give them 25 minutes to respond.”

Sanaghan also suggests using a series of intentional meeting designs for soliciting and collecting input from a broad range of campus stakeholders. “You have to avoid listening to yourself too much,” Sanaghan warns. The key is engagement – you want to harness the collective brainpower of your institution. An interactive exercise can help you draw out the input and insights of everyone in the room, where a roundtable discussion might not. Sanaghan calls this the “rule of four” – “If 40 people get together for a purpose, four of them will do all the talking. What you need to do is get the thoughts of the other 36.” This rule needs to guide the design of your meetings.

Read a White Paper on Strategic Planning

“What a President Needs to Know: 10 Keys to Effective Strategic Planning in Higher Education” (Academic Impressions, 2010)

<http://www.academicimpressions.com/WP/0610-strategic-planning.pdf>

To gather meaningful input from an array of campus constituents, it’s important to create structured opportunities for soliciting their ideas. Sanaghan warns

Sample Meeting Designs to Invite Broad Input/Perspectives

The Interview Design

http://www.academicimpressions.com/hei_resources/D1_3_interview_design.pdf

The Carousel Design

http://www.academicimpressions.com/hei_resources/D1_2_carousel_design.pdf

The Future Timeline

http://www.academicimpressions.com/hei_resources/D1_4_future_design.pdf

Also, to learn more about how to make the best use of the future timeline exercise in your planning process, read this July 2010 article from Academic Impressions: <http://www.academicimpressions.com/news.php?i=100>

Getting One Message Out

It is critical that the president, the provost, and the chief financial officer stay on the same page and deliver the same message about the institution's priorities. "You can't have the president saying our No. 1 priority is athletics," Goldstein notes, "if the CFO and the provost are saying it is research."

Goldstein recommends that the CFO take an active role in educating the president and the provost on the true scope of the problem, the impacts, the rationale for financial decisions, and what needs to change. Then the president has to be visible in talking about the issues. At a larger institution, it may be crucial for all three officers to be active in talking about the issues – but with a common message between them, so that constituents both within and outside the institution can understand the decisions made. ■

The message has to be conveyed without jargon – it has to be demonstrated that these are real issues with real impacts. Don't talk about ratios and deficits. The message has to be clear to everyone, from the physical plant worker to the administrative assistant to faculty in the humanities.

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