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Academic Leadership

Turning Vision into Reality

Michael R. Moore
Michael A. Diamond

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Preface

Our purpose is to offer both conceptual and practical advice to academic leaders in meeting the challenges of changing expectations of their stakeholders, amid an increasingly competitive landscape.

Our focus is on the leader's roles in keeping the organization attuned to changing needs and competitor initiatives, in developing the clear purpose and shared values among the stakeholders that are essential to the academic unit's success, and in energizing a climate of continuous innovation and improvement.

Our advice and recommendations derive largely from facilitating strategic planning processes for business schools and accounting programs at twenty-three universities and colleges. We were given this opportunity through the creative and generous sponsorship of the Ernst & Young Foundation, under its Strategic Planning Partnership grant program. The academic units that participated in this partnership had already built successful programs and enviable reputations in business and accounting education. But, the leaders of these academic units know that, unimproved, today's excellence will be tomorrow's ordinary, and that management and accounting programs are especially challenged by the pace of tumultuous change in business and organizational life.

The Strategic Planning Partnership facilitates the building of alliances among the diverse stakeholders in management and accounting education.

These partners include academic unit leaders, faculty and staff of the unit and of its host university, students, university administrators, business and community leaders and alumni. We have learned a great deal from our partners through facilitating their strategic planning ventures, and have drawn heavily on our experiences in writing this book, intended to help academic leaders be even more successful in leading processes of change.

The Strategic Planning Partnership has many champions. At its inception, in 1994, Ernst & Young partners Paul Ostling and Charles Eldridge were instrumental in nurturing the concept and in contributing to its design. Mike Davidson, President of Davidson Associates, an extraordinarily creative strategy consultant, was instrumental in our adaptation of Ernst & Young's Focus™ process methodology to the higher education environment. Jerry Trapnell, and his business school faculty at Clemson University, patiently endured our learning as they generously agreed to be the test bed for the adaptations we made. Ellen Glazerman, Director of the Ernst & Young Foundation provided leadership of the Partnership and participated directly as a facilitator with several of our academic unit partners.

We have enjoyed the generous continuing support of many others within Ernst & Young's national human resources team in identifying potential academic partners and in supporting the Partnership's planning engagements.

To the 800-plus participants in the Partnership's strategic planning workshops, who engaged in lively dialogue and debate, and developed support and commitment for change initiatives in their academic units, we celebrate your contributions to continuous improvement in management and accounting education. We are especially appreciative of the leadership within our twenty-four academic unit partners identified below. The leaders of these schools and departments opened themselves to searching self-examination and challenged their teams to achieve distinctive focus and growing value in satisfying the continuously changing needs of their customers and stakeholders. We sought the counsel of these academic leaders in writing this book, and they responded generously. Their thoughts have both influenced our writing and are occasionally quoted (without attribution!) in the text. Even with all this advice, and except as noted below, we are wholly responsible for the content that follows.

Chapter 6—Measures of Success: The Academic Scorecard, incorporates our collaboration with, and the thoughtful contributions of, Estela Bensimon and Harry O'Neil, faculty members of the Rossier School of Education at the University of Southern California. They have done pioneering work in adapting Kaplan and Norton's Balanced Scorecard for measuring institutional effectiveness

into the academic arena. The content of Chapter 6 draws upon an article that we have co-authored with Estela and Harry, and published in *Change—The Magazine of Higher Learning*, published by the American Association for Higher Education (November/December 1999). Particularly in Chapter 2—Change Forces, and in Chapter 3—A Strategic Framework, we also benefited from our co-authoring with Steve Albrecht, an unpublished paper, *Accounting Education in the Future: Threats and Opportunities*. Steve is Associate Dean of the Marriott School of Management at Brigham Young University, and a keen observer of the changing higher education marketplace, as well as an innovative, energetic leader in institutional change.

We acknowledge and thank those who reviewed drafts of this manuscript: Ellen Glazerman, Antonio Laliberte and James Searing from Ernst & Young; Brenda Morris, University of Arkansas; Joseph Alutto, The Ohio State University, and Al Arens, Michigan State University. They provided many valuable insights and suggestions that have strengthened the book.

Our intent is to provide practical advice for academic leaders who want to turn the highest feasible aspirations of their academic units into hard reality, by engaging their team members, stakeholders and customers in an energizing exploration of what to do and how to get it done. We give examples of the agendas, exercises, and group work that we use in the Strategic Planning Partnership's Focus process, thereby suggesting a step-by-step process through which academic leaders might successfully turn their vision into

focused strategies and actions. We offer no singular, patented elixirs, silver bullets, or even ten heretofore unrevealed steps for success. Strategic leadership can't be reduced to a simple formula. What we have tried to do is simply to share our views about what seems to work most of the time and what doesn't. Most importantly, we focus on what the academic unit leader might do in structuring and leading planning processes that lead to actionable results—through empowering and supporting the leadership potential that exists within their partners in their venture.

Our special thanks for our learning go to all the team members of the following Strategic Planning Partnership academic units:

University of Alabama
College of Commerce and
Business Administration

Baylor University
Hankamer School of Business

Brigham Young University
J. Willard and Alice S. Marriott School
of Management

University of California, Irvine
Graduate School of Management

Clemson University
College of Business and Public Affairs

University of Colorado at Denver
College of Business and Administration

DePaul University
College of Commerce

Duke University

Fuqua School of Business
(limited engagement)

University of Florida

Fisher School of Accounting

Hampton University

School of Business

Lehigh University

College of Business and Economics

University of Illinois

Department of Accountancy

Miami University

Richard T. Farmer School of
Business Administration

Michigan State University

Department of Accounting

Millsaps College

Else School of Management

University of Missouri

College of Business and
Public Administration

North Carolina Central University

School of Business

The Ohio State University

Fisher College of Business
(limited engagement)

San Jose State University

College of Business

University of Southern California

Elaine and Kenneth Leventhal School
of Accounting

Southern University and A&M College

College of Business

Syracuse University

School of Management

University of Washington

School of Business Administration

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Table of Contents

Academic Leadership

- 1. Leadership and Change2
- 2. Change Forces12

Strategic Planning Elements

- 3. A Strategic Framework24
- 4. Mission: Shared Purpose
and Values32
- 5. Distinctive Capabilities50
- 6. Measures of Success:
The Academic Scorecard58
- 7. Strategies68

Strategic Planning Processes

- 8. The Strategic Planning Process ...74
- 9. Peer Review and Accreditation ...100

Turning Vision Into Reality

- 10. Sustaining Change and
Continuous Improvement108
- 11. Epilogue122
- 12. Endnotes124

Leadership and Change

At its core, *leadership is the capacity to release and engage human potential in the pursuit of common cause*. So that there will be no mystery about it, we profess our concept of the essence of leadership right up front. We believe that, wherever you find leadership—in academic settings, in business, in volunteer organizations, in family, church, community, and in the world of public affairs, what is happening will fit this simple definition.

Academic leaders exercise their leadership within settings that have markedly different institutional purposes, cultures and expectations than the organizations in which business leaders typically exercise their leadership. But, leadership, as we define it, is not situational. The styles of effective academic leadership are diverse, not tightly patterned. Our model of leadership includes these dimensions:

Leadership is purposeful. It has a vision, a focus, an end in mind. Leadership operates within the framework of purpose: vision, shared values, and common cause. The leader does not have to create the vision, but there must be one, and it must be shared by others who willingly commit themselves in common cause.

Leadership empowers people to act.

It enables others to discover and connect with their interests and abilities, to grow their abilities, to pursue their interests and to challenge their limits. Leadership does not install these interests, abilities or motivation, but it does support people in achieving their potential.

Leadership is not high individual performance.

It is not solo virtuosity, although leaders often are high individual performers. Leadership is something that happens only between people in relationships. It is about evoking high individual performance in others.

Leadership, effectively exercised, will result in a team of people who enjoy clear purpose, shared values, who are empowered by knowing that their initiatives are aligned with and supported by team members, and who believe that there is mutual benefit deriving from their individual commitments in turning their common vision into reality. Those who occupy positions of leadership cannot get the whole job done by working alone. The alternative to leadership and teamwork is that the people in leadership positions will get to own, exclusively, all the problems and all the answers. But, they will be condemned to pursue their causes alone if they cannot lead others, and nurture their colleagues' abilities to lead as well.

In the end, they may experience more than the handicap of indifference by the stakeholders whose committed involvement is essential to success in the mission. They may earn their opposition as well.

A business short on capital can borrow money, and one with a poor location can move. But, a business short on leadership has little chance for survival.

— Warren Bennis
*Leaders: The Strategies
for Taking Charge*

Not long ago, sociologist Daniel Bell predicted that universities would replace corporations as the main engines of economic activity. Today, corporations and think tanks, and most of all the desktop computer, are seriously encroaching upon universities' role as the main engine of knowledge. Rising costs, shrinking revenues, new competitors — I could be describing American business in the early 1980s. Instead I'm describing American universities in the 1990s.

— *Richard J. Mahoney*
Former CEO of Monsanto

Leadership in the Academy: Forces of Change

In Chapter 2 we describe the many challenges that confront universities, their colleges, professional schools and other academic units: increased competition, growing and conflicting demands of diverse constituents, changing demographics, limited funds and the pervasive influences of technology. To thrive, or even to just survive amid these conditions, requires that the academic unit be continuously aligned with the changing needs of the constituencies that it serves: its students, alumni, employers, its university, and the larger academy. No academic unit can be successful for long if it isolates itself from knowledge of its constituencies' changing needs or fails to maintain value-adding relevance within its scholarship, education programs and services. The days of mission and strategy that are determined solely by faculty interests, independent of these market-driven imperatives, have ended.

Escalating demands for change and accountability reflect growing dissatisfaction with the way university graduates are prepared for the challenges and continuing development that will characterize their lives and their professional careers. There are vigorous calls for innovation in curriculum, learning methods and education program delivery. Some are concerned with perceived conflicting

priorities between teaching and research missions. Others are focused on unmet needs for continuing education of working professionals. Employers, alumni, parents, university administrators and public policy makers expect change — assurance that educational experiences are of high quality, continuously relevant, and delivered efficiently and effectively.

Consumer dissatisfactions have spurred a public policy debate that threatens the structure, governance and financing of higher education. These criticisms are reflected in a continuing stream of federal and state government-sponsored reports and legislative initiatives. The issues being engaged and the calls for reform are reminiscent of the public debate over the nation's health care infrastructure. Many critics, and even some faithful supporters, of educational institutions assert that these reforms and improvements must be accomplished without additional resources or even with fewer resources.

The systemic forces at work on higher education present formidable challenges:

- A tightening revenue-cost squeeze, including rising costs of faculty, technology and administrative burden, that increases pressures to discount tuition rates, and that hardens negotiations with public and private financing sources.

- Low entry barriers, as evidenced by the explosive growth in competitive alternatives to the traditional providers of undergraduate and graduate education, e.g., by for-profit corporate universities and Internet-based virtual universities.
- Educational programs that proliferate degree and certificate offerings in efforts to capture revenue-generating students, but which are largely undifferentiated in the eyes of consumers.
- High exit barriers, i.e., traditional educational institutions and programs, both public and private, typically have significant vested constituencies that staunchly defend their continuing existence.
- Explosive changes in information technology, communications, and research and learning methodologies that create enormous pressures to reengineer traditional programs.

The academic leader will actively engage faculty and staff with external constituencies in creating and renewing a vision for the academic unit and, through this engagement, forge the necessary partnerships to formulate and drive strategies for turning that vision into reality. Although any changes in strategic direction must be driven by the ever-changing needs of external constituencies, it is clear that

sustainable change and continuous improvement must come from within the academic unit, driven by the vision and commitment of its academic leadership.

Leadership in the Academy: Cultural Forces

In Chapter 4, we describe particular challenges of leadership and change management within academic institutions. Although the culture and behavioral norms of the academy are significantly different from those of many other societal institutions, the core elements of our model of leadership remain applicable.

Schools face an even greater challenge than do businesses in gaining the commitment of their people to their missions and to the collaboration and teamwork necessary to achieve their missions. Faculty tend to operate with an independent contractor mindset, evidencing a strong commitment to pursue their individual research and teaching interests. The attractiveness of the academic career is, for many, rooted in the allure of a culture that supports academic freedom and individual choice in the exploration of knowledge and in the design and delivery of instruction. Although the need for academic institutions to develop relevant focus is just as compelling as it is for businesses, the task of an academic unit leader in gaining faculty commitment is typically more daunting than it is for a business organization leader:

- The institution grants a *lifetime* tenure commitment to faculty members in exchange for the faculty member's annual renewable commitment to the institution.
- The concept of faculty shared governance sometimes translates into lengthy processes that slow or block needed innovation in curriculum and faculty performance assessment.
- Commitment to the faculty member's discipline may overshadow institutional priorities, in part because the faculty member's tenure, promotability and personal marketability outside the institution draws substantially on the perceptions of same discipline colleagues who are members of *competitive* educational institutions.
- Income earning opportunities, through independent consulting and technology-driven teaching, while providing important faculty development, may erode faculty commitments to their host institutions.

Scott Cowen, president of Tulane University, summed up the challenges of leadership in business schools, in his remarks as the 1996 outgoing president of AACSB—The International Association for Management Education. He posed the question, “Are we operating our schools in a way that promotes high quality, continuous improvement and assurance to those we serve that we practice what we preach?” then answered his own question in the following way:

“Assume that you were told the following characteristics of a hypothetical organization in a hypothetical industry:

- *The services provided are driven by what the organization wants to do.*
- *Customer service/responsiveness is anathema to the organization's culture.*
- *A majority of the organization's costs are fixed and committed.*
- *A significant percentage of its workforce has lifetime employment contracts, without incentive compensation or a systematic performance review process.*
- *The culture often values process more than results.*
- *The organization's key human resource can spend at least 20% of its time on activities external to the organization, including working for a competitor.*
- *The leaders of the organization often lack the knowledge and skills needed to lead and manage an effective organization.*

To the extent that the management schools or institutions of higher education share any of the characteristics of our hypothetical organization, we cannot answer this question in the affirmative. As we all know, our institutions are not built for speed, rapid change or just-in-time operations. This is our beauty as well as our bane... Last fall, I heard the former president of an outstanding university comment that, ‘If the Edsel were an academic department, it would still be in existence

*today.' I just hope that the slow pace of higher education does not become so much of an obstacle that it thwarts our efforts to build outstanding institutions.'*¹

Although there are formidable challenges for leaders who pursue change within the traditional academic culture, there are significant strengths to work with as well. Faculty members, typically, are highly intelligent, dedicated to their profession, self-starting, achievement-oriented and articulate in advocating their values and perceptions. They tend to value collegiality, participation, and shared governance of their institutions. All these are potentially powerful ingredients for building a sustainable force behind the shared purpose and shared values that are essential for successful leadership in an increasingly competitive marketplace.

Leadership in the Academy: Styles

We have worked with dozens of deans and department chairs, assisting them in their leadership of strategic management processes. Our experience affirms that there is no single style of effective leadership within the academy. We are not surprised by the observation that a variety of leadership styles can be effective. Warren Bennis and Burt Nanus, suggest that there is little consistency to be found in the surface features of successful leaders: “They were right-brained, left-brained, tall and short, fat and thin, articulate and inarticulate, assertive and retiring, dressed for success and dressed for failure, participative and autocratic.

Even their managerial styles were restlessly unruly.”² The surface features of successful business school deans also defy stereotyping.

Still, we could venture further down the path of identifying some personal characteristics and values that characterize successful leaders. For starters, it’s pretty hard to lead if you haven’t figured out who you are, and how to manage your own state of affairs. Marilyn Ferguson wrote with inspiring insight, on the subject of human potential. The setting for Ferguson’s observation is teaching and learning in formal education. But, if you substitute the words leader, manager or parent for teacher, her statement still rings true. The successful mentor-coach-leader, if measured by the learning and growth of those who are being mentored, coached and led, will typically have the characteristics she identifies. Her model of leadership is an enabling, empowering one, in which the growth of the individual is facilitated by the belief and nurturing actions of a mentor-coach.³

Two special qualities come through to us in Ferguson’s observation: (1) that leadership is a personal, face-to-face enterprise, and (2) that leaders set the tone for others because their words and actions are magnified in the interpretations made by team members. As to the first quality, philosopher William James said it all: “The greatest craving of humankind is to be appreciated.” Whether leading or following, we all have a compelling need to know that we make a difference within our institutions, and that what we do is appreciated by others.

Research has shown that children learn best from adults who are spontaneous, creative, supportive, physically fit... who look for meaning rather than just facts... who have high self-esteem... who see their job as liberating rather than controlling the slow learner.

Good teachers are more interested in the process of learning than achieving specific goals. They admit their own mistakes, entertain radical ideas by students, discuss feelings, foster cooperation, encourage students to plan their work, provide resources beyond the call of duty.

*— Marilyn Ferguson
The Aquarian Conspiracy*

We don’t seem to outgrow this need, no matter how much success we enjoy. The phenomenon of peer review, including refereed academic journals and its many other forms, suggests that the need for appreciation and affirmation by respected colleagues and authorities is alive and well among even the most accomplished in the academic community.

When an institution, organization or nation loses its capacity to invoke high individual performance, its great days are over.

— *John W. Gardner*
Excellence

As to the second quality, experience suggests that leaders do get results by setting high expectations — both of themselves and of their team members. Model the behavior you want to elicit. Expect a lot. Get a lot. High expectations are an expression of confidence and belief in others. And the effects of high expectations are empowering for everyone, because empowerment is a mutual transaction. We like John Gardner’s way of putting it: “In the conventional mode, people want to know whether the followers believe in the leader. A more searching question is whether the leader believes in the followers.”⁴

Most performance limitations are imposed, either self-imposed, or by so-called leaders who do not believe in the followers — and the followers in turn adopt, as their own, the limits communicated by their leaders’ behaviors. There are many examples of the power of expectations (the Pygmalion effect): placebos in medical treatment, and teachers who were led to believe, alternatively, that they were working with high achievers or with learning-disabled students — and both sets of teachers got the results they expected, even though their subjects’ actual past performances were the opposite of the teachers’ going-in beliefs.

The self-fulfilling power of expectations, high or low, is well established. Our attitudes, whether optimistic or pessimistic, are strongly influential on our own performance.

Leadership is something that translates into the performance of others or it is not leadership. Belief in the followers is evidenced in the words and actions of the leader. Does the leader show trust and confidence through simple, open communications — by sharing information and feelings? Does the leader involve others in understanding and grappling with the challenges facing the institution, fully expecting that they want to be involved and will add something to the cause?

The servant leader is servant first. It begins with the natural feeling that one wants to serve. Then conscious choice brings one to aspire to lead. The best test is: do those served grow as persons; do they, while being served, become healthier, wiser, freer, more autonomous, more likely themselves to become servants?

— *Robert Greenleaf*
Servant Leadership

Does the leader give time to mentoring, thereby communicating belief in the potential of others? Does the leader affirm belief in people by setting high expectations of them, and holding them accountable for the results they achieve? Expect a lot. Get a lot.

In the leadership model that we advocate, the leader’s effectiveness is always a function of the performance of the followers. Lest we be misunderstood, the notion of followers that we advocate is one in which individuals exercise their free choice. Followers are people who freely participate and consent in leadership decisions about their future.

We believe that followers reinforce and empower the leader to the extent that they share in the vision. In reality, the members of any group, in their willingness to pursue a common cause, empower the leader to act. Without this consent of the governed, effective leadership cannot be sustained. Without this consent, the person in charge can seek only to control people through coercion, i.e., incentive or fear. But, coercion is not sustainable over the long pull, because the person in charge will have only a limited supply of incentives or sanctions to dispense — and truly high-performance people will continuously have the freedom to opt out altogether.

People do have negative power — the capacity to withhold power from their leaders, usually not openly and defiantly, but simply by inattention and benign neglect — by just keeping busy with other defensible priorities. There are ample opportunities within the academic culture

One often hears the confident assertion that leaders are born, not made. I take the same view of that assumption that Dr. Samuel Johnson took of cucumbers, which he said should be carefully sliced, well seasoned with pepper and vinegar, and then thrown out.

— *John W. Gardner*

to engage in benign neglect. More than is typically the case in business, the tenure-protected faculty member may be tempted to go beyond benign neglect and engage in defiant, dysfunctional and punishing opposition to change initiatives that threaten his self-interests.

We support the notion that leaders are empowered by their followers, especially so in the academy. James MacGregor Burns asserted that the most marked characteristic of leaders is their potential to learn from others, the capacity to be taught, to listen and to be guided without being threatened—the ability to lead by being led!⁵ Max DePree described this mutuality as a covenant, in which leaders risk a relationship that requires the leader “to be abandoned to the talents and skills of others and, therefore, to be vulnerable.”⁶ Again, we believe this phenomenon can be turned into a powerful strength for academic units when their leaders are able to engage their faculties, staffs and key constituencies in processes that lead to shared commitment in the academic unit’s mission.

Empowerment is a much maligned concept. Its critics characterize empowerment as a form of institutionalized anarchy, an abandonment of the responsibility to lead, but these critics miss the point.

Empowerment must *always* be paired with accountability. When the responsibility to decide and act is granted to someone, the accountability for consequences of the decision and action must be inseparably part of the same transaction. That’s why delegation is often strongly resisted by people who have become comfortable with having others make decisions for them! They are threatened by the personal accountability that necessarily accompanies empowerment.

Empowerment is essential to enable effective leadership throughout the organization. Without alignment and commitment to a shared purpose, however, empowerment only magnifies the lack of focus, and actually creates chaos and hostility to an organization’s success. Why would an institution empower people who espouse agendas and priorities that are in conflict with the institution’s purpose? Yet, this dysfunctional form of empowerment is operational in more than a few academic and business organizations.

Leadership in the Academy: Putting it all Together

The concept of leadership that we espouse does not require an individual to have organizational authority, although we would hope that one’s leadership capacity would be prominent among the criteria for granting any person authority over others. Although the focus of our advice is on the role of deans and other academic unit leaders, we believe that success in turning vision into reality is greatly enhanced by an organizational culture that empowers and supports broadly distributed leadership.

If the release of human potential in the pursuit of common cause is at the core of leadership, then it follows that leadership itself needs to be very common—in every institution of the society and at every level of organizational life.

You can’t tell who the leaders are from the organization chart. We have developed an absolutely certain way of detecting leadership talent. We simply observe who has followers. A person who has followers is a leader. If you don’t have followers, you aren’t a leader.

— *William Gore*
W.L. Gore & Associates

In some ways, the typical academic culture is ideally receptive to the notion of distributed leadership, given its traditions of academic freedom and shared

governance. Given the enormous difficulty of transforming deeply engrained cultural values, we suggest that strategic success in higher education is more likely to derive by building upon the positive dimensions of the academic culture, rather than denouncing it as untenable. The fiercely individual and intellectual culture of the academy includes potentially powerful elements for creating and implementing common cause, if academic leaders can find ways to work with their faculties and thereby tap into the driving force of shared purpose and shared values.

Management is about human beings. It's task is to make people capable of joint performance – to make their strengths effective and their weaknesses irrelevant.

— Peter Drucker
Harvard Business Review

Too often, leaders lose sight of the power and synergy of team effectiveness, and fixate on individual performance almost to the exclusion of team performance and team result. Excessive focus on individual contribution can undermine the teamwork that is essential to any organization's success.

More thoughtful leaders focus on deploying people in ways that connect with their strengths and interests, and provide support for continuing development of *both* individuals *and* teams. Successful leaders are able to balance the needs for both high individual performance and effective team functioning. Turning a team of champions into a championship team is

accomplished by building upon, not by destroying, the motivation for high individual performance.

Pursuing common cause through focus on shared purpose and shared values is a strategy that recognizes that all organizations, including those that pay people for their services, are in essence volunteer enterprises. People are largely free to choose where they will work. Except for short-term cycles, people cannot be kept in painful harness by reward and punishment schemes that, at their core, are essentially coercive. People have choices. The highest performing people especially understand that they have choices, so organizations must continuously earn their participation and commitment to the organization's vision.

The strategic academic leader will choose to empower people and, thereby, the institution. Through clear purpose and empowerment, the leader is able to set high expectations for performance of the institution and its members, far beyond what conventional wisdom might predict. Empowerment requires a commitment to development and mentoring. It requires that people be given the tools and the information to be successful in what they set out to do. It seeks to build on strengths, seeking a continuously increasing spiral of improving performance. Robert F. McDermott, CEO of United Services Automobile Association (USAA) advocates this prescription:

- First, we empower people with knowledge — education and training.
- Second, we empower people with technology — information and expert systems.
- Third, we empower people with delegated authority to act.

Effective leaders leverage their talents by giving away what they know to those who work around them and, ideally, that leadership practice becomes the cultural norm, the expectation and personal commitment of the senior members of the organization. Surely, this transfer of experience and learning should be a pervasive attribute of doctoral education, in the preparation of higher education's future leaders. We usually label this phenomenon as mentoring. It is an imperative for successful leadership. The alternative to having talented leaders throughout an organization is to lower one's expectations about the organization's overall performance.

Academic Leadership in Strategic Management

Creating a vision for an organization and turning that vision into reality is a profoundly important act of leadership, one that is essential to an organization's success. It is the essence of what leaders are supposed to do.

The strategic planning process itself is an opportunity to bring together members of stakeholder groups whose participation and commitment are critical to the success of an academic unit. It is an opportunity to fully engage these individuals in assessing the current state of the institution and in creating a vision of its future. It is an opportunity to increase the focus of the

human and financial resources of the academic unit on the programs, processes and strategies that will meet the changing needs of its stakeholders and, thereby, distinguish it in the marketplace. A strategic planning process that fails to engage the most important stakeholders on these opportunities will be greatly handicapped in pursuing the results to which it aspires.

Never doubt that a small group of thoughtful, committed people can change the world. Indeed, it's the only thing that ever has.

— *Margaret Mead*

The Ernst & Young Foundation's Strategic Planning Partnership initiative is designed to assist academic leaders in the performance of this critical task. Its Focus strategic planning process is described in Chapter 3 — A Strategic Framework and in Chapter 8 — The Strategic Planning Process. The Focus process assists academic leaders in the art of creating and renewing the purpose, values and distinctive capabilities of their institutions and, in turning that vision into reality — all this in partnership with the stakeholders in pursuing the institution's common cause.

The Focus process is designed to support and facilitate the interaction of a diverse set of stakeholders in their assessment, redirection and renewal of their common cause. Its structure and use of independent facilitators enable the participants to stay focused on resolving substantive issues, rather than on managing the process. But, at its core, Focus is simply an instrument

of academic leadership. In academic planning processes, the leadership provided by the president, dean and other academic leaders is vital.

The planning process design requires that the academic unit leader (1) select the team members and working group leaders, (2) drive and support the substantive work of working groups between scheduled whole-team workshops, (3) initiate continuing communication with constituents who are not members of the core planning team, (4) manage her participation in the dialogue, including deciding when to weigh-in on substantive issues, and (5) design and lead the structure for implementation of the strategic plan. The academic unit leader's contribution is most important in the following elements of the strategic planning process:

- Sponsorship of the process is, in itself, an act of leadership. The articulation of shared purpose and values, including periodic affirmation or change in mission, is the bedrock on which any institution must build. Absent a continuously relevant purpose, no institution can be sustained. Given the changing needs of the people who are served by the institution, and the transitory nature of the people who comprise the institution, it is essential that the mission be continuously assessed, affirmed or changed, and its performance reenergized. The academic leader has this leadership responsibility for renewal.
- The processes of self-assessment and renewal are enriched by the active participation of influential stakeholders in the institution's success. The strategic

planning process is an opportunity for these individuals to exercise their leadership to the benefit of the institution. Their ideas, their commitments to shared purpose and values, and their passion for the continuing success of the institution are critical to the quality of the processes of institutional self-assessment and future visioning. The academic unit leader must secure the commitment of these individuals to active participation in the strategic planning process.

- In positioning the strategic planning process, leadership is needed to engender a spirit of renewal and openness to change — a climate in which everything about the academic unit is open to challenge and reconsideration, including the mission itself. Participants who can make a difference will expect no less. “I need your help” is one of the most empowering statements used by effective leaders. Academic leaders should use the statement often, and mean it!
- The strategic planning process is worth pursuing only if the leader has the courage to “put everything on the table” and engage in challenging dialogue about the future direction of the academic unit. For academic units that are enjoying success in the marketplace, it is likely that much of the current mission and strategic direction will be affirmed, with the resulting change initiatives focused on selected areas for continuous improvement. If there are any nonnegotiable givens, these should be specified in advance, so that the planning team does not spin its wheels on untouchables. Hopefully, there will be few, if

any, limitations put on the areas of examination and advocacy for change. The doorway to creativity and promising new initiatives should normally be opened wide.

- The Focus process strives to maximize the deployment of the academic leader on the substantive issues, by freeing the leader from the task of managing the process itself. Ideally, the leader will be an active participant, a good listener, encouraging new ideas, exploring challenges to the status quo, and exercising good judgment about when (usually later on) to weigh-in on controversial issues, all in the spirit of DePree's advice about becoming "abandoned to the talents and skills of others." Such abandonment, however temporal, helps to set a tone of high expectations that others will respond to with their authentic and passionate advocacy about the strategic focus and services of the academic unit.
- Leadership of a strategic planning process requires a sustained commitment and belief that continued commitment will result in resolution of seemingly intractable issues. The failure to sustain commitment when the going gets tough will destroy the credibility of the planning process and of leadership itself.
- One of the imponderables of leadership is judging when to take the decision, and commit the institution and its resources to a specific strategy. We have no particular formulation or insight to offer concerning this impressive capability that seems to characterize effective leaders. Participative, empowering

leadership is *not*, however, a synonym for consensus in decision-making. An effective process will not seek non-offensive, least common denominator avoidance of difficult issues. Relatively few issues will enjoy unanimous consent and support. Most of the academic leaders with whom we have worked have tended to be rather low-profile participants during the early stages of the process, encouraging the flow of dialogue among team members. The more effective leaders, however, were not hesitant to speak forcefully on issues where they had strong feelings. They effectively judged when to weigh-in with their personal views on issues, whether and when to test the degree of support for a proposed initiative, and when to make a decision, having knowledge of the extent of dissent that exists around the choice being made.

Nothing will be attempted if all possible objections must be overcome.

— Samuel Johnson

At the end of the day, actual performance is *the* competitive advantage. The bottom line for assessing leadership effectiveness lies in the implementation of strategies that move institutions forward in achieving their missions. The challenges of sustaining long-term strategic focus amid day-to-day operational demands are unrelenting, but progress toward the long-term strategic result is the true measure of academic leadership. The seeds for turning vision into reality must take root in the design and execution of the strategic planning process itself.

The "Soul" of Management Education

In his closing remarks to the 1996 AACSB Annual Meeting, Scott Cowen suggested that, without core values and a commonly accepted soul, it will be difficult for management to flourish as a profession and continually demonstrate value to others. He challenged the academic leaders of management and business education in these words:

*"Law has justice. Medicine has health. Social work has human welfare. I ask you, 'What is the guiding spirit of management?' Clark Kerr, the former president of the University of California system, once said, 'Business education is a body in search of a soul.' I would maintain that we have not found that soul. What is the social imperative of management? What is our soul? Society's value and appreciation of what we do would be a lot greater if we were in agreement on the mission and core values of our profession."*⁷

We are not fully prepared to answer President Cowen's question about soul, but we do believe that the soul of management lies somewhere in the arena of leadership. Whether exercised in the business, academic, governmental or volunteer sectors, the common ground for effective management education seems to lie in developing *the capacity to release and engage human potential in the pursuit of common cause*. The knowledge-generating disciplines that underlie management education are many, including behavioral psychology, economics, ethics, and the applied disciplines of information systems, accounting, finance, marketing and management. Together, these disciplines provide important underpinnings for leadership in the achievement of institutional mission.

In Short

- Leadership is the capacity to release and engage human potential in the pursuit of common cause.
- Sustainable change must come from within the academic unit, driven there by the vision and commitment of its academic leadership.
- Academic units are particularly challenged in achieving unity around a focused mission because of the independent mindset that pervades the academic culture.
- Leadership is a personal, face-to-face enterprise. Leaders empower others through example and mentoring. In turn, leaders are empowered to the extent that others engage in pursuing the institution's mission.
- The Focus strategic planning process is an instrument for exercising academic leadership—an opportunity to bring together and mobilize a partnership of stakeholders in pursuit of the institution's mission.

Change Forces

When a paradigm shifts, everyone goes back to zero. By zero, I mean that regardless of what your position was in the old paradigm—number one in market share, leader in the technology, best reputation—you are back at the starting line in the new paradigm. Because of this change in leverage, the practitioners of the new paradigm have a chance to not just compete with but defeat the titans of the old paradigm.⁸

Is American higher education undergoing a paradigm shift? Is this historically low competition industry suddenly turning highly competitive? Are the rules of competition for universities and their business schools being reset to zero? In a paper prepared for presentation at a recent meeting of the Forum for Higher Education, David Collis of Yale University suggests a number of drivers of change in higher education:

- New technologies, particularly the digital, broadband, interactive, online technology known as the Internet.
- Demographics, notably the aging of the population and a concomitant increase in numbers of active retired people, and the increase in ethnic minorities and immigrants.
- A change in the nature of the employment contract from lifetime employment with a single company to “free agency” and regular transfers (both voluntary and involuntary) between companies.
- Cost increases that outstrip productivity growth and so lead to a continuing rise in the real price of education.
- Debate over the role of affirmative action and universal access in higher education.
- Exponential increase in the rate of accumulation of knowledge and the consequent fragmentation and specialization of academia.
- Globalization of academic and education markets.
- New competitors entering the business, both as stand-alone institutions and as companies training their own employees.⁹

Shaking the pillars of higher education's paradigm

Undeniably, there are changes afoot. Does the cumulative effect of these changes suggest that the historical paradigm that has governed higher education is shifting? Will there be new rules along with new competitors in the providing of university education? Let's examine some components of the historical paradigm.

Engine of Knowledge: Scott Cowen, President of Tulane University, laments the decline of the academy as the largely unchallenged bastion of intellectual leadership: “As academic leaders, we must be the purveyors of ideas and knowledge that shape managerial thought and practice. Executives and organizations should be looking to management schools and their faculties to provide the direction and knowledge necessary for organizations to adapt to the changes they are undergoing. All too often, however, we have been looking to industry to give us direction rather than vice versa. Management educators must reclaim the intellectual edge if they are to demonstrate continued leadership in the learning domain and provide value to the students and the organizations they seek to serve.”¹⁰

Richard J. Mahoney, former CEO of Monsanto, in commenting more broadly on the role of the university in knowledge generation, observed “Not long ago, sociologist Daniel Bell predicted that universities would replace corporations as the main engines of economic activity. Today, corporations and think tanks and, most of all, the desktop computer, are seriously encroaching upon the university’s role as the main engine of knowledge.”¹¹ A significant proportion of Ph.D. graduates head for corporate laboratories, think tanks, and corporate and government executive positions, rather than pursue research and teaching careers on the campus. One result of this phenomenon is to redefine the landscape for funding, performing and disseminating the results of knowledge generating activities. Billions of dollars in future research grants, contracts and consulting opportunities are at stake, and may be redistributed by new rules of competition.

David Collis observes that the vast majority of research is not done in universities but in companies: “The pharmaceutical companies alone spent \$20 billion on R&D last year—a number that is greater than the entire budgets of the Ivy League schools... Universities are looking to make their research budgets pay off by commercializing discoveries and inventions... Why not go the whole way and establish for-profit research entities, which could bid for government funds, and establish them in research parks alongside their existing commercial brothers?”¹²

Certification of Learning: Historically, universities had a virtually exclusive franchise for conferring academic degrees and other certificates of learning that would be generally accepted in the society as evidence that a learner had mastered a body of knowledge and/or acquired a set of identifiable skills. These degrees and certificates often serve as gateways for admission to advanced study, employment, and other forms of recognition in the society. Today, new competitors in the formerly exclusive domain of higher education are rapidly establishing both market and regulatory acceptance of their learning programs as alternatives to university-based certification. In their market positioning, these new education providers assert that they have stronger evidence that their learners have mastered the learning certified, because of their greater commitment to objective measures and assessments of learning outcomes.

Especially in the arena of certifying the learning of working professionals, the new competitors may have a competitive edge over traditional university programs. “In the nonacademic sector, definitions of competence and the criteria against which they are measured are set by professional associations, expert practitioners in the field or industry, or lead bodies designated or accepted by governmental agencies... In higher education, regional accrediting bodies and some professional associations set the criteria by which the university evaluates schools and colleges. Most often, criteria pertain to inputs: for example, resources, faculty-student ratios, faculty credentials, and proportion of full-time faculty.”¹³

To assume that higher education’s nontraditional “new competitors” are second class, or doomed to fail, or destructive to traditional values, would be as dangerous for our current colleges and universities as it was for the American automobile industry to assume that international competitors would never engage the American market.

— *Barry Munitz*
President and CEO
J. Paul Getty Trust

There is nothing to prevent professional practice associations or, for that matter, the corporate community generally, from creating accrediting or certification entities that would attest to the quality of in-house and commercially offered education programs. And, over time, such new credentials could earn credibility and market acceptance that rivals the value attributed to academic degrees. The franchise to certify learning is, indeed, no longer in the exclusive possession of traditional higher education institutions.

The Residential Campus: During a *Forbes* magazine interview, Peter Drucker suggested that thirty years from now, the big university campuses will be relics: “Already we are beginning to deliver more lectures and classes off campus via satellite and two-way video at a fraction of the cost. The college won’t survive as a residential institution.”¹⁴ In the context of the interview, Drucker’s commentary had mostly to do with the perceived uncontrollable cost increases of a university education. Beyond the cost issues, however, the needs and expectations of today’s students and the explosive growth of distance learning alternatives is also changing the buying patterns of consumers of higher education programs.

Columbia University professor Eli Noam sees an important continuing place for the campus in exercising its comparative advantage to deliver education based on mentoring, personal identification, role-modeling, guidance and group activity. We agree that there is a continuing important role for the residential campus. But, there may well be fewer of them, and those that survive and flourish will do so by (1) targeting their comparative advantage to learners who especially value the experience of a more personalized community of scholars, and (2) using technology, distance and distributed learning methods and strategic alliances to leverage their brand names and premier programs into the competition of the virtual marketplace. Whether the campus disappears or innovates ways to package its substantial resources for off-campus competition, Noam forecasts a significant paradigm shift for universities: “In the past, people came to the information, and

the information was at the universities. In the future, the information will come to the people, wherever they are... (*And we would add: whenever they need it!*)... Will electronics do to the university what printing did to the medieval cathedral, ending its central role in information transfer? Have we reached the end of the line of a model that goes back to Nineveh, more than 2,500 years ago? Can we self-reform the university, or must things get much worse first?”¹⁵

In 1985-86, public institutions received 48.8% of their revenues from state and local governments; by 1991-92, that share of revenues dropped to 41.9%.

— *The Chronicle of Higher Education Almanac*

Subsidized Cost Structure: Historically, the academy enjoyed generous public support from a society that largely did not question what went on within its ivy covered walls. As a new millennium dawns, however, the higher education system sees itself as under siege, and in intense competition for funding with other public services. Tensions with students, parents, trustees, donors, state and federal policy makers range across a variety of issues, such as access, quality, relevance, and accountability for results, and the issues of cost structure, tuition and fees for services inevitably provide an associated cutting edge to the debates. Subsidized public education once facilitated not only broad access to educational opportunities, but also represented a formidable barrier

to entry by private nonprofit and for-profit education service providers. Not so today!

The mega-industry created by the union of computers, communications, entertainment, media and publishing will deliver education and learning in such new ways and in such vast amounts that it will parallel, rival and in some instances even displace schools as the major deliverer of learning.

— *Stan Davis and Jim Botkin
The Monster Under The Bed*

The pillar of generous, largely unquestioning financial support is being reduced to rubble and, along with it, the competitive edge of high cost barriers to competitor entry is evaporating. Arthur Levine, President of Teacher’s College, Columbia University, identifies the threat: “For the first time in modern history, the private sector views higher education as an attractive business opportunity. With a reputation for low productivity and revenues in the hundreds of billions of dollars, technology providers... are seeing higher education as the next frontier.”¹⁶

With the cost of attending college increasing at more than double the rate of inflation for more than fifteen years, Ted Marchese, Vice President of the American Association for Higher Education, suggests that paradigm shift in the competitive landscape may not be very distant:

“Alternative and distance providers claim just 2% of the postsecondary market today, but a combination of pent-up demand, changes in the tax law, and today’s e-commerce boom could quickly balloon that market share by a factor of 10... at which point larger transformations could kick in. As unthinkable as this might seem to established higher education, Wall Street offers reminders that aggressive competitors cut the banking establishment’s share of household financial assets from 90% in 1980 to 55% today.”¹⁷ And, today, no one seriously believes that higher education will be granted an exemption from competing in the world of e-commerce — nor given protection from its inroads.

Lifelong Learning: The fastest growing segment of education for a fee is in programs designed for working professionals. College and university mission statements, and their promotional literature, underscore the imperative that their graduates pursue lifelong learning, and proclaim the institution’s aspiration to develop the continuing learning capacities of their graduates. It has been long evident that the knowledge acquired in sixteen years of traditional classroom learning will have utilitarian value for only a tiny fraction of the matriculating learner’s forty to sixty years of working life. In addition to acquiring the skills of continuous learning, tomorrow’s working professional will be a prodigious consumer of education services.

Traditional colleges and universities, for the most part, however, have not retooled themselves to serve this potentially lucrative marketplace. Rather, it has been said

that traditional universities routinely wave goodbye to their largely satisfied customers upon graduation and, thereafter, pay relatively little attention to them, except as necessary to encourage alumni philanthropy.

Learning has traditionally been the job of the nation’s more than 3,700 institutions of higher education – where graduation signifies the end of formal learning and work the beginning of the “real world.” But now it appears this paradigm is giving way to a new model of learning where work and learning are blending together in one seamless activity.

— AACSB Newslines
Spring 1999

In the future, business enterprises and society, generally, may shift a higher proportion of their investments in education to support the continuing development of adult learners, rather than continue to pour the disproportionate share that now flows into launching young people into independent life and work. The growth in graduate degrees, certificate programs and other continuing education programs for working professionals may, in the long run, actually work to reduce the demand for high-cost, campus-based preparatory education. In the future, it is likely that more resources will be spent on education *during* life and work than on education *for* life and work.

Competitive Intensity

Whether patterns of change such as these will converge into a composite, wrenching, rule-changing paradigm shift for higher education is an unanswered question in the year 2000. But, these patterns are real, are recognized by many academic leaders, and are influencing their decisions about the future of their institutions. In *The Challenge of Change in Business Education*, we suggested how Michael Porter’s work on competitive strategy might be referenced in creating a working model of the changes taking place in the business school environment.¹⁸

Our updated competitive intensity model, Exhibit 1, may be useful in thinking about the value created by the higher education enterprise, and who within that community captures that value. For example, the threat of entry and the threat of substitutions influence the extent of value created, while the power of buyers, the power of suppliers and the extent of the rivalry among existing providers, determine the distributive shares of the value created.

In general, high barriers to entry and few available substitutes indicate an enterprise that is able to capture relatively high value. Low power of buyers and suppliers, and low rivalry among providers, also indicate an enterprise whose providers will capture a large share of the value created.

Competitive Intensity

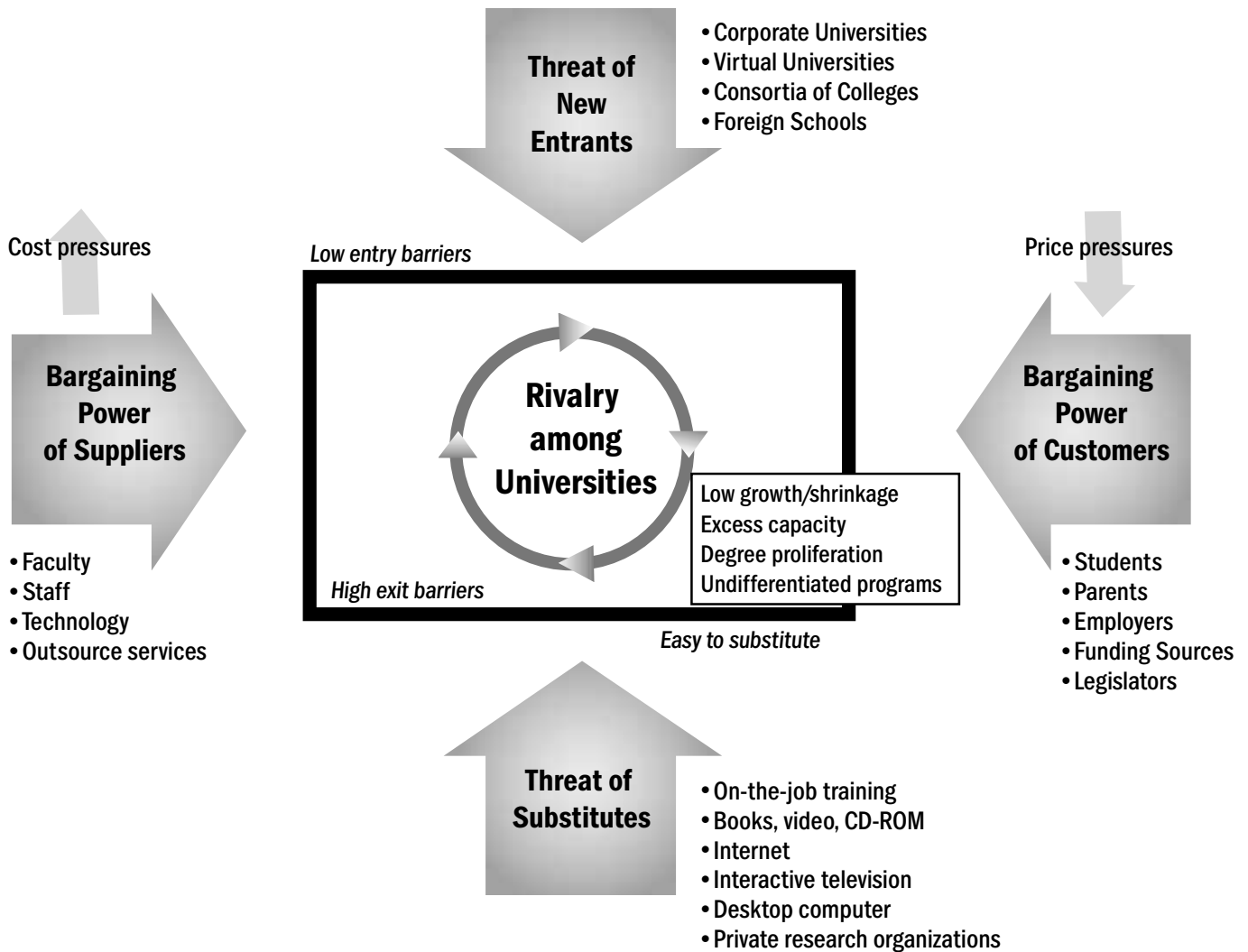


Exhibit 1

The structure of the higher education enterprise is moving from a closed system to an open system. This change suggests that all segments of the competitive intensity model for higher education point toward growing challenges to traditional institutions, both in their capacities to create value and in their competition to capture shares of the value created.¹⁹

- Buyer power (choice) is increasing.
- Supplier power (cost) is increasing.
- New entrants are flooding over the lowered barriers to entry.
- Substitutes abound, particularly for historically profitable service segments.
- And, stuck in the box at the center of the model, persistent high exit barriers allow even marginal providers to stoke the fires of competition for market share.

Bargaining Power of Customers

The bargaining power of customers is rising sharply as the number of providers increases, as more substitute educational opportunities become available, and through the intervention of public policy makers to limit options to increase tuition and fees. David Collis observes: “As tuition rates, after years of rising faster than inflation, exceed \$100,000 for four years, a degree becomes the second largest purchase anyone makes in their life. No wonder customers are exceedingly careful and increasingly price sensitive in their purchase decision.”²⁰

Business schools have many customers including students, parents, employers and the taxpayer community, represented through state legislative bodies. Throughout the decade of the 1990s the power of

customers has grown. Pressures from the student portion of this sector are driven mainly by demographics. Enrollment declines related to the baby bust cohort have largely run their course. However, the enrollment downtrends were accelerated by a more significant factor, namely student choice. Undergraduate degrees in business awarded by U.S. colleges and universities declined by 11 percent between 1992 and 1997, even as the total number of bachelor degrees across all fields increased by three percent, according to an AACSB study.²¹ Students (and their parents) are becoming increasingly price-sensitive, concerned about the time it takes to complete degree programs, and about the prospect of entering the workforce deeply in debt.

Pressures from the employer portion of this sector have been driven mainly by sweeping changes in many industries and professions — reengineering, restructuring, downsizing, quality and service improvement processes. These changes have lowered the recruiting demand for inexperienced people, resulted in greater selectivity in the use of executive MBA programs, and increased the demand for continuing education programs. Many business schools have experienced reduced numbers of employers interviewing students on their campuses. Reduced recruiting also has translated into reduced employer interest in providing financial support through tuition assistance and grants.

Much of the concern by employers is expressed in terms of what’s being taught. Business schools have responded with widespread reexamination of their curric-

ula. It seems that almost everyone agrees with the notions of curricula changes that strengthen the graduate’s leadership, teamwork and interpersonal skills, prepare for working in a global business climate, and support understanding of systems theory, and technological literacy.

But, the focus on curricula, while appropriate and even essential, is also fraught with the danger of fixating on an oversimplified, one-dimensional fix to the concerns of employers. A quality, relevant curriculum is absolutely necessary for a school to compete in the marketplace, but it probably is only the entry-level table stakes for remaining in the competitive arena. With a solid curriculum design, the business school gets to compete, but it must also actively manage its personal relationships with the employer segments it targets and be keenly attuned to the growing challenges of competing for high-potential students and high-quality faculty.

Tuition Freedom Day is May 10, for private colleges and February 15 for public schools – the length of time a middle-class wage-earner must work to pay the higher education bill.

*— America’s Best Colleges
U.S. News & World Report*

Between 1982 and 1993, the cumulative yearly increase in the cost of tuition, room and board at four-year schools in the United States increased 86.5 percent, while the cumulative yearly increase in the consumer price index (CPI) was only 44.4 percent. During that twelve-year

period, there were eleven years where the cost of higher education increased faster than the CPI and one year (1990) where they were the same. In no year was the increase in the cost of higher education less than the increase in the CPI. The National Commission on the Cost of Higher Education was created by Congress in 1998 out of concerns for runaway costs and that liberalizing student aid might only induce educational institutions to raise their prices further.

In 1950, colleges and universities spent 27¢ on administration for every dollar on instruction. Now they spend 45¢.

From 1975 to 1993, national undergraduate enrollment grew by 28%. Faculty increased by 22%. Non-teaching administration grew by 83%.

— *Higher Education, How High the Price?*
Philadelphia Inquirer, March-April 1996

Legislators, trustees, donors and other customers of educational providers, have been growing more and more vocal in their concerns about overbuilt systems, program duplication, bloated administrative burdens, and dysfunctional competition for the buyers of educational services. The calls for greater accountability, including results-oriented productivity measures, are becoming more strident. Budgets are being cut. Institutions are being restructured. Programs are being downsized.

Higher education accrediting bodies, both the regional agencies and professional school entities, such as AACSB, have changed their accreditation standards to include emphasis on mission-driven assessment, continuous improvement and accountability measures as essential ingredients for assuring quality and efficiency within educational institutions.

Bargaining Power of Suppliers

Supplier power also is increasing, especially for high-performance, star faculty, who have enjoyed annual salary increases well above inflation levels, lucrative consulting opportunities, the ability to leverage themselves through technology, and the freedom to work for competitors while enjoying tenure in their home institutions. The growing market for books, videos, CD-ROMs, and Web-based forms of educational programming has increased the earning power of entrepreneurial faculty members, well beyond the capacities of their home institutions to match.

Faculty development is a major and growing challenge. In a fast changing world, all faculty are challenged to maintain and grow their intellectual capital, to maintain the relevance of their research and teaching, and to enable their participation in the growing market for packaged educational programming. We believe that faculty development may be higher education's most critical deferred maintenance issue, much more central to its mission than, for example, deferred maintenance of their facilities. In addition to salary competition for high-performance faculty, universities must also be prepared to meet faculty high expectations concerning sup-

port for their continuing development. Faculty tend to operate within what might be described as an independent contractor culture, wherein individual faculty members enjoy relatively high freedom to pursue their personal research and teaching interests. The freedom to pursue individual interests was, for many, a major draw in their choice of career. The independent contractor culture of the academy is augmented by the phenomenon of contractual tenure—a rather unique legal arrangement through which an educational institution makes a lifetime employment commitment to an individual, who essentially commits his/her contribution to that institution for one year at a time.

Tuition fees at private universities are nearly \$50 per lecture hour per student... with such Broadway Show-sized prices, alternative suppliers will inevitably enter the electronic education market.

— *Eli Noam*
Electronics and the Dim Future of the University

Also contributing to the independent contractor mindset is faculty dissatisfaction about salary compression (as marketplace salaries rise faster than the salaries of faculty who remain at an institution) and tightening budgets (that squeeze faculty development funds). For at least some faculty, the opportunity exists to earn more than their potential annual raises from their schools via only a few days of independent consulting, speaking, writing and other outside sources of income.

Technology developments continue to provide more opportunities for star faculty to leverage their talents for a fee (including working for competitor providers), thereby further increasing their bargaining power. The independent contractor phenomenon represents a somewhat unique challenge to universities in their efforts to engage their faculty's commitment to the common cause articulated in their institutional missions.

New Entrants and Substitutes

Rapid advances in technology are having profound effects on the ability of new entrants to enter the educational marketplace with both competing and substitute products. The barriers to new entrants in competition with historical educational providers have come tumbling down, as state licensing boards and regional and professional accrediting agencies show increasing receptivity to the initiatives of new, primarily for-profit educational providers. Technology enables the delivery of increasingly flexible, quality educational programs that do not require the big-ticket investment in physical plant, that characterizes the residential campus. Technology also facilitates the replication and distribution of successful academic programs at low, marginal costs.

The result of these advances in educational technology has been the proliferation of for-profit educational ventures. Some of these ventures represent specialized education providers such as Caliber Learning Systems, e.college, and University Access who produce and/or provide specific courses and programs.

Other ventures such as corporate universities are more broad-based and provide both degree and non-degree programs.

These new competitors are using technology to gain market share. In today's world of instant communication, reputation can be built and lost much more rapidly than in the past. More than 1,600 corporate universities have begun operations, some of which are actively seeking approval by accreditation bodies, or partnering with accredited traditional universities. One 1998 survey found that 40 percent of corporate universities plan to grant degrees in partnership with accredited institutions of higher education. These degrees are primarily at the graduate level in business administration, computer science, engineering and finance.²²

Substitutes for traditional educational offerings also are growing. The desktop computer, CD-ROMs, Internet access, and audio/video-packaged materials all offer educational programs to orient, educate or update the consumer *at the time and place of the individual's choosing*. Certificate programs, enjoying increased marketplace acceptance, compete for what was once exclusively the province of degree programs. And the providers of these substitute programs can target the most commercially attractive components of traditional institution program offerings, thereby enjoying a higher return on the investments they make.

The new entrants and substitute sets in the competitive intensity model, in some ways, overlap. But, regardless of how they are labeled, the result is essentially the same; something that a traditional educa-

tional institution once did for its students, employers, and customers is now being done by someone else, and possibly even by those same students, employers, and customers—and the institution ends up with a now unused capacity.

By the early 1980s, there were 400 corporate universities in the U.S. The real growth occurred, however, in the 1990s, when that number increased sharply to 1,600, including 40 percent of the Fortune 500 companies. Assuming the current pace of growth, the number of corporate universities will exceed the number of traditional universities by the year 2010, if not sooner.

— AACSB Newslines
Spring 1999

The main drivers of both new entrants and substitutes are the fast-moving changes in computers, communications and other technologies. To be sure, these technologies are finding their way into otherwise traditional classrooms, libraries and labs on campuses, but the big news may be in the possibilities opening up beyond the campus:

- Portable educational resources: on the desktop or on the home TV—on-call, just-in-time, when the learner needs it, through the development and growth of high-speed, broadband, asynchronous learning networks.

- Dialogue among faculty and student/learners on 24-hour-a-day voice and data networks: same-time—different places; different times—different places.
- Access to credit courses and degree programs from distant, accredited institutions, including long-established and high-profile brand-name providers.
- A pattern of star faculty moving even further along the independent contractor continuum, by selling their services to multiple institutions, while not committing as a full-time faculty member of any one institution.

The developments on this technological curve will likely continue to expand in an exponential ascent, to a point where access may become virtually a free good, and a very user-friendly one at that. More and more, competitors will be able to target and emulate the most visible and profitable educational programs.

Institutional Rivalry

Amid the externally driven pressures on their capacities to create and retain value, the traditional providers of higher education have stepped up the intensity of their internal rivalries as well. And, there are significant exit barriers for traditional providers, especially those that are publicly funded. In serving on a State Higher Education Coordination Commission, one of the authors found that proposals that might close or combine campuses and institutions, or even eliminate low-productivity degree programs, were predictably met with intense, persuasive resistance

and anger by students, faculty, administrators, parents, and business and community leaders vested in the status quo.

While new competitors and substitutes whittle away at the market shares of traditional institutions, the increasing bargaining powers of their customers and suppliers combine to hold down prices while driving up costs. Adding to this mix the changing demographics of the college-going population, and the decline or flattening of demand for the business major, many business schools are faced with stagnation or even shrinkage in enrollments. The result is excess capacity in some business programs and intensive competition for student, employer and donor attention.

Universities, and their professional schools, find themselves squarely in the middle of the competitive intensity model, in a box so to speak, and without the option to continue business as usual. The remarkable growth in U.S. equity markets in recent years has given those universities, colleges, and schools with large endowments an ever-increasing advantage while at the same time has provided nontraditional, for-profit institutions with unparalleled access to venture capital. Less-resourced traditional institutions, both public and private, struggle on in the competition, using whatever weapons they have at their disposal.

Some institutional responses have been dysfunctional: across-the-board budget cuts, downsizing, proliferation of programs in pursuit of credit hours volume—not infrequently driven by FTE-based funding formulae. Some business schools responded by developing new degree programs, some in what might be seen as trendy specialized niches, fre-

quently in competition with existing programs located in the same geographic locale, and sometimes even in competition with themselves. The result has been a proliferation of business programs, offering what the marketplace may see as undifferentiated degrees and less than distinctive products.

The world that we have made, as a result of the level of thinking we have done thus far, creates problems that we cannot solve at the same level of thinking we were at when we created them.

— *Albert Einstein*

The waves of change that are sweeping across industry and the professions are now pounding against the ivy-covered walls of the academy and, in many places, have broken through with a vengeance. There are no safe harbors from renewal and change if an institution expects to remain relevant in a dynamic marketplace. Yet there are many faculty, and some administrators, who appear to remain unconcerned. They tend to view these patterns as cyclical, passing phenomena, possibly applicable to others who don't enjoy the special niche, the captive and loyal stakeholders that their school or program is claimed to enjoy. At an individual level, some faculty members acknowledge the threats, but discount them as too distant to have personal impact before they retire or move on to more attractive pursuits.

The Rules of Competition Are Being Reset to Zero

It is not news that change is going on all around us. Popular media and futurist authors bombard us with startling examples of what the future may be like. But, for the most part, the increments of change that we actually experience in our daily lives, or even year-by-year for that matter, don't seem especially frightening. And, therein lies the problem. The consequences of most changes are actually insidiously slow, but the problem is that the increments just don't stop incrementing.

Change just keeps going on and on. And, like the apocryphal frog, enjoying the gently growing warmth of the water on the stovetop, we don't notice the gradually hotter and hotter competition until, "suddenly," we've been boiled in our own apathy. Institutions find themselves behind the curve—out of touch with the needs of their students and other customers, and out of touch with the new tools that unforeseen competitors are using to erode the institution's market positioning.

Most of our planning facilitation has been with business schools, although these processes have often engaged university leaders and faculty members from across the campus. Our sense is that, until the mid-1990s, there was a dominant operating model for business schools, including the most successful ones. The model is expressed in commonly accepted patterns of disciplines, definitions of research and scholarship, and operating structures. Success, at least as defined by rankings in the popular press, had mostly to do with how well schools executed on this rather

common model, more than because of divergence from the dominant operating model. Accreditation standards and processes reinforced a largely one-size-fits-all set of practices.

I cannot imagine the past. There are people in my government who manage the present. It is my unique responsibility as a leader to shine a spotlight on the future, and to marshal the support of my countrymen to create the future.

— Margaret Thatcher

New models of business education are emerging. One driving theme for change appears to be the notion of *integration*, and escape from long-term patterns that have progressively produced *isolation*—both among the disciplines within business education and between business schools and their host universities. We have heard more than a few university leaders criticize the perceived isolation of the business school, both for its under-potential contribution to university mission, and for its narrow focus on single-disciplinary scholarship, driven largely by a system that honors publication mainly in narrow-focus refereed journals.

Increasingly we are seeing the content of business school mission statements, distinctive capability choices, and strategies include concepts of *integration*, *broad-based student learning*, and *partnerships with stakeholders*. The focus on single business disciplines is reluctantly giving way to integration across disciplines, not only to support an interdisciplinary

degree such as the MBA, but also to enrich the content of discipline-labeled degrees and majors.

The idea that business scholars can teach and research wholly within narrow sub-disciplines of business, and still provide the interdisciplinary educational experience demanded by students and employers, is rapidly eroding. Perhaps, nowhere is this clearer than in accounting where the boundaries between accounting and information systems are disintegrating. The focus on integration is also moving toward synergistic opportunities outside the business school, where successful business programs are working closely with allied disciplines in engineering, law, computer science, the social sciences, mass communications, and multimedia.

Evolving business education models mandate less specialized content than what has become a de facto standard for at least half the current curriculum in business. New models may include the flexibility for students to customize more of the content of their learning, including pursuing double majors or minors that may range far afield from traditional business concentrations. The market for accounting graduates seems to evidence support for more integration and breadth in student learning as, for the most part, employers appear not to value additional accounting (e.g., a MAcc) on top of an undergraduate accounting degree, but look more favorably on combinations of specialized accounting education with liberal and broad business education.

Partnerships and alliances are becoming common in emerging business education models. These partnerships create opportunities for faculty internships, joint research projects and joint teaching across the university, and for joint degree programs both within the host university and even with heretofore competitor institutions. Even the most well-financed business school can no longer go it alone. Cost considerations encourage partnership structures, but even more compelling are the opportunities for mutually beneficial interactions with the school's important stakeholders. The successful business school of the 21st century will leverage partnerships and alliances for the benefit of both its students and its faculty.

Corporations are strengthening their commitment to education by developing partnerships with institutions of higher education ... more than 62 percent of corporate universities have alliances with four-year colleges. By the year 2003, this is expected to increase to 85 percent.

— AACSB Newslines
Spring 1999

Moving away from the historically dominant model does, however, present major challenges. Many of the structures within universities, business schools and accrediting regimes support the status quo, rather than the emerging direction. The design of Ph.D. programs, definitions of

scholarship used in hiring, tenure and promotion decisions, entrenched discipline-oriented departmental power structures, academic journals and other scholarly venues, all are essentially conditioned to respond to and support the dominant current model rather than emerging ones. Change in all these areas will require strong institutional leadership and collaboration—including the president, provost, deans, department heads, program leaders and influential faculty members.

The pillars of the higher education paradigm are, indeed, shaking. The higher education industry model is much less secure in how it creates and retains value than it was twenty years ago. Using Michael Porter's industry analysis model, we have suggested some of the forces that are driving a potentially wrenching, rule-changing, paradigm shift. And, we have yet to encounter a university or professional school that has the resources, or capacity to garner enough resources, to buy its way into a safe harbor, insulated from the forces of change that are at work. The first step in dealing with a paradigm shift is to acknowledge that it is happening. In the words of musical philosopher Bob Dylan:

*Come gather 'round people,
wherever you roam,
And admit that the waters around
you have grown,
And accept it that, soon, you'll be
drenched to the bone.
If your time to you is worth savin', then
you'd better start swimmin',
Or you'll sink like a stone, for the times
they are a-changin'.*

The appropriate response to a dynamic, intensely competitive marketplace and to the limited resources that everyone experiences is *focus*. Without focus there will never be enough resources to succeed. And the challenge for most institutions today is to identify and make the hard choices that focus requires—to do fewer things better. The schools with which we have worked found that identifying and making these choices were their most difficult challenges. But, if the rules of competition are indeed being reset to zero, making these choices is essential to turning any institutional vision into reality. Bob Dylan's concluding lyrics put it rather starkly:

*The line it is drawn; the curse it is cast.
The slow one now will later be the fast.
As the present now will later be past.
The order is rapidly fadin', and the
first one now will later be last.
For the times they are a-changin'.*

Many institutions are responding through reexamining and refocusing their missions, programs and structures to position themselves to compete for emerging opportunities. Creative alliances are being explored among traditional institutions, new entrants, technology providers and employers to generate and sustain new value, that will be sought after by consumers in the changing marketplace.

Given the diversity of educational needs and the choices made by providers, there are no generic, one-size-fits-all strategies to pursue. Chapter 3 introduces the Focus strategic planning methodology, a process and framework that we use to assist institutions and their leaders to refocus their missions, capabilities and strategies to take advantage of the opportunities provided by the emerging new paradigm in business education.

In Short

- American higher education is experiencing a major paradigm shift. The ground rules for competitiveness and survival are changing radically.
- Traditional universities have lost their exclusive franchise to certify learning, i.e., grant degrees, and are no longer the primary engines of knowledge, i.e., research.
- The residential campus' share of the education marketplace is shrinking, primarily the result of technology and competitively designed distance learning.
- The population demographics will strongly shift the focus of learning toward education *during* life and work from education *for* life and work.
- Corporate and for-profit universities are apt to outnumber traditional universities. Partnerships and alliances among new and traditional institutions are extensive and growing.
- New models of education are evolving, including integration of heretofore isolated disciplines, broad-based learning paired with specialization, and alliances and partnerships with stakeholders.
- There are no safe harbors from the intensifying forces of change.

A Strategic Framework

The Focus strategic planning methodology uses a simple framework to assist planning teams in their self-assessments, and in their decisions concerning the elements that comprise a strategic plan:

- Mission—Shared Purpose and Values
- Distinctive Capabilities
- Measures of Success
- Strategies and Actions

We find the strategic framework to be a useful diagnostic. Its simple diagram, illustrated in Exhibit 2, facilitates understanding of the relationships among these essential elements of any strategic plan. Do these elements, in combination, comprise a coherent, actionable strategic direction for the academic unit? Or, are they simply a collection of abstract hopes, wishes and agendas that indicate scattered, even conflicting purposes, rather than the strategic focus necessary for the academic unit to succeed in a demanding, competitive marketplace?

The strategic framework provides a discipline for articulating an academic unit's strategic intent and the current status of its initiatives in pursuing that intent. A review of the academic unit's existing strategic plan, the scope of its existing research and academic programs, its marketing communications, and interviews with leadership and key stakeholders

should reveal much about the institution's purpose and strategic direction. Summarizing this information in the format of the strategic framework will help in assessing: (1) the clarity of mission (purpose and shared values), (2) the academic unit's distinctive capabilities, (3) how it chooses to measure its success, and (4) the adequacy of the strategic initiatives through which it seeks to achieve its mission.

Although useful as a diagnostic tool, the principal use of the strategic framework is as an aid in actively developing or updating a strategic plan. The framework serves as a continuously updated summary of the decisions of the strategic planning team throughout its planning process. It is a working tool through which the strategic planning team articulates its vision for the academic unit and, by progressively adding specifics within the framework, charts (1) the overall direction (compass), (2) the implementation steps (road map) for turning that vision into tangible reality, and (3) the metrics by which the academic unit will assess its own success.

Although there is no widely accepted, uniform taxonomy for strategic planning, it is essential that the planning team choose a common language and structure that will facilitate, rather than complicate the thinking and communication among the team

members. The strategic framework provides such a common language and structure through which the planning team can map the pathways from the lofty aspirations of the mission statement through the progressively more specific and operational elements of the framework that are necessary for turning the vision into reality. This one-page, headline-style format helps the team maintain perspective and reach agreement on priorities as each component of the plan is developed and refined.

In sum, the strategic framework can be used to:

- Provide a common language.
- Organize the conclusions and work products in a coherent way.
- Serve as a tool for identifying relationships among the plan elements and tasks.
- Assist the team in identifying gaps in their assessments and plans.
- Provide a discipline for proceeding from lofty aspirations to concrete actions.
- Provide a foundation for prioritizing strategies.
- Provide a foundation for establishing accountability for implementation.
- Serve as a shorthand communication of progress within and outside the team.

Strategic Framework

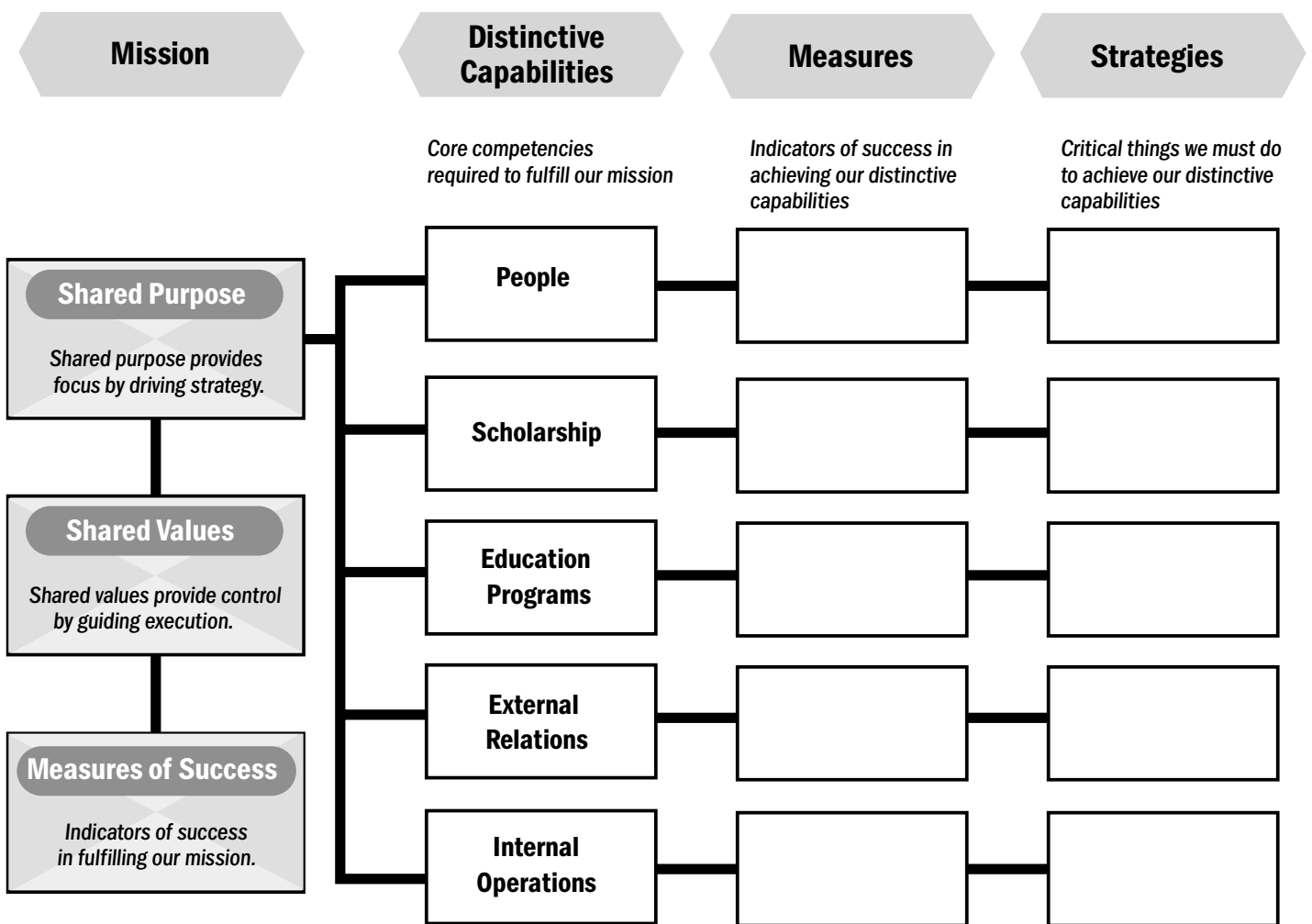


Exhibit 2

Direction-Giving Elements of the Strategic Framework

The three left-hand columns of the framework comprise what we call the direction-giving elements of the plan (mission, distinctive capabilities and measures of success), while the right-hand column identifies the pathways for implementation (strategies and associated actions). The roots of successful strategic planning lie in the choices made within the direction-giving elements. In making these choices, academic leaders must assure that the team has a current understanding of its marketplace and stakeholder needs, and that its chosen areas of distinctiveness have the understanding and support of the key stakeholders who will take the lead in implementation. Absent clarity and focus in the direction-giving elements, it will not be possible to design coherent strategies for implementation.

Exhibit 3 illustrates the relationships among the direction-giving elements of the strategic framework for a business school. With a variety of degree and non-degree programs and departments, how do academic leaders align their programs and departments to achieve continuing and growing success in the marketplace?

The two elements of mission, i.e., shared purpose and shared values, provide this alignment. The school's shared purpose, rooted in the needs of its customers and other key stakeholders provides a focus that can be used to drive strategy and resource allocations. In pursuing its shared purpose, it is the school's shared values that comprise a self-managing guidance and control system for day-to-day decision-making.

In Exhibit 3, the question marks symbolize the challenge of identifying distinctive capabilities that will characterize the services, provided by the school, its programs and departments, that add special value in meeting the needs of its customers. These distinctive capabilities define with greater specificity what is special, value-adding and synergistic within the school's mission—that contribute to long-term, mutually beneficial relationships between the school and its customers. The full meaning of mission is communicated through the three elements of (1) shared purpose, (2) shared values, and (3) distinctive capabilities.

Competitive success follows from focusing every element of an organization on its strategic vision. Achieving that vision requires the development of superior competence, or the ability to excel in a set of distinctive capabilities that have special value to a particular part of the marketplace.

— *Strategic Planning Partnership Foundation Workshop*

Distinctive capabilities define and differentiate the academic unit to its stakeholders. They identify core competencies or attributes that add special value to specific segments of the marketplace. Excellence by itself is not enough. It must be excellence in areas of *strategic significance*, i.e., areas that determine the outcome of competition in the marketplace for ideas, for faculty, for students, and for financial resources.

Making distinctions is not a search for uniqueness, as nothing can prevent competitors from pursuing and claiming the same distinctions. Rather, making distinctions is about defining the terms of competitive engagement by declaring the choices of core competencies through which this academic unit will deliver its special value. Distinctive capabilities amplify the mission and provide more tangible focus for the development of strategies and for resource allocation decisions.

In our facilitation of strategic planning processes, we suggest that distinctive capabilities be identified and explored through the lenses of five broad categories: (1) People, (2) Scholarship, (3) Education Programs, (4) External Relations and (5) Internal Operations. We organize the overall team into individual task forces around each of these areas.

Division into task forces facilitates consideration of each assigned area in greater depth than would otherwise be possible by operating as a team-of-the-whole. We assign each task force the responsibility to develop draft distinctive capability statements within their assigned areas and to identify proposed strategies for achieving the distinctive capabilities. The five categories are clearly interdependent. For example, the attributes that an education institution seeks in its people will be significantly influenced by the chosen focus of that institution's research and education programs.

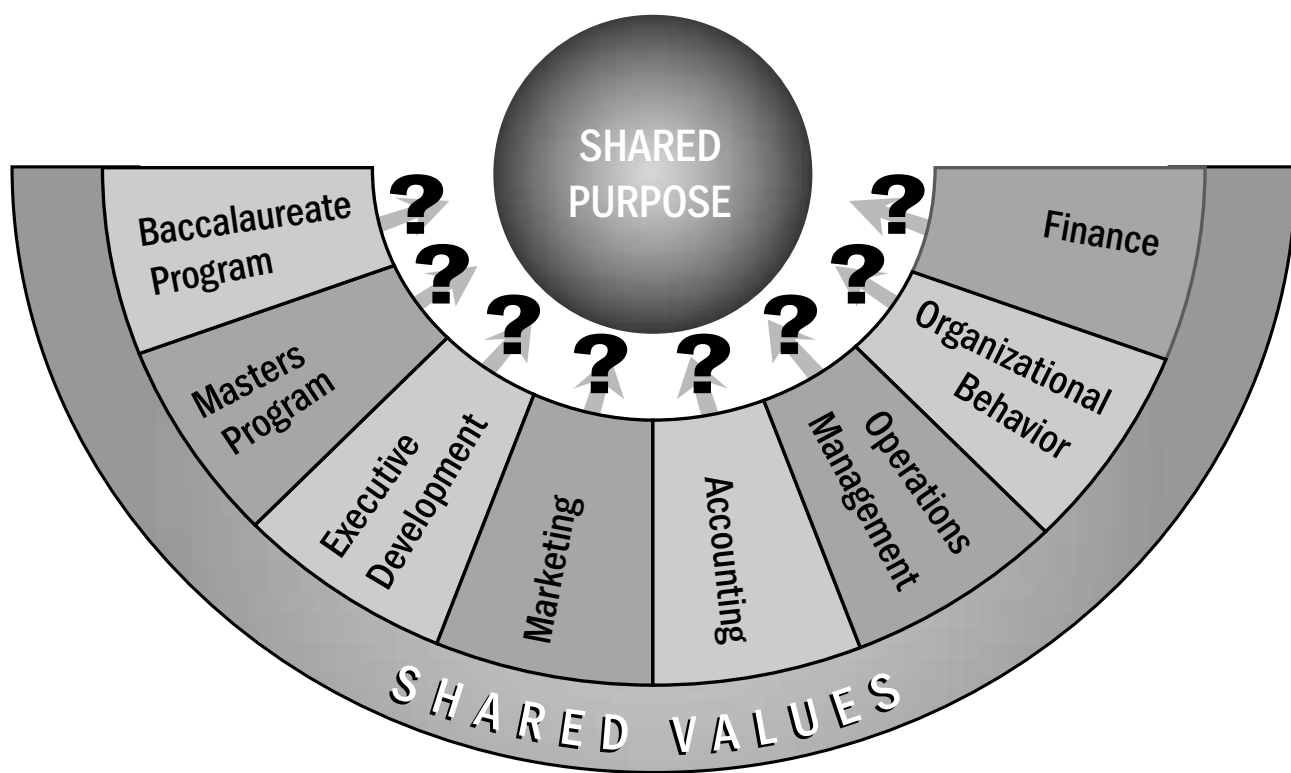


Exhibit 3

Still, we believe that a greater diversity of possibilities will be generated from the potentially overlapping ideas of five task forces than would result from a team-of-the-whole attempting to fully engage on the entire scope of the strategic planning effort.

We also consider measures of success to be mostly a part of the direction-giving segment of the strategic framework. Measures add specificity to the articulation of purpose, values and distinctive capabilities by defining, in operational terms, the results that are being sought in pursuing the mission of the academic unit. Measures help to ground the aspirational language of mission into the specifics that will guide the team in formulating strategies and in assessing the effectiveness of implementation efforts.

Action Elements of the Strategic Framework

Mission and distinctive capabilities set the future direction for the academic unit. Measures define the level of aspiration contained within the future direction charted. These three elements comprise the institution's compass. Strategies, and their associated actions, provide a tangible, actionable road map, the pathways by which the academic unit will move from its current state to its targeted future state.

As the planning process moves toward the implementation phase, an extended strategic framework (Exhibit 4), signals a shift of the focus to programming what will be done, when, and by whom, either to assure that the academic unit's current position is sustained, or to move the unit beyond its current state to achieve the even higher aspirations articulated in its mission.

The extended framework illustrates the expectation that the planning vision must ultimately be drilled down to operational specifics—both to specify the necessary actions, responsibilities and timetable, and to track and utilize the measures of success as continuing information that will be useful in guiding future course corrections.

Putting it All Together

Exhibit 5 illustrates a completed strategic framework, for the hypothetical Everyone's School of Business, an academic unit within the equally hypothetical For Example University. The framework captures, in headline form, the conclusions and commitments of Everyone's strategic planning team. It is their work product, and is intended to guide the future direction, resource allocations and leadership decisions of their academic unit.

The framework contains the direction-giving elements, i.e., mission, distinctive capabilities and measures of success, that will guide the Everyone's School of Business in meeting the changing needs of its customers and stakeholders. It also contains, in headline format, the strategies for implementation to which Everyone's is committed. The illustration, intended to be descriptive, not prescriptive, is a composite of elements drawn mostly from the strategic plans of business schools with which we have worked.

Strategic Framework Elements in Depth

The elements of the strategic framework, that comprise an academic unit's strategic plan, are explored in greater depth in the following chapters:

Chapter 4: Mission: Shared Purpose and Values

Chapter 5: Distinctive Capabilities

Chapter 6: Measures of Success:

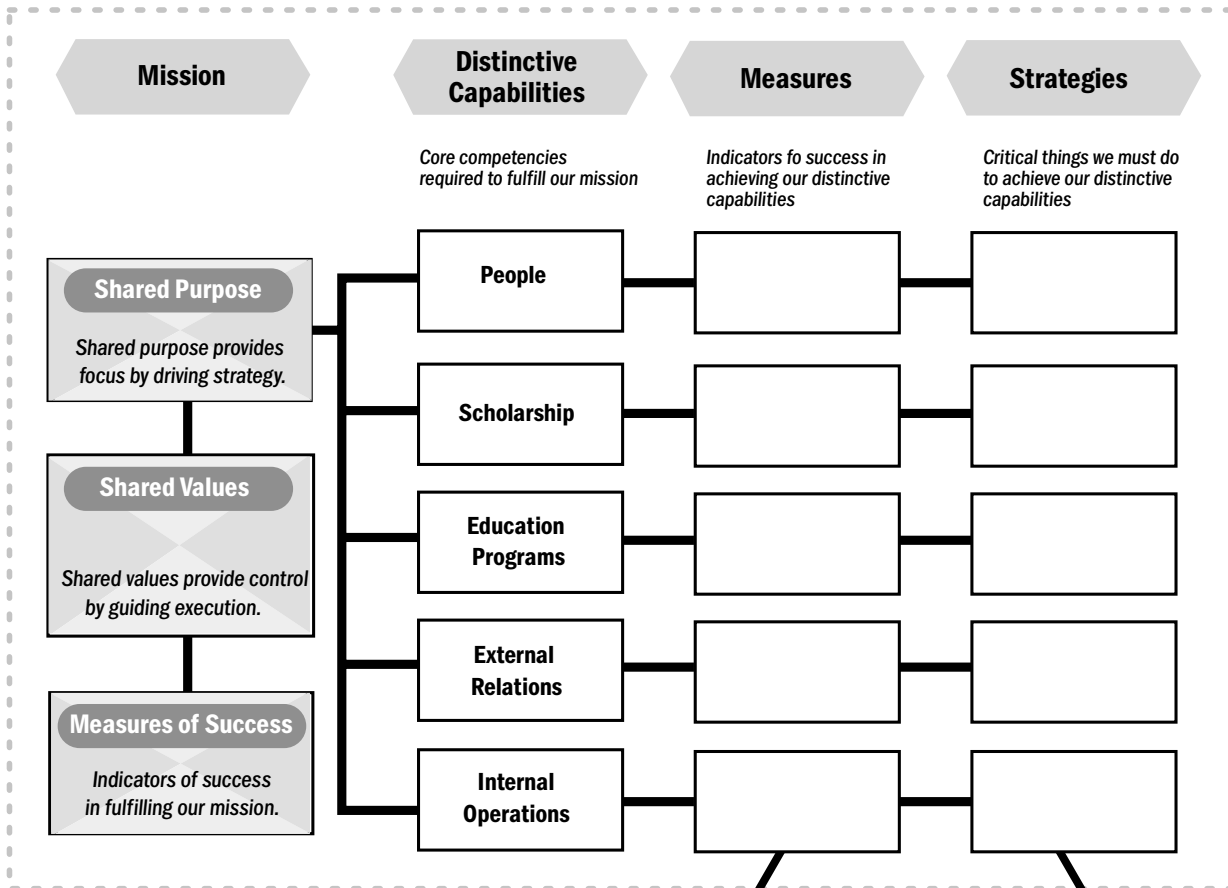
The Academic Scorecard

Chapter 7: Strategies

In Chapter 8, we describe the Strategic Planning Partnership process methodology, a means through which a planning team can systematically work its way through the development of its strategic framework and thereby construct an actionable strategic plan that is specific to the marketplace needs and opportunities in which it operates.

Throughout this process, the strategic framework serves as a summary, in headline format, of the current state of thinking by the planning team. In addition to its useful communication and diagnostic properties, the strategic framework reinforces a sense that the distributed work of the task forces is progressively coming together in an integrated, actionable plan that will help the academic unit to turn its vision into reality.

Strategic Framework



Measurements

Distinctive Capability Area:	
Measurement Category	Operational Specifics

Strategies and Actions

Strategy:		
Action Step / Result	Date	Responsibility

Exhibit 4

For Example University: Everyone's School of Business

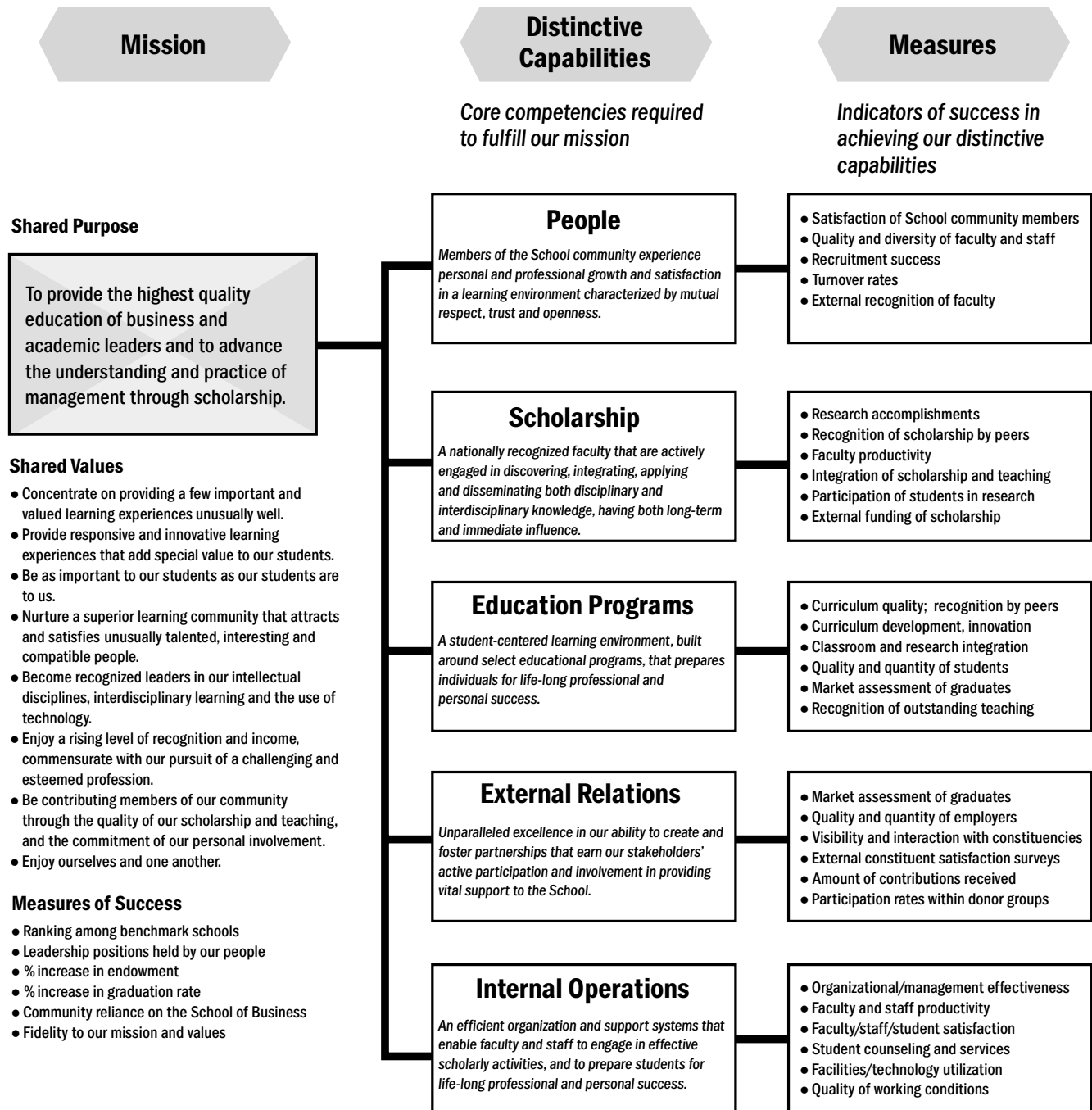


Exhibit 5

Strategies

Critical things we must do to achieve our distinctive capabilities

- Attract and retain a diverse faculty and staff who are committed to student participative learning and to intellectual growth and discovery.
- Establish unmatched opportunities for individual development of faculty and staff, consistent with their career goals and, within the School's mission and distinctive capabilities.
- Implement written annual evaluation procedures and, for faculty, promotion and tenure criteria that reward in a meaningful way, activities that serve the School's mission.
- Maintain a collegial, supportive environment in which faculty and staff are able to work together and develop to the fullest extent of their abilities.

- Create forums for discussion of scholarship between school faculty, visiting faculty and Ph.D. students, including structured events, a visiting scholar program and informal lunches.
- Create a faculty committee to develop critical scholarship pathways that the School will support through faculty hiring and Ph.D. fellowships.
- Review and, where necessary, make changes in workloads and teaching schedules to enhance the production of research, while maintaining emphasis on outstanding teaching.

- Develop an internal program review process for both undergraduate and graduate degree programs.
- Develop criteria for reducing the number of undergraduate programs from eight to four or five.
- Specify learning outcomes and develop pedagogy strategies throughout the undergraduate and professional graduate curricula.
- Internationalize the MBA curriculum.
- Work with the University Committee on Distance and Distributed Learning to develop joint-venture distance learning education programs with the University and with external organizations.

- Identify organizations with which the School wants to partner on a variety of activities including research and executive education.
- Focus fundraising efforts on specific high priority projects, including graduate fellowships, faculty development and scholarships.
- Organize an Office of External Affairs and Public Relations within the School.
- Work with employers to increase the number of student and faculty internships.

- Organize a committee to review the School's organizational structure and recommend structural and operating improvements.
- Enhance the quality of decision-making through an improved internal planning and budgeting process.
- Assess the School's technology support needs on a five-year horizon and develop a plan, including funding strategies, to meet these needs.
- Appoint a Director of Student Retention, with responsibility to develop and implement strategies that will increase student retention by 5% per year over the next five years.

The methodology described in Chapter 8 is simply illustrative. Other systematic approaches could be designed and used. We use the SPP example simply as a vehicle for suggesting what we believe are useful ideas about process design and facilitation, based on our experience in assisting more than twenty academic units in developing their strategic plans.

In Short

- Planning teams need a common language and a structure for articulating their vision and for turning that vision into reality. The Focus strategic framework provides one such model.
- Mission (Shared Purpose and Values), Distinctive Capabilities, and Measures of Success are the three direction-giving elements of the strategic framework. Together they articulate the vision of the planning team.
- Strategies, and their related actions, are the pathways for turning vision into reality. The acid test for the viability of any strategy is whether the strategy influences resource allocations.

Mission: Shared Purpose and Values

Daniel Burnham, an early 20th century architect and city planner, espoused the pulling power of vision when he declared: “Make no little plans. They have no magic to stir men’s blood and probably themselves will not be realized. Make big plans; aim high in hope and work, remembering that a noble, logical diagram once recorded will never die, but long after we are gone will be a living thing, asserting itself with ever-growing insistency.”²³

What is this vision that academic leaders strive to formulate and then turn into reality amid the turbulent white water of change in which they operate?

The language of strategic planning is not rigorously structured or pervasively consistent. Words like vision, mission, values, goals, objectives, distinctive capabilities, core competencies, strategies, tactics, and actions are defined and used in a variety of ways by authors, academics, business executives and consultants. One of the challenges of facilitating strategic planning processes, particularly within business schools, is that participants in the processes usually include faculty who teach strategy and provide strategy consulting services, and business executives and others who have experienced one or more skillfully developed strategy processes. Neither their experiences nor the language they use to describe their

If any one idea about leadership has inspired organizations for thousands of years, it’s the capacity to hold a shared picture of the future we seek to create. One is hard pressed to think of any organization that has sustained some measure of greatness in the absence of goals, values and missions that become deeply shared throughout the organization.

— Peter Senge
The Fifth Discipline

experiences are apt to be common. Given that there is no widely accepted, correct taxonomy for strategic planning, it is important that the planning team choose a common language that will facilitate their communications as they work together on their organization’s strategy. The Focus strategic framework, summarized in Chapter 3, provides one such common language.

Vision

Within the Focus model, vision is a word picture of a desired future state for the enterprise, a picture of the enterprise achieving its highest service aspirations —one that conveys the feelings of satisfaction and value-added enjoyed by the enterprise’s customers, its members and other stakeholders. Vision is a motivating description that maximizes a stakeholder’s ability to visualize and personally identify with the future potential of the enterprise, and to enthusiastically join in common cause to achieve the desired future state.

A vision statement aggregates and conveys the spirit embodied in three component elements of the Focus strategic framework model described in Chapter 3, i.e., *mission, distinctive capabilities and measures*. In fact, these component elements of vision are usually fully developed and articulated before attempting to draft a vision statement. Having fully developed these three components of vision, most of the schools with which we have worked have not found the need to write an additional, overarching statement of vision.

By facilitating the strategic planning team in their building of these three components, the groundwork is laid for specifying areas of strategic focus and the strategies and actions necessary to turn those components, and thereby the vision, into reality.

Mission

In this chapter, we look in depth at the mission component of the strategic framework because of its dominant position in specifying the common cause that is essential to the exercise of academic leadership. Within the strategic framework, we define mission as a statement of *shared purpose* and *shared values*—the central focus that will drive strategies and resource allocations of the academic unit.

Academic organizations often lack clearly articulated missions that lead to distinctive foci in their activities. Individual functions and departments tend to set their own directions and optimize their areas separately. These individual academic unit goals may be worthy and their individual members talented, but their efforts may become diffused and internally competitive. What is needed is *strategic integration*.

Strategic integration is about getting every element of the academic unit (its scholarship, education programs, support functions and processes) to work together toward a common vision of success. There is a tendency to view strategy and integration as two separate issues. How do we deal with a demanding, sometimes hostile external environment (sometimes labeled strategy)? And how do we get everyone to work together as a team (sometimes labeled integration)?

But, the notion of strategic integration suggests that the external world (marketplace, competitors, customers and other stakeholders) is not so separate from the internal world (organizational structure,

culture, values, distinctive capabilities). Thus the answers lie in blending the two questions into a single question about possible strategic integration—where the mission and priorities of the academic unit fully reflect and are driven by what is required for its customers and other stakeholders to succeed.

With strategic integration, the focus that makes the academic unit successful externally, also becomes what binds its faculty and staff together internally. As a strategy consultant friend of ours likes to observe, “When you have a problem with teamwork, work on strategy. When you have a problem with strategy, work on teamwork.” Strategy and teamwork do not live in separate worlds.

The “soft” issues are more important than the “hard” ones. The key to effective strategy is first to develop a clearly understood, broadly agreed-upon mission, stipulating the organization’s shared purpose and values, and the distinctive capabilities that must be developed to fulfill it.

— Michael Davidson
The Transformation of Management

It is mission then that creates both the common focus and the foundation for teamwork within the academic unit. Again, as we define it, mission consists of two interrelated parts: shared purpose and shared values. If mission were an iceberg, we would suggest that the 10% you

can readily see is the purpose. Shared values comprise the 90% that lies below the surface, that energizes and guides the direction of day-to-day activities.

Purpose is centered on the most significant needs of the organization’s most important stakeholders. It provides the necessary focus and drives strategy. Clear purpose and focus will keep the organization’s limited resources from being dissipated. Without that focus there will never be enough resources to succeed. Even the most richly endowed academic institutions are not exempt from the imperative to develop and sustain focus in their use of resources. One of the acid tests of an authentic strategy is whether an institution allocates its discretionary resources consistent with its declared focus.

Shared values provide the control system for an organization by guiding execution. With strong shared values, both customers and organization members, in making tradeoffs in their everyday decisions, will respond with greater consistency.

Organizations often build elaborate control systems, often based on coercion, i.e., the carrot-and-the-stick, to assure and reinforce this consistency. Shared values, however, if they are rooted deeply within the organizational culture, comprise a much more positive, sustainable control system, and one that is clearly cheaper to maintain.

Shared Purpose

The purpose of every organization exists outside itself. The organization’s case for its existence and survival can be explained only in the continuing value that it provides to others. Purpose provides the foundation for developing the specific value propositions that attract, serve and retain an organization’s customers, including both those customers who pay for value in the marketplace, and those internal customers who are paid for, or who volunteer for, being a member of the organization.

In defining shared purpose, the strategic framework model focuses on two critical questions: Who are our key stakeholders? What critical needs of these stakeholders are we aiming to satisfy better than anyone else? The schools with which we have worked include both public and private institutions, large baccalaureate degree programs, graduate schools, a large part-time MBA program, a liberal arts college —institutions with widely varying degrees of emphasis among research, teaching and service. These schools have a myriad of external and internal stakeholders vested in their success. Although there are common elements among their mission statements, there is also significant and appropriate diversity.

The customers, or stakeholders, in higher education tend to have more complex relationships with their institutions than is typically the case for business organizations. The educational institution’s relationship with many of its stakeholders begins during a young person’s passage from dependency to independent living and the pursuit of a working career. The

same individual may experience a variety of stakeholder relationships to his/her university, college or school over time:

- As a sought-after candidate for admission.
- As an active student.
- As an involved alumna of the institution.
- As a consumer of the institution’s continuing education.
- As an employer of the institution’s graduates.
- As a parent of a prospective or active student.
- As a member of an advisory board or governing board.
- As a person who influences public policy affecting the institution.
- And, in all these roles, as a prospective donor!

The life-cycle of potential stakeholder relationships to the higher education institution suggests that the nurturing of the relationship at every step in the cycle should be conditioned by a long-term view. In each successive stakeholder role, the institution has the opportunity to leverage the commitment and loyalty engendered in an earlier stage of the relationship, and to build an advantaged positioning for continued

mutually beneficial relationships in the stages that may follow. The centerpiece of this long life-cycle relationship is the experience of the student.

In the language of the planning model advocated by The Peter F. Drucker Foundation, customers are “Those who must be satisfied in order for the organization to achieve results. The *primary customer* is the person whose life is changed through the organization’s work. *Supporting customers* are volunteers, members, partners, funders, referral sources, employees, and others who must be satisfied.”²⁴ The primary customer or stakeholder of an academic institution is clearly the student, and the life changing influence of the institution on that student provides a foundation for the institution’s relationships with many supporting customers.

As the partnership schools with which we worked articulated their assessments of the value-adding needs of their stakeholders, recurring patterns emerged. These patterns reflect the judgments of individual planning teams at these schools. Examples of stakeholder needs are expressed in the following table at a broad summary level, with each school continuing to articulate

Stakeholders	Needs
Students Faculty/staff Employers Alumni Academy Advisory boards Donors Governing boards	Learning to live a life and earn a living Environment for scholarship, teaching and service Intelligent, educated, motivated workers Institution reputation; networking Advancement of knowledge and disciplines Affiliation; opportunity to have impact Effective use of contributions; recognition Mission success; accountability

For Example University Everyone's School of Business Stakeholder Needs and Our Expectations

Students: Challenging, topical, substantive curriculum; a supportive learning experience.

***We expect:** Dedication and motivation to learning, commitment to Everyone's team learning environment, a sense of responsibility toward their educational experience.*

Business Community: Intelligent, motivated, well-educated people with leadership potential, continuing education to develop their leaders, and research that addresses their need for new knowledge and insights.

***We expect:** Hiring of our graduates, sending executives to our programs, and engaging us to work with them on their own education programs; allowing access to their organizations and providing financial support.*

Faculty and Staff: Collegial, supportive, challenging work environment; opportunities to develop their talents and to achieve their highest potentials.

***We expect:** Performance at their highest levels, and a sense of commitment and responsibility to the success of Everyone's School of Business.*

Alumni: Maintenance of the School's reputation as an international leader in management education: a supporting network of leaders worldwide with a common bond.

***We expect:** Striving for excellence which will reflect positively on the School, endorsements, contact and financial support.*

For Example University: Quality education and research, a cooperative attitude, active participation in interdisciplinary research and education programs, sharing of administrative overhead.

***We expect:** Support for the School's efforts to achieve our mission, including support of programs and faculty, and maintaining a reputation for academic excellence.*

The Academy: Intelligent, well-trained entrants into the profession; research that advances the level of understanding of the disciplines and the intersections of those disciplines.

***We expect:** Preparation of high-quality entrants to the profession, and research that advances the practice of management.*

Advisory Board: Affiliation with a quality institution, the opportunity to provide counsel, and to be integrally involved in matters of importance to the School.

***We expect:** Advice and counsel, involvement of their organizations in the activities of the School, and financial support.*

Media: A source of information on major issues concerning effective leadership in complex organizations in an ever-changing environment.

***We expect:** Fair and accurate reporting of the School's activities and programs.*

the more specific dimensions of these needs in terms that are needed to facilitate operational responses.

Exhibit 6 is a summary statement of stakeholder needs and expectations for a hypothetical academic unit. The statement is based on one developed by a business school with which we worked, and illustrates an application of the analysis of stakeholder needs and relationships with the academic unit. The statement outlines mutual expectations that the school desires in its relationships with each stakeholder group. It recognizes that these relationships will be most effective where, in a spirit of partnership and mutuality, each party adds value to the other and, thereby, both are more successful.

We found that all business schools we worked with inevitably focused on how to build mutually beneficial partnerships with their key stakeholders, recognizing that it would be through such relationships and transactions that strategic, comparative advantage could be best sustained. *The roots of strategic integration lie in this mutuality*—where the purpose is enthusiastically shared and committed to by the individuals who comprise the stakeholder groups. Ideally, the life-changing experiences needed and sought by students are met through faculty, staff, alumni, employers and others who are pursuing their deepest needs to coach, mentor, educate and provide growth opportunities for the student/graduate.

We encourage academic units to articulate their shared purpose as succinctly as possible, using the metaphor of a headline or bumper sticker to emphasize the value of

a brief, attention-grabbing statement. Ideally, the headline will contain anchor words that lead to more expansive statements of shared values and distinctive capabilities that, in turn, can be translated into operational strategies to turn the vision into reality.

Several of the partnership schools supplemented their mission statements with explanations of key words, a technique that preserved the headline format of the mission statement while amplifying the meaning within the same presentation. The San Jose State University College of Business mission statement exemplifies such an approach:

The SJSU College of Business is the institution of opportunity, providing innovative business education and applied research for the Silicon Valley region.

Supplementing the meaning of mission, the following statements were added:

Institution of opportunity—To students we offer an accessible, reasonably priced, professional education that empowers people of all ages and backgrounds to transform their lives. To faculty and staff we support a culture and provide resources to educate a diverse, multicultural student population and to pursue relevant professional development. To the community we are a talent pool providing faculty and student resources to the Silicon Valley region.

Innovative business education—In partnership with our community, we seek to create and continuously improve programs that add value by assuring relevance, convenience and overall quality.

Applied research—We conduct research that provides organizations within the Silicon Valley region and beyond the opportunity to further their goals.

Silicon Valley region—Our programs add value to the Silicon Valley region, and reflect its internationally renowned qualities of entrepreneurship, technology and innovation.

Together, the bumper sticker statement of mission and the expanded statements of meaning of key words could be said to comprise a vision statement for the College, a word picture expressing the College's highest aspirations of service to its constituencies.

Leaders cannot function without some base of shared values in their constituents or followers. They are community builders because they have to be.

— John W. Gardner
On Leadership

Shared Values

Values act like compass headings. They set the direction in which individuals move over time. In describing what values mean to them, we find that people use images such as bedrock, gravity force, underground river, gyroscope, and polar star to symbolize the character and power of values in influencing behavior. Values are powerful because they are steady and unrelenting forces pulling in the direction that they seek. For the most part, they act as stable anchors amid the noise and distraction of a changing world.

I find that the great thing in this world is not so much where we stand as in what direction we are moving.

— *Oliver Wendell Holmes*

Values are always personal. We may share values in common with others, but we own them individually. Values have emotional roots. We feel them in our gut. They evoke passion. We feel good and are validated when our values are honored and celebrated. We become depressed, we get defensive and angry, when our values are criticized and ridiculed. When the task is going well, when people enjoy feelings of high energy, a sense of “can’t lose,” of just knowing what they will do next—and being right about their choices—one of the forces working for them is that they are aligned with what they most value.

If you reflect on great team efforts, whether in sports, a great symphony performance, or in winning a proposal or grant against tough competition, you find shared values at work. Each member of the

team was on-the-line. Each had an important role that was understood and appreciated by all. What they did mattered—to themselves and to their team. The focus was on a common cause, and the individuals shared both the cause and the values that shaped how they performed.

All commitments, great and small; all acts of heroism; all peak performances, great and small; are the products of values in action. It is true whether these are acts of individuals or of teams. If you want something great to happen, tapping into deeply shared values will provide an important fuel for turning the vision into reality.

Because individual values are so personal and deeply felt, we believe it is usually more productive to work with existing values rather than try to change them. Within successful organizations, there is usually a deep reservoir of shared values that can often be traced back to its founding. These shared values form the common ground on which mutual success can be built.

Successful organizations drive on their shared values. That doesn’t mean that everyone thinks the same way, or that individuals are required to set aside their personal values in adapting to institutional norms. What it does mean is that, at some level, there is a common cause, in which individuals will voluntarily engage and that will become a source of pride, energy, commitment and creativity in building an institutional presence of which they will be genuinely proud. Shared values bind individuals together in partnership. People are reinforced through the experience. They like the feeling. They are strengthened in

their personal beliefs through the assurance that others, whom they value and respect, are working with them in common cause.

We hear a great deal of talk these days about the “culture” of an organization. But what we really mean by this is the commitment throughout an enterprise to some common objectives and common values. Without such commitment there is no enterprise.

— *Peter Drucker*
Harvard Business Review

Values define the characteristics of people who choose to become members of a team—and why the established team is attracted to them. Values explain why students, faculty and staff select and stay with a particular academic institution—and why that institution selects them. An academic institution’s people and its customers and stakeholders need to know that they are associating with an institution that knows what it values, what it stands for—and that it is an institution that values what they value.

Paraphrasing slightly the sentiments of Thomas Watson, IBM’s founder: academic institutions must be willing to change everything about the way they conduct themselves in the competitive marketplace, except for their core values. Everything else should continuously be adapted to what works best for its clients, customers, the communities it serves and, through providing those services, that also works best for its faculty, staff and trustees.

The change imperative is relentless. Academic institutions cannot wait for the world to change and then react. It is not enough even to ride the waves they see developing. Rather, academic institutions must choose and shape their own futures through the choices they make and the initiatives they undertake, so long as they do so consistent with their values.

Academic Culture

There is, of course, no single academic culture. Higher education institution missions vary across a wide spectrum of highly research-oriented universities, predominantly undergraduate liberal arts colleges, business, engineering and other professional schools, community colleges, and all these in both public and private settings. Within this diversity, however, there are some common threads that would be found within most academic institutions, e.g., scholarship, academic freedom, shared governance, commitment to one's academic discipline, lifelong learning. Common threads such as these will inevitably be reflected in some way in the shared values of academic units.

Historically, academic institutions have honored and supported highly individualistic cultures, providing their faculty members with wide latitude in their scholarship and teaching pursuits and relying on collaboration among their faculty members to design and manage the learning experienced by students. This spirit is eloquently expressed in the following excerpts from an address entitled, *The Cornell Tradition: Freedom and Responsibility*, made by professor Carl L.

Becker in 1940, on the seventy-fifth anniversary of the signing of the charter of Cornell University:

"In these devious ways I discovered that I could do as I pleased all right. But in the process of discovering this I also discovered something else. I discovered what the catch was. The catch was that, since I was free to do as I pleased, I was responsible for what I pleased to do. The catch was that, with all my great freedom, I was in some mysterious way still very much bound. Not bound by orders imposed upon me from above or outside, but bound by some inner sense of responsibility, by some elemental sense of decency or fair play or mere selfish impulse to justify myself; bound to all that comprised Cornell University, to the faculty that had so politely asked me to join it without imposing any obligations, to the amiable deans who never raised their voices or employed the imperative mood, to the distinguished president and the Board of Trustees in the offing who every year guaranteed my salary without knowing precisely what, if anything, I might be doing to earn it—to all these I was bound to justify myself by doing, upon request and in every contingency, the best I was capable of doing. And thus I found myself working, although without interference and under no outside compulsion, with more concentration, with greater satisfaction, and, I dare say with better effect, than I could otherwise have done..."

These considerations make it seem to me appropriate, on this memorial occasion, to recall the salient qualities which have given Cornell University its peculiar character and its high distinction; and, in conclusion, to express the hope that Cornell in the future, whatever its gains, whatever its losses, may hold fast to its ancient tradition of freedom and responsibility—freedom for the scholar to perform his proper function, restrained and guided by the only thing that makes such freedom worthwhile, the scholar's intellectual integrity, the scholar's devotion to the truth of things as they are and to good will and humane dealing among men."²⁵

The lofty ideals expressed by professor Becker were advocated by a Partnership school faculty member as an ideal that should continue to be honored in the culture of his school, fully recognizing that in an increasingly complex, competitive and accountable world, the values of individual freedom and responsibility must be exercised within team, more than individual, contexts. Frank Rhodes, president emeritus of Cornell University affirms the notion that every academic campus requires a foundation of values, "No effective president has ever been value-neutral. The traditional virtues of the academy—reason, integrity, fairness, respect, civility, community, discipline, and industry—are values that the successful president will embrace and embody. They will be reflected by the president in every speech, every relationship, every meeting, every priority, every decision, every policy."²⁶

It is because ideas are so important in guiding human conduct that those who lead by the power of ideas so often triumph over the forces that are materially more powerful.

— *John W. Gardner
On Leadership*

At its best, the academic culture is well suited to the discovery, integration, dissemination and application of knowledge. The commitment of the faculty member to scholarship in research, teaching and service is supported by academic colleagues both within and outside of the faculty member's institution, and there is enormous potential synergy among these three legs of the academic stool.

When "reason, integrity, fairness, respect, civility, community, discipline, and industry" are lively characteristics of the academic unit's functioning, the resulting collaboration can produce superior research, education programs, student learning and relevant service to the business and general communities. A climate of intellectual freedom, exploration of knowledge and ideas, and shared decision-making can result in increased creativity, continuous renewal, and pervasive commitment to the institution's shared purpose and shared values.

But, as Tulane University president Scott Cowen observed (page 4), many academic units have drifted far from these ideals. The conditions that support individual freedom and responsibility do not in themselves assure that the traditional values of

the academy, articulated by president Rhodes, will thrive. Further, the enumerated qualities of the academic culture have not traditionally included the important themes of customer-orientation, market-driven focus and measures of success, and accountability to external stakeholders.

The combination of external pressures and, at times, defensive internal posturing has further undermined professor Becker's nostalgic desire for simple reliance on individual freedom and responsibility. Trustees, legislators, employers, parents and, yes, even students have vigorously rejected the notion of the faculty member, however responsibly, as being "free to do as I please."

University administrators, deans, department chairs, and the faculty itself, also have considerably bounded the ideals of individual freedom and responsibility with multi-layered processes for dealing with promotion, tenure, curriculum development and assessment, governance and other forms of decision-making. In academic institutions, the terms of faculty employment have been transformed from a handshake with an "amiable dean" to, in some cases, hard negotiations at the collective bargaining table and, in some cases, in legal arguments before a jury. The traditions of collegiality, consultation and shared governance, especially in the absence of clear institutional focus and shared values, can make effective decision-making and change management a formidable challenge within the academic culture. Playing the role of Machiavelli, as a newly appointed advisor to academic leaders, Julius, Baldrige and Pfeffer, offer the following description of the academic decision-making culture:

The faculties as a whole become ghettoized, less interactive, further removed from the synergistic community of scholars that was the glory of Plato's Academy. The greater use of information technology, which is an effective but impersonal medium, can reinforce these problems. The great expansion of knowledge in so many disciplines has encouraged single-discipline curricula and further hampered cross-disciplinary contacts. The effects of these disjunctions can be insidious, undermining a common vision of the nature and purpose of the academic enterprise.

— *Thomas N. Mitchell
From Plato to the Internet*

Decision is by committee. *Because expertise, not hierarchical office, is the organizing principle, then committees of experts decide many of the critical issues.*

Fluid participation. *Many of the decision-makers are amateurs, engaged in pursuing their professions, not in making decisions. As a consequence, they wander in and out of the decision process, and power belongs to those who stay long enough to exercise it.*

One of our trustees says that if he learns that the end of the world is at hand, he will immediately come to Duke, because everything takes a year longer here.

— Nan Keohane
President
Duke University

An issue carousel. *Issues have a way of always coming around again. Decisions do not last for long because pressure from outside groups, from clients, and from other professionals push the same or similar issues full circle. Decisions are not made as much as they are pinned down temporarily.*

A “subsidiary” process. *The longer it takes to make a decision, the greater number of issues that are piled onto the original subject. People, hoping to accomplish several things at one time, burden simple decisions with countless subsidiary ones.*

Conflict is common. *Professional groups, clients, and outsiders support diverging interests in setting the ambiguous goals of academic organizations. As a consequence, conflict over goals is common as decision-makers cope with the pressures from diverse interest groups.*

How can I summarize? *The image that captures the spirit of the decision process in an academic organization does not resemble a normal bureaucracy; nor does it look like the “community of peers” that is often associated with the medieval guild. Several images capture the spirit of*

the decision-making process. First the structure of the organization is fluid, can be challenged and is highly political. Second, the decision-making process reflects competing groups who often conflict. Finally, the unsettled character of the decision-making process can be captured by using the term decision flowing instead of decision-making. Decision-making has a finality to it; decision flowing sounds like a never-ending process that must be continued in order to make outcomes really work.”²⁷

Under the banners of academic freedom, collegiality, and shared governance (and supported by the somewhat unique phenomenon of faculty tenure), today’s educational institutions exhibit both the lofty ideals of their roots and the now often dysfunctional structures and processes that hobble their efforts to (1) gain acceptance of an institutional focus that transcends individual faculty interests, and (2) respond rapidly to the changing needs of their stakeholders. As Scott Cowen put it, “. . .our institutions are not built for speed, rapid change or just-in-time operations. This is our beauty as well as our bane. I just hope that the slow pace of higher education does not become so much of an obstacle that it thwarts our efforts to build outstanding institutions.”²⁸

The tension between these value imperatives, and the challenges of gaining agreement on change initiatives, sometimes boils over in sharp exchanges among faculty members, between faculty and academic administrators, and between faculty and other stakeholders. During a heated moment in one of our partnership school planning processes, a faculty member

Changing the curriculum has all the physical and psychological problems of moving a graveyard.

— Malcolm Gillis
President
Rice University

exclaimed, “The mission of this school should be to leave me alone!” At another partnership school, a faculty member proposed the following shared value: “The school is a partnership. Tenured professors are partners and the dean is the managing partner. The school is run to advance the interests of its partners.”

The pressures to change traditional academic cultures in response to the imperatives of a changing, competitive environment may deeply divide the faculty. Productive dialogue sometimes degenerates into instinctive incivility and frustrates the best efforts of academic leaders to develop a shared vision and to turn that vision into reality.

Academic Unit Shared Values

Discussions of values by partnership school teams are typically the most energetic and emotional working sessions within the strategic planning processes we facilitate. The energy and emotion reflect both the tensions in the evolution of the academic culture, and the personal aspirations, satisfactions and frustrations that the participants experience in their everyday relationships.

Still, we found a high degree of consensus and optimism in the aspirations expressed by the teams, and a marked consistency in the themes that emerged across schools having widely differing missions and programmatic emphases. Examples of recurring aspirational themes include:

- Interactive, learner-centered focus.
- Intellectual freedom within an active learning environment.
- Students as the primary constituents.
- Environment of mutual respect, teamwork, and diversity of thought.
- Ethics, integrity and honesty in relationships.
- Active partnership among faculty, staff, students and the community.
- Innovative, entrepreneurial, open to risks inherent in the pursuit of knowledge.
- Fresh, vibrant, energetic, enthusiastic and assertive performance.
- Excellence; focus on continuous improvement.
- Teaching, research and service that are mutually supportive.

Schools articulated their shared values in a variety of formats. Their values might be imbedded in the text of the mission statement. More frequently, the values statements were presented as an abbreviated, bulleted list, much like the above list. Some schools chose to weave their statements of values into a traditions narrative, tracing the roots of their values through the founding, historical growth, and past and present achievements of the school.

Typically, values are featured in the academic unit's recruitment, orientation, fundraising, alumni and public relations publications. The shared values statement illustrated on this page is a composite of the type of values statements that might be found in broadly distributed publications.

These values statements are clearly aspirational, describing a desired future state for the school. In some cases the current state of the school falls far short of the aspirations stated, requiring that the participants develop strategies and actions for increasing the consistency of performance with the asserted values. While the declaration of values is an important initial step, any such declaration also risks cynical, dysfunctional responses, if the school is not committed to actions that lead to making progress in achieving the aspirations it declares.

In the examples of recurring themes, the identified values encompass both the external and internal stakeholder groups. It is hard to imagine any academic unit that would be able to consistently sustain one set of service values in its relationships with its customers and other external stakeholders, and a different, inconsistent set of values that characterize the interactions among faculty, administrators and staff. Further, the primary customer, the student, is also an integral member of the learning community that comprises the academic unit itself.

Everyone's School of Business Shared Values

- Concentrate on providing a few important and valued learning experiences unusually well.
- Provide responsive and innovative-learning experiences that add special value to our students.
- Be as important to our students as our students are to us.
- Nurture a superior learning community that attracts and satisfies unusually talented, interesting and compatible people.
- Become recognized leaders in our intellectual disciplines, interdisciplinary learning and the use of technology.
- Enjoy a rising level of recognition and income, commensurate with our pursuit of a challenging and esteemed profession.
- Be contributing members of our community through the quality of our scholarship and teaching, and the commitment of our personal involvement.
- Enjoy ourselves and one another.

Assessing Academic Unit Values

As a prelude to developing statements of shared values, the partnership school strategic planning groups assessed the values that characterize the current operating state of their academic units. Discussions were initiated through a process wherein teams of three to four planning team members assessed the current state and the desired future state of the school on a continuum of paired descriptors. Assessment teams included faculty, staff, students, university administrators and business advisors associated with the schools.

In the arresting image of the historian John Higham, the contemporary academy is like a “house in which the inhabitants are leaning out the many open windows gaily chatting with the neighbors, while the doors between the rooms stay closed.”

— Carol Geary Schneider
Robert Schoenberg
Habits Hard to Break

We found no marked differences in the assessments made from the individually diverse perspectives represented within the teams. In all, 126 teams from 19 schools participated in the values assessment processes. The assessments of both the current state of the school and the desired future state led to the identification of possible gaps between what *is* and what *should be* if the school is to be successful in achieving its mission.

The paired descriptors used in this process are shown in Exhibit 7. A nine-point scale was used through which the working teams indicated where on each continuum they thought the academic unit’s existing culture would be identified and where, on the same scale, they would want their academic unit to be within a desired future state. Exhibit 7 plots the aggregate judgments of the 126 teams concerning the desired *future* cultural norms for their academic units.

There are strongly consistent future-state preferences selected by diverse teams from a diverse set of schools. Their collective judgments suggest that academic units, generally, will be more successful in achieving their missions and in satisfying their stakeholder needs to the extent that their cultures reflect the following prefer-

ences (The center column indicates either no preference or a preference for a balance between the two descriptors): These subjective data do not provide a foundation for in-depth statistical analysis. Nonetheless, the data generate important questions and insights, the most important of which are the comparisons between assessments of the current and future states of the academic unit. Where a significant gap was identified, it was used as a trigger to explore the reason for the disparity, initially to learn whether the differences had to do with interpreting the meaning of the scales, but more importantly to discover whether there were some actual change issues that should be studied and discussed during the strategic planning process.

%	More Preferred	%	Less Preferred	%
98%	Cooperative	2%	Compartmental	0%
98%	Open Communication	2%	Need-to-Know	0%
97%	Innovative	2%	Conservative	1%
95%	Long-Term	5%	Short-Term	0%
94%	Quality	6%	Quantity	0%
91%	Shared Commitment	8%	Carrot/Stick	1%
91%	Risk Taking	6%	Risk Averse	3%
90%	Reward Performance	9%	Reward Commitment	1%
80%	The Team	17%	The Individual	3%
74%	Measure Outputs	23%	Measure Inputs	3%
71%	Participative	23%	Autocratic	6%
69%	Effective	29%	Efficient	2%
63%	Externally Focused	32%	Internally Focused	5%
60%	Service to Others	32%	Impact on Us	8%
57%	The Organization	25%	The Unit	18%
54%	Laissez-Faire	29%	Controlling	17%
39%	Analytical	54%	Intuitive	7%
39%	Remuneration	44%	Recognition	17%
37%	Planful/Programmed	26%	Ad Hoc/Opportunistic	37%
36%	Seek Advice	39%	Self-Sufficient	25%

Cultural Descriptors Desired Future State

	-4	-3	-2	-1	0	1	2	3	4	
Long-Term	18	53	39	10	6					Short-Term
Risk Taking	2	24	64	24	8	3	1			Risk Averse
Cooperative	41	51	24	8	2					Compartmental
Measure Inputs	1		1	2	29	8	27	37	21	Measure Outputs
Autocratic			3	5	29	18	40	22	9	Participative
Self-Sufficient	2	4	17	9	49	22	17	3	3	Seek Advice
The Individual			1	5	21	24	45	21	9	The Team
Open Communication	42	58	22	2	2					Need-to-Know
Planful/Programmed	3	13	22	9	32	14	20	10	3	Ad Hoc/Opportunistic
Externally Focused	10	24	27	19	40	2	1	2	1	Internally Focused
Controlling		2	4	15	37	31	26	8	3	Laissez-Faire
Reward Performance	23	52	34	5	11		1			Reward Commitment
Intuitive	1	3		5	68	23	17	9		Analytical
Efficient				2	37	20	28	24	15	Effective
Remuneration	4	8	22	15	55	11	6	4	1	Recognition
The Organization	8	24	25	14	32	12	7	3	1	The Unit
Quality	38	48	26	7	7					Quantity
Innovative	22	51	43	6	3	1				Conservative
Shared Commitment	26	51	27	11	10	1				Carrot/Stick
Impact on Us	1		2	7	40	18	31	20	7	Service to Others

= Indicated preference

Exhibit 7

Cultural Descriptors Future State vs. Current State

	-4	-3	-2	-1	0	1	2	3	4	
Long-Term						0.7				Short-Term
Risk Taking						1.4				Risk Averse
Cooperative							1.8			Compartmental
Measure Inputs						0.6	2.0			Measure Outputs
Autocratic						0.4	1.5			Participative
Self-Sufficient					-1.1	0.1				Seek Advice
The Individual					-1.9		1.6			The Team
Open Communications					-3.1	0.1				Need-to-Know
Planful/Programmed						0.0	0.1			Ad Hoc/Opportunistic
Externally Focused					-1.4	0.3				Internally Focused
Controlling						0.4	0.7			Laissez-Faire
Reward Performance					-2.5	-0.4				Reward Commitment
Intuitive						0.4	0.5			Analytical
Efficient						0.2	1.6			Effective
Remuneration					-0.5		0.8			Recognition
The Organization					-1.0			2.3		The Unit
Quality					-2.8	-0.1				Quantity
Innovative					-2.6		0.7			Conservative
Shared Commitment					-2.5	0.2				Carrot/Stick
Impact on Us					-1.2		1.2			Service to Others

□ = Indicated shift of two+ places

Bold= Future State

Exhibit 8

Exhibit 8 aggregates the gaps identified within the 19 schools where this process was conducted.

The numeric values in Exhibit 8 represent weighted averages of the individual scale placements by the 126 working teams and, thereby, indicate a composite picture of the participating schools. Although this averaging process tends to mute the differences between the assessments of the current and future states, the Exhibit indicates some significant gaps, even in the aggregate. For individual schools, much larger gaps were flagged for review and discussion by the planning teams.

Eleven of the paired-descriptors are identified in Exhibit 8 by shaded titles indicating the desired direction for change, where there was an average desired shift of two or more places on the nine-point scale. The strong consistency of future preferences (Exhibit 7), combined with the size of the shifts from current practice (Exhibit 8), suggests that the following areas may be fertile ground for exploring improvement opportunities within higher education generally:

Collaboration, Teamwork, Interdisciplinary Engagement	Indicated Shift
Cooperative to Compartmental	4.8
Individual to Team	3.5
The Unit to The Organization	3.3
Need-to-Know to	
Open Communications	3.2
Carrot/Stick to	
Shared Commitment	2.7
Reward Commitment to	
Reward Performance	3.2

Strategic Positioning, Market Orientation, Speed to Change

Conservative to Innovative	3.3
Risk Averse to Risk Taking	3.2
Short-Term to Long-Term	3.2
Quantity to Quality	2.7
Impact on Us to	
Service to Others	2.4

The suggested shifts in values are not greatly dissimilar from what might be expected to emerge from strategic planning processes within business and other organizations that are experiencing pressures for restructuring and adaptation to the changing needs of customers and employees. Academic units, however, may experience even greater challenges than business organizations in moving from an individual focus to a team focus in their cultures. The values of academic freedom and the traditional protection of individual faculty member interests in their research, teaching and service choices may be perceived as threatened by (1) growing emphasis on the academic unit’s particular focus, (2) the imperative of market-driven continuous improvement, (3) the expectation of more integration among the disciplines in research and in the curriculum, and (4) the expectation of greater efficiency in learning processes.

Based on the patterns of shared values envisioned by the academic units with which we have worked, we conclude that the high aspirations articulated by professor Becker and president emeritus Rhodes are not fading into nostalgic memory. There is, in our view, a substantial determination and optimism that the traditional values of the academy are inherently con-

sistent with delivering the value-added sought by students, employers, alumni and the business and general communities.

Maintaining, Changing, Renewing Values

A question frequently asked at the conclusion of the values assessment process is: “If we are in such strong agreement about the values we would like to guide our behaviors, why are we stuck in our present way of doing things?” What are the barriers to changing deeply engrained habits that the members of an academic unit agree are undermining their ability to achieve their mission?

The challenge for any organization only begins with agreement on and declaration of its shared values. Changing the current culture, where it falls short, requires examination of all the structural elements that support the functioning of the culture-in-place, especially the systems for recruiting, orienting, deploying, developing and rewarding the people in the organization. It is quite likely that the current structures are designed to support and reinforce precisely the values and behaviors that are observable in the institution’s day-to-day experience.

One technique for values analysis is to have a team of people identify specific examples of behaviors in the everyday experience of the organization that exemplify the desired values in action. After identifying hopefully a large number of positive examples, the team then identifies specific examples in the everyday experience that are inconsistent with the espoused values. To the extent that there is a significant shortfall in the organization’s

MISSION:
SHARED PURPOSE AND VALUES

desired performance, the list of negative examples will likely be easier to develop than will be the positives.

Having developed specific examples, the team is then able to discuss strategies for celebrating and reinforcing the desired behaviors and for avoiding, preventing and sanctioning the dysfunctional behaviors. The focus should be on ways of strengthening the enablers and removing the barriers to achieving desired improvements, thereby leading to changes in the organization's systems for decision-making, communications, performance management, recognition and reward. Whatever technique is used, the challenge of changing ingrained patterns will require getting to the specifics, being willing to confront what is undesired, and finding ways to enable, celebrate and reward what is desired.

Making significant change in values, reflected in the day-to-day activities of an organization, requires time, persistence, periodic assessment of progress and usually some re-starts. A commitment to periodic assessment provides not only a way of tracking progress toward the desired future state, but also can be a means of engaging the entire organization in awareness, dialogue and actions necessary for the change to succeed. A simple assessment instrument, such as the following, was used by one of the partnership schools to calibrate their success in living the values articulated in their mission statement.

Whatever the form of instrument, it is important that the assessments be made by both internal and external stakeholders.

Strategic change is about managing people, not money. If the behavior of people in the organization, especially that of the middle managers, does not change, then neither will its strategy.

— Michael Davidson
The Transformation of Management

Although the numerical results give some indication of the extent of improvement or slippage over time, the instrument's primary use is to stimulate questions, discussion of specific examples, and the development of strategies to promote continuous improvement.

Leadership and Communications

Any change in cultural norms must begin with the behaviors of the leaders, with the values embodied in how they spend their time, how they relate to others, and how they make decisions and allocate resources. And, as we observed in Chapter 1, leadership must become a distributed phenomenon within organizations. Leadership is not simply a function of the organization chart. Rather, leadership is embodied in people of influence throughout the organization, in faculty and staff members who may or may not hold designated leadership positions. The process of changing values-in-place requires many leaders. Not incidentally, the give-and-take of the strategic planning process itself provides many opportunities for leaders to demonstrate the behaviors espoused in the values component of the institution's mission statement!

**Everyone's School of Business
Assessment of Values in Practice**

	Rating				
	1	2	3	4	5
Actions characterized by ethics, integrity, honesty.	1	2	3	4	5
Students are our primary constituents.	1	2	3	4	5
Commitment to academic, professional, personal development.	1	2	3	4	5
Excellence and a focus on continuous improvement.	1	2	3	4	5
Service to a broad community.	1	2	3	4	5
Learning-centered focus; intellectual freedom.	1	2	3	4	5
Active learning environment; lifelong learning.	1	2	3	4	5
Diversity in our students, faculty and staff.	1	2	3	4	5
Diversity in ideas, roles and responsibilities.	1	2	3	4	5
Scholarly endeavors are mutually supportive.	1	2	3	4	5
Collegiality, pride, collaboration; Our School's tradition.	1	2	3	4	5

1 = Significant shortfall in our performance
5 = An achieved distinction

Societies that keep their values alive do so not by escaping the processes of decay but by powerful processes of regeneration. There must be perpetual rebuilding. Each generation must rediscover the living elements of its own tradition and adapt them to present realities. To assist in that discovery is one of the tasks of leadership.

— John W. Gardner
On Leadership

The best way, we believe the only way, to create, maintain or change a strong institutional culture is through person-to-person relationships and communication: telling and retelling personal experiences, the war stories and folk tales that have made the institution what it is today—in personal terms, as the storytellers have experienced them and as they have heard them from their mentors. Individuals in positions of authority are modeling, mentoring and leading all the time, whether they are conscious of it or not—in the way they serve, in what they celebrate and in what they scorn, in their scholarly pursuits, in the classroom, in their service to others, and in the ways they choose to use their time.

Formal communications processes have an important role to play in nurturing the culture of an institution. But formal communications will never be as real, as human or intense as hearing institutional values expressed in the voice of a

respected mentor, seeing it in her eyes, or sensing it in the intensity of his personal story. Leaders are successful in communicating their values, when they are well down the road to living them. And, when they live them, they have laid the foundation for trust, necessary risk taking, mutual support and commitment.

Putting It All Together

The mission of every educational institution has common roots. Appropriately, individual institutions will stake out distinctive areas for their special contributions within the total higher-learning enterprise. Mission is, after all, about focus, and not about being all things to all people! The diverse needs of the society require that individual institutions choose varying emphases within the scholarship of discovery, integration, application and education. And, they may appropriately target (or, by statutory mandate, be required to target), different segments of the marketplace to engage in the learning opportunities they provide. The strategic planning process is a vehicle for facilitating the choices of focus that institutions must make if they are to be relevant and successful.

Still, at its core, every educational institution is a learning community. In one form or another, they are all about enabling human potential. The ultimate goal of the education system, says John Gardner, “is to shift to the individual the burden of pursuing his own education.”²⁹ It is risky to attempt to improve on the expression of such an eloquent spokesperson, but perhaps the word *joy* might be substituted for *burden* in his statement. Educational institutions should strive to create the condi-

tions wherein their students, faculty, staff and associated communities can joyfully experience learning and thereby sustain a commitment to lifelong learning and achievement of their potential.

These are not wholly new ideals:

“The education that I propose includes all that is proper for a man and it is one in which all men who are born into this world should share... Our first wish is that all men be educated fully to full humanity, not only one, not a few, nor even many, but all men together and singly, young and old, rich and poor, of high and lowly birth, men and women—in a word, all whose fate it is to be born human beings, so that at last the whole of the human race becomes educated, men of all ages, all conditions, both sexes, and all nations.”

— John Amos Comenius
The Great Didactic, 1657

MISSION:
SHARED PURPOSE AND VALUES

In Short

- It is Mission that provides focus and strategic direction for academic units. Measures of success calibrate the strategic direction in operational terms.
- Organizations drive on their shared values. Like compass headings, they set the direction in which people and organizations move over time. Shared values provide the fuel to energize turning vision into reality.
- The power of strategic integration occurs when an organization's mission is aligned with the highest needs of its customers and stakeholders.
- Customer and stakeholder relationships are all about mutuality. To the extent that mutual benefits pervade the relationships, they are sustainable, and everybody wins.
- Academic leaders, with striking consistency, agree on the shared values necessary for survival and success in the competitive education marketplace.
- Actions speak louder than words. If espoused values are not honored in practice, it would be better not to have declared them in the first place.

Distinctive Capabilities

Suppliers of goods and services market their wares through value propositions intended to appeal to the most critical needs of potential customers. Excellence in one's chosen field of endeavor is not sufficient to survive the marketplace test. It is not the seller's passion that counts so much as it is the buyer's.

Excellence must be demonstrable in areas of strategic significance, i.e., in areas that will determine the outcome of competition for buyers in the marketplace, whether the competition is for ideas, for faculty, for student-customers, or for financial resources. In the SPP strategic framework, we use the term distinctive capabilities as the label for the attributes that underlie an academic institution's value propositions.

Distinctive capabilities are market-driven core competencies or attributes that add special value to specific segments of the marketplace. Again, it is not a search for uniqueness, but one of making choices to build and continuously improve sets of competencies that will deliver that special value as the needs of customers change. The choices that are made define the terms of competitive engagement that the academic unit will bring to the marketplace.

Hamel and Prahalad suggest three tests for core competencies: (1) the capability makes a disproportionate contribution to stakeholder-perceived value, (2) the level of capability is uniquely held or is substantially superior to that of competitors, and/or (3) the capability provides a basis for future value-adding programs and services.³⁰ The idea is to look for deep, underlying distinctions that will contribute to sustainable competitive success in a marketplace that continuously changes.

Distinctive capabilities, relevant to selected stakeholders, might be identified within a variety of elements in the value chain of the business school's education services (Exhibit 9):

- In subject area specialization, e.g., accounting, finance, marketing, organizational behavior, operations management.
- In selected degree and non-degree programs, e.g., baccalaureate, MBA, specialized master's, Ph.D., executive education.
- In the five dimensions of the academic unit identified in the Focus framework, i.e., People, Scholarship, Education Programs, External Relationships, and Internal Operations.

We believe it is in this last set of elements that the most potential lies for identifying distinctive capabilities that will have the enduring capacity to generate continuously distinctive services and relationships with the stakeholders of business and management education programs.

BusinessWeek's biennial rankings of graduate business school programs,³¹ illustrate the market's perceptions of distinctive capabilities that, at least in BW editors' views, are most relevant. Some of the perceptions focus on areas of specialization, i.e., industry or functional disciplines. Most of the perceptions, however, seem to focus on the underlying attributes or competencies that transcend industry and functional specialization.

Characteristics of Graduates:

- Interpersonal skills and teamwork
- Cooperative culture
- Entrepreneurial mindset
- Highly competent, no-nonsense MBAs
- Graduates best in analytical skills
- Street-smart students
- Ethics

Business School Distinctive Capabilities

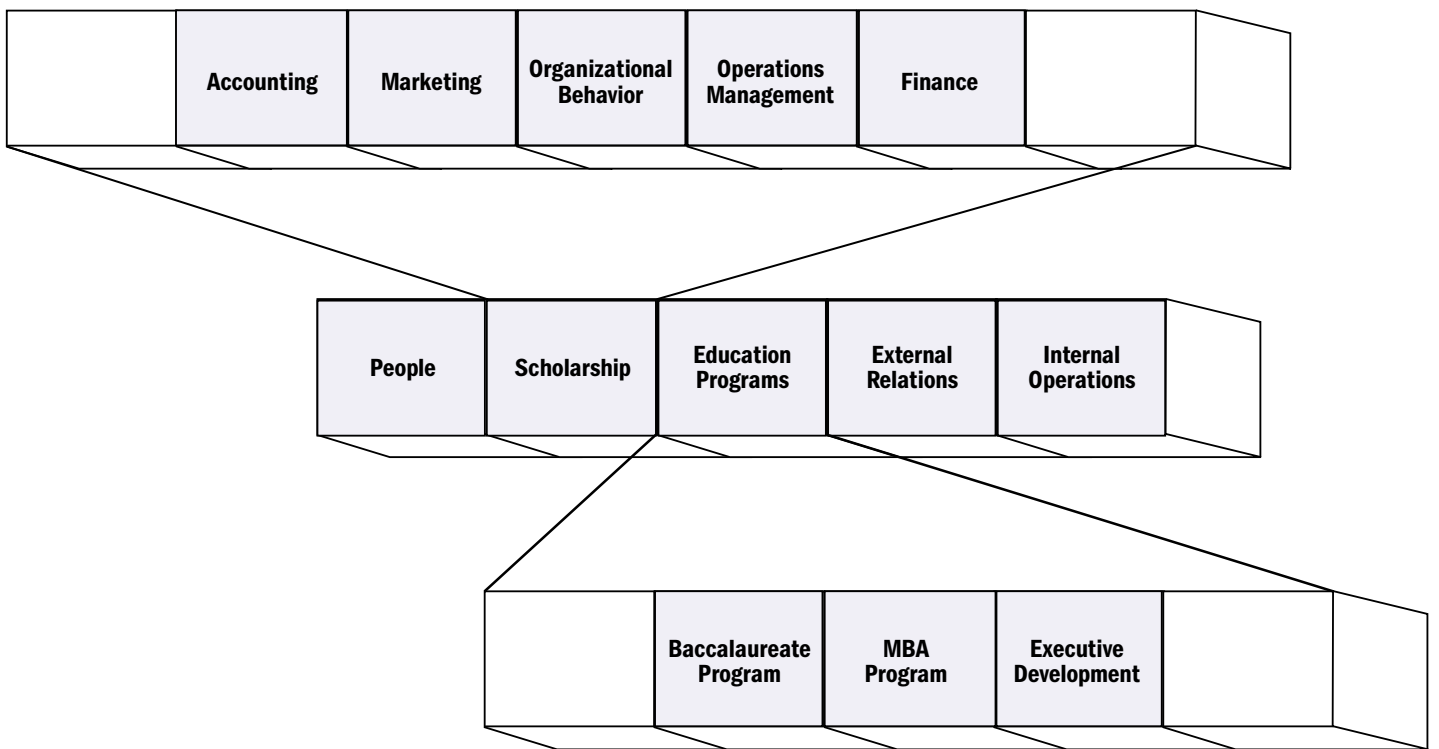


Exhibit 9

Functional/Industry Skills:

- Manufacturing (3 schools)
- Finance (2 schools)
- Accounting (1 school)
- Marketing (1 school)
- Entrepreneurship (1 school)

Customization:

- Customized MBA degree (2 schools)
- Innovative curriculum (2 schools)

Global Perspective:

- Moving to become an international player
- Global program: culture, language and business

In the future it is probable that identified core competencies will include the design and delivery of distance learning courses, the integration of global experiences into the classroom, and electronic commerce.

In our facilitation of strategic planning processes, we suggest that the identification of distinctive capabilities be explored through the lenses of five broad categories: (1) People, (2) Scholarship, (3) Education Programs, (4) External Relations and (5) Internal Operations. We organize the overall team into individual task forces around each of these areas. Division into task forces enables analysis of each assigned area in greater depth than would otherwise be possible by operating as a team-of-the-whole. We assign each team the tasks to develop draft distinctive capability statements for their assigned areas and to identify proposed strategies for accomplishing the distinctive capabilities.

The five categories are clearly interdependent. For example, the attributes that an education institution seeks in its people will be significantly influenced by the selected focus of that institution's research and education programs. Still, we believe that a greater diversity of possibilities will be generated from the potentially overlapping ideas of five task forces than would result from the overall team attempting to fully engage on every dimension of the strategic planning effort.

In generating ideas about distinctive capabilities for the academic unit, the five task forces strive to answer the questions, "What's special about your academic unit? To which stakeholder(s) is it special? What needs of these stakeholders will you be satisfying, better than anyone else, because your academic unit has this distinctive capability? Again, the identification of a distinctive capability is not a search for uniqueness. Rather the academic unit is making choices to excel at something that adds special value to a particular segment of the marketplace.

The distinctive capability choices in each of the five areas, therefore, involve both the consideration of a particular stakeholder set and the capabilities of the academic unit that bring special value to that stakeholder set. We describe next some of the themes and specific choices made by business school teams with which we have worked.

People

Distinctive capabilities in the people area are relevant in the competition for people, primarily for attracting, developing, deploying and realizing the highest potential of the faculty and staff members who comprise the academic unit and its important supporting operations. Distinctive capability choices in this area tend to center on the shared values identified in the mission statement (Chapter 4), and tend to articulate the elements of the academic unit's culture that will be most relevant and powerful in attracting, empowering and fulfilling the people of the organization. Some example themes include:

- Mutual respect, trust and openness.
- Sense of community.
- Learning organization culture.
- Culture of collegiality and cohesiveness.
- Environment that fosters productivity and academic freedom.
- Environment that supports and nurtures personal growth.
- Diverse cultural backgrounds.
- Supportive culture, promoting creativity and innovation.
- Lifelong intellectual and professional endeavors.
- Valuing both individual and group contributions.

Distinctive capability statements in other areas, e.g., Scholarship and Education Programs, will overlap significantly with the People area. The choices made by an academic unit concerning the emphases within its scholarship and education programs will substantially influence its

recruiting needs and the characteristics of individuals who will seek to join that academic unit.

One of the growing challenges for academic units is the building of community among a more diverse set of people. The growth in numbers of non tenure-track faculty, and the evolution of important staff functions in areas like student recruitment, services, advising and placement, and technology support add new dimensions to the challenges of attracting and retaining high-performance people.

Some examples of people distinctive capability statements of business schools include:

- A culture of collegiality and cohesiveness among faculty and staff, facilitating leadership of the School and retention of quality people.
- An environment that fosters productivity by attracting and supporting outstanding people of varied research, teaching and service interests and with diverse cultural backgrounds, who are committed to our mission and values.
- We attract and support people committed to participative student learning, to the business community, and to intellectual discovery in a liberal arts college environment.
- A sense of community, professional development and renewal.

Within the faculty component, we believe that there is a growing shift in emphasis from faculty with single disciplinary strengths to faculty having significant interdisciplinary interests and strengths. Of course, the capacity to contribute significantly to interdisciplinary scholarship requires strength in one's primary discipline, so the changing expectations are additive. The movement toward interdisciplinary scholarship and teaching will also be reflected in structural change, i.e., from predominantly departmental stovepipes to more matrix and program-driven business school organizations.

In the 21st century, it is likely that the successful business school faculty member will need expanded capacities for executive education, the delivery of distance and distributed learning, and for working comfortably and effectively with external stakeholder organizations. These changes will require supporting changes in hiring, retention, development, and tenure policies for many universities. Current tenure policies in many universities make it more difficult for faculty with strong interdisciplinary research records to obtain tenure than for faculty with strong single-discipline research records.

Scholarship

The choices of distinctive capabilities made within the scholarship area will tend to be quite diverse, reflecting the diversity of higher education institutions across the spectrum of Carnegie classifications, both national and regional, comprehensive and specialized, large and small, and public and private, including

non-profit and for-profit. The scholarship area tends to generate considerable debate within strategic planning teams. Teams must confront and clarify issues such as (1) the school's relative emphasis on research and teaching, operational definitions of scholarship, (2) research and intellectual contribution, (3) choices of research emphasis for the school, and (4) whether all faculty are required to participate in research activities.

Because scholarship is a core component of higher education institutions, the distinctive capability choices, and the strategies for this area, typically will require further process by established faculty committees at the department, school or college, and university levels. Proposed changes in hiring, retention, tenure, and promotion policies are examples of changes that would typically require further consideration and action by faculty affairs committees. Also, since the scholarship and research focus of an academic unit substantially influences faculty hiring, retention, and development policies, there will typically be much overlap between the strategies developed for the scholarship area and those for the people area.

Some examples of scholarship distinctive capability statements of business schools include:

"At least 50% of all non-hard-sciences research on American campuses is a lot of foolishness!" declared the speaker thumping his lectern. The audience of over 200 responded with laughter and applause. This wasn't a revival meeting somewhere in the Bible belt. It was a smartly dressed gathering of the Greater Boston Chamber of Commerce at the Le Meridien Hotel in the heart of Boston. The speaker was James F. Carlin, a successful insurance executive who serves as chairman of the Massachusetts Board of Higher Education. The hitherto inconspicuous body, which supervises the state's 29 public colleges, served as a platform for Mr. Carlin to attack some of the very foundations of academia: faculty rule, research, publications, tenure, and sabbaticals. "Faculty bashing is on the rise," said Arthur Levine, the well traveled president of Columbia University's Teachers College. "It used to be whisper, but now people speak it loudly." The main complaints are that faculties have usurped control of educational institutions and run them chiefly for their own benefit, not the students; that they are accountable to no one, and that colleges have failed to increase productivity and that they cost too much. The critics also contend that all too often, students are unable to graduate in four years because faculty members are off pursuing hobbies masquerading as scholarship or research, and not teaching enough sections of required courses. And, they say, as a final slap to the taxpayers who finance public institutions, professors have created an inflexible tenure system that guarantees them lifelong employment at a time when no one but Federal judges and Supreme Court Justices enjoy the privilege.

— *New York Times*
January 4, 1997

- High quality applied and theoretical research that advances knowledge and is relevant to the business, professional or academic communities. Recognized leadership at regional, national and international levels in selected areas of research.
- A nationally recognized research faculty emphasizing interdisciplinary scholarship that integrates research with teaching and that leads, influences, and improves business practice.
- Our widely disseminated research, in a broad range of applications, incorporates multiple disciplines through collaboration with colleagues and mutually beneficial partnerships with practitioners and organizations in the Silicon Valley and beyond.

- Research that focuses on the improvement of teaching effectiveness and business practices (domestic and global) in the private and public sectors, with an emphasis on how these issues affect minorities.

As the examples indicate, the business school statements on scholarship range across four broad areas of discovery, integration, application, and faculty development. As expected, there is a natural alignment between the selected distinctive research focus and the overall mission of a school. Doctoral Research institutions tend to focus on discovery research, while Master's (Comprehensive) institutions tend to focus more on the scholarship of integration and application.

In the past two decades, many business schools articulated their scholarship choices as centered on discovery research. Faculty in business schools, not within Doctoral Research institutions, also gravitated toward the aspiration to produce discovery research. During the 1990s, however, this focus on discovery research came under attack. Academic business research was strongly criticized as irrelevant, as not having impact, and as being focused exclusively on the narrow interests of a small group of academics.

Nonetheless, university-based business research remains a key driver in most universities and has done much to make U.S. universities and their business schools the best in the world. Further, this research supports the entire educational process. In the absence of new knowledge, courses, curricula, and teaching are unlikely to be of the highest quality, according to Michael Goldberg, "In a research-based business school we can envision academic research as the energy that drives the whole enterprise. Seen this way, high-powered academic research can be likened to a giga-volt power line and high-voltage generation. More applied and professional research, being derivative in nature, can be likened to lower-voltage house current."³² The successful business school of the future will likely continue to articulate its chosen distinctiveness within one or a combination of the scholarship of discovery, integration or application. Regardless of the distinctiveness it chooses, however, the successful business school will strive to produce research that is of high value to both the academic and practitioner communities.

Education Programs

Together with scholarship, educational programs comprise the core purpose of universities and business schools. In the 1980s and early 1990s, in part to compete for declining enrollments in business programs, specialized programs and degree offerings tended to proliferate. But, by the late 1990s it became clear that many business schools had added programs beyond their capacities to deliver with high quality. Some choices had to be made to enable the program quality necessary to command attention in the marketplace.

The decision to do fewer things better is easier to support in principle than it is to translate into reality. In our experience, the strategic planning process can make a major contribution to an academic unit's resolve to make such hard decisions, including developing the criteria for making choices. It is likely, however, that absent an imminent financial crisis or a mandate from a governing body, the decision to actually terminate a program will require substantial additional processing by the faculty through curriculum committees and other governance structures.

Distinctive capability statements in the education programs area tend to focus primarily on student competencies, program emphasis (undergraduate, graduate, Ph.D., executive education, joint-degree), and on articulating the academic unit's particular emphasis in preparing students to earn a living and to live a life. A second category of statements tends to focus on learning processes, program design and pedagogies.

Some examples of education program distinctive capability statements of business schools include:

- A total academic experience that prepares an individual for personal and professional success by integrating a comprehensive learning environment (curriculum, extracurricular activities and facilities), motivated students and a dedicated faculty.
- Forging partnerships to deliver an integrated business education that emphasizes critical and ethical inquiry, effective communication skills, and the synthesis of theory and practice.
- Expertise in providing people who are in-career, commuting undergraduates or employed persons studying part-time, with technical skills, personal and professional values, continued intellectual development, and diverse, relevant experiences, enabling them to become productive professionals.
- Excellence in teaching business as an integrated system—a contemporary, interdisciplinary curriculum that enables students to excel in a global community and engage in continuous learning.
- Outstanding students participating in premier graduate programs noted for rigor, flexibility, innovation and responsiveness to changing needs of the profession.

The themes that run through these statements tend to focus on preparing students for future professional careers:

- Prepare students for success in challenging careers or further education.
- Help students to excel in a changing business environment.
- Enable students to become productive professionals.
- Excel in providing international competencies.
- Develop the twin abilities of thinking critically and communicating.
- Enhance student powers of analysis and judgment.
- Develop abilities to articulate all sides of complex issues.
- Enable students to make socially responsible decisions.
- Enhances personal and professional growth throughout their careers.

The distinctive capability statements having to do with learning processes, program design and pedagogies use language such as:

- Diverse, relevant experiences.
- Delivery of rigorous new knowledge.
- Creative and innovative instructional programs.
- Broad-based management education with flexibility for functional specialization.
- Student-centered learning environment.

As business schools pursue self-assessment in the new millennium, we expect that there will be added emphasis on program focus, termination of marginal programs, joint ventures with for-profit and not-for-profit education providers, and programs to serve the needs of working professionals. Increased program focus and the elimination of marginal programs are essential to enable new and innovative programs. Many of these new programs are likely to take the form of joint ventures with other education institutions.

External Relationships

Of the five distinctive capability areas, external relationships is perhaps the most diverse and has the greatest number of interested stakeholders. Distinctive capability statements in this area tend to be dominated by the theme of mutual, value-adding partnerships between academic units and their diverse external stakeholders.

Other frequently identified capabilities included active dialogue, high-visibility, and positive image communications with stakeholders. Consistent with much of the current emphasis in the quality management literature, academic units recognize the importance of maintaining active dialogue with their key stakeholders—listening to them, understanding their needs, and designing a menu of responses which add value relevant to the particular stakeholder.

Universities were invented in the Middle Ages by monks because they believed they could promote their scholarship better in the community than in the isolation of their cells. And the new cells we have created are called departments. We need to rediscover and recreate the learning community which is the university for two reasons. First, knowledge demands it. The most exciting new knowledge occurs at the boundaries between the disciplines. And second, society demands it. Our societal problems do not come neatly wrapped in disciplinary packages.

— Frank H.T. Rhodes
Speedbumps on the Road Ahead
Trusteeship, May/June 1999

Some examples of external relations distinctive capability statements of business schools include:

- Strong, mutually beneficial relationships with external constituencies.
 - Mutually beneficial relationships between the College, industry, government, alumni, faculty and the public/private sectors that develop the whole student.
- Business schools see mutual, value-adding partnerships as critical to their success in the competition they face—for high potential students, for successful placement of their graduates in the professions, business, government and non-profit sectors, and for financial support, whether from legislators, foundations, businesses or individuals. Increasingly, the business school strategies for building these partnerships include designing services that earn the stakeholders' financial participation—research, institutes, executive education, and consulting. Clearly, joint ventures and partnerships are prominent in the evolving paradigm of business education.

Internal Operations

The task forces on internal operations appropriately see their focus as being on the infrastructure essential to achieving the academic unit's mission and in supporting the distinctions developed in the other four areas. The strategies developed for internal operations are highly conditioned by the strategic direction charted by the other four task forces.

Distinctive capability statements concerning internal operations also have many parallels with observable trends in business generally, e.g., quality management, customer focus, reengineering, continuous improvement and technology management. Distinctive capabilities in the internal operations dimension tend to cluster in the areas of governance and organization, resource allocation decisions, service-oriented support systems, effectiveness and efficiency. Interestingly, however, in our experience with business schools, faculty governance and the college/departmental organizational structure, were seldom the focus of follow-on change initiatives.

Some examples of internal operations distinctive capability statements of business schools include:

- Continuously improving and cooperatively functioning internal processes and systems that support active learning and faculty/staff effectiveness.
- An efficient internal support system that enables the faculty to engage in effective scholarly activities and maximizes their ability to prepare students to translate knowledge into responsible action.

- Information-based decision-making that optimizes the use of human, facility and technological resources, and maintains a support system that empowers students, faculty and staff to accomplish the School's mission and goals.

In the future, business schools will not be able to excel academically if they do not excel in their organizational design, structure and management. Scott Cowen, president of Tulane University succinctly made this point in his remarks as the 1996 outgoing president of AACSB, "If intellectual leadership is the heart of academic leadership, then managerial excellence is not far behind. We all know this, yet are we willing to assume the personal risk—from the university president on down—to make the kinds of radical infrastructure and cultural changes that are needed in many of our organizations?"³³

In Short

- Distinctive capabilities are the choices of specific core competencies that enable the academic unit to provide special value to a particular set of customers and stakeholders.
- Distinctive capabilities are not a quest for uniqueness, so much as they are a matter of making choices of the competitive areas in which to excel.
- The SPP process suggests identifying distinctive choices in five dimensions: People, Scholarship, Education Programs, External Relations and Internal Operations, to encompass the needs of the diversity of customers and stakeholders essential to the academic unit's success.

Measures of Success: The Academic Scorecard

Some long-standing academic leaders may remember that once-upon-a-time when universities enjoyed a highly honored status in the society, a time when society intuitively embraced the academy's mission and supported it generously, largely without questioning what went on within the ivy covered walls. As we enter the new millennium, however, many in higher education view themselves as under siege. As described in Chapter 2, higher education's relevance in preparing individuals for living a life and earning a living in society is being challenged as never before. Its cost structure is seen as runaway, with both public and private funding support eroding. New competitors are chipping away at the share of market served by traditional, campus-based institutions. Price pressures abound.

Amid these challenges, universities are experiencing growing expectations and increased accountability for the outcomes they produce, i.e., credible evidence that their students are learning, that their scholarship is relevant and value-adding, and that their service is more than just time spent, but actually produces results that are beneficial to the institution's stakeholders:

- The clamor for accountability is loudly heard in public policy arenas and in decisions, from trustees having stewardship responsibility for the institution's effectiveness, and from individual, business and foundation donors who underwrite a substantial portion of the university's costs.
- Paying customers, i.e., students, parents and employers, are increasingly looking for outcome measures, comparative statistics and assessments that will inform their decisions about where to buy.
- Accreditation processes, peer rankings and media rankings send universities scrambling to compile credible evidence of their comparative worthiness in the competition for recognition and respectability.

There are substantial risks for the university that finds its measures of success being dictated solely by the pressure to satisfy these external demands for outcomes measurement. First, there is the risk that the success measures may be driven by fickle, changing sets of priorities from ever changing sets of stakeholders, and thereby become unfocused, unconnected, and possibly even inconsistent, with the specific mission of the university.

Second, there is the risk that the university's chosen measures will be focused on outcomes alone, and may largely ignore the drivers of those outcomes (the essential core processes of the university). Erosion in the performance of these core processes may not show up immediately in outcome measures, thereby contributing to lengthy delays in identifying areas where corrective action is needed, and where continuous process improvement opportunities exist.

In this chapter we describe the experience of the partnership schools in trying to develop and implement measures that will convince the skeptical stakeholder that the department, school or university is accomplishing its mission. We also introduce the "academic scorecard" as a method of assessing institutional effectiveness in several dimensions simultaneously.

One might as well say he has sold, when no one has bought, as to say he has taught when no one has learned.

—John Dewey

Universities have not led in the development of measures of institutional performance. In fact, the public pressures for accountability, assessment, and outcome measures were, for a long time, greeted with skepticism and resistance on many

campuses. As a result, there are relatively few measures of academic quality or outcomes that have earned a level of acceptance that might permit widespread comparative assessment and benchmarking of institutional performance. And, the academy's critics, including legislators and taxpayers, view some of the measures that are traditionally proffered by the academy as self-serving or not relevant.

In the absence of a commitment to credible, mission-driven measures, universities will experience growing state and federal intervention to impose measurement criteria and systems, with the risk that the resulting one-size-fits-all standards may actually impair the pursuit of mission-driven performance. Academic leaders should take the initiative by adopting measures of success that are truly useful management tools for their institutions and that have credibility with the institution's external stakeholders—measures that genuinely inform decisions about enrollments, faculty hiring and development, program and curriculum development, and resource allocations.

To the extent that the adopted measures of success become an integral part of the university's decisions in formulating its mission, strategies and processes of continuous improvement, it is highly likely that these same measures will satisfy the externally driven demands for accountability.

Market-Sensitive Outcome Measures

A university's mission statement endeavors to articulate its purpose and shared values. Its purpose is rooted in serving the most important needs of stakeholders of the university—its customers (students, employers and the community), its people (faculty and staff) who provide its services, and its trustees and/or owners. Shared values describe the nature and quality of relationships among these customers and stakeholders—what the experience is like to be served by the university or to be a member of its service-delivery team.

Historically, measures of success in achieving the university mission, including those used for accreditation, have emphasized inputs rather than outcomes. But how does a university or any of its academic units become satisfied (and able to support its claims) that value-added results are being experienced by students? In what dimensions does the school describe its educated graduate? And how can these claims be credibly validated?

Given the complexity of the academic enterprise, and the diversity of its customers and stakeholders, multiple sets of measures are required. These measurement sets may be (1) quantitative, including monetary and statistical data, (2) qualitative, including peer review and customer/stakeholder judgments, and/or (3) comparative, including benchmarking against peers and tracking performance results over time.

The single most important thing to remember about any enterprise is that there are no results inside its walls. The result of a business is a satisfied customer. The result of a hospital is a healed patient. The result of a school is a student who has learned something and puts it to work ten years later. Inside an enterprise there are only cost centers. Results exist only on the outside.

*— Peter Drucker
Harvard Business Reviews*

There is, as yet, little agreement on what to measure or how to measure, and no well-established sources of comparative information. We suggest, below, some types of measures that appear to be enjoying growing acceptance, both to inform internal management decisions and for external assessment of university performance.

Within the context of the university's mission, market-sensitive measures are particularly useful in gauging whether the university is achieving its purpose and shared values and, thereby, enjoying competitive success in attracting, serving and retaining targeted customers—customers who are otherwise free to look elsewhere in the marketplace to better meet their needs. Market-sensitive measures are indicators that customers and stakeholders are attracted to the university, are satisfied

with its value-adding services and relationships, and are demonstrating their satisfaction through their sustaining decisions to invest their time, money and affiliation with the university. Market-sensitive measures include: (1) customer survey results, (2) market position and other indicators of favored status in the marketplace, (3) success of students and graduates, and (4) financial and community support.

Customer Survey Results

Customer responses to well-designed written surveys and through interactive focus group dialogues can be rich sources of information about the changing needs of customers and the extent to which an academic unit is exceeding, meeting or falling short of customer expectations. Target customer groups include students (including prospective students), employers (including the business and general communities), and alumni. An academic unit might design and conduct its own survey and focus group processes, or it might collaborate with other universities through benchmarking surveys that yield comparative results with peer institutions. The use of surveys over time also enables tracking the levels of customer satisfaction to determine if satisfaction is growing or declining.

Survey and focus group methods are also useful for evaluating the satisfaction of internal stakeholders, i.e., faculty, staff and student workers. The changing needs of these stakeholders must also be met if the university is to be competitive in the marketplace for attracting, retaining and developing the talented academic and staff members needed to accomplish its mission.

As with all forms of measurement, the principal value of survey and focus group responses lies in the extent to which the academic unit actually uses the information generated to assess and take action on opportunities for continuous improvement and innovation in its value-generating services.

Market Position

In a competitive marketplace, the buying choices of customers, the time contributions of volunteers, and the financial contributions of donors, are more tangible indicators of their relative satisfaction with the academic unit than are their responses to surveys. The mission, distinctive capabilities, and areas of program emphasis will shape the academic unit's definition of its target market segments and its penetration or share of those market segments. Some examples of market position measures include:

- Number and quality of enrolled freshmen and transfer students.
- Number and quality of recruiting organizations hiring its graduates.
- Number and quality of graduate education programs admitting its graduates.
- Number and quality of applicants (and hires) for faculty positions.
- Dollar amount and percent of alumni contributing and involved.

The marketplace also includes venues for consumption of the faculty's scholarly production. Again, the mission, distinctive capabilities, and areas of program emphasis will lead to specifying the targeted market segments for published research,

textbooks, other scholarly work products and faculty consulting. Some examples include:

- Publications in respected academic and practitioner journals.
- Research contracts and grants received.
- Leadership positions in professional academic associations.
- Recognition and awards by peers.
- Faculty consulting and media exposure.

Success of Students and Graduates

At the core of every university's mission is student learning—enhancing the capacity of its graduates to live quality lives and to earn their living in a demanding, changing world. Student learning and the success of graduates are, however, elusive and challenging to measure. And, with so many intervening variables that contribute to learning and success in career and life, measuring the university's particular contribution to these ends is even more problematic. Still, there are commitments within the academy and demands from its external stakeholders to pursue assessment of student learning and the relevance of that learning to the success of its graduates.

For active students, learning is assessed through course grading and through subject area and comprehensive examinations that contribute to faculty decisions to award degrees and other certificates of learning. (Students also assess their own learning, including the value added by faculty in facilitating their learning.) Critics of the academy tend to be skeptical of the validity of these inherently subjective assessments.

Academic peer review processes provide a degree of independence in assessing the overall performance of the academic unit and, to some extent, are seen to provide assurance of the integrity of an academic unit's self-assessments of learning. Some examples of affirming assessments that are external to the academic unit include:

- University-wide peer reviews, visitation boards and committees.
- Independent assessments of learning outcomes.
- Independent accrediting agency peer reviews.
- GRE/GMAT and other achievement test results.
- Professional licensing examinations.
- Student and alumni evaluations of programs and faculty.

For graduates, a surrogate measure for assessing student learning has to do with the success of graduates in pursuing graduate education, careers and life experience. Measuring the success of graduates is also inherently subjective (There are many definitions of success!), but efforts to measure this success enjoy a degree of credibility as such assessments are seen as largely free from the risk of self-serving judgments. Some examples of assessments of the success of graduates include:

- Rate and quality of job placements, including starting salaries.
- Rate of graduates' acceptances to respected master's and Ph.D. programs.
- Long-term career success of graduates — leadership positions and salaries.

Ideally, assessment should provide opportunities for students to advance, integrate and correct their understandings at key junctures in their course of study. Assessments that provide no useful feedback to students themselves defeat what should be an important goal of the assessment effort.

— *Carol Geary Schneider and Robert Schoenberg*
Habits Hard to Break, Change
April 1999

The development of credible assessment measures, of student learning and the success of graduates, should typically involve the collaboration of both internal stakeholders and external customers. A university or academic unit that continuously achieves positive assessments on both student learning and the success of its graduates will indeed be well positioned to compete for high quality students, faculty and community support in the pursuit of its mission.

Financial and Community Support

Universities, whether public or private, must earn their way in the society. The competition for public dollars, private philanthropy, volunteer leadership, and for participation in mutually beneficial alliances and partnerships is intense.

Measures of financial resources earned and contributed provide evidence that a university is fulfilling its mission of service. The extent to which the university engages the business and general communities in common and mutually beneficial ventures is also a market-sensitive indicator of its success. Some examples of financial and community support measures include:

- Endowments and annual contributions from all sources.
- Level of public financing.
- Tuition earned from degree and non-degree programs.
- Alliances and partnerships, e.g., research and service centers.

Market-sensitive measures focus principally on outcomes, reflecting the results of institutional performance in providing services and developing mutually beneficial relationships that are valued by its customers and stakeholders. Institutional performance, in turn, depends on the effective functioning of the core academic and management processes that produce these desired outcomes. To assure continuous and growing performance, it is also important to develop ongoing measures of the university's core processes, its drivers of success.

Core Drivers of Success Measures

A great many processes interact in accomplishing the purpose of a university. Some processes directly engage faculty, students and others in the main-line teaching and scholarship programs of the university. Other processes provide necessary support for main-line activities and, although not directly a part of the learning and research activities, they are nevertheless critical to successful institutional performance. The following organizing framework may be useful in identifying core processes. It is based on the simple proposition that success in achieving mission is primarily a function of the effectiveness of people, programs and relationships. The framework suggests three core drivers of success in higher education:

- **Development of Faculty and Staff:** Systems and processes that determine the scope, vitality, and participation in developmental experiences (including faculty scholarship and teaching) that maintain and build the intellectual capital necessary for leading-edge performance in their roles.
- **Development of Programs:** Systems and processes that determine the focus, priorities, relevance, and quality of educational programs (as indicated, for example, by student outcomes, placement and career success), including curriculum, pedagogy, research and service centers, and learning experiences.
- **Development of Relationships:** Systems and processes that engage customers and stakeholders in mutually beneficial

relationships, including both (1) external relationships: the active involvement of alumni, employers, and the community, in the value-generating activities of the university, and (2) internal relationships: the recruitment, retention and team functioning of faculty and staff.

Measures of success in the functioning of these core processes should be formulated in the context of the purpose and shared values articulated in the university's mission, thereby providing a management tool for academic leaders in maintaining alignment of these processes with the mission. Deciding which of many processes and sub-processes are core, i.e., substantially influence the performance necessary to accomplish the mission, may be a daunting task. Even more daunting is how to assess them. But, including measures of success drivers within the scorecard of academic performance reinforces their importance and provides a useful way of assuring that continuous attention will be given to the core processes that drive superior academic, educational and financial performance within an academic unit.

In constructing its set of measures, the academic unit should be limited and selective, avoiding the pitfall of measuring everything it can. It should strive to identify mega-measures that incorporate the composite impact of several component measures. Measurement systems have costs associated with them, both the cost of gathering and reporting the information, and the time cost of analyzing the results.

Academic leaders must choose measures that produce truly relevant information that will inform the most important decisions they need to make. Timeliness in the gathering, analysis and use of measurement information also is important. Academic units should strive for measurement systems that produce continuous, timely and actionable information, then use that information for continuous improvement actions.

Measures by Media

All the business schools with which we have worked are sensitive to media published rankings. Some schools include media rankings prominently within their chosen measures of success. Other schools, while recognizing that they cannot ignore the potential impact of media rankings on student and employer choice, decide not to endorse media rankings by including them in their own set of measures of success.

Media rankings are derived by formulae that aggregate and assign weights to a composite of opinion surveys and statistical information about student test scores, faculty and financial resources, graduation and placement rates and alumni giving. For example, the *U.S. News & World Report* 2001 national rankings include the following components:

- Academic reputation (based on an opinion survey of academic presidents, provosts, and deans of admission).
- Six-year graduation rates and freshmen retention rates.

- Faculty resources (class size, student-faculty ratio, percent of full-time and terminal degree faculty, and faculty average salary).
- Student selectivity (test scores, percentile rank in class, acceptance rate, and enrollment yield).
- Financial resources (spending per student on instruction, research, student services, and other educational expenditures).
- Graduation rate performance (comparing six-year graduation rates with a “predicted rate,” based on student selectivity and financial resources).
- Alumni giving rate.³⁴

We do not recommend that media rankings be included in an academic unit’s measures of success, even though media rankings are frequently identified by academic strategic planning teams as important and relevant. While we agree that media rankings do influence student and employer choice, we believe that focus on rankings (and thereby adopting wholesale their underlying criteria) risks the adoption of strategies that may be inconsistent or even in conflict with the academic unit’s mission.

There is much to say in support of adopting individual measurement components from among those that comprise popular media rankings, whether from the *U.S. News & World Report* elements identified above, or from those advocated by *BusinessWeek*, *Time* or other widely read

publications. The adoption of any specific component, however, must be made in the context of the university’s and/or the academic unit’s mission—including the target population it serves, its mix of program offerings, its geographical service area, service requirements and limitations that, for public institutions, may be dictated by statute or by a state regulatory body.

Achieving an exalted place in media rankings is virtually certain to bring advantage to the academic unit in its marketplace, but the pathway to higher rankings will most likely lie in unwavering commitment to achieving the highest possible performance within the academic unit’s own mission.

Constructing an Academic Scorecard

The concept of a balanced scorecard for measuring organizational success was developed by Robert Kaplan and David Norton,³⁵ in part to provide counterweight to the tendency of investors and corporate leaders to focus excessively on short-term financial performance, and to focus insufficiently on the long-term drivers of that performance. We have asserted that an academic unit’s measures of success must (1) be driven by its mission, (2) include both outcomes and the drivers of those outcomes, and (3) provide a balanced, comprehensive framework for managing the academic unit’s performance on multiple, interactive and interdependent dimensions.

These characteristics of an effective performance scorecard are as relevant to an academic organization as they are to a business enterprise. The differences in the choices of measures, whether between a business organization and an academic organization, or among universities, or

between academic and enterprise units within the same university, will be determined by differences in mission—the shared purpose and values of the entity being measured.

The Balanced Scorecard fills that void that exists in most management systems – the lack of systematic process to implement and obtain feedback about strategy. Management processes that build around the scorecard enable the organization to become aligned and focused on implementing the long-term strategy.

— Kaplan and Norton
The Balanced Scorecard

In our experience with academic unit planning, the conventional, bottom-up approach to determining metrics of excellence typically begins by cataloging traditional indicators of quality and productivity such as students’ test scores, retention rates, grant dollars per faculty, and average number of publications per faculty. What usually results is a laundry list of somewhat disconnected indicators.

The literature on organizational performance and assessment suggests a number of conceptual models that map the complexity of multi-dimensional assessments into a coherent image of an academic unit’s overall performance. Kaplan and Norton’s balanced scorecard approach provides such an organizing framework. Although the balanced scorecard was

developed with business organizations in mind, the domains of the framework are adaptable to the characteristics of academic institutions.

Neither the quantity of output nor the bottom line is, by itself, an adequate measure of the performance of management and enterprise. Market standing, innovation, productivity, development of people, quality financial results — all are crucial to a company's performance and indeed to its survival.

— Peter Drucker
Harvard Business Review

The principal feature of the balanced scorecard is that it links performance measures within a model that facilitates decision-makers to view organizational effectiveness from four perspectives simultaneously: (1) the Financial Perspective: How do we look to shareholders?, (2) The Internal Business Perspective: In what must we excel?, (3) The Innovation and Learning Perspective: Can we continue to improve and create value?, and (4) The Customer Perspective: How do customers see us? While giving senior managers information from four different perspectives, the balanced scorecard endeavors to minimize information overload by limiting the number of measures within each of the four perspectives.

In Exhibit 10, we suggest an adaptation of the Kaplan and Norton model into an academic scorecard having four roughly comparable perspectives. The choice of measures was guided by the pattern of measurement choices that seems to be emerging within the academic units that we have assisted in strategic planning processes. The measures illustrated are not fixed. As the environment changes, some measures would be dropped and new ones added.

Within each of the four perspectives we selected only a few measures, and favored choices that would maximize the use of generally accessible data that are relevant to common practices and processes of academic units. If the measures become overly complicated or require the development of extensive new data collection systems, there is the risk that the measurement process will suffer the same fate as many strategic plans, i.e., they are statements of ambitions that are unlinked to mainstream activities and decisions.

In summary, we have suggested indicators of organizational performance that have some foundation in current practice rather than exceptional ones, thereby minimizing the effort, cost, and discipline to integrate radically new criteria into the routines of academic decision-making and planning. In selecting the example measures, we were guided by the following criteria: (1) they reflect values that are common to academic institutions, (2) they are simple to understand, although not necessarily easy to measure, (3) they are meaningful to academic leaders and stakeholders of universities, (4) they facilitate organizational learning, (5) they are comparative

to the extent possible, both within and outside the university, and (6) they permit analysis of trends over time.

A major consideration in performance improvement involves the selection and use of performance measures or indicators. The measures or indicators should best represent the factors that lead to improved student, operational, and financial performance. A comprehensive set of measures or indicators tied to student, stakeholder, and organizational performance requirements represents a clear basis for aligning all activities with your organization's goals.

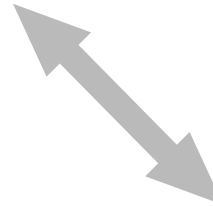
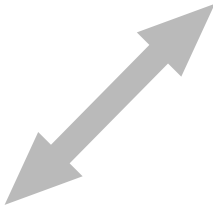
— *Education Criteria for Performance Excellence*
Baldrige National Quality Program, 2000

Exhibit 10 illustrates the use of an academic balanced scorecard that might assist academic leaders in assessing the performance of their academic units, and in using the information to inform decisions about future strategies, actions and resource allocations. We do not assert that the sets of measures illustrated are applicable to all academic institutions. Rather, the selection of specific measurement sets must be made by each academic unit within the context of that unit's mission, values and distinctive capabilities.

An Academic Scorecard

To achieve our mission, how will we excel in meeting customer needs?

Customer Perspective	
Measure	Operational Elements
Satisfaction/retention	<ul style="list-style-type: none"> • Student satisfaction/retention • Alumni satisfaction/involvement/contributions • Employer satisfaction
Share of target market	<ul style="list-style-type: none"> • Quality/diversity of student enrollments • Quality of recruiting organizations • Rate and quality of job placements
Image and reputation	<ul style="list-style-type: none"> • Media exposure • Recognition and awards
*Relationship development	<ul style="list-style-type: none"> • Engagement with prospective students, alumni, employers, donors and community



To achieve our mission, how will we sustain our ability to change and improve?

Learning and Growth Perspective	
Measure	Operational Elements
Faculty/staff satisfaction	<ul style="list-style-type: none"> • Satisfaction surveys • Retention of faculty/staff
Faculty/staff productivity	<ul style="list-style-type: none"> • Research products, textbooks, etc. • Teaching performance • Alliances and partnerships • Consulting and community service
*Climate for excellence, collaboration and action	<ul style="list-style-type: none"> • Collaborative initiatives • Culture surveys • Diversity of faculty and staff
*Faculty/staff development	<ul style="list-style-type: none"> • Research and teaching innovations • Developmental experiences and programs

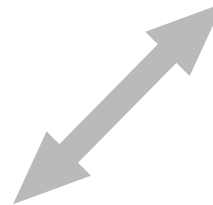
To survive and succeed financially, what do our trustees, owners and benefactors expect?

Financial and Operations Perspective	
Measure	Operational Elements
Earned revenue	<ul style="list-style-type: none"> • Tuition paid vs. standard rate for degree programs • Executive and continuing education programs • Sponsored research: grants and contracts
Endowments/contributions	<ul style="list-style-type: none"> • Level of public funding • Private gifts and endowments
Productivity	<ul style="list-style-type: none"> • Faculty/student ratios, faculty/staff ratios • Student retention and graduation rates
*Information technology and systems	<ul style="list-style-type: none"> • Extent and quality of technology support • Technology literacy
*Asset utilization	<ul style="list-style-type: none"> • Resource allocation process improvement • Facilities utilization



To satisfy our trustees, owners and customers, what processes must we excel at?

Education Programs/Scholarship Processes Perspective	
Measure	Operational Elements
Student Learning	<ul style="list-style-type: none"> • Career success of graduates • Acceptance into respected graduate programs • Graduate testing; professional licensing • Peer reviews; accreditation results
*Development and improvement of research and education programs	<ul style="list-style-type: none"> • Continuous feedback from customers • Improvement of existing processes • Innovative new processes, programs and services • Collaborations within and outside the unit • Peer reviews; accreditation results
*Alignment of procedures and routines	<ul style="list-style-type: none"> • Performance management process • Rewards and incentives process • Governance process



* - Core driver of success

Exhibit 10

The academic scorecard provides a useful template for evaluating the performance and progress of an academic unit within the university and for the university itself. When academics think of performance measures they usually focus on teaching, research and service, the tripod of the academic world's promotion and tenure processes. Over the years, measures have been developed to assess individual faculty member performance in these three dimensions. Alone, however, measures of individual teaching, research, and service do not necessarily aggregate into a comprehensive assessment of an academic unit's performance in achieving its mission.

Nor do individual faculty member assessments provide a balanced, comprehensive framework that is useful for managing academic unit performance on multiple and sometimes competing dimensions. Rather, absent overarching performance measures for the academic unit, measures of individual performance in teaching, service, and especially research, may encourage faculty members to optimize their own value within their disciplines, often at the expense of sub-optimized performance and reputation of the academic unit.

Department heads, deans and other academic unit leaders can use a balanced academic scorecard to comprehensively assess the performance of their units, using well defined, interrelated, and clearly understood dimensions. The performance of the university depends on how the missions of its academic units are aligned with the mission of the university. The balanced scorecard, in our view, is a promising concept for linking the mission of the university with the

mission and performance expectations of its academic units and, in turn, with the performance expectations of individual faculty and staff.

Measures as Strategy

An effective measurement system should be much more than a retrospective assessment of past performance. As Kaplan and Norton suggest, the balanced scorecard should be, in itself, "a *management* system that can channel the energies, abilities, and specific knowledge held by people throughout the organization toward achieving long-term strategic goals."³⁶

The potential contributions of well-designed measures to effective academic leadership include the following:

1. Measures of success tend to shape, sharpen, and make more operational and specific, the typically lofty language of statements of mission, vision, and distinctive capabilities — by articulating the outcomes that, taken together, will indicate the extent of success by the institution in achieving its aspirations. It is essential, therefore, that the measures flow from and be linked to the university's mission.
2. Measures of success, properly formulated, assure a balanced perspective concerning the interdependent components of performance that must be functioning well to achieve success in the short term and, continuously, over the long pull. The structuring of a balanced scorecard, contributes to maintaining the necessary, concurrent focus on multiple processes and outcomes.
3. Measures of success that focus on the drivers of success can be used to assure timely attention, correction and continuous improvement of the core processes that are essential to producing the desired outcomes. A balanced scorecard will include both measures of outcomes and measures of the functioning of core drivers designed to produce those outcomes. Academic institutions must decide what are the core drivers of success within their chosen missions.
4. Measures of success serve as a source of continuing communication with the marketplace, i.e., the university's stakeholders, and should generate in return the information, assessment, and criticism necessary for renewal, continuous improvement and relevance in the marketplace. Academic institutions must choose a set of market-sensitive measures consistent with their chosen missions.
5. Measures of success provide focus for information gathering and reporting processes, that inform academic leaders' decisions in charting the direction of the institution, managing for results, taking corrective action, and generating participation and support in the decisions made. Since measures require investments in supporting information processes, academic leaders should be wary of spending more effort on collecting information than on using it!

The task of formulating measures of success, that genuinely assist academic leaders in managing strategy *and* that enjoy credibility with those who are demanding greater accountability within higher education, is still very much a work-in-progress. We suggest the notions of market-sensitive measures and of a balanced academic scorecard as useful frameworks for developing and experimenting with measures that are specific to a university's mission.

As a university succeeds in aligning its market-sensitive measures and the measures of its core drivers with its mission, and is able to perform continuously at a high level against these measures, it will enjoy superior positioning for achieving its mission and distinctive capabilities with consistency—even amid continuous, turbulent change in the needs of its diverse stakeholders. Consistent high performance, however, requires the development and execution of strategies that will map the pathways for innovation and continuous improvement. In Chapter 7, we look at the challenges of navigating the turbulent white waters of change in turning vision into reality.

In Short

- Academic institutions must develop credible evidence that their students are learning, that their scholarship is relevant, and that their service is value-adding. But, there are few widely accepted measures of these outcomes.
- Market-sensitive success measures include customer satisfaction survey results, market share, success of students and graduates, and the level of financial and community support.
- Long-term success requires the effective functioning of core academic processes that drive long-term success:
 - Development of faculty and staff
 - Development of education programs
 - Development of stakeholder relationships
- The balanced scorecard approach holds promise for academic leaders in assessing both success in pursuing the institution's mission and in managing the drivers of its continuing future success.
- Media rankings may provide overall indicators of marketplace success, but are an insufficient guide to academic unit strategy development.
- Measures of success should, in themselves, contribute to strategy development.

Strategies

By the time the planning team begins concentrating on specific strategies and actions, and fine-tuning its measures of success, it has already taken giant steps toward its future, simply by forging agreement on a program-specific mission and distinctive capabilities. All academic units must identify their areas of focus. None can realistically aspire to be everything to everyone. No university, business school or program has unlimited resources. It is only through focus that any program and its graduates can effectively compete. For most academic units, this reality translates into a decision to do fewer things better.

Academic units must choose (1) which market segments their graduates will target, (2) what the nature of their programs will be (undergraduate, MBA, specialized master's, Ph.D.), (3) what competencies they will focus on (leadership, technology, systems expertise, international), and (4) what learning methodologies (lecture, experiential, distance, cooperative, service) they will employ.

Making choices like these will enable the academic unit to focus its always scarce resources in recruitment and deployment of faculty, in the development of learning processes, in the application of technol-

ogy, and in building alliances both with external constituencies and within its university. If an academic unit's strategies and resource allocations are aligned with its selected area(s) of focus, the result will be to gain an edge on its competitors who might profess the same hopes, but who haven't yet figured out how to deliver in their execution.

Within the Focus process, five task forces are charged with developing and proposing, for consideration by the overall team, the strategies and actions that must be successfully pursued if the vision of the academic unit is to become reality. The specific choices of strategies and underlying actions depend on the distance between the current state of the academic unit and the future envisioned for it.

Although the strategies and actions of any academic unit are relevant only to its particular current desired future state, there are some patterns of choices made by the business schools we have worked with that may be informative to other academic units in their strategic planning processes. Examples of the themes that were embodied in the strategies of the five distinctive capability areas are described in this chapter.

People

The focus of people strategies is typically on developing and strengthening institutional culture and values. Strategies tend to emphasize improved communications, collaboration, a spirit of collegiality, mutual respect and teamwork, and a culture that nourishes creativity and innovation. Strategies often emphasize faculty development and, probably too infrequently, staff development.

Universities cannot expect faculty with outdated knowledge and skills to help students meet today's changing expectations. It is essential that faculty continuously develop their intellectual capital, which includes technological literacy and knowledge of the current and evolving worlds of practicing professionals and faculty colleagues, both within their disciplines and in related disciplines. Programs whose faculties do not keep current will find that demand for their services will diminish and that their students will move to corporate competitors who are using both hired-gun, star faculty from established universities and practicing professionals to teach their courses.

Every business program must have an affirmative faculty development agenda that both symbolizes and delivers on its commitment to invest in the intellectual capital of the academic unit's members. Those programs and faculties that figure out how to add value that is distinctive, is appreciated by stakeholders, and not easily duplicated by lower cost suppliers, are likely to enjoy future success. Every program and its faculty must decide what its competitive advantages and strengths are, and then work hard to maintain those advantages.

Faculty development opportunities must explicitly be created and rewarded for programs to remain competitive. Although successful faculty members must assume responsibility for the direction of their own development, programs and schools should provide the supportive environments that encourage and support that development.

Most schools have traditionally rewarded three types of faculty activities: teaching, scholarship and service. Although there are many elements of successful teaching, including course planning and development, instruction, and student assessment, it is often only the instruction element that is evaluated and rewarded. Further, while scholarship may take many forms, it is often only publication in refereed academic journals that is evaluated and rewarded.

One area in which traditional, residential business programs may enjoy a competitive advantage is in their capacity for course development and innovation.

While corporate universities and distance learning programs tend to focus primarily on delivery, talented faculty in traditional business programs may enjoy a competitive edge in innovative program development, enabling them to be successful product leaders.

In order to succeed as product leaders, however, traditional programs must be willing to recognize and reward the innovation and development that could put them ahead of the competition. Universities need to provide rewards to academic units that develop leading edge curricula and that are respected product leaders in their fields. Similarly, business schools need to reward individual faculties who develop innovative curricula.

Scholarship

Strategies on scholarship reflect the diversity of distinctive capability statements in this area. Doctoral research institutions tend to focus on developing strategies that enhance their national and international stature through discovery research. One school asserted, "We are a leader in management research. Our research is seminal. Others teach what our faculty writes." Their associated strategies evidenced strong support for research production and dissemination.

Very different from the discovery research-oriented university, is the teaching-oriented institution. A statement by a liberal arts college business unit declares: "Conduct quality research that supports teaching and service goals, and promotes the School of Management." The primary emphasis of the research component at this school is on

faculty development, and the contribution of its research to the classroom experience and in faculty service.

In our experience, many business schools are engaged in lively debate concerning their own, and their stakeholders' expectations around scholarship. How is scholarship defined? What counts, and for how much, in performance evaluation, tenure and promotion decisions? What relative value should be assigned to discovery, integrative or applied research; to individual or collaborative research contributions; to single-discipline or interdisciplinary research; to publication in refereed journals or practitioner media; to the development of education programs and pedagogies; to textbook writing; to case study development? As academic units resolve questions such as these, strategies to implement any changed expectations will need to include focus on necessary changes in performance evaluation and resource allocation processes that reinforce any newly defined priorities.

Education Programs

All academic units are challenged by resource constraints, and must prioritize their programs, deciding which of them will enjoy proportionately greater resource allocations in support of their market distinctiveness. Strategies in the education programs area typically include program initiatives to strengthen the school's flagship programs. Other strategies might include limiting the number of academic options or majors, developing distinctive market niches, or focusing on specific teaching pedagogies and learning technologies.

Distance learning begins in the tenth row of a lecture hall.

— Elizabeth Austin
University Business, March 1999

Historically, the primary method of teaching has been by professors lecturing to students. Unfortunately, lecturing, although one of the most efficient methods of teaching, may also be one of the least effective. A Chinese Proverb states, “Tell me and I’ll forget, show me and I’ll remember, involve me and I’ll understand, let me teach and I’ll become a master.” Not only is lecturing often ineffective, it is also one of the easiest pedagogies to duplicate using less-costly forms of delivery, such as distance learning and video.

Faculty and programs that rely upon lecture as their primary education delivery system offer little distinctiveness in an increasingly competitive market. If the primary delivery mode of a course is lecture, with little or no interaction between the lecturer and the learner, then, it does not matter much whether the class size is 20, 200, located in the same room, or via satellite, videotape, or CD-ROM. If the content can effectively be translated via the lecture route, why not buy and listen to a recording by a world-class lecturer, rather than pay for a seat at the feet of far less effective lecturers on campuses across America.

Traditional lecture format, combined with highly structured problems, provides inadequate preparation for students who will compete in a fast-moving economy with high uncertainty and little structure. Traditional classrooms will only survive if schools provide an education that cannot be easily duplicated using other less expensive delivery media, and if educators make use of collaborative learning techniques, unstructured problems and cases, and other innovative pedagogical approaches. Academic units are striving to develop pedagogical approaches that increase learning, i.e., that move learners along the continuum from listening, to understanding, to mastery.

In today’s rapidly changing world, the half-life and relevance of content knowledge is shorter than ever before. Rather than memorize content, it is much more important for students to learn to learn and adapt to change, to develop written and oral communication skills, to learn to work effectively within groups, to develop critical thinking skills, to work under pressure, and to become adept at using new technologies. Helping students acquire learning skills requires more than is found in the traditional classroom. Combining program curricula with other structured experiences and with research opportunities can be very beneficial. There is a great opportunity to link real-world, classroom and research experiences in ways that are not likely to be duplicated by other education providers. Exhibit 11 illustrates some of these relationships.

Content knowledge is the easiest education product for business school competitors to provide. By providing the varied types of experiences described in Exhibit 11, however, academic units can take advantage of the immense resources available at traditional universities that are not available through distance learning. Columbia University Professor Eli Noam, after vividly describing the encroachment that technology and distance learning are making on the residential campus’ turf, suggests that the strengths of the residential community can be creatively applied to improve education:

“True teaching and learning are about more than information and transmission. Education is based on mentoring, internalization, identification, role modeling, guidance, socialization, interaction and group activity... thus, the strength of the future physical university relies less in pure information and more in college as a community; less in wholesale lecture, and more in individual tutorial; less in Cyber-U, and more in Goodbye-Mr.-Chips College. Technology would augment, not substitute, and provide new tools for strengthening community on campus, even beyond graduation.”³⁷

Business is an applied discipline and the mere transmission of information in the classroom is only part of the complete education model. Strategies developed in the area of education programs are typically aimed, beyond specific content, and at increasing the value-added to students’ leadership and continuing learning skills.

Total Education Experience

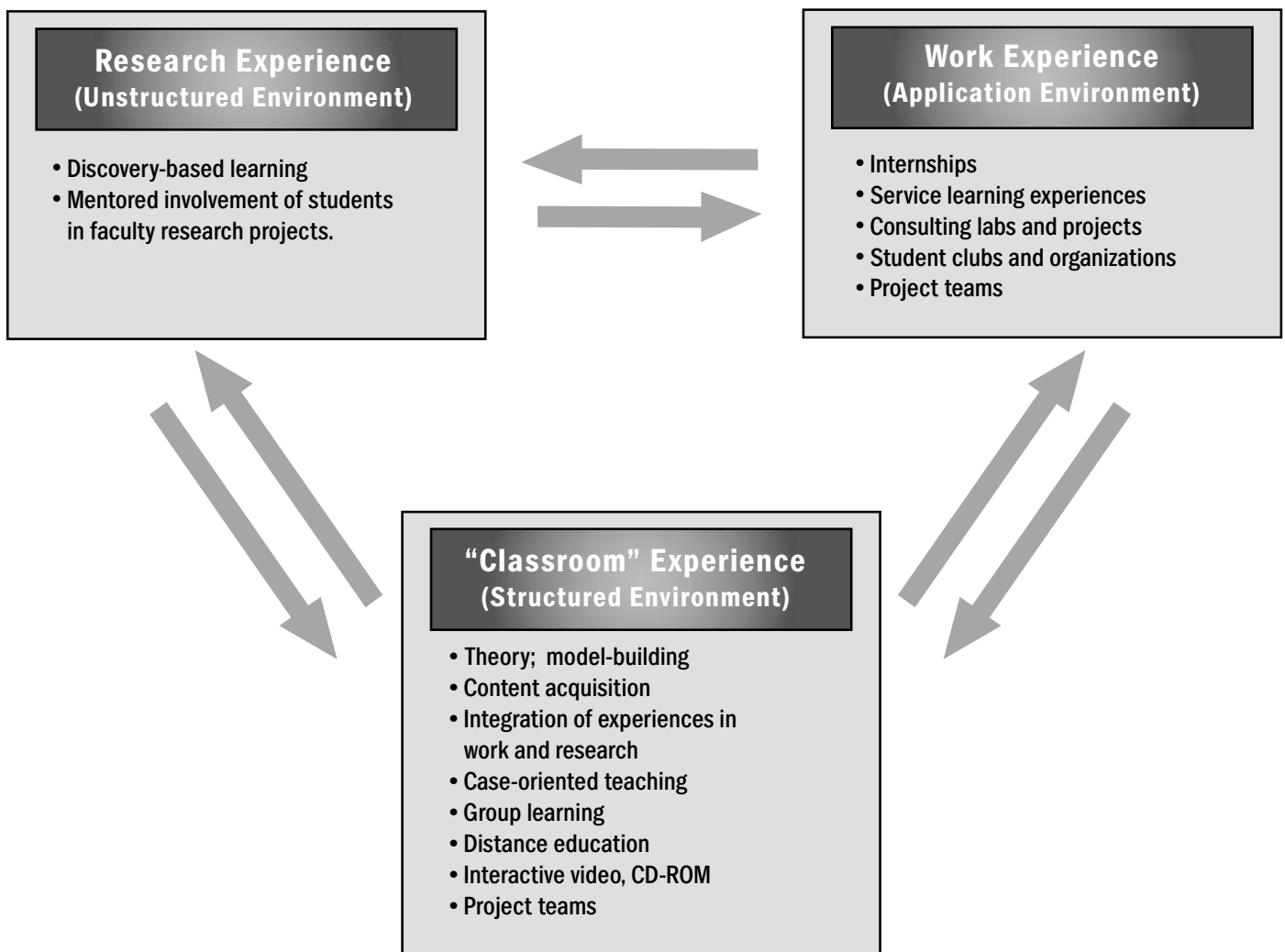


Exhibit 11

External Relations

The distinctive capabilities focus in the external relations area is dominated by the notion of partnerships with external stakeholders—a quest for mutually beneficial transactions that will keep the school and its external stakeholders continuously engaged in value-adding exchanges. The related strategies focus on (1) developing a specific menu of activities, appropriate to each constituency, (2) continuous two-way communications, and (3) targeted money raising.

In today's world it is more important than ever before to build alliances with stakeholders, especially with employers, students, and supporters. Successful organizations, including education programs, pay attention to key stakeholders and nurture their relationships. Employers who know that faculty care about them and who take the time to understand and respond to their specific needs are more likely to continue to recruit at that school than are employers who are largely ignored when they come recruiting.

Similarly, students who believe that faculty care about and pay attention to them are more likely to encourage their friends to attend programs than are students who feel neglected, isolated, or ignored. Successful business programs carefully identify their key stakeholders and do everything possible to build long-term, successful relationships. Strategies in the external relations area reflect a variety of approaches to relationship building.

Business programs are in competition with other schools within the university for the best students. And, AACSB data and sponsored studies³⁸ indicate that in comparison to other undergraduate options, business programs are not attracting the very best students. With increasing costs, and lower-cost alternatives becoming more widely available, it is becoming harder to recruit the best and brightest students. For a business program, especially at the undergraduate level, to be successful, it must be proactive and creative in attracting and retaining good students rather than accepting whomever enrolls. Strategies in the external relations area reflect a variety of approaches to student recruitment and retention.

Business schools are facing unprecedented competition from one another, from corporate universities and from distance learning programs. These forms of competition are real and increasingly formidable. Successful business programs acknowledge their competitors, and seek to learn from the experience of corporate universities and distance learning providers in matters of efficient delivery, innovative pedagogy, and insights from practical experience.

Academic units that ignore the competition will find themselves not only on a slippery slope losing ground to competitors, but also will miss opportunities to learn from what their most important stakeholders/customers are saying in their decisions to buy educational services from nontraditional providers.

Internal Operations

Internal operations strategies tend to focus predominantly on technology, facilities and, to a lesser extent, on the academic unit's organization and governance processes. The primary thrust of strategies in this area is to maximize the focus of internal support systems in facilitating the teaching, research and service elements of the mission, and in providing needed services with maximum efficiency, speed and consistency with the mission and values of the academic unit.

Much has been written about the need for continuous improvement in every aspect of organizational performance. Higher education, ideally, should be a leader in the theory and practice of continuous improvement and in its commitment to lead by example. The quality of everything academic units do must get progressively better.

Faculty must be continuously investing in their intellectual capital, updating their knowledge and skills. Curricula must continuously be in a state of improvement and transition. Pedagogical approaches must continuously be evolving. Students must be challenged to do better and better each year. Costs should be decreasing or at least holding steady. Internal operations strategies are intended to focus on the structure, management, technology and other systems, identifying ways to support continuous improvement in every dimension of the academic unit's performance.

In Short

- Strategies, and their related actions, are the pathways for turning vision into reality. The acid test for the viability of any strategy is whether the strategy influences resource allocations.
- Academic institutions trade on their intellectual capital. Planned investment in faculty development is a critical driver of future success.
- Academic institutions are being challenged to rethink their definitions of scholarship and their strategies for supporting an increasing breadth of scholarly activities.
- Academic institutions are increasingly committed to evolving new pedagogies and learning experiences, in part driven by technological developments in support of both classroom and distance learning.
- Partnerships and alliances are a growing practice among academic units within a university, across colleges and universities, and between academic units and for-profit commercial organizations.
- Structure and internal support systems, including governance and technology, have an important bearing on the quality of teaching, research and service.

The Strategic Planning Process

Successful leadership requires that there be a vision. Turning an institutional vision into reality requires shared commitment and teamwork. Shared commitment and teamwork are what strategic planning processes are all about. Our experience suggests five principles that underlie successful strategic planning processes:

- Leadership.
- Attention to the marketplace.
- A structured framework that charts the pathways from vision to reality.
- A participative process that actively engages key stakeholders.
- Effective team functioning, supported by facilitation.

The Strategic Planning Partnership (SPP) provides a process through which the academic leader engages the institution's key stakeholders in the shared commitment and teamwork essential for successful implementation. The SPP's contribution is essentially twofold: (1) a structured strategic framework that provides a road map and a common language for the deliberations and conclusions of the core planning team, and (2) a process and neutral facilitation that enables the planning team to reach agreement on an actionable plan.

The process does not and could not supplant the academic leader's role. The SPP facilitators are not vested in any specific

outcome, other than to help the academic leader and the core planning team to do their best thinking, put real issues on the table, and reach as much closure and agreement as possible about the future of the academic unit.

In Chapter 1—Leadership and Change, we expressed our views on the essence of leadership and, specifically, on the academic unit leader's role in sponsoring and leading a strategic planning process. In Chapter 2—Change Forces, we underscored the critical importance of externally driven attention to the marketplace. In Chapter 3—A Strategic Framework, we explored in depth the role of a strategic framework in providing structure, a common language, and diagnostic support for the planning team in charting the course for turning their lofty shared vision into hard, operational reality. In Chapters 4 through 7 we discussed the elements of the strategic framework. In this chapter, we focus on the fourth and fifth principles of successful strategic planning—having to do with the lessons we have learned, together with our partnership schools, about process design, team leadership and facilitation. The process we describe is, itself, still in-process, i.e., we are continuing to redesign its components and our facilitation techniques in the shared spirit of life-long learning and continuous improvement!

Positioning the Process

Successful strategic management requires positioning, competitive advantage in areas relevant to the marketplace, and superior execution. The quest for these critical elements requires leadership—vision, clarity of mission, and the ability to engage the people who are necessary to bring the vision to life in the marketplace. We believe that the planning process itself is critical, both to the formulation of mission and distinctive capabilities that are relevant to the marketplace, and to developing the strategies and building the commitment to superior execution.

In deciding to go forward with a strategic planning process, an academic unit agrees to undergo a probing assessment of its current mission, shared values, choices of program emphasis, and of its performance in achieving its aspirations. The unit opens itself to the possibility of change from its then strategic direction. A successful process requires a major investment of time by the academic unit leader, faculty, staff and its valued advisors. It requires a willingness to engage in spirited dialogue and debate on matters on which there may be deeply divided views among influential stakeholders whose collaboration is important to the future success of the unit.

The doers must be the planners. Strategic planning is a line task to be undertaken by those responsible for the plan's implementation.

— Michael Davidson
The Transformation of Management

Any strategic planning process should be driven by the service and survival *imperatives* for the institution, evidencing a genuine commitment by the academic unit to strengthen its understanding of the changing needs of its constituents, and to processes of continuing improvement in its scholarship, education programs and service in meeting those needs. To be avoided is the notion that the strategic planning process is being undertaken as a *compliance* initiative, undertaken because of a pending regional or professional body accreditation review, or in response to a mandate from university trustees or a state legislature to produce a strategic plan.

A compliance mindset will substantially limit the openness of the academic unit to new ideas. Its roots will lie in attitudes such as: We're doing just fine; Our past success is evidence of our assured future; We already know what students and employers need. With this mindset, the burden of proof will be on those who would advocate any departure from the status quo. A continuous improvement mindset, on the other hand, will not only be open to new ideas, but will advocate that renewal is a necessary condition for being relevant, competitive, or dominant in the academic unit's chosen areas of service.

The strategic planning effort and its outcomes must be owned by the leaders of the academic unit. It must be their initiative, driven by their desire to continuously excel in what they do. The effort ideally should be positioned not as a turnaround effort of a desperate situation, or to comply with someone's mandate, or simply because funding is being made available to support doing a strategic plan, but solely as a continuous improvement initiative, driven by marketplace imperatives.

The probability of leading a successful strategic planning initiative is improved by involving the faculty and staff in the decision to proceed. We encourage academic leaders to invite faculty and staff members to interact with the process designers and facilitators during pre-process discussions, providing their advice on issues to be addressed, and the composition of the planning team.

Academic units must be prepared to undertake the major investment required to conduct a quality strategic planning process. The principal investment will be in the time, energy and commitment of its faculty and staff to a "no-holds-barred" examination of the current state of the school, and a genuine effort to come to agreement on (1) new initiatives, (2) the areas for primary focus and investment in the future, (3) the priorities for allocating scarce resources, and (4) the identification of current programs and activities that should be de-emphasized or discontinued. The academic leader must realize that a successful process will require substantial time commitment and the risk that his strong preferences may not be readily accepted by her planning team.

The planning unit: We are strongly biased toward planning processes that encompass the university or an entire school or college. In business schools we prefer not to facilitate planning processes for a single department (e.g., Accounting) or a program (e.g., MBA). Our experience is that most strategic issues are school-wide in their nature, common to all departments, and require the participation and collaboration of faculty from multiple disciplines. Examples include (1) providing students with an integrated perspective of business, (2) developing a business core curriculum, (3) supporting an interdisciplinary degree, e.g., the MBA, and business minors for non-business students, (4) stimulating interdisciplinary research, (5) managing promotion and tenure criteria and processes, (6) developing and supporting research and service centers or institutes.

The initial visit was crucial to our success. It wasn't until then that the Department decided it really wanted to do it.

— Partnership School
Department Chair

Some of these and other issues will be university-wide in their nature, and will require the business school to strengthen its relationships with university leadership and with service units that are centralized and not wholly within the business school, e.g., student recruiting, placement, development, and technology support. In preparation for a strategic planning initiative for a business school, we encourage meeting with the provost or president to assure (1) that the university-wide mission, strategies

and expectations of the business school are actively factored into the school's planning process, (2) that the school is sensitive to how it is perceived within the overall university, and (3) that the selection of planning team members actively considers key stakeholders from elsewhere within the university.

The participation of University personnel, advisory council members and alumni add stature to the process, and indicate a serious effort rather than a perfunctory exercise.

— *Partnership School Dean*

Team composition: Strategic planning is not staff work. Neither is it consultants' work, although consultants may be useful resource people. Strategic planning must be actively engaged in by the people who have the power and responsibility to implement the plan. Also, it makes little sense to go through a planning process and miss the opportunity to engage key stakeholders in dialogue, direction setting and strategy development. Implementation will depend very much on the extent to which understanding and commitment can be generated among the academic unit's leadership and key stakeholders during the planning process itself.

The strategic direction of any organization must be owned by its leadership—the people who have the responsibility and authority to act—if there is to be any prospect of effective implementation. In organizations of any complexity, this ownership and commitment to execution

requires the collaborative efforts of diverse stakeholders in the mission. The Focus methodology encourages building a broad representation of these stakeholders, within the strategic management team, in associated task forces, in focus groups and in other forms of active involvement and communication.

The composition of strategic management teams typically includes about two-thirds faculty and one-third other key constituencies: students and alumni, staff members, and external advisors and supporters from the business and local communities. The selection of team members should assure that diverse perspectives are brought into the deliberations of the group throughout the process. Inclusion of these constituencies as active members of the planning team is a much stronger design than expecting to use them as remote sounding boards for the ideas and work products of an all-faculty planning team. Examples of stakeholders other than faculty include:

- Staff involved in student recruiting, advising, placement.
- Employers and advisory board members.
- Students and alumni.
- Development and corporate/public relations staff.
- Computing services, library and other internal services.
- University administrators and trustees.

A successful strategic plan will be externally driven, i.e., by the changing needs of the constituencies that the academic unit serves: its students, alumni, the employer community, its university, and the larger academy. No academic unit can be suc-

cessful for long if it isolates itself from knowledge of the changing needs of its constituencies or fails to maintain value-adding relevance in its scholarship, education programs and service. The days of mission and strategy being driven solely by faculty interests, independent of these external realities, are over.

A strategy has power to the extent that the stakeholders of an organization can (1) describe the strategy in their own words, (2) describe the relevance of the strategy to their own work, (3) describe their personal roles in making the strategy succeed, and (4) describe their personal gain in making the strategy succeed.

— *(Author unknown)*

We recommend that *all* faculty and staff be invited to express their interest and availability for membership in the core planning team, with the understanding that there will be a limited number of seats at the table. Our experience suggests a working maximum team size of about 40. The academic unit leader needs to make the call where membership is oversubscribed, but many faculty and staff will not be interested or able to make the required commitment for full participation. The academic unit leader should not leave to chance the inclusion of faculty and staff members who are seen as critical to the success of the process, because of their ideas, influence, and/or position.

Those who are essential to the success of the process should be willing to accept a summons for their responsibility to serve.

It is also important to assure the inclusion of faculty members who are likely to be strongly contrarian in their opinions on important issues, but whose views are influential and respected, by at least a segment of the faculty. We believe it is important to engage these individuals in the planning process itself, as they are almost certain to be encountered somewhere along the pathway of implementation. On the other hand, we suggest that people who are simply loud and vexatious, and largely without followers within the academic unit, be excluded from the team.

I identify the champions and I work with them, not losing a great deal of sleep over those who are still debating or uncertain. I keep others informed, but do not consume my time trying to get everybody on board. Rather, I move with the doers and support them, because maintaining momentum is very difficult, and the doers are the people who sustain momentum.

— *Partnership School Dean*

It is essential that faculty members welcome, be open to, and not summarily discount the views of non-faculty participants. Equally important is the necessity that the participating external constituents acknowledge the experience

We took your advice and added a number of outsiders to the team. The director of the career center kept us focused on our two most important customers: the student and the employer. Another benefit of the process, was including our key lecturers. This was the first time that they became fully aware of the mission of the department and their role in it. They were great in pointing out areas where the faculty were "just acting silly," pointing out that such discussions would never take place in their workplaces.

— *Partnership School Departmental Chair*

and hands-on knowledge of the school's faculty and staff members, and that it is these people, who will be largely responsible for acting on the plan, and must agree with and fully support any change initiatives that emerge from the process.

Setting expectations: The SPP process cannot be expected to resolve every long-standing difficult issue under consideration and debate. The contributors to success in resolving issues include (1) an externally driven focus, (2) a core planning team composed of leaders from internal and external stakeholder groups, (3) a positive climate for considering new ideas and achieving continuous improvement, (4) a framework and facilitation that assists in translating lofty aspirations into operational, actionable strategies, and (5) an academic unit leader who is committed to the process and to acting consistently with the results of the process. Even with all these elements in place, it may be that for some issues the maximum possible accomplishment will be to agree to set in place additional future processes to bring some of these particular issues to full resolution.

It is important to acknowledge that the SPP process does not, per se, change the decision-making structure and processes of the academic unit. Some of the conclusions from the planning process might require additional formal approval through the academic unit's (and/or university's) established governance processes, including faculty voting. Even with this requirement, if the planning process develops broad support for a particular initiative, one would expect that the formal decision, whether by the unit leader or by faculty vote, should be greatly facilitated.

Obviously, the planning process would be a waste of time if action did not follow as a result of the planning. As part of the going-in commitment to action, the academic unit leader should establish the expectation that each individual's participation in the planning process carries with it a commitment to fulfill some leadership and support responsibilities in driving implementation.

In selecting your team, the thought leaders are the most important people to have on board and participating. They must be highly respected scholars who do all the functions well – teaching, research and service. Their efforts cannot be questioned, thus their opinions are respected.

— *Partnership School Dean*

Team organization and roles: Our experience is that it is not possible to get the work done by operating entirely as a team-of-the-whole. Rather, we believe that the substantive work—information gathering, idea generation, and strategy formulation—is best done by organizing the team into task forces, with each task force responsible to frame issues for dialogue and decision-making by the team-of-the-whole. Our experience is that the task forces need a four to six week window of time between overall team meetings to do substantive work, given the realities of their continuing responsibilities on campus or in their other workplaces. As a result, our process design, after the initial workshop, extends typically over an 18-24 week period. There are some distinct pluses to this organization and scheduling:

- The quality of the work products tends to be higher.
- There are opportunities to involve more people, building support for the plan.
- There is time for reflection, fine-tuning and building on earlier draft proposals.
- The workshops provide an iterative process for defining what is core to the academic unit and what is peripheral.

Our partnership school deans advise that it is especially important to appoint chairs for each task force who are respected leaders and able to get things done. We endorse that view, and further suggest that co-chairs be appointed for each task force—as a way of expanding the number of leadership opportunities and, as a practical matter, to remove any excuse for the task force not meeting because its chair was not available!

Team members are expected to participate in all the full-team work sessions and to serve on one of the subject area task forces that work on projects between the full-team sessions. Their responsibilities, as task force members, include information gathering, evaluation of the current state of the academic unit, identification and discus-

We need the participation of the young lions to get the fires burning. We need the participation of the experienced to keep the place from burning down. But, I'd rather have to cool down a group of radicals than warm up a corpse.

— *Partnership School President*

sion of alternative futures, and to reaching as much closure as possible on the appropriate strategic direction—one which they could personally commit to support.

The minimum time commitment for members of the core planning team includes (1) participation in four workshops, i.e., five full days, and (2) active participation as a co-chair or member of a task force—we estimate the equivalent of, say, an additional six to nine days in a combination of individual work, telephone and e-mail communications, meetings, and focus groups.

Team members are encouraged not to limit their participation to what might be perceived as their areas of special expertise or responsibility. Rather, they are encouraged to offer their perspectives on all aspects of the plan, recognizing the interconnectedness of the matters under consideration. Issues around the placement of graduates, for example, are connected to issues of student recruitment, admissions, curriculum, and advising. Active participation throughout the process, on all issues contributes to building commitment through understanding (1) the imperatives of the marketplace, (2) the trade-offs that may need to be made in resolving the tough dilemmas, and (3) the resource requirements and individual and team responsibilities that must be fulfilled for implementation to be successful.

In this process, the Dean has to be more hands-on than hands-off.

— *Partnership School Dean*

The academic unit leader's role also is critical and needs to be clearly understood before beginning the process. Although the academic unit leader will function primarily as a participant, and only infrequently will lead the discussion or weigh-in conclusively on a matter at issue, it is important that everyone involved understand that the strategic management process does not, per se, change the decision-making process of the academic unit. The existing governance process, including the extent of decision authority vested in the academic unit leader, or in faculty vote, remains in place unless it is challenged and eventually changed as the result of momentum initiated during the planning process.

Process Facilitation

Just putting well-intentioned people together in a room doesn't assure that they will sort themselves into constructive, collaborative roles and work well together—regardless of whether they have worked together before or are, for the most part, coming together for the first time:

- Established groups will bring any existing interpersonal baggage to the table.
- New groups will tend to do a lot of sizing-up and temperature-taking.
- Most groups will tend to shy away from engaging on the hard choices.

- To the extent that previous planning processes did not produce the expected results, there will be going-in skepticism, i.e., “Here we go again!”

External facilitation, combined with an agreed-upon framework, can help the team stay focused on its task, elicit participation from all its members, raise and confront relevant issues (hopefully early in the process!), reach as much closure as possible on difficult issues, and allow the academic unit leader to concentrate her participation on substantive matters rather than having to manage the process as well. The pace of the process, however, requires that the academic unit has a workable, going-in culture of trust, mutual respect and civility in relationships among its faculty and staff. The process we use is not designed to transform engrained, dysfunctional behaviors while, at the same time, forge agreement on a new strategic direction!

Facilitators should be external to the group, perceived as fair-minded, excellent at mob control, and all with a smile.

— *Partnership School Department Chair*

Members of the strategic planning group may disagree sharply on significant issues. In fact, we strongly encourage teams to make sure that important strategic issues are not avoided simply because the issues have been intractable in their past efforts at resolution. Our experience,

Effective facilitation renders contribution easy, yet promotes hard work. The rewards are active engagement, a legitimate sense of accomplishment, knowledge that one's participation mattered, and profound pleasure when these are shared by all those present.

— *The Drucker Foundation Self-Assessment Tool*

however, is that some schools are so plagued by deeply felt, long-standing divisions among departments and individuals, that the strategic planning initiative is seriously handicapped. Where these divisions are manifest in a pervasive climate of distrust, punishing interactions, and win-lose behavior among the people whose cooperation and teamwork are essential to success, it is better to address these issues directly, *before* entering into a strategic planning process.

At the outset of a planning process, we lay the groundwork for facilitation by describing and discussing with the planning team the structure and flow of the planning process itself, including (1) expectations of the participants and the team leader, (2) roles of the facilitators, (3) the planning events and calendar, and (4) the Focus strategic framework that will be used in organizing, diagnosing and fine-tuning the work of the planning team.

It is important that the participants understand and accept their responsibilities for the substance and specific content of the strategic plan that will be developed (and not look to the facilitators for subject matter expertise or judgment on the choices made by the planning team). The facilitators' responsibilities are to manage the process and activities that are designed to help the team to:

1. Develop a clear picture of the current state of the school.
2. Gain clarity about how the school is perceived by its key stakeholders.
3. Ask “right” questions; squarely confront and discuss the real dilemmas.
4. Make sure that the real issues get on the table.
5. Do their best thinking about mission, distinctive capabilities and strategies.
6. Develop a schedule and commitment to implementing agreed changes.

The facilitator, as an outsider, is positioned to offer objectivity and perspective. He has no organizational authority and, because he raises questions in a Socratic fashion, rather than asserts opinions, he is not threatening to the team. The facilitator can bring about a creative discontinuity by fostering this fresh look and perspectives. She enables dissenting voices to be heard. She may act as a catalyst for challenging old paradigms and opening up the group for possible change alternatives. Another important function is to tap into the often-underutilized resources within the group. The facilitator does not, however, usurp the roles of the academic unit planning team or its leader. The responsibility for strategy development, i.e., for substance, remains with the team.

The distinction between facilitation and other types of group leadership is the facilitator's neutrality. The facilitator is responsible for process rather than content.

— *The Drucker Foundation Self Assessment Tool*

As facilitators, we seek to be neutral in our participation. Although we do not lack for opinions on the matters at issue for business schools, our interaction with the planning team is intended to avoid advocacy on substantive issues. Rather, when we intervene in the team's discussions, our intent is to assure consideration of alternative choices and consequences, benefits, measures of success, alignment with mission, and potential areas of distinctiveness in the marketplace. We also are responsible to parse the overall work of the team among the task forces, using the strategic framework model, to summarize the work products of the task forces into headline form within the strategic framework, and to referee the timing, dialogue and progress of the workshops.

We believe that strategic planning within a facilitated team process, contributes to improved team learning and team functioning, that have long-term benefits both for individual participants and for the academic unit. Important conceptual skills are honed through actively participating in team-based strategic planning, including:

- Systems thinking—thinking in wholes, and the interconnections of components.

- Strategic thinking—customer-driven focus in a competitive environment.
- Future thinking—understanding the long-term consequences of short-run actions.

We recommend that planning workshops be conducted at off-site locations, away from the established, day-to-day meeting places where the participants might tend to adopt their established, unspoken norms about what's discussible, and who is qualified to say what. The room setups, informal attire and other physical arrangements are designed to support the notion that titles (hierarchy) should be set aside in the interest of the openness and dialogue necessary to assure quality assessment of the current state and consideration of future alternatives.

A number of structured exercises are employed throughout the process to stimulate both individual participation and effective resolution of contentious issues. Examples include:

- Brainstorming—uncritical idea generation.
- Key word and common theme analyses.
- Sentence completion: “I’ll be proud of the school in three years, if...”
- Small-group processing and agreement building on issues.
- Drafting of straw-person alternatives for dialogue and discussion.
- Priority rankings of issues and strategies by individuals and small groups.
- Tests of closure: straw votes, scalar distributions.

The interim work products of the strategic planning team are captured on flip-charts and overheads, and are recycled (usually on the same day) for building upon or for reconsideration by team members.

The strategic framework itself (Exhibit 2, page 25) serves as a continuously useful diagnostic tool, helping the teams to keep track of their parallel processing of information and recommendations on both the strategic direction and the required strategies and resource allocations. As the work products of individual task forces come together within the framework, the diagram helps to identify gaps (unaddressed questions and required decisions on alternatives), potential dilemmas and conflicts among the proposals, and possible inconsistencies between the direction-giving elements (mission, distinctive capabilities and measures) and the strategies for implementation.

Ground Rules: It is important for the team to recognize that, for their process to be successful, they should adopt some ground rules about how they will work together, how they will conduct themselves individually, and how they will engage in self management of their own process. The purposes of ground rules are to engage people in the process, to get them to take ownership of both the process and its results, and to articulate what it means to take personal accountability for group action and results. Ideally, ground rules promote access to the full capabilities and experiences of the team members.

The facilitator's first task is to help the group set ground rules — a set of points that all agree will help ensure the most productive session... Once ground rules are spelled out, the facilitator's authority to lead the process becomes legitimate and is likely to be supported.

— *The Drucker Foundation
Self-Assessment Tool*

Ground rules are mostly about personal accountability, civility, and common sense behaviors that promote open dialogue and problem solving — reminding the participants mostly about what they already know, but have a tendency to brush aside in the heat of give-and-take on difficult issues. Participants should be willing to buy-in to the terms of their working together, such as the examples shown in Exhibit 12.

The academic unit leader must assess whether the team he will put together is prepared to give their best efforts to this type of collaborative effort. Accepting ground rules such as these acknowledges that the quality of the process itself is important to the success of the team, and that although the facilitators will be the active managers of the process, each participant must be willing to make a personal commitment and accept personal accountability for the success of the team.

Planning Workshops and Calendar

Exhibit 13 illustrates a typical calendar of events for the planning process. The top line indicates the schedule for four full-team workshops, spanning an eighteen to twenty-four week period. The second and third lines of the diagram indicate the pattern of meetings of the five task forces identified on the title bar: People, Scholarship, Education Programs, External Relations and Internal Operations.

The overall time line is driven by the schedule of workshops for the full team. The task forces schedule their meetings and conference calls according to their particular needs, with the expectation that they will deliver their work products to the academic leader one week before each full-day meeting, ideally through an interactive discussion, labeled as a Framework Review meeting on the diagram.

Ground Rules

1. This is a secure environment – what we say here, stays here. We are free to speak without concern for being quoted to others outside the team. We will speak our minds, change our minds, or hold fast in our views, all without fear of being quoted or misquoted by others.
2. We will be present, on time, for all workshops. We will listen actively, question what we hear, and participate in the discussion. We will clear our minds of other things – and will not time-share with our other responsibilities during the workshops.
3. We will speak our minds on matters about which we have opinions and feelings. We will not mask our views as representing the views of others. We believe that over-contribution and under-contribution are equally dysfunctional.
4. Everybody's views are worth hearing, or they wouldn't be here. We will not carry on simultaneous discussions, whether on the same or different subjects. One person may speak at a time, and we will give that person the courtesy of our listening. We will listen first, and explore the possibilities of their ideas before judging.
5. We welcome new ideas, including not fully baked ones. We will explore off-the-wall, unconventional ideas, without requiring proof that the ideas will work. We believe it is possible that we haven't tried everything worth trying. In the end, we will not attempt the impossible, but we will genuinely explore possibilities before abandoning promising ideas.
6. Our participation will be in the spirit of our mission. We will be clean in our intentions, with no hidden personal agendas, and with no sarcasm in our comments. We know that there will be differences of view, some sharply different and strongly felt. We will air our differences without mean-spirited personal attacks, including any references to the perceived ancestry of team members.
7. We will not engage in triangulation, i.e., getting together with one member to complain about another member. If we have a personal difference with someone, we will arrange for a private clearing with that person. The appropriate response to a member who wants to complain about another member is "I will be glad to discuss with you how you might clear the differences you are having with that person."
8. We are a working team and expect to do work between the workshops. Whatever we agree to do, we will give priority to, and will deliver our work products on time. Our participation does not end with formulation of our strategic plan, nor is our goal simply to advise others what they should do. We expect to exercise personal leadership in implementing the plan.
9. If the only strategy we can come up with is that our leader must fall on his or her sword, so be it – but we don't get to use it too many times.

Exhibit 12

Strategic Framework – Workplan

· People · Scholarship · Education Programs · External Relations · Internal Operations

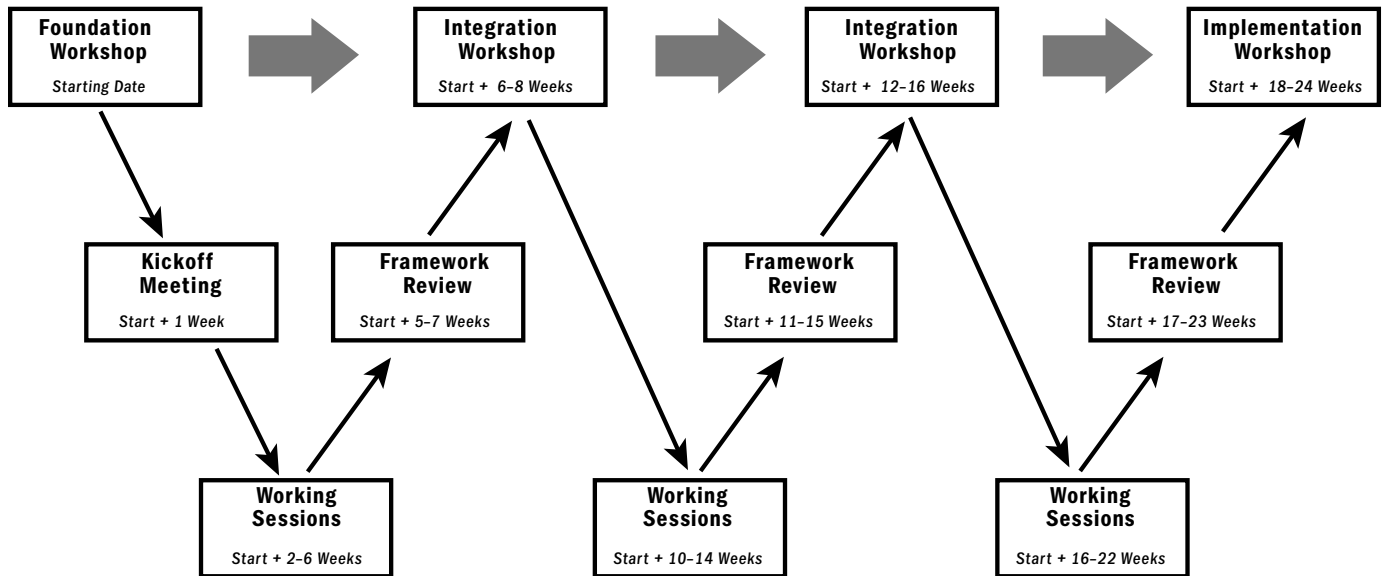


Exhibit 13

The workshops indicate milestones in the team's development of a strategic plan for the academic unit. In summary, the intended results for each milestone include:

Foundation: A working statement of mission, preliminary ideas on values and distinctive capabilities, organization and preparation of task forces to accomplish their assigned work. Building a spirit of teamwork in common cause.

Integration: Progressively sharpened focus in the statements of mission, distinctive capabilities, measures of success and strategies that will turn the vision into operational reality—achieving as much closure as possible on these elements by the whole group.

Implementation: Sign-off on the mission, distinctive capabilities and measures of success. Reach as much closure as possible on the strategies and related actions to be included in the implementation plan, including agreement on the highest priority strategies.

The Foundation Workshop is an intensive, structured two-day process. The two one-day Integration Workshops are designed to consider, discuss and integrate the work products of task force groups. The Implementation Workshop may be one to two days long. (In our experience, most academic units have found one day to be sufficient, but some prefer a more leisurely pace, including added social content to the end of the process, acknowledging and celebrating the commitment and contributions of the team members.) Each process is unique, and for some academic units, additional facil-

itated work sessions and/or longer time intervals may be scheduled to facilitate the work of task forces.

Intervals between the workshops enable task forces to collect information, dialogue with additional resource people, develop and test their ideas with others, and to prepare recommendations for consideration by the overall team at the next workshop. Exhibit 14 summarizes the pre-workshop activities and the results expected for each workshop.

We find also that the opportunity for all team members to reflect on issues between workshops tends to moderate the intensity of debate and facilitates eventual agreement on proposed initiatives. A heated exchange the first time a proposal is advanced sometimes sorts itself out in subsequent consideration as (1) having been a breakdown in earlier communication or understanding, (2) the basis for an amended proposal that satisfies earlier objections, or (3) recognition that the previous objections, while vigorously made, represent a rather isolated perspective on a matter that actually enjoys the predominant support of the team members.

The eighteen to twenty-four week process is only a launching period for what will be an ongoing process of strategic management and improvement. Planning teams will typically have a “normal distribution” of members, i.e., some who are concerned that the schedule may result in a rush to judgment and high-risk decisions, and others who are concerned that the schedule is agonizingly slow in its length and deliberation.

The process takes time and effort. A dean needs to be committed and patient. Several times I wanted to just decide and get on with it. Much of the benefit comes from letting the process work itself out.

— *Partnership School Dean*

Planning teams should recognize that there will always be gaps in the information that the academic unit would like to have about its marketplace, competitors, and changing needs of stakeholders. Some difficult issues are not likely to be fully resolved within the launch window of the launching process. For these issues, the initial process paves the way for follow-on, issue-specific processes aimed at resolving matters that were framed during the launch period. Setting these expectations, and fixing boundaries on the time commitments for the launching process, helps academic units to secure the commitments of busy faculty, staff and other stakeholders to make the extra efforts required to conduct a quality process.

Strategic Planning Workshops

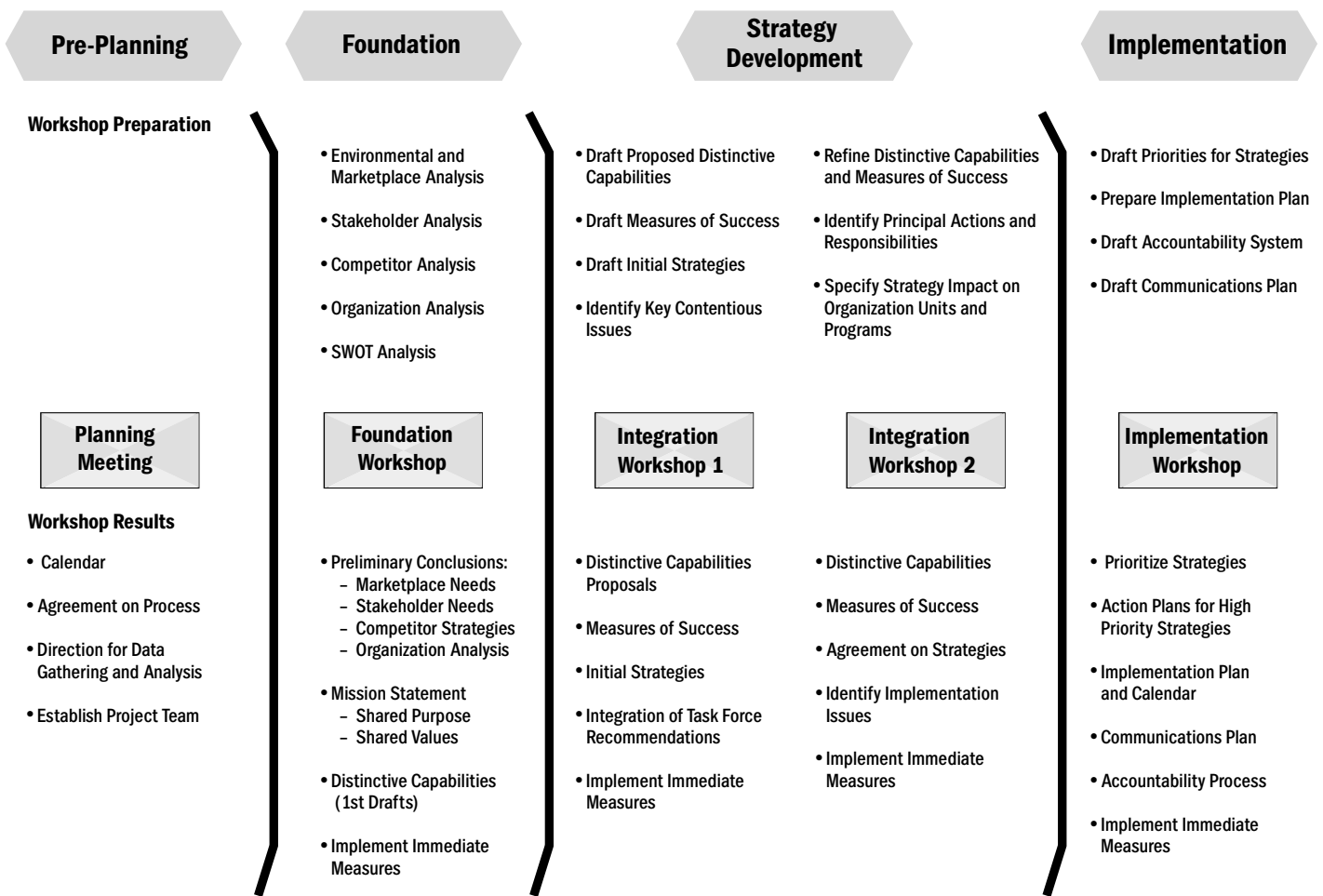


Exhibit 14

Foundation Workshop: As its name suggests, the Foundation Workshop sets the stage for the planning process. Its primary objectives are to:

1. Develop a common understanding of the change forces within higher education generally and on the academic unit in particular, including a preliminary assessment of the current state of the unit—its strengths, and weaknesses, and the opportunities and threats it is, or may be, experiencing.
2. Elicit the participants' going-in aspirations for the academic unit's future, identifying issues and possible change initiatives to be explored during the planning process.
3. Orient the participants to the Focus planning methodology, including the strategic framework, terminology, roles of participants and facilitators, ground rules, and calendar.
4. Draft a working statement of mission for the academic unit, and develop preliminary ideas on shared values and possible areas of distinctive capability.
5. Organize the distinctive capability area task forces, orienting them to their assignments, and providing them some time to work together on their initial ideas and their work schedule for the weeks to follow.
6. Build a spirit of teamwork in common cause.

The Foundation Workshop agenda is shown in Exhibit 15. Only about two-thirds of the first day are given to the rather ambitious content of the first three objectives. We underscore that the SPP process is not positioned as a lengthy, thorough self-study event. Rather, it is premised on the assumption that the academic unit already has a workable assessment of its current state, sufficient to start a forward-looking planning process—including an understanding of both the environment in which it operates and the needs of its stakeholders.

In part, this going-in information base will be contained in the academic unit's most recent self-studies in connection with regional and/or professional program accreditation reviews. In part, the information will be contained in the established pattern of ongoing assessments to which the academic unit has committed, including statistical performance measures, institutional research data, stakeholder satisfaction surveys, and periodic reports to governing and advisory boards.

Perhaps the most important part of the going-in knowledge lies in the close-up experiences and diverse perspectives that are embodied in the participants themselves. We encourage the academic unit leader to pull together, and distribute to the participants, a package of pre-reads, including highlights of existing self-studies, performance measures, survey results, annual reports, fundraising case statements, and media clippings, to provide the participants with a common base of going-in knowledge.

As the planning process proceeds, participants will typically identify gaps in the information that the academic unit should have in support of its future decision-making. The working assumption, however, is that the new information to be generated will benefit future planning processes, and not be used as an excuse to avoid making decisions in the planning process under way.

A Foundation Workshop notebook provides the participants with reference materials, including summary information on mega-trends in higher education (and, in particular, in business education). Mostly, the notebook contains descriptions of the strategic framework, definitions of terms, instructions for the work of task forces, blank forms, and examples from the work of other academic units. The intent is to provide convenient reference materials, so that coverage of the mechanics of the process can be limited, thereby preserving as much as possible of the workshop's limited time to participant dialogue on substantive issues.

Different types of media (video, 35mm slides and overheads) are used in presenting information, in the belief that variety contributes to refreshing participant attention spans. The workshop notebook includes copies of all presentation materials.

Foundation Workshop Agenda

Start	Time	Subject	Leader
Day One			
7:30 AM	0:30	Continental Breakfast	Participants
8:00 AM	0:30	Introduction: Goals and Expectations What we are going to do and why Expectations and commitments to the process	Dean
8:30 AM	0:15	The Strategic Management Process The Strategic Planning Partnership Individual roles and ground rules Strategic framework Process and workshop schedule	Mike Moore
8:45 AM	0:30	Crisis and Survival	Mike Diamond
	0:20	Education Change Video	
	0:10	The Change Imperative	
9:15 AM	0:45	Going-In Vision	Mike Diamond
	0:05	I'll be proud.... (Individual)	
	0:10	I'll be proud.... (Small group)	
	0:30	I'll be proud.... (Take-up)	
10:00 AM	0:15	Break	Participants
10:15 AM	0:30	Turning Vision into Reality Purposes, Values, Distinctive Capabilities The Strategic Framework	Mike Moore
10:45 AM	1:15	Stakeholder Analysis	Mike Diamond
	0:15	Set-up	
	1:00	Break-outs	
12:00 PM	0:45	Lunch	Participants
12:45 PM	0:45	Stakeholder Analysis (Continued) Report back	Group Leaders Mike Diamond
1:30 PM	1:30	Mission	Mike Moore
	0:30	Components of Mission ranking	
	1:00	Break-outs	
3:00 PM	0:15	Break	Participants
3:15 PM	0:45	Mission (Continued) Report back	Group Leaders Mike Moore

For Example University
Everyone's School of Business

Foundation Workshop Agenda

Start	Time	Subject	Leader
Day One			
4:00 PM	1:30	Values	Mike Moore
	0:30	Values Video and Quiz	
	0:30	Everyday Tradeoffs	
	0:30	Our Values	
5:30 PM		Adjourn for the Day	Participants
Day Two			
7:30 AM	0:30	Continental Breakfast	Participants
8:00 AM	0:45	Day One Recap Review the bidding Scott Cowen video	Mike Moore
8:45 AM	1:15	Mission Statement Present and discuss the working statement of mission	Dean
10:00 AM	0:15	Break	Participants
10:15 AM	0:45	The Process From Here Workshops, Task Forces and Calendar Strategic Framework: Diagram and Definitions Teams and Team Member Roles	Mike Diamond
11:00 AM	0:15	Distinctive Capabilities, Measurements and Strategies (Set-up) Distinctive Capability Area work products Distinctive Capability Area thought starters	Mike Diamond
11:15 AM	1:00	Distinctive Capabilities, Measurements and Strategies (Break-outs)	Task Forces
12:15 PM	0:45	Lunch	Participants
1:00 PM	1:30	Distinctive Capabilities, Measurements and Strategies (Report-back)	Task Force Leaders Mike Diamond
2:30 PM	0:15	Break	Participants
2:45 PM	0:45	Conclusion Reality Check Basis for Communication Dean's Concluding Remarks	Mike Moore Mike Diamond Dean
3:30 PM		Departure	All Hands

Through a series of participative exercises, the Foundation Workshop begins by eliciting the going-in thoughts of participants concerning (1) customer and stakeholder needs, (2) vision of the academic unit's future, and (3) shared values. The purpose of these exercises is to develop a large number of ideas on the potential elements that should shape and infuse the academic unit's mission. An additional result usually is to identify areas where there may be a strong, going-in convergence of thinking, and to identify areas where there may be diverse or even strongly conflicting views.

The exercises involve individual work, small (4-6 people) team dialogue, and discussion and rankings by the team-of-the-whole. An important byproduct of the exercises is the building of relationships, teamwork and a sense of common cause among the participants, many of whom may not have worked closely together in the past.

The first team activity is centered around having the participants complete a simple, but revealing sentence with up to five short responses, "*I'll be proud of Everyone's School of Business in three years if...*" The question is first answered individually. Then, groups of 4-6 develop agreement on group responses that are taken up and displayed on flip charts around the room. Later in the day, differently formed small groups rank their top five choices from among the typically 30 to 40 responses developed earlier. Usually, the tally of these small group rankings

indicates a going-in convergence of *I'll be Proud* responses around a small number, say four to eight, areas of potential focus.

Break-out groups are formed to enable more concentrated focus on the changing needs of the many customers and stakeholders of the academic unit. Five groups work on the needs of assigned subsets of stakeholders, then present their ideas to the team as a whole. Exhibit 16 illustrates with an example the summary format of responses from the break-out groups, answering the questions, "*What are the most important needs of this stakeholder?*" and "*Which critical few needs are we going to satisfy better than anyone else?*" The orientation of this dialogue is on (1) meeting customer needs, (2) in a competitive environment, and (3) with the expectation of continuous improvement.

Following these rather brief excursions into the environment of higher education, the current state of the academic unit, changing stakeholder needs and consideration of the participants' *I'll be Proud* statements, we plunge the team into drafting an initial working statement of mission. After briefly reviewing the existing mission of the academic unit, five-break-out groups are formed (different in composition from earlier groups).

We task each group to prepare a draft mission statement for the academic unit. We suggest that they first focus on key concepts and themes that they would like the mission statement to convey, then to draft in concise terms a bumper sticker-length

statement of mission. (There is no rule against coming back with an endorsement of the existing mission statement of the academic unit, but it has yet to happen in our experience!) Most groups come back with draft statements of fifty words or less! The record for brevity, thus far, is the single word, *Excellence!*

After an hour of breakout group discussion, the five draft mission statements are displayed side-by-side, and presented by the group team leaders. Struggling against the inevitable would-be wordsmiths, the facilitators attempt to focus the overall team on identifying the underlying concepts, themes and words that appear to recur within the five draft statements. No attempt is made to resolve a synthesis of the proposals or to draft a wholly new draft by the team as a whole. Rather, the academic unit's leader is assigned the task to work with the five draft statements overnight, and to draft a single, straw-person mission statement for the overall team to discuss on the second morning of the workshop.

The first day closes with a series of small group and whole-team exercises concerning shared values as an important component of mission. The exercise begins with a video case study of how a prominently successful corporate organization gains acceptance of its service values and assures a high degree of consistency in the cultural norms of its people. Using the video as a stimulus for assessing the values-in-place within the academic unit, groups of three or four participants

For Example University
Everyone's School of Business

Stakeholder Analysis

Stakeholder Group:	
Subgroup	Need
Undergraduate student	<ul style="list-style-type: none"> ● Access to faculty, mentoring, individual attention, small classes ● Relevant, up-to-date curriculum ● Academic and career advising ● Curriculum breadth and integration ● Supportive learning environment ● Opportunities for internships ● Job placement ● Scholarships, financial aid ● Opportunity for timely degree completion
Graduate student	<ul style="list-style-type: none"> ● Quality and accessibility of faculty ● Quality of fellow students ● Teamwork, camaraderie among faculty and students ● Innovative, leading-edge curriculum ● Interactive learning ● Job placement ● Alumni network ● Up-to-date technology and facilities ● Entrepreneurial culture
Critical, few needs we are going to satisfy better than anyone else:	
<ul style="list-style-type: none"> ● Supportive, nurturing, team-based learning environment ● Preparing graduates to lead and work in high technology environments ● Innovative, diverse learning experiences that enhance life-long learning skills 	

Exhibit 16

rapidly evaluate the current state and desired future state of the academic unit on a continuum of paired descriptors of cultural norms (Exhibit 7, page 43).

The results of this exercise have revealed some striking similarities across the business schools with which we have worked, and are examined in some depth in Chapter 3.

At the conclusion of the structured values assessment, the participants submit, in their own words, lists of up to five shared values that they believe are important to the future success of the academic unit. The resulting 150 to 200 value statements are collected by facilitators and later grouped into related subject areas. The summary groupings provide insights into the extent of going-in agreement on frequently selected, shared values. The groupings also provide additional information to the academic unit leader for drafting the straw-person mission statement for consideration on the second day of the workshop, and continuing useful information to the task forces as they work on their assigned areas of the strategic plan.

The second day of the Foundation Workshop is much less structured than is the first day. It begins with a short review by the facilitators of the work products of day one. The academic unit leader then presents and leads a discussion of a proposed working statement of mission that will remain in place until it is reconsidered at the first Integration Workshop.

The task force chairpersons should have good interpersonal skills, be well organized and focused... persons who can lead the task force toward its goal while realizing and utilizing the strengths of the members... Never accept volunteers for the chairperson's job. The dean, perhaps in consultation with department chairpersons, should make the assignment of the chairpersons. Rank, seniority and degrees have no place in the assignment process.

— *Partnership School Dean*

As it is the work of task forces that will drive the planning process to follow, the primary emphasis of day two is on (1) organizing and orienting the task forces to their assignments, and (2) providing task forces with some unstructured time for their members to work together. By the end of day two, the task forces will have identified their initial ideas about their assigned areas and will have laid out their initial work methods and schedule for the ensuing weeks until the first Integration Workshop. The second page of Exhibit 15, page 88, identifies these task force-oriented work sessions.

As indicated in Exhibit 13, page 83, task forces are organized for each of the five distinctive capability areas of the strategic framework (People, Scholarship, Education Programs, External Relations and Internal Operations). These task forces are co-chaired by members of the planning team. Every member of the planning team is assigned to a task force. We encourage the academic leader to distribute the experience and talents of team members in such a way that there is a diversity of perspectives available within each task force, i.e., avoid clustering the highly research-oriented faculty within the Scholarship task force, or the business advisory board members within the External Relations task force.

Following the Foundation Workshop, task forces will be expected to gather data, stimulate dialogue, and identify choices that might be made for distinctive capabilities relevant to particular stakeholder groups. Task forces also propose strategies necessary to acquire and maintain these distinctive capabilities. Further, they are tasked to propose credible measures of success that, if met, would persuade the skeptical observer that the academic unit's self-proclaimed distinctiveness is real, accessible and adding value in stakeholders' relationships with the academic unit.

No prescriptions or boundaries are set for the activities of the task forces. Our experience indicates that the task forces employ a variety of techniques—focus groups, town hall meetings, surveys, electronic bulletin board exchanges, and team working sessions to draft their recommendations for consideration at integration meetings of the overall team.

A sixth task force, on Purpose and Values, is chaired by the academic unit leader, charged with continuing to evolve the working statement of mission. This task force also provides the on-campus coordination for the five distinctive capability area task forces, refereeing any overlap and underlap of subjects to assure non-duplicated coverage, and also taking responsibility for communication of the process's status and interim results to the academic unit's many constituencies. The working statement of mission, drafted at the Foundation Workshop is revisited at the beginning of each of the successive full-team workshops, and typically will be fine-tuned by the Purpose and Values task force as the other task forces progress in their articulation of distinctive capabilities.

Integration Workshops: Task forces function as agents of the overall team. They do not *own* their assigned distinctive capability areas. The idea of task forces is to achieve much greater in-depth consideration of issues than would be possible by doing all the tasks as a team-of-the-whole within the same time frame. The two Integration Workshops are intensive one-day vehicles for the overall team to consider the findings and recommendations of the individual task forces. These are intensive days, given the scope and importance of the issues and the change initiatives proposed by the task forces.

It is essential that important and contentious issues get on the table early in the planning process. Some big-ticket issues will have been flagged in the Foundation Workshop. Task forces and

individual team members are cautioned to insure that any big-ticket issues are fully disclosed and discussed by the end of Integration Workshop #1.

Early identification allows the planning team at least two additional sessions to work through as many of the contentious issues as possible. If these issues do not surface until the Implementation Workshop (or are never discussed) the potential value of the planning process is severely compromised. The facilitators must be continuously sensitive to the existence of big-ticket issues that may be glossed over by the task forces.

Task forces are expected to complete their work and to review it with the academic unit leader and the Purpose and Values task force in what we call a Framework Review meeting, about one week before each Integration Workshop. One of the purposes of this review session is to identify areas of overlap and underlap in the work of the task forces so that integration can be achieved in task force assignments, e.g.: (1) continue with some overlap, augmented by ongoing communication among the affected task forces, (2) agree on one task force taking the lead on the subject matter, again with communication and involvement of other task forces, or (3) agree on a single task force to continue development of proposals on the subject in question.

The task force work products are expected to be distributed to all members of the planning team no less than one week before each scheduled Integration Workshop,

so all team members can be familiar with all the materials by the beginning of each workshop.

The facilitators are responsible for collecting and displaying the draft recommendations of all the task forces, in headline form, using the strategic framework as a one-page summary and table of contents to all the task force work products. At the time of Integration Workshop #1, task forces should have drafted (1) a distinctive capability statement for their areas, (2) background papers on specific issues that they believe require such materials, (3) recommended change initiatives (strategies), or the framework for further dialogue and discussion that will lead to specific change initiatives, and (4) recommended general categories of measures of success in achieving the distinctive capability.

By Integration Workshop #2, having had the benefit of overall team responses to their first round of work, and another several weeks of further exploration and discussion, the task forces are expected to drill-down more deeply into the specifics of the strategic framework. At the second Integration Workshop, substantial progress should be made, at least for the highest priority strategies, in developing (1) action steps, including recommended responsibilities and milestone dates, and (2) operational specifics for the measures of success categories proposed within their assigned areas. Exhibit 4, page 29, illustrates the format for the supplemental detail that should be presented in beginning draft form by the start of Integration Workshop #2.

Integration Workshop Agenda

Start	Time	Subject	Leader
7:30 AM	0:30	Continental Breakfast	
8:00 AM	0:15	Agenda and Ground Rules for the Day	Mike Moore
8:15 AM	0:45	Mission and Values	Dean
	0:15	<i>Mission and Values</i>	
	0:30	<i>Participant discussion</i>	
9:00 AM	0:15	Written Comments/Break	
9:15 AM	1:00	People Task Force	Task Force Co-Chairs
	0:15	<i>Distinctive Capability, Measures, Strategies and Actions</i>	
	0:45	<i>Participant discussion</i>	
10:15 AM	0:15	Written Comments/Break	
10:30 AM	1:00	Scholarship Task Force	Task Force Co-Chairs
	0:15	<i>Distinctive Capability, Measures, Strategies and Actions</i>	
	0:45	<i>Participant discussion</i>	
11:30 AM	0:15	Written Comments/Break	
11:45 AM	0:45	Lunch	
12:30 PM	1:00	Education Programs Task Force	Task Force Co-Chairs
	0:15	<i>Distinctive Capability, Measures, Strategies and Actions</i>	
	0:45	<i>Participant discussion</i>	
1:30 PM	0:15	Written Comments/Break	
1:45 PM	1:00	External Relations Task Force	Task Force Co-Chairs
	0:15	<i>Distinctive Capability, Measures, Strategies and Actions</i>	
	0:45	<i>Participant discussion</i>	
2:45 PM	0:15	Written Comments/Break	
3:00 PM	1:00	Internal Operations Task Force	Task Force Co-Chairs
	0:15	<i>Distinctive Capability, Measures, Strategies and Actions</i>	
	0:45	<i>Participant discussion</i>	
4:00 PM	0:15	Written Comments/Break	
4:15 PM	0:15	Wrap-Up	Dean
		<i>Communications Actions</i>	Mike Moore
		<i>Conclusions and To Do's</i>	Mike Diamond
4:30 PM		Adjourn	

Task Force Review

(to be completed by all participants at each Integration Meeting for each Task Force)

Distinctive Capability Area: _____

Strongly Disagree

Strongly Agree

1. The statement of Distinctive Capability clearly articulates the core competency that the school needs in this area to fulfill its mission. 1 2 3 4 5

2. Suggestions for changes to the Distinctive Capability statement:

3. The Measures will clearly indicate success in achieving the Distinctive Capability. 1 2 3 4 5

4. Suggestions for changes to the Measures:

5. The Strategies are necessary and sufficient to achieve the Distinctive Capability. 1 2 3 4 5

6. Suggestions for changes to the Strategies:

7. Please call me for more specific suggestions concerning the statements of Distinctive Capabilities, Measures and Strategies: _____

(name)

Implementation Workshop Agenda

Start	Time	Subject	Leader
7:30 AM	0:30	Continental Breakfast	All Hands
8:00 AM	0:15	Agenda and Ground Rules for the Day	Mike Moore
8:15 AM	0:45	Mission and Values <i>Sign-off on Mission and Values</i>	Dean
9:00 AM	1:00	Strategies – Priorities Within Distinctive Capabilities	Task Force Chairs
	0:12	<i>People</i>	
	0:12	<i>Scholarship</i>	
	0:12	<i>Education Programs</i>	
	0:12	<i>External Relations</i>	
	0:12	<i>Internal Operations</i>	
10:00 AM	0:15	Break	
10:15 AM	1:00	Strategies – Priorities Across the Board	
	0:45	<i>Across all Task Force areas (Breakouts)</i>	Breakout Groups
	0:15	<i>Across all Task Force areas (Take-up)</i>	Mike Moore
11:15 AM	0:45	Highest Priority Strategies <i>Focus on the top 3 – 5 strategies in the plan</i>	Task Force Chairs of areas having priority strategies
		<i>Revisit/affirm/change the actions, responsibilities and dates</i>	
12:00 PM	0:45	Lunch	
12:45 PM	2:00	Highest Priority Strategies <i>Focus on the top 3 - 5 strategies in the plan</i>	Task Force Chairs of areas having priority strategies
		<i>Revisit/affirm/change the actions, responsibilities and dates</i>	
2:45 PM	0:15	Break	
3:00 PM	0:45	Highest Priority Strategies <i>Focus on the top 3 - 5 strategies in the plan</i>	Task Force Chairs of areas having priority strategies
		<i>Revisit/affirm/change the actions, responsibilities and dates</i>	
3:45 PM	0:30	Implementation and Accountability <i>Structure and time line for progress measurement</i> <i>Stakeholder participation in the accountability process</i>	Dean
4:15 PM	0:15	Wrap-Up <i>Ernst & Young Foundation sign-off</i> <i>Conclusions and To Do's</i>	Mike Moore Mike Diamond Ellen Glazerman
4:30 PM		Adjourn the Implementation Conference	Dean

The agendas (Exhibit 17) for the two Integration Workshops are identical. The idea is to stimulate as much overall team interaction as possible, on a wide range of issues, and to do it all within a single day. By the end of the strategic planning process, every member of the planning team should be familiar with, and been an active participant in, formulating the distinctive capabilities, measures of success, strategies and actions in all areas. The notion of integration includes the aspiration that the tiles within the overall mosaic fit nicely together, and represent the best thinking of the overall team, with as much closure on the specific proposals as it is possible to achieve.

Each Integration Workshop begins with the academic leader reviewing the current evolution of the mission statement, exploring the meaning of its words, concepts and themes. Fine-tuning of earlier drafts inevitably occurs, based on ideas generated by task forces in their formulation of the academic unit's distinctive capabilities, by having exposed the earlier working statement for comment among stakeholder constituencies, and simply as the result of having had time to reflect on the earlier draft. Again, one of the by-products of revisiting shared purpose and shared values is to refresh these concepts and themes in the minds of the participants, heightening awareness of them when considering the task force subject area recommendations that will follow.

Each task force is allocated an hour and fifteen minutes of team attention, with the following design intended to make the best use of that time:

- Distribution of task force work products as pre-reads before the workshop.
- Compilation of task force work, in headline form, within the strategic framework.
- 15 minutes: Presentation (highlights) of task force recommendations.
- 45 minutes: Facilitated open discussion, documented on flip charts and in notes.
- 15 minutes: Written comments by each team member, using a structured format.

The Task Force Review form (Exhibit 18, page 94) indicates the written commentary that we ask each team member to provide at the conclusion of each one-hour discussion. Ideally, the discussion itself will have focused on the same elements but, more often (and appropriately), the discussion will become extended on particularly contentious issues, making it virtually impossible to cover every dimension of the task force's recommendations within the allotted hour. Equally, it is not possible for every team member to weigh-in with her views, given the usual size of the team and the limited time period. The Task Force Review form represents an effort to bridge these gaps, and provides the opportunity (and expectation) for every team member to express himself on the draft work products of each task force.

The combination of open discussion and written commentary provides the task forces with a good understanding of the extent to which the overall team believes they are tracking on the most important issues, and the extent of support or disagreement around their preliminary thinking. Task forces find that the written commentary is particularly helpful because of the specifics it contains, and for identifying team members who should be consulted during their next iteration of work.

Our experience is that a preponderance of agreement develops on the direction-giving parts of the strategic framework (mission, distinctive capabilities and measures of success) by the time of the Implementation Workshop, and, for all but a few contentious issues, a similar level of agreement can be reached on the strategies.

Implementation Workshop: As its name suggests, the Implementation Workshop sets the stage for the actions that must flow from an effective planning process. Its primary objectives are to:

1. Sign off on the mission statement (shared purpose and shared values), distinctive capabilities, and measures of success—the direction-giving part of the strategic plan.
2. Identify the highest priority strategies, assigning that status to those usually few strategies that have the highest leverage on achieving the academic unit's mission. Also, agree on the strategies that should remain in the plan.

We found the process to be very helpful. I've been dean for nine years and finally feel that we have a good understanding of our mission, values strategies and measurements. I should have done this sooner.

— *Partnership School Dean*

3. Agree on the structure for managing implementation of the strategies, and the processes for accountability reporting and continuous communication with key stakeholders concerning the performance and evolving state of the academic unit.

The Implementation Workshop agenda (Exhibit 19, page 95) reflects these objectives. The day begins, as do all the workshops, with consideration of the academic unit's mission. By this time, there should be only minor fine-tuning, including discussion about how to assure that the meaning of mission is effectively communicated to all the academic unit's stakeholders.

Identification of the highest priority strategies begins with a presentation by task force leaders on how they would rank the strategies within their assigned distinctive capability areas. This advice is limited to twelve minutes for each team and, if the facilitators can prevail, the overall team does not get to debate the advice being given by the task forces.

The comments by task forces are simply intended as additional information and as a warm-up for the priority ranking exercise to follow, i.e., ranking by the whole team across all the strategies contained in the strategic framework.

We scramble the task forces into five mixed groups for the purpose of rankings, providing each team with representation from each of the task forces. Small group discussion increases the opportunity for participation by each team member and provides more assurance in assessing the extent of underlying agreement on the highest priority strategies than would probably result from working as a team-of-the-whole. Our most common experience is that a relatively few, say five to eight, of usually twenty-five to thirty proposed strategies, emerge as the clear top choices among the five break-out groups.

Following the ranking process, the team discusses the highest ranked strategies, reaffirming or amending the draft action plan, responsibilities and time lines. The intended result of the Implementation Workshop is an affirmed strategic framework, with the highest priority strategies identified and specified in sufficient detail to support a handoff to the individuals or teams who will lead the implementation effort.

The ground rules for the Implementation Workshop provide that all strategies that survive the four planning workshops should remain as commitments to be supported by the planning team for implementation, regardless of whether they make the short-list of highest priority strategies. The priority-setting process does not, per se, remove any strategy, but seeks only to provide guidance to the academic unit's leadership for the allocation of limited time and money resources when choices must be made.

It is also acknowledged that some strategies, regardless of their priority ranking, can be accomplished without significant competition for the time and resources required to drive the critical paths of the highest ranked strategies. These do-it-now strategies should be flagged for immediate implementation.

By the time of the Implementation Workshop, the academic unit leader is expected to have decided upon, or be prepared to propose, the ongoing structure and process for managing the implementation of the strategic plan and for communication and accountability reporting on the progress of its implementation. The SPP has no set design for implementation processes, as we believe the academic unit should decide the pathways that are most appropriate within the context of its organization structure and culture. In Chapter 8, we suggest a number of considerations for the academic leader in creating the conditions for turning the just completed, hard-earned vision into reality.

Communications

Marketplace leaders do not operate on strategies that are secret—neither from their customers, nor even from their competitors. We strongly advocate that the academic unit open its strategic planning process to active participation by its key constituencies. At the end of the day, implementation of the chosen strategic direction will depend upon the relevance of the academic unit's choices to the needs of its primary customers and stakeholders—and upon the level of understanding and commitment of those customers and stakeholders to the academic unit's chosen mission. An affirmative communications mindset should pervade throughout the planning process.

The process we use builds around a core team of up to 40 members, which usually represents only a fraction of the constituencies whose commitment and active support is required for successful execution. Many faculty, staff and other interested stakeholders will not have the opportunity to participate as members of the core team. This reality raises the stakes for designing creative ways to involve broad segments of key stakeholder groups in the formulation of strategic direction, and to engage them in the vision and commitment necessary to turn the vision into reality.

At the conclusion of each workshop, we facilitate a discussion by the planning team concerning how to stimulate expanded involvement of the academic unit's constituencies in the process. The ideal is to conclude the strategic process, not by the dramatic unveiling, in its full glory, of a previously secretive design.

Rather, the goal is to articulate a collaboratively developed vision and the pathways to its implementation that will be received, accepted, and supported by diverse constituencies who have had the opportunity to, and actually have, participated in its design! There are many ways to engage interested constituencies who are not members of the core planning team:

- Task forces are encouraged to add members to their ranks. Although the additional members do not become a part of the core planning team, they do have the opportunity to participate in depth in one or more subject areas that may be of special interest to them.
- Task forces are encouraged to outreach to faculty, staff, students, alumni, and business advisors in doing their work. They might conduct focus groups, do surveys, and put out ideas for comment via a Web site or e-mail.
- The academic leader should provide leadership in overall communication of the progress of the core planning team and its interim work products. She might utilize newsletters, e-mail, student governance organizations, alumni reports, brown-bag luncheons, and the agendas of regular meetings of faculty, staff, and business advisors.

Academic leaders, intuitively, know the importance of open communications to developing strategy and to turning strategy into reality. As described in Chapter 3, open communications was ranked at the very top of the shared values perceived by strategic planning teams as essential to the future success of their academic units.

We believe there is a clear business imperative for academic units to undertake strategic planning. Regional and professional program accrediting agencies are changing their processes to reflect mission-based assessment criteria. The outcomes of a successful strategic planning process should inform and contribute to accreditation review processes. We comment on the relationship between strategic planning and accreditation more fully in the next chapter.

In Short

- Turning institutional vision into reality requires shared commitment and teamwork. The strategic planning process is a special opportunity for building both.
- Five principles should guide successful strategic planning:
 - Leadership
 - Attention to marketplace
 - A structured framework leading from vision to reality
 - A participative process that engages key stakeholders
 - Effective team functioning, supported by facilitation
- Strategic planning should be driven by service and market imperatives, not simply to comply with accreditation or other mandates.
- The doers must be the planners. The strategic direction of any organization must be owned by its leadership, the people who have the capacity to make it happen.
- Academic unit planning teams must actively engage key stakeholders in formulating the vision and the strategies for implementation. Planning is not for faculty members only.
- The Focus process design includes four full-team workshops over a four-month period, focusing on substantive proposals developed by five distinctive capability area task forces. The result sought is an actionable plan, not a self-study.
- External facilitation helps the planning team stay on task, raise and confront relevant issues and reach as much closure as possible on strategic direction. In the end, however, the process is simply an instrument of the academic unit's leadership.
- The process design, and the activities of the planning team, should continuously engage the entire organization through affirmative communication and encourage participation in the dialogue.

Peer Review and Accreditation

Peer review once was the primary form of academic scorecard for universities, their academic units, and their faculties. It continues to be a widely used form of assessment within the academy. Individual scholars actively seek peer review as endorsement of the quality of their research and other contributions.

Assessments by one's peers affirm that a faculty member's research and publication is of the highest quality, and is an important element in the consideration of tenure and promotion decisions within academic institutions. Many universities and their academic units have established internal peer review programs and also participate in regulatory regional accreditation and voluntary professional school accreditation processes. Regulatory and professional accreditation reviews lead to decisions by appropriate accrediting agencies to grant or withhold accreditation that may be required by law for an educational institution to grant degrees and/or that is valued in the marketplace as evidence that the academic unit has achieved a verifiable level of quality.

Virtually all universities and colleges are subject to periodic accreditation reviews by regional accrediting agencies approved by the United States Department of Education. Many professional academic programs seek additional accreditation from specialized accrediting organizations. The International Organization for Management Education (AACSB), for example, accredits business and management programs in the United States and, recently, in other countries.

The Evolution of Accreditation Standards

Accreditation standards, for the most part, have followed, rather than led, the trends in higher education. The focus on research and graduate education, that emerged after World War II, led many universities and colleges to adopt a somewhat common model of education. A 1993 study by James Fairweather on post-secondary faculty showed that “even schools traditionally structured for teaching—liberal arts and comprehensive institutions—now follow the research model.”³⁹ Writing in *Scholarship Assessed: The Evaluation of the Professorate* (a follow-up to the landmark study, *Scholarship Reconsidered*) Glassick, Huber and Maeroff argue:

“The priorities of American higher education have been significantly realigned since World War II. The emphasis on graduate education and research has cast a long shadow over undergraduate education at many large universities. The prime focus at these institutions moved from the student to the professor, from the general to the specialized and from loyalty to campus to fealty to profession. Colleges and universities followed what David Reisman called a snake-like procession as one institution after another, especially those aspiring to higher prestige pursued the same path. As the research model came to prevail, faculty members were too seldom recognized for their expertise in teaching or in applying knowledge in the service of society.”⁴⁰

Accrediting agencies both pulled on, and were pushed by, these trends. They tended to assess universities and their programs using a one-size-fits-all model, articulated through a checklist of input measures. As universities, in response to stakeholder and customer pressures, began to define and pursue more distinctive missions and to specify how they assess educational outcomes, the accrediting standards changed as well.

The emphasis in accreditation is shifting toward assessment of outcomes, although selected input measures, that continue to be seen as important drivers of successful outcomes, remain in the standards.

The most sweeping changes in accreditation standards have to do with their focus on the choices of program emphasis, on the level of aspiration articulated in the institution's mission statement, and on the extent to which assessment indicates that the institution can demonstrate both the capacity and the performance to turn its vision into reality. For example, in describing its purpose as a regional accrediting agency, the Western Association of Schools and Colleges (WASC) notes:

“While the Commission works to establish minimum standards of quality for institutions, its primary focus is to foster educational excellence. Each institution has the responsibility of defining, for itself, characteristics of quality and excellence, and presenting evidence that such quality and excellence is being achieved.”⁴¹

WASC goes on to delineate four major purposes of accreditation:

- 1. To assure the educational community, the general public, and other organizations and agencies that an institution has clearly defined objectives appropriate to higher education and that it meets Commission standards.*
- 2. To encourage institutional development and improvement through self study and periodic evaluation by qualified peer professionals.*

- 3. To develop and use standards to assess and enhance educational quality and institutional performance, and to validate these standards by ongoing research.*

- 4. To promote the interchange of ideas among public and independent institutions through peer review.⁴²*

WASC's statements closely parallel the elements of a comprehensive strategic planning process, particularly in the references to clearly defining objectives (*mission*), defining characteristics of quality and excellence (*distinctive capabilities*), and in periodic evaluation by qualified peer professionals, and developing and using standards to assess (*measures of success*) and enhance (*strategies*) educational quality and institutional performance (*continuous improvement*).

The forces of change on the paradigms of higher education have generated criticism and pressure for more relevant, effective and credible accreditation processes. The stakeholders in accreditation, like the stakeholders in educational institutions, are looking for greater accountability and value from the investments necessary to support accrediting entities, and the cost of preparing for and participating in accreditation reviews. Stakeholder concerns and pressures include the following:

- Concerns about the relevance in a rapidly changing world of peer reviews that occur on a ten-year cycle vs. more frequent or continuous processes of peer review.

- Perceptions that accreditation standards represent static, minimal, pass/fail thresholds, rather than continuously rising performance levels—combined with perceptions that accreditation continues to focus excessively on assessing inputs rather than outcomes.
- Concerns for the risk of self-serving bias within accreditation teams. Trustees and public overseers of educational institutions, and university administrators, are wary of professional school accreditation results that are used to advocate increased resource allocations to the school under review.
- Pressures to increase the value-added by accreditation relative to its cost, i.e., (1) reviews should reference and build upon the results of internal program review processes, (2) consultative, improvement-generating assessments should be emphasized rather than focusing almost exclusively on regulatory compliance assessment.
- Perceptions of wide variability and inconsistency in assessments, arising from self-serving selection and/or inadequate preparation of accreditation team members.
- Concerns that assessment criteria, rigidly rooted in historical educational paradigms, may actually inhibit innovation and penalize institutional experimentation.

Both the regional accrediting agencies and the professional school accrediting associations have substantially overhauled their accreditation standards, training programs and processes in response to concerns such as these.

Professional School Accreditation

Business and management programs have been accredited by the AACSB since 1919. AACSB indicates that the purpose of its accreditation is to assure quality and to promote excellence and continuous improvement in undergraduate and graduate education for business and accounting programs. This purpose is accomplished through mission-linked accreditation standards and redesigned peer review processes that were instituted in 1991 and more recently adopted changes in accreditation of accounting programs. Today's AACSB standards acknowledge that institutions may have different missions and that successful business schools and accounting departments will develop programs specific to their distinctive missions:

*“AACSB member schools reflect a diverse range of missions. That diversity is a positive characteristic to be fostered, not a disadvantage to be reduced or minimized. Therefore, one of accreditation's guiding principles is the tolerance, and even encouragement, of diverse paths to achieving high quality management education. Thus, the accreditation process endorses and supports diversity in management education.”*⁴³

The essential principles of a new framework of standards without standardization are these: The diversity of programs should be preserved, while establishing a clear set of expectations uniting all professional programs. The language of the standards should stress, with greater clarity, the interconnectedness of architectural knowledge within the disciplines and beyond. The standards themselves should be far better known within the architectural community, and especially among faculty and students. Finally, a new framework of standards should be constructed that helps expand the meaning of scholarship itself and create a scholarly partnership between students and faculty.

*— Building Community – A New Future for Architecture Education and Practice
The Carnegie Foundation for the Advancement of Teaching*

The change to mission-linked standards was a significant event for both business schools and the AACSB. In addition to endorsing diversity within management education, the standards themselves shifted sharply from input toward outcome measures. The emphasis on outcomes strongly encourages business and management programs to establish results-oriented performance benchmarks and to focus on strategies that continuously improve performance.

Accreditation and the Focus Process

AACSB accreditation standards anticipate the school will develop a mission and distinctive capabilities that are relevant to the needs of its customers and stakeholders. The standards also contemplate that the school will articulate its own measures of success in achieving its mission, that it will be accountable for delivering programs consistent with its mission, and that it will compile evidence that it is indeed achieving the results it has charted for itself. AACSB's mission-linked standards align closely with the elements of the strategic framework used in the Focus strategic planning process. The six categories of AACSB standards are:

- Mission and Objectives
- Faculty Composition and Development
- Curriculum Content and Evaluation
- Instructional Resources and Responsibilities
- Students
- Intellectual Contributions

Within the Focus strategic framework (Chapter 4), there is a virtually one-for-one alignment with five of the six AACSB categories of standards. Mission and Objectives (*Mission*), Faculty Composition and Development (*People*), and Intellectual Contributions (*Scholarship*) are singularly aligned. The combination of AACSB categories, Curriculum Content and Evaluation, and Instructional Resources and Responsibilities, align with the strategic framework's *Education Programs*.

Within the strategic framework, we do not designate a distinctive capability area that aligns with the AACSB's category for Students. In our view, students are the primary customers of the school, and are more appropriately referenced within all five distinctive capability areas of the strategic framework. The AACSB standards for students pertain to student selection and retention (*Education Programs*) and to Career Planning and Placement (*External Relations*).

Two of the Focus distinctive capability areas are not referenced specifically in the AACSB accreditation standards: *Internal Operations* and *External Relations*. The AACSB standards do reference internal operating and support systems throughout their standards categories. We believe that, although the separation of internal operations into a separate distinctive

capability area creates some overlap in the work of the task forces, the importance of these structural support elements merits the focused attention of an assigned task force.

AACSB accreditation standards appear to only lightly reference relationships with external constituencies, although the underlying philosophy of its mission-driven assessment strongly emphasizes the importance of stakeholder participation and relationships. The Focus strategic framework places greater emphasis on the development of this distinctive capability. AACSB's guidelines to accreditation team members do, however, reinforce the importance of engaging external stakeholders and the critical importance of planning processes that assure externally focused continuous improvement. The AACSB Peer Review Process Manual provides the following guidance to its accreditation review teams:

"To understand and evaluate a school's mission, the team must deal with:

- 1. The strategies and direction pursued by the school—the unique or dominant areas of emphasis and stakeholders served.*
- 2. The consistency of the school's mission with that of the institution and its resources.*
- 3. The level of acceptance of and commitment to the school's mission on the part of the overall institution and its key stakeholders.*

4. The extent to which the achievement of the school's mission will lead to delivery of educational programs of overall high quality and value to students.

5. The availability of meaningful measures of performance by which success will be measured.

*6. The existence of processes and systems through which high quality is achieved and continuous improvement is fostered."*⁴⁴

Exhibit 20 diagrams AACSB's accreditation standards into a framework akin to the Focus strategic framework. The exhibit's text is excerpted from the AACSB's 1994/95 guidance for self-evaluation.⁴⁵ The diagram has not been reviewed or endorsed by AACSB, but is simply our effort to suggest how the elements of AACSB's accreditation standards and guidance for self-evaluation map with the elements of the Focus strategic framework that we use in facilitating the strategic planning processes of academic units.

AACSB Standards for Business Accreditation

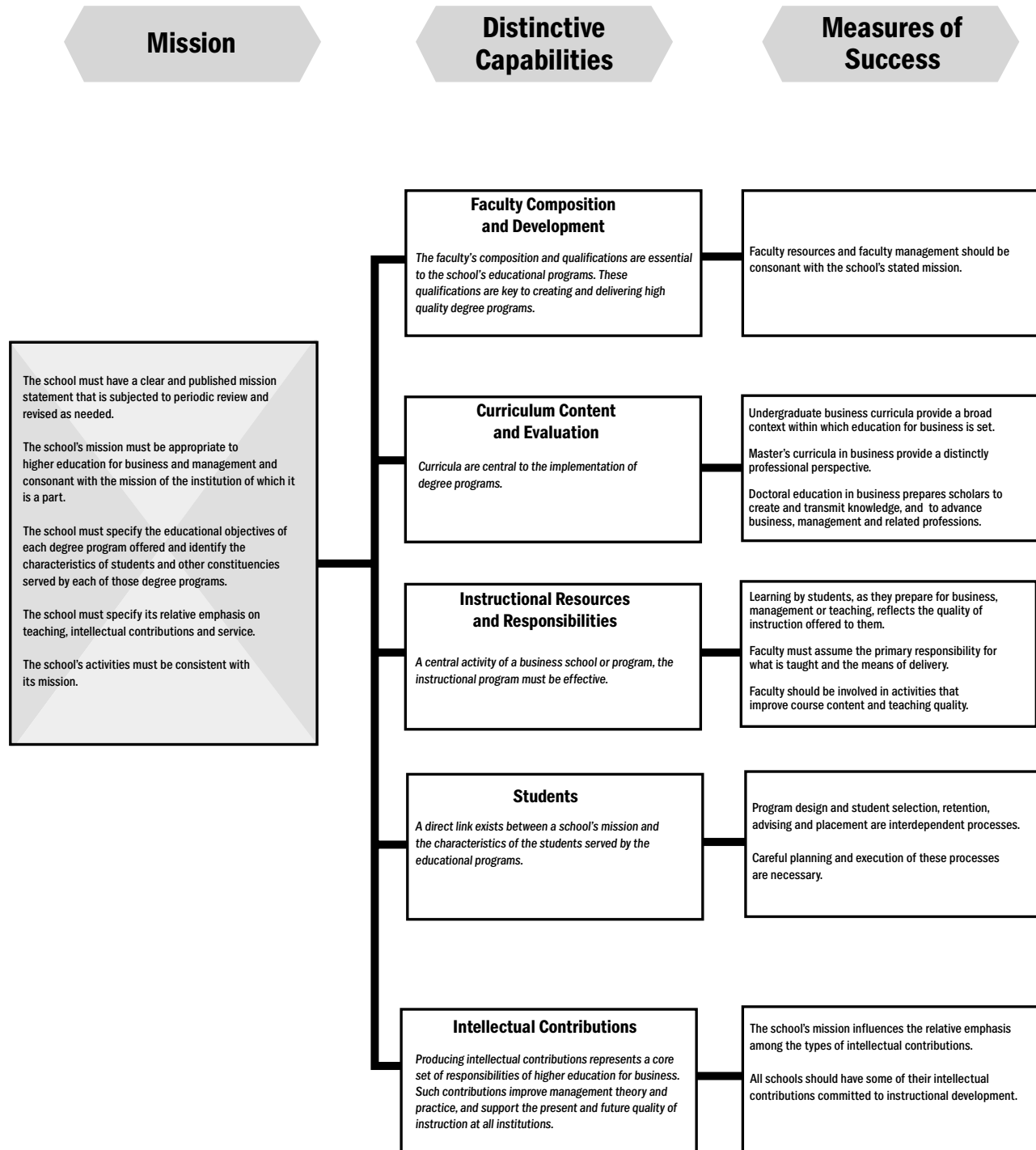


Exhibit 20

Strategies

- FD.1 Faculty Planning**
 · Size, composition, qualifications, development result from a comprehensive, mission-relevant planning process.
- FD.2 Faculty Recruitment, Selection and Orientation**
 FD.2.a Recruitment and selection is consistent with the school's mission and degree programs.
 FD.2.b Appropriate practices for the orientation of new faculty.
 FD.2.c Continuous efforts to achieve demographic diversity in its faculty.
- FD.3 Faculty Development, Promotion, Retention and Renewal**
 FD.3.a Mission-relevant processes for teaching assignments, service workloads, faculty mentoring and support.
 FD.3.b Mission-relevant processes for reappointment, promotion and tenure.
 FD.3.c Support for continuing faculty intellectual development and renewal.
 FD.3.d Support for faculty participation in academic and professional organizations.
 FD.3.e Clear policies concerning outside faculty activities, both paid and unpaid, consistent with the mission.
- FD.4 Faculty Size, Composition and Deployment**
 FD.4.a Maintain a full-time faculty sufficient to provide stability and ongoing quality improvement in programs.
 FD.4.b Deploy faculty to reflect the school's mission and degree programs, majors and areas of emphasis.
- FD.5 Faculty Qualifications.**
 · The faculty, in aggregate, should have sufficient academic and professional qualifications to accomplish the mission.

- C.1 Curriculum Content:**
 C.1.1 Perspectives: Undergraduate and MBA programs provide understanding of perspectives of business context.
 C.1.2 Undergraduate
 C.1.2.a A general education component comprising at least 50% of the program.
 C.1.2.b Foundation knowledge in accounting, behavioral sciences, economics, mathematics and statistics.
 C.1.2.c Include written and oral communication as an important characteristic.
 C.1.2.d Additional requirements, majors and specializations consistent with the school's mission.
 C.1.2.e At least 50% of required business credit hours are earned at the degree-awarding institution.
 C.1.3 MBA and Other General Management Master's Programs.
 C.1.3.a Include core of 18 hours in finance, economic environment, creation and distribution, human behavior.
 C.1.3.b Require 30 semester hours beyond the MBA core areas; 18 hours beyond the specialization.
 C.1.3.c Require basic skills in written and oral communication, quantitative analysis and computer usage.
 C.1.3.d Additional requirements, majors and specializations consistent with the school's mission.
 C.1.3.e Integrate core areas and apply cross-functional approaches to organizational issues.
 C.1.4 Specialized Master's Programs
 C.1.4.a Prepare students who seek specialized roles in business, management and related professions.
 C.1.4.b Require minimum of 30 hours, including minimum of 12 hours in the specialization.
 C.1.5 Doctoral Programs
 · Include acquisition of advanced knowledge, development of advanced research skills, explicit attention to the managerial and organizational contexts, and experiences that prepare the student for teaching responsibilities.
- C.2 Curriculum Planning and Evaluation**
 C.2.1 Curriculum is the result of a planning process and is consistent with the school's mission.
 C.2.2 Each degree program is systematically monitored and revised to reflect new objectives and improvements.

- N.1 Instructional Resources**
 · Provide and manage resources to meet the instructional responsibilities of the programs.
- IN.2 Collective Faculty Instructional Responsibilities**
 · Creation and delivery of instruction, evaluation of instructional effectiveness and student achievement, continued improvement of instructional programs, and innovation in instructional programs.
- IN.3 Individual Faculty Instructional Responsibilities**
 · Currency in their instructional fields, delivery of effective instruction, accessibility to students.

- S.1 Student Selection**
 S.1.a Select students consistent with the school's mission.
 S.1.b Continuous efforts to achieve demographic diversity in student enrollment.
 S.1.c Baccalaureate program admission and retention standards consistent with high quality.
 S.1.d Graduate programs admission and retention standards consistent with high quality.
- S.2 Career Planning and Placement**
 · Assist students in making career decisions and in seeking employment.

- IC.1 Intellectual Contributions**
 · On a continuing basis appropriate to the school's mission.
 · Available for public scrutiny by academic peers or practitioners.

For accreditation, the planning process helped us a lot, but that was not the reason we did our strategic plan. When it came time to do the accreditation forms, we used the strategic planning results to help us pass accreditation. From my perspective, the purpose of accreditation was to pass. The purpose of our strategic plan was to help us improve.

— *Partnership School Department Chair*

The strong parallels between AACSB's peer review process and the Focus strategic planning suggest that academic units that engage in comprehensive strategic planning will be effectively positioned for rigorous peer review. The principal driver for a continuous commitment to strategic planning, however, should be the imperative to be continuously relevant, competitive and successful in serving the ever changing needs of its customers and stakeholders. Accreditation is simply an important milestone, indicating recognition and affirmation by one's peers that the School is on track in the pursuit of its mission.

In Short

- Most universities have initiated some form of internal peer review and also participate in regulation-driven regional accreditation and voluntary professional school accreditation.
- Accreditation practices have, for the most part, followed rather than led trends in higher education. Accreditation standards and review processes are becoming mission-driven.
- There is close alignment between the Focus strategic planning framework and AACSB accreditation standards. Academic units that use this framework effectively will be well-positioned for accreditation review.

Sustaining Change and Continuous Improvement

To reach a port, we must sail. Sail, not lie at anchor. Sail, not drift. Now is the time to set sail.

— Franklin Roosevelt

It is said that a journey of a thousand miles begins with the first step. The preceding chapters are almost entirely about taking only a first step in strategic leadership. They are about building a foundation for sustainable implementation. Without a quality first step, there will likely be little success in the journey to strategic integration. The pathways to the future are strewn with the wreckage of impatient, would-be change makers, anxious to get on with doing something, but who stumbled and fell by short-cutting this important first step in launching their quest to turn vision into reality.

The Focus strategic planning process is designed with implementation in mind. With strong leadership, and committed participation by planning team members in the launching process, significant momentum for implementation can be created:

- The planning process is positioned for support from university leadership.
- Team composition includes the people who are positioned to implement.
- The terms of engagement include an expectation of continuing participation.

- The framework links strategies and actions to the direction-giving elements.
- Articulating measures of success signals a commitment to accountability.
- Stakeholder ownership is built through active participation in the process.
- Task force activities engender broad participation and communication.
- Agreement on mission builds a spirit of common cause among the participants.
- The values/behaviors espoused in the plan are modeled within the process itself.
- Measures of success are established for assessing the planning process itself.
- There is a commitment that resource allocations will be guided by the plan.

Even with the greatest care and success in building these foundational elements for successful pursuit of the vision, however, the implementation process itself must be actively led and managed.

The Focus process design supports primarily the launching or renewal of strategic leadership, and does not extend to the processes for managing implementation. Yet, no matter how effective the launching process is executed, the vision will be

turned into reality only through sustained academic leadership in the months and years that follow.

In the waning afterglow of the concentrated, highly visible launching of a strategic plan, the tasks of implementation must be assimilated into the day-to-day leadership and management processes of the academic unit. At some point, the special project nature of the planning process must yield to the institutional mechanics of ongoing management. Strategy management cannot continuously be an independent overlay on operations management. Rather, the shared purpose, values, distinctive capabilities and strategies must be integrated into the fabric of everyday organizational life.

We suggest four areas of special attention by academic leaders in leading implementation of a strategic plan:

- **Structure:** the academic unit's culture, organization, governance, policies, people management practices, budgeting and resource allocation systems.
- **Communications:** the importance of formal and informal, internal and external communications in facilitating and empowering institutional change.

- **Accountability:** assessment and measurement systems used as instruments to formulate strategy and to promote continuous improvement and organizational learning.
- **Renewal:** continuous improvement based on externally driven assessments, and periodic reexamination of the relevance of the academic unit's mission and distinctive capabilities.

Everyone will sign on the platitudes – the real work remains in the details of implementation: persuading; cajoling and, in reality, making it impossible for others not to follow you; exercising power and influence in non-hierarchical and informal settings. Implementation is the realm where the truly successful and effective administrators flourish.

— *Julius, Baldrige and Pfeffer*
A Memo from Machiavelli

Structure

We emphasize that structure, as we use the term, is not just about how an academic unit is organized. All too often, reorganization is prescribed as a simplistic remedy for dysfunctional behaviors, in the naive hope that people will behave differently if they just sit in different chairs. Although reorganization may contribute to the improvements sought, organization is only one of many structural elements that shape the culture and norms of an

academic unit. We believe that even the most energetic and forceful leaders will be frustrated in their efforts to implement change, if they do not deal with the structural elements that reinforce the status quo within all organizations.

Our thoughts about structure parallel the thinking of W. Edwards Deming and Peter Senge. Deming developed a theory of management that guided his enormously influential consulting with organization leaders on how to turn institutional vision into reality. Many people in leadership roles would be hard pressed to describe any management theory that guides their actions. Few could articulate a coherent theory that describes their management approach, one that they consistently employ and are committed to improve upon.

Dr. Deming advocated such a management theory, one that he immodestly termed a theory of profound knowledge, having four interrelated parts: (1) appreciation for a system, (2) knowledge about variation, (3) theory of knowledge, and (4) psychology.⁴⁶ We use Deming's theory of profound knowledge as an organizing theme for our advice to academic leaders concerning the imperative of managing structure in order to achieve sustainable change and patterns of ongoing improvement.

Most organizations have a structure that was designed to solve problems that no longer exist.

— *John W. Gardner*
No Easy Victor

The cornerstone for managing structure is systems thinking, i.e., thinking in wholes. Systems thinking postulates that an institution does not operate in relatively independent inside and outside arenas. Rather, an institution's external customers and suppliers, and its internal research and development, production, and distribution processes, are all integral parts of an interdependent system. Quality is achieved through optimizing the entire system, so that customers, institution members and suppliers all are able to achieve their highest aspirations through synergy in their integrated relationships. (In Chapter 4, we have labeled this notion of optimizing the entire system as strategic integration.)

“Out there” and “in here” are usually part of a single system. This learning disability makes it almost impossible to detect the leverage which we can use “in here” on problems that straddle the boundary between us and “out there.”

— *Peter Senge*
The Fifth Discipline

The leader's primary job is to optimize the potential synergy within stakeholder relationships. Internal competitiveness, sub-optimization, and other short-term, advantage-seeking behaviors, will eventually undermine long-term success of the academic unit. The notion of a single, integrated system is wholly consistent with the Focus concepts of shared purpose and shared values.

In short, the disciplinary hold on curriculum, a course-and-credit system of academic bookkeeping, and the atomism of faculty reward systems all stand as formidable impediments to the educational renewal to which campuses aspire.

— Carol Geary Schneider
Robert Shoenberg
Habits Hard to Break

Absent *appreciation for a system*, the leader's attention is continuously focused on reacting to events and exceptions, often at a superficial level, rather than dealing with the root causes for why targeted results do not materialize. Not surprisingly, the roots of performance shortfalls are often found in structure, including the organization's culture, its compensation and promotion practices, its staffing methods, communications, financial management controls, and work methods. In the aggregate, structure is powerfully controlling of behavior within any organization. It follows that the strongest leverage points for effecting long-term, sustainable change, lie deep within an organization's structure, and not in its readily observable surface events.

In pursuing implementation of the strategic plan, academic leaders must give priority to any needed changes in the academic unit's existing structure, including (1) its organization, e.g., departments, committees and governance processes, and (2) its policies, e.g., promotion and tenure criteria, and definitions of faculty

scholarship. Institutional structure must not be allowed to become a barrier to the values, areas of focus and strategies articulated in the strategic plan.

If the plan aspires to implement significant changes from the academic unit's existing practices, however, it is highly likely that the existing structure is designed to support the status quo, not the desired changes. The planning process itself should identify the principal elements of structure that must be changed to facilitate and support implementation of the plan.

Some of the plan's initiatives may require the formation of new, temporary or permanent, organizational patterns to complete the design, and drive the implementation, of new programs and policies. These changes may take the form of new task forces or individuals assigned to champion specific initiatives, or changes in the role and composition of existing committees and decision-making teams. Eventually, however, the academic leader will want to minimize the use of temporary organizational patterns, and move on to assimilating support for change initiatives within a hopefully streamlined ongoing organization of the academic unit.

In advancing *knowledge about variation*, Deming passionately advocated management based on facts. There must be a clear understanding of what is expected, what the systems of operation are, and how to measure what's actually happening. An effective set of measures will inform an academic unit's leadership about what is happening and whether some intervention is needed.

Deming asserted that 90%+ of exceptions are normal variation, to be expected, because they derive from common causes and are within the tolerances permitted by the system design. Systems tend to produce the results they are designed to produce, not rigidly, but within an acceptable range of variation. Again, to reduce the amount of variation, i.e., to achieve greater consistency and alignment with the mission, academic leaders must change the system itself.

We all know what it feels like to be facing compensating feedback – the harder you push, the harder the system pushes back; the more effort you expend to improve matters, the more effort seems to be required... We push harder, faithful to the creed that hard work will overcome all obstacles, all the while blinding ourselves to how we are contributing to the obstacles ourselves.

— Peter Senge
The Fifth Discipline

It is only through such structural changes that continuous improvement can be sustained. And, the power of steady, relentless, continuous improvement, like compound interest, is enormous over time. Furthermore, a commitment to continuous improvement does not diminish opportunities for periodic innovative breakthroughs.

The ability to learn faster than your competitors may be the only sustainable competitive advantage.

— Arie De Geus
Royal Dutch Shell

The *theory of knowledge* component asserts that the foundation for continuous learning lies in the theory of the enterprise itself, including its paradigms about how things work. The theory may be based on empirical data, intuition or even a hunch. An academic unit's purpose and shared values, and its choices of distinctive capabilities and focus areas in research and education programs, are foundational elements of the theory of the enterprise itself.

Having specified an operating theory enables pursuit and testing of the theory and, thereby, creates a continuously evolving learning experience. Through the combined learning of individuals and the team, the academic unit itself becomes a learning community. Theory leads to questions, to observations, to tests, to measurements, to refinements of the theory, and to more questions that, with each iteration, result in more learning. (These are hardly new concepts to educators!) If academic leaders are committed to continuous learning in all that they do, and if their primary focus is on improving the systemic structure of the academic unit, the chances for success in strategy implementation are high indeed.

Facts-based management and continuous learning underscore the importance of assuring that the academic unit maintains processes that assure continuous information flow about the external environment, i.e., the forces of change that are being experienced by its customers, and the satisfaction of its customers with the academic unit's programs and services.

Advisory boards, visiting committees, peer reviews (including accreditation), periodic surveys, use of focus groups and other techniques can provide a rich source of information and ideas for continuous improvement and new opportunity areas for exploration.

In *The Fifth Discipline*, Peter Senge advances the concept of five disciplines that are essential to creating such a learning community. Senge's proposed disciplines strongly parallel Deming's theory of profound knowledge, beginning with (1) systems thinking and (2) the role of mental models (paradigms). Senge's three additional disciplines may be seen as an enlargement of Deming's emphasis on the understanding of human psychology: (3) personal mastery, (4) shared vision and (5) team learning.⁴⁷

Understanding human psychology, the final building block, is focused on human behavior within institutional structures. A successful organization will have the commitment of its people: motivation, a spirit of teamwork and cooperation, pride of accomplishment, fulfillment through the work itself.

Strategy implementation is more about commitment than correctness.

An excellent strategy with adequate implementation will always lose to an adequate strategy with excellent implementation.

— Michael Davidson
The Transformation of Management

Successful organizations tap into individuals' intrinsic motivation, thereby enabling a self-sustainable commitment to quality and continuing improvement. The idea is to foster initiative, leadership and accountability throughout the organization— leadership that does not depend wholly on organizational position and formally designated authority. Deming strongly debunks reliance on extrinsic motivators—reward and punishment, fear and incentives—as short-term, nonsustainable practices that rob people of their self-esteem and dignity. Although we believe that extrinsic motivators do influence behavior, we see them as only one component of many structural elements that must continuously be aligned with mission.

Senge's Fifth Discipline, and two more recent works, explore the concept of profound knowledge in depth. *The Fifth Discipline Field Book*,⁴⁸ is a collection of "notes from the field," drawing examples from the experiences of "dozens of leading practitioners." *The Dance of Change* focuses on the challenges of sustaining momentum within learning organizations. We recommend them as rich sources of practical advice for those who aspire to

turn vision into reality. Senge and his colleagues underscore the importance of understanding the role of structure, systems and culture in creating a learning organization that is equipped for continuous change and improvement:

“...we use the term ‘profound change’ to describe organizational change that combines inner shifts in people’s values, aspirations, and behaviors with ‘outer’ shifts in processes, strategies, practices and systems. The word ‘profound’ stems from the Latin fundus, a base or foundation.

It means, literally ‘moving toward the fundamental.’ In profound change there is learning. The organization doesn’t just do something new; it builds its capacity for doing things in a new way—indeed, it builds capacity for ongoing change. This emphasis on inner and outer changes gets to the heart of the issues that large industrial-age institutions are wrestling with today. It is not enough to change strategies, structures, and systems, unless the thinking that produced those strategies, structures, and systems also changes.”⁴⁹

The human resources systems within any organization are typically the key influencers of behavior and therefore of change. The processes for hiring, orientation, deployment, development, performance coaching and mentoring, recognition and reward, celebration of excellence and innovation will typically have a highly visible and personally experienced influence on the implementation of strategy. The academic leader should pay close

Because the parts of a culture are all complexly interrelated, changing one part requires them all to change to achieve consistency among objectives, strategies, rewards, structure, training, management style and control systems... Power relationships, information access, and reward systems all must be altered in meaningful ways.

— James O’Toole
Leading Change

attention to assuring that these people processes reinforce the values and priorities that are articulated in the strategic plan.

Senge sums up much of the foregoing advice about structure through the following simple model for leaders who aspire to lead change initiatives and, thereby, turn vision into reality:



In this model, events are the desired reality. Vision becomes this reality when events are predominantly and consistently aligned with the vision. But, there may be great risk of wasted energy in trying to drive change by focusing on correcting performance exceptions, primarily at the events level, while ignoring what may be the root causes, i.e., the drivers of these events, that frequently lie within an organization’s systemic structure.

Any analysis of events should first focus on whether the event is a one-off aberration, to be dealt with through a one-off response, or is part of a pattern of behavior that may be caused or reinforced by structural forces. Recurring patterns of behavior are clues that there may be structural causes, i.e., the academic unit’s policies, performance evaluation, promotion and reward systems, budgeting and resource allocation processes, and decision-making processes. For example, the aspiration to raise the quality of teaching, coaching and mentoring of students will continuously be thwarted by systems that routinely discount such contributions in decisions concerning recognition, reward, promotion and tenure.

Where there are pervasive patterns of behavior, it is virtually certain that these patterns are supported and reinforced somewhere within the systemic structure. And, like an institutional immune system that supports the status quo, its antibodies can be counted on to surface, attack and destroy the most well-intentioned, energetic efforts to infuse new (i.e., deviant) behaviors into the existing structure!

Knowledge is not a resource we simply stumble upon. It's not something that we pluck out of the air. Knowledge is created. It is coaxed into existence by thoughtful, creative people. It is not a free good. It comes only to the prepared mind.

— Frank H. T. Rhodes
Speed Bumps on the Road Ahead
Trusteeship, May/June 1999

Senge asserts that the influence of structure is generative, i.e., it determines the prevailing patterns of behavior within organizations. It follows that the highest priority for leaders, who aspire to be change makers within their academic units, will be to focus on changes that must be made in the unit's structural elements.

Communications

A knowledge economy... knowledge companies... knowledge workers... The language of media and management literature affirms the old adage that knowledge is power. And, from their inception, universities have been all about the business of knowledge and learning.

Knowledge, in fact, does empower people by connecting them with the information and inspiration they need to achieve their potentials and to pursue their interests by contributing to the achievement of shared purpose and shared values within their institutions. Knowledge also empowers institutions by helping their members

become more aligned with institutional purpose, values and strategic focus. If knowledge is power, effective communication is an empowering force.

Effective communication is an essential engine for implementing the academic unit's strategic plan. A strategy has power to the extent that each stakeholder can describe the strategy in her own words, understands his role in making the strategy a success for the institution, and can see how successful achievement of the strategy connects to her personal aspirations. Effective communication empowers leaders at all levels by enabling them to release and tap into the energy, enthusiasm and commitment of those with whom they work.

Open communication was ranked at the very top of the list of values (page 42) considered by 126 teams that participated in the future values exercise during their academic units' strategic planning processes. In the design and execution of the strategic planning process itself, we encourage academic unit leaders, team members and task forces to seize every opportunity and means to stimulate participation and communication across all stakeholder groups—including formal and informal, face-to-face, written and electronic. Our expectation is that the teams will, by their examples, set the tone for the lively, open, interactive communication that is essential to success in implementing the plan and in creating and maintaining a learning organization.

The *desire* to communicate is the foundation for a climate of open communications. Leaders must strive for openness

and candor, inviting multi-directional, free flow in communications. For communication to be trusted, it must be forthcoming, sustained, consistent, truthful and accurate. Leaders lead by sharing information rather than withholding it. Sharing information communicates trust, a desire to work on the basis of informed relationships rather than by expecting loyalty and compliance. Communication means seeing people as intelligent and mature individuals who will respond to reason, persuasion and opportunity.

To the Greeks, *dia-logos* means a free-flowing of meaning through a group, allowing the group to discover insights not attainable individually. The discipline of dialogue also involves learning how to recognize the patterns of interaction in teams that undermine learning ... Team learning is vital because teams, not individuals, are the fundamental learning unit in modern organizations unless teams can learn, the organization cannot learn.

— Peter Senge
The Fifth Discipline

Effective two-way communication requires an open and receptive attitude toward new ideas and criticism. Sharpshooting and put-downs are communications killers. The exploration of the new idea in research, teaching, service

and in academic unit management requires a welcoming, nurturing attitude toward exploring unconventional suggestions. There is no communication without listening. Leaders must invite new ideas and criticism; they must listen, and so must team members.

Behavior is a powerful and highly visible form of communication. Our perceptions are often interpretations of observed behavior, and our perceptions become our reality. We act according to the truth *as we believe it to be*. People believe and trust their day-to-day experiences. Words may help in the interpretation, but behavior may raise doubt about the credibility of the words. Consistency between words and deeds adds power to any message. But, one's actions always drown out one's words. The behaviors of leaders, therefore, are their most powerful communication. The academic leader must assure that her behavior is consistent with the institution's asserted values.

Most bad communication results from the failure to communicate affirmatively. Bad communication can be counted on to fill the vacuum created by neglect to communicate. Events are interpreted based upon inadequate data. Rumors abound in the absence of information. Manipulation, a form of lying, is made possible by withholding communication. Dysfunctional behaviors, such as triangulation, i.e., "Let's get together and talk about (*name*)," result from the unwillingness of people to communicate directly and to confront and resolve their differences.

No matter how we may pretend otherwise, the role of formal channels is practically always confirmation or denial of what everyone already knows. Certainly the formal channels are more accurate, more detailed, and more responsible, but it is rare that they are giving people substantially new information.

— Roger D'Aprix
Communicating for Productivity

The tap roots of both good and bad communications is the presence or absence of a desire to communicate. For some people, neglect of communication is caused by their failure to appreciate its importance: "I don't have time for that stuff." "Half the time I don't know what's going on myself." "When I see my dean doing it, then I'll do it." "That's not what I'm paid to do." "I'm supposed to lead, not be a nursemaid." "I don't get rewarded for being a good communicator."

Perhaps more insidious is the need-to-know attitude: "This information is not necessary to the person's job." "They don't have a need to know, so we won't tell them." Quite apart from failing to understand the positive, empowering potential of communication, this mindset sends a demeaning message that conveys a lack of trust: "You don't count for much." "You don't have a significant role to play." "It isn't worth my time to keep you informed."

Again, the strategic planning process itself should raise everyone's awareness of the importance of open communications to implementing the strategic plan.

In pursuing implementation of the strategic plan, academic units should infuse all their formal communications channels with information that will increase understanding and support of the implementation effort: policy and procedure documents, newsletters, internal and external periodicals, annual reports, e-mail and Web site resources, and the conduct of meetings with all stakeholder groups. More important, however, will be the culture that determines the nature and quality of face-to-face communications.

Face-to-face communications are the most compelling in gaining understanding and acceptance. You can look a person in the eye. You can use your voice to communicate emphasis and meaning. In face-to-face contact, you can get an immediate response that will give you the opportunity to gauge the extent of understanding and agreement. People can ask questions, discuss your answers, improve their understanding. The give-and-take can continue until everyone is satisfied and questions are resolved. Face-to-face contact carries with it the power of human appeal, of empathy, of active personal involvement among people. It has human warmth, in contrast with the remoteness of more disassociated media such as print or electronic.

Although there is some risk in open communication, the greater risk is to act as if a situation does not exist or that no one has noticed it. People will fill in the blanks in their information, through the grapevine, by rumor, or by their own imaginations — three “information” sources that have the capacity to fabricate darker shadows and more dire consequences than would the communication of the simple truth, with an honest interpretation of the event. We agree with the observations of Roger D’Aprix that the grapevine can either be a positive, powerful form of communication or a destructive, negative influence. In either case, it will always exist:

“Messages from the grapevine are delivered by other human beings face-to-face — usually people whom we know and trust and with whom we have enough experience to judge how much we should filter the message or how much of it we should discount altogether. Very often, as grapevine sources recount the latest to us, they become animated, excited, pleased, angered. They show us a whole range of human emotion and reaction to the message. They speculate about what it means, and they guess about the motives of the people responsible for the event. All in all, regardless of its limitations, getting messages through the grapevine is a satisfactory human experience that most of us take some pleasure in...”

The employee frequently tends to believe the grapevine and to be skeptical about the formal channels. Why this is so, I believe, has much to do with the method of delivery and the tone of the message. The method of delivery used by the grapevine is highly personal, almost intimate. The message is informal and frequently irreverent in its tone. It is one member of the organization talking frankly to another. In the best case, it is honest and reasonably charitable. In the worst case, it is deeply suspicious, cynical, and vicious. The formal channels, on the other hand, usually dispense carefully laundered messages with each word measured and sometimes even slightly obscured to disguise an unpleasant reality or to put a better face on a particular action.”⁵⁰

Neither the grapevine nor formal channels are inherently good or bad forms of communication. Both exist, will continue to exist, whether face-to-face, written, or electronic, and all can be positive sources of communication if the desire to communicate is alive and well among the academic unit’s leadership.

We asked the deans and department chairs of our partnership schools for their advice concerning how to energize the implementation process. The advice of several of them strongly emphasizes face-to-face communication, much like what Bennis and Nanus, in defining the attributes of leadership, refer to as the “the deployment of self”⁵¹:

- The most important part of our strategic plan, by far, was to end up with very specific strategic priorities. These priorities have changed our department significantly. We published them in our newsletter that goes to all alumni, and we talked about them at length at our Advisory Board meeting. I pasted them on my credenza so I could see them every day and talked about them often with the faculty.
- A decision that has had very good results was assigning action steps to existing standing committees of the College. When the committees prepare their annual plans, they are reminded to consult the strategic planning document for action steps assigned to them. The action steps assigned to standing committees have been the easiest to monitor and generally were implemented quickest.
- I reorganized the implementation team so that faculty with areas of responsibility were put in charge of (strategic plan) areas for which they had responsibility. For example, my associate deans for graduate and undergraduate programs now chair the Education Process committee since they ultimately have responsibility for the education programs at the school.
- I have given a copy of the strategic plan to every new faculty member and have discussed it as part of the recruiting process. I have also discussed the plan with the faculty and used it in recruiting to ask them if they feel they want to part of this team. It works effectively.

- I make a point of emphasizing the plan when I deal with individual requests from faculty members. It makes all of our jobs easier, and they see me taking action that I might have been perceived not to have taken previously. They know the plan drives my action and decisions, thus they are more careful to bring things to me that are consistent with the plan.
- I emphasize the plan in all of our publications. We are developing our first newsletter—thanks to the plan—and the strategic plan will be emphasized in it.
- The most important thing is to keep it as a “living document.” We have a number of faculty members who have invested a considerable amount of time in generating the document because they want the university to be the kind of place where they would like to spend their career. They are not ready for me to forget it.
- It has also been quite important in driving our recruiting efforts this year. We explicitly looked for potential new faculty whom we felt could help us in accomplishing the strategic plan and had buy-in to the concepts embedded therein. I discussed our commitment with potential recruits, and I feel we had a pretty good year.

In sum, academic leaders must keep the conversation alive through assimilating the vision, values, distinctive capabilities, and the strategic initiatives into the fabric of the academic unit’s everyday decisions and actions:

Practice works. Preaching does not. Only ruthless consistency of actions and statements will result in fundamental change.

— *Michael Davidson*
The Transformation of Management

- In hiring and orientation of new people.
- In faculty and staff development initiatives.
- In performance management, i.e., expectations setting and performance review.
- In recognition and reward actions.
- In resource allocations, e.g., research support, project initiatives.
- In communications with all stakeholders.

These are not glamorous, sit-up-and-take-notice kinds of activities. But, their cumulative effect can be powerful, particularly where values, culture, the-way-we-do-things-around-here counseling is taking place—in recruiting, coaching, mentoring and performance assessment. Not only is the recipient of the counseling benefited, but the counselor herself reaffirms her own belief and enthusiasm for the values being communicated.

We believe that the processes of recruiting, both of students and of faculty and staff members, are occasions for observable spikes in morale within academic units. As the recruiting team articulates the reasons why their academic unit has something quite special to offer the prospective student, faculty or staff

member, they also speak to themselves, reaffirming the importance of these values to their own continuing experience.

Accountability

Accountability is a term with some unfortunate negative inferences. For some it brings to mind an unpleasant judgment day, a time for being called to account for one’s blemishes and failures, a demotivating game of “Gotcha!” In Chapter 6, we suggested another, more positive dimension of accountability—the notion of measures of success as an important contributor to achieving shared purpose and shared values.

Assessment needs a new definition: the gathering of information about results, the comparison of those results with the results of the past, and the open discussion of the meaning of those results, the ways they have been gathered, and their implications for your next move.

— *Peter Senge*
The Dance of Change

In the formulation of measures of success (the foundation for accountability), we characterized measures as a contributor to the formulation of strategy itself. Measures of success can help in translating the lofty statements of mission into more operational meaning, thereby leading to greater specificity in identifying the change initiatives needed to raise per-

formance to unprecedented levels. Measures also facilitate specific focus on both the results desired and the systemic drivers of those results. In this context, accountability provides value first to the academic unit's members, then secondarily to the overseers and resource providers of the institution.

In the *Dance of Change*, Senge propounds another positive dimension of accountability (measures), i.e., as a tool for learning, for both individuals and the organization. The learning dimension of measurement is vital to implementing strategy, to making continuous improvement, and to the nurturing of a learning community. Continuous improvement and learning are not possible without the life-giving flow of information about the results being achieved:

- Students need the information to assess their understanding and mastery of the knowledge and skills they hope to achieve.
- Faculty need the information to fine-tune and to innovate in their research and teaching, in curriculum design, and in their personal development.
- Staff need the information both for their personal development and to continuously improve their services in support of student learning, student and other stakeholder services, and of faculty and institutional performance.

- The academic unit needs the information to maintain its continuing relevance and value-adding capacity within the segments of the marketplace it has chosen to compete. The strategic plan, using accountability as an instrument of learning, must become a living, changing guide to action for academic leaders.

Set deadlines in the process of making decisions. Delay is the enemy of change; deadlines are flags that help call attention to stalling.

— *Julius, Baldrige and Pfeffer*
A Memo from Machiavelli

So, the most important role of accountability is to support the academic unit team in formulating, pursuing and achieving superior results in a challenging and competitive world. If this aspiration is being fulfilled, it is quite likely that external demands for accountability will be readily accommodated.

It behooves academic leaders, therefore, to affirmatively embrace the notion of accountability as the source of a life-giving stream of information essential to renewal of their institutions. Developing and maintaining this lifeline requires a commitment to (1) formulating measures of success, (2) designing and maintaining processes for gathering necessary information, and (3) establishing deadlines, milestones, and reporting processes to stimulate consideration of new information and formulation of appropriate responses. Although the greatest potential benefits of accountability lie within its internal processes, the academic unit will

strengthen the support it receives from its external constituencies through reporting its progress externally as well.

Also, in the spirit of our comments on the role of communications, academic leaders should not miss opportunities to celebrate successes, and hopefully some early victories in their processes of implementation. Visibly lay claim to the ground gained, praising those who contributed to the improvement, and reinforcing the relevance of the strategic plan as a guide to day-to-day actions.

Renewal

When it comes to leadership and renewal, we prefer the agricultural metaphor to the manufacturing view. Students are not inert products to be shaped like compliant clay in the hands of the faculty, and delivered according to the purchase specifications of employers. Academic institutions, at their best, are exciting learning communities, where the conditions most favorable and stimulating to growth and learning pervade the culture. Students, faculty, staff and the community, while having distinctive roles, are engaged in a learning partnership that is experienced by all, and in which all benefit.

Intellectual capital will go where it is wanted, and it will stay where it is well treated. It cannot be driven; it can only be attracted.

— *Walter Wriston*
Former Chairman, Citicorp

Academic institutions should be especially advantaged for functioning in the arena of renewal and growth, provided they are true to the highest ideals of the academy—as articulated (Chapter 4) in modern times by professor Becker and president emeritus Rhodes (and by many others) and, centuries earlier, by John Amos Comenius (and by many others). Academic leaders, at their best, provide the conditions that maximize learning for everyone involved in the enterprise.

Shared purpose, shared values, the choices of focus areas and distinctive capabilities, all combine to define the nature and boundaries of the learning environment that academic units are responsible for cultivating. Through attention to the vision and systemic structure of their institutions, academic leaders strive to nurture an organic, evolutionary climate that enables the continuous growth and improvement sought by the partners in the enterprise.

An academic institution's graduates should emerge from the formal education experience equipped with the awareness, knowledge and skills for living a life and earning a living—and with both the thirst for and the means of continued growth and learning throughout their lives. Perhaps someday, the formal education establishment will more fully realize its own potential by continuing to add value to its graduates (customers) throughout their lives, rather than waiving goodbye to them at their commencement ceremonies.

And let it be noted that there is no more delicate matter to take in hand, nor dangerous to conduct, nor more doubtful in its success, than to set up as a leader in the introduction of changes. For he who innovates will have for his enemies all those who are well off under the existing order of things, and only lukewarm supporters in those who might be better off under the new.

— *Niccolo Machiavelli*
The Prince

Renewal is not a single, life-changing event. Rather, it is a continuum of processes and events. The strategic planning process, described in Chapter 8, can be a major turning point for reorienting and reenergizing an academic unit for greater success in a changing world. But, continued success requires that renewal also be built into the culture and ongoing day-to-day experience of the institution. This renewal requires open windows to the external environment (Chapter 2), awareness of competitor initiatives, and continuous dialogue with customers about their changing needs.

We believe that the academic unit's strategic plan should be reviewed annually. The results of continuous measurement and dialogue with customers and stakeholders should be used to fine-tune the plan. Most changes will probably focus on the strategies and actions (the right-hand side of the strategic framework), rather than require rethinking of the mission and distinctive capability choices. No less than every five years, however, we suggest that the academic unit initiate a full-blown reexamination and re-launch of its strategic plan—

and not wait for five years if at any time there is a radical change in the environment that should trigger reassessment.

Academic leaders who view curricula and other changes as one-time events with a long shelf life will soon find their programs to be outdated. Continuous renewal and improvement is not just a luxury, it is critical for continued success.

Faculty must continuously be updating their skills and developing themselves. Curricula must be in a state of continuous transition and improvement. Graduating students must be getting better and better each year. Pedagogical/learning methods must continuously be evolving and developing. Stakeholder support and relationships must be growing stronger each year. The quality and cost benefit of everything the academic unit does must be improving all the time. The educational experience must be delivered in ever more flexible and convenient ways to the learner. Today's excellence can be counted on to be tomorrow's ordinary. Resting on one's laurels is a pretty certain strategy for becoming an also-ran in a surprisingly short time.

Service Flow Diagram

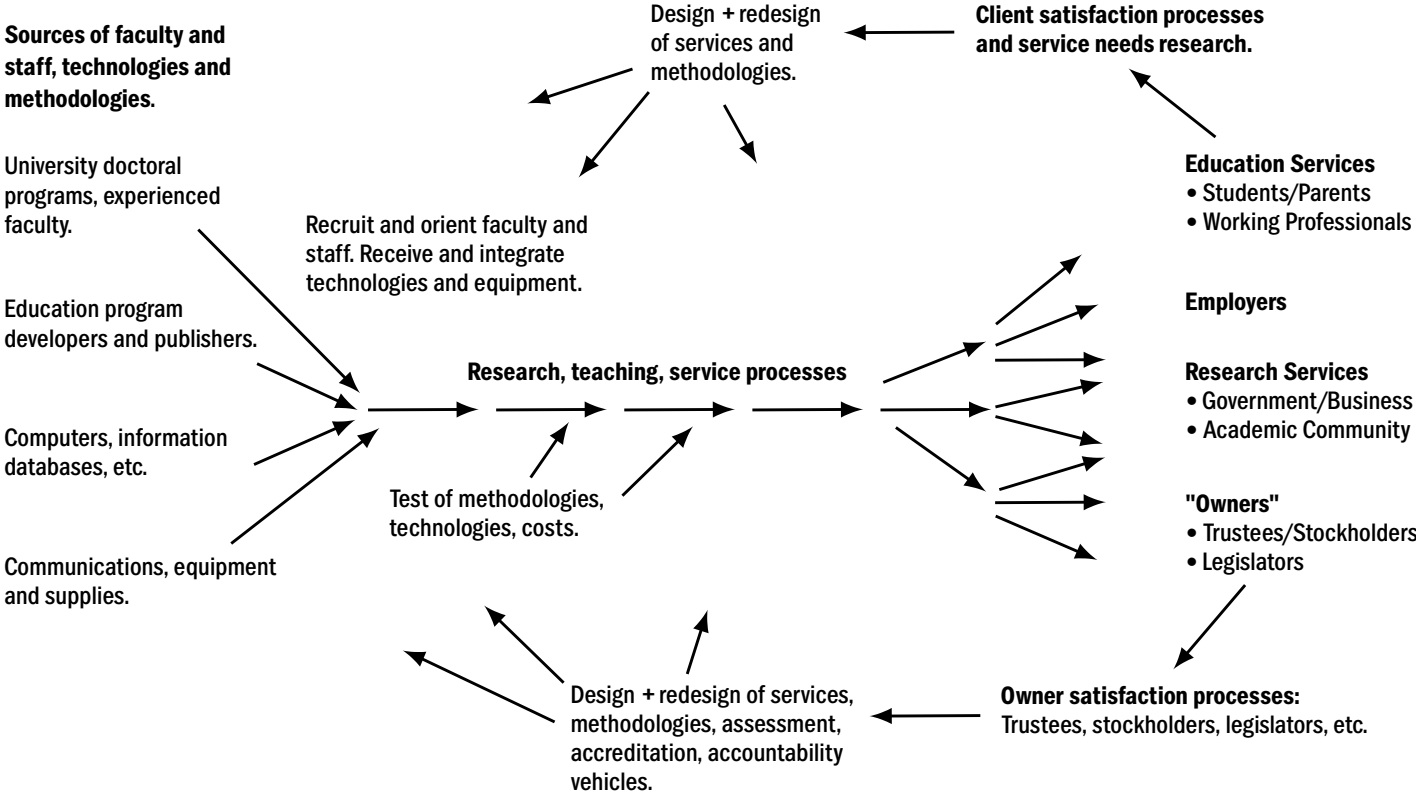


Exhibit 21

Nearly fifty years ago, at the time he launched his transforming relationship with Japanese industry, W. Edwards Deming⁵² sketched a flow diagram of the systemic relationships that typically exist among the enterprise, its customers and its suppliers. We have formulated an adaptation of his flow diagram (Exhibit 21) to illustrate some of the relationships that we believe are critical to an academic institution's commitment to continuous improvement and the processes that are essential to making that commitment operational.

Achieving and sustaining continuous improvement requires an appreciation of systems thinking, including the notion that the success of any enterprise is connected in very real ways to its relationships with and the success of its customers and suppliers. It follows that processes of continuous listening and learning, about the changing needs of customers and their satisfaction with the value being delivered, are essential to evaluating continuous improvement opportunities.

Less obvious in the continuous improvement model is the relationship that any enterprise has with its suppliers. Yet, increasingly, organizations are finding that they can substantially increase the value they deliver to customers by crafting partnering relationships with their suppliers, rather than holding suppliers at arm's length in adversarial, lowest-bidder forms of relationships. Supplier partnerships engender opportunities for the chosen suppliers to join with the enterprise in its continuous improvement initiatives to deliver higher value to its customers.

The Deming model predates by half a century today's wisdom concerning processes that generate continuous information about the marketplace, customer needs and expectations, satisfaction with services, competitor initiatives, and partnerships that engage the specialized capabilities of suppliers who have an important stake in the success of the enterprise. To the extent that an academic unit assures a continuous stream of marketplace information and a spirit of partnership with its customers and suppliers, it will continuously have the opportunity to navigate successfully the permanent white water of the turbulent environment in which it serves.

In Short

- The strategic planning launching process is, in itself, a special opportunity to create the commitment, momentum and structure for sustained implementation.
- The structure of any organization supports the status quo. Those who aspire to lead in changing institutions, must give priority attention to changes that must be made in its elements of structure.
- Lively, open, interactive communications are essential to building the understanding, support and informed actions that facilitate and empower institutional change.
- Assessment and measurement systems should be used as instruments for formulating strategy and to promote organizational learning and continuous improvement.

- Renewal is not a single, life-changing event. Renewal includes both continuous improvement based on externally focused information and periodic reassessment of the mission and distinctive capabilities.
- Long-term survival and success requires mutually beneficial relationships among the stakeholders in the institution's mission.

Epilogue

It was the best of times, it was the worst of times, it was the age of wisdom, it was the age of foolishness, it was the epoch of belief, it was the epoch of incredulity, it was the season of Light, it was the season of Darkness, it was the spring of hope, it was the winter of despair, we had everything before us, we had nothing before us, we were all going direct to Heaven, we were all going direct the other way — in short, the period was so far like the present period, that some of its noisiest authorities insisted on its being received, for good or for evil, in the superlative degree of comparison only.

— Charles Dickens
A Tale of Two Cities

At the dawning of the 21st century (the third millennium) is it the best of times or the worst of times for academic leadership? New technologies, changing demographics of learners, globalization of academic markets, cost and productivity pressures, new competitors, changing employment arrangements, the knowledge explosion, fragmentation and specialization in the academy — all are shaking the pillars of higher education's historical paradigms. Whether it is the best of times or the worst of times, these are certainly exciting times in which to be an academic leader!

We have asserted that leadership is about vision, and about actively engaging people in common cause to turn that vision into reality. Turbulent times provide special opportunities to exercise leadership, to formulate and pursue new directions, if for no other reason than that the status quo is simply not sustainable against the unrelenting forces of change. To be avoided is a siege mentality, the temptation to head for the bunker in a futile effort to protect an increasingly noncompetitive paradigm, or to search for the illusory safe harbor that might shelter an individual or the organization until the winds of change abate.

We have also suggested that leadership is a team sport, that successful implementation of a vision is strengthened through active engagement of an organization's stakeholders in the formulation of vision, and through empowering, energized leadership that is distributed throughout the organization. These are daunting challenges in the context of academic institutions that have been historically slow to change, that have predominantly individualistic cultural norms, and that have come only recently to experience the change forces that have driven radical, structural change within entire industries and other sectors of the society.

Very few of our most prominent people take a really large view of the leadership assignment. Most of them are simply tending the machinery of that part of society to which they belong. The machinery may be a great corporation, or a great government, or a great law practice, or a great university. They may tend it very well indeed, but they are not pursuing a vision of what the total society needs. They have not developed a strategy as to how it can be achieved, and they are not moving to accomplish it.

— John W. Gardner
No Easy Victories

A thoughtfully designed, participative strategic planning process can be a highly effective instrument for the academic leader, both in formulating a vision and in building commitment and momentum for its implementation. Through the sponsorship of the Ernst & Young Foundation, we have worked with twenty-three academic unit leaders and their stakeholder teams as they applied their collective leadership talents to the tasks of sharpening the focus and improving the performance of their academic units.

These schools and departments were already largely successful in their marketplaces and, for the most part, the primary result of the strategic planning process was to fine-tune their focus and strategies and to help them map the pathways to successful implementation. Nonetheless, The Focus Methodology described in this book can help to create a climate for stimulating out-of-the-box, next-wave thinking about megatrends that lead to the reinvention of existing models.

The motivation to pursue sea-change initiatives, however, typically requires the specter of obvious and imminent burning platforms. The Strategic Planning Partnership may stoke the fires a bit, but the resolve to reinvent typically requires the convergence of many powerful forces, that convey a strong sense of immediacy.

Although the academic units with which we worked are enjoying success in today's competitive marketplace, they all know that, unimproved, today's standard of excellence will become tomorrow's pedestrian performance. They also know, and are demonstrating by their actions, that there must be a commitment to continuous, lively interaction with their customers and stakeholders, and to continuous improvement in their scholarship and education program services. We are confident in our assessment that these schools will be leaders tomorrow, as they are leaders today!

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