“State of the Union” for Higher Education

Trends in the National Environment, Student Success, and the Research Enterprise

Prepared for the University of Texas Rio Grande Valley
This is Why the Cost of College is Rising, Right?

Everything is Bigger in Texas: The Great Climbing Wall War

Forbes

“Oh, So That’s Why College Is So Expensive”

Claims to be tallest in TX

- Baylor: 41'
- Texas A&M: 53'
- U. of Houston: 44'
- TSU San Marcos: 54'

The Shrimp on a Treadmill: A “Poster Child” for Wasted Tax Dollars

NSF-Funded Research Subject Becomes Internet Star, Provokes Backlash

Used in report denouncing NSF spending $3B on “waste, fraud, and mismanagement”

Ad says government spending on treadmill for shrimp instead of Medicare and Social Security

The Reality—Hardly Driving Up Costs

.001% Increase to $100M operating budget

And often funded by student-elected fees

The Reality: Low-Cost Solution to Urgent Research Problem

$47 Actual cost of treadmill out of $500,000 NSF grant

On the Verge of Disruption?

“For a growing number of Americans, a college degree is something obtained only through enormous sacrifice and indebtedness on their part or their parents', or a dream that is entirely out of reach. Meanwhile, most college leaders live in a bubble in which the costs of ever more elaborate facilities, expanding administrative bureaucracies, and high-profile professors with light teaching loads can simply be passed on to customers in the form of higher tuition.

But those days are about to end. Underneath the surface, upstart institutions are perfecting radically new education technologies and business plans at the same time that young people and their parents are becoming more frustrated with the traditional higher-ed model, and more open-minded about alternatives. There is every reason to suspect that, quite soon, these new institutions will do to higher education what Sony did to radios and Apple did to computing. Afterward, our colleges and universities will never be the same. Few Americans, one suspects, will look back in regret.”

Stuart M. Butler
From The Coming Higher-Ed Revolution (2012)
Don’t Call it a Crisis

Crossing the $1 Trillion Mark...

Total US Student Loan and Credit Card Debt, in Billions

- Student debt $1.1 trillion
- Credit card debt $660 billion

...The Truth is More Nuanced

Sheer Number of Students on the Rise

Typical Student Owes Less Than You Think

- 40% Of all student borrowing comes from graduate students, who make up 15% of student population
- <$10,000 Amount owed by average public university graduate

For-Profit Student Debt Significant and Growing

“ In 2000, only 1 of the top 25 schools whose students owed the most federal debt was a for-profit institution, whereas in 2014, 13 were. Borrowers from those 13 schools owed about $109 billion—almost 10 percent of all federal student loans.”

Defaulters are Disproportionately Non-Completers

Source: EAB research and analysis
List Price Does Not Equal Net Price

List Price Continues to Confuse

Published vs. Net Tuition and Fees at Four-Year Institutions, 2015 Dollars

Private Institutions

Public Institutions

## The Other Side of the Story

### Popular Accounts Driven by Lack of Understanding

<table>
<thead>
<tr>
<th>Public Perception</th>
<th>Reality</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rising tuition is driving up student debt</td>
<td>Actually, falling family income, lack of savings, non-tuition costs fueling debt growth</td>
</tr>
<tr>
<td>Rising tuition reduces access for low-income students</td>
<td>Access has never been higher; net tuition for low-income students is low, greatest barriers are cost of living (room and board) and opportunity cost of lost wages</td>
</tr>
<tr>
<td>College degree is losing value</td>
<td>College premium has never been higher; baccalaureate holders earn on average 1.8 times that of high school graduates in 2013, compared to 1.4 times in 1975</td>
</tr>
<tr>
<td>Universities are losing students to low-cost providers</td>
<td>Community colleges and for-profits losing enrollment, “disruptive” innovators focused more on non-consumers</td>
</tr>
</tbody>
</table>

Source: EAB research and analysis
A Drumbeat of Critiques

Source: "Is College a Lousy Investment," Newsweek, September 2012; EAB interviews and analysis.
Guess Which Quotes Are From 1976 vs. 2012

“Is all this investment in college education really worth it? The answer, I fear, is that it’s not.”

“More than half of all recent graduates are unemployed or in jobs that do not require a degree.”

“By all estimates, the rising costs of college have been paced by diminished economic returns on the college investment.”

“As much as 27 percent of the nation's work force may now be made up of people who are "overeducated" for the jobs they hold.”

Value of College Has Been Called into Question for Decades

Not Exactly News

04/20/1976

April 1976

40 years before Marco Rubio’s comment: Newsweek chronicles an English Ph.D. working as a welder


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But A Vicious Cycle is Taking Hold

1. Poor Perception
2. Funding Cuts, Strings Attached
3. Undermines Social Goals

Policy Undermining Our Goals

Perverse Incentives of PBF
- Increased selectivity improves graduation and retention rates
- Emphasis on high-wage fields

Proposal to Freeze Pell
- Proposal would keep Pell maximum of $5,775 for 10 years
- Criticizes awards as “too generous”

“For the last decades, we’ve really seen a shift from the perception of higher education as public good to private good. That’s most obvious when you look at state funding, but it’s well beyond that. The availability of financial aid, the attractiveness of higher ed to donors, whether corporations see us as an attractive research partner, even tax policies. **All our funding sources are increasingly threatened by negative perception.**”

- Provost, Private Research University

The New Normal

Or, “The Recession is Over and Things Haven’t Gone Back”

“For most of the second half of the twentieth century, we became used to a pendulum swing between adequate and inadequate state funding. In bad times, we waited patiently for the return of good times—which discouraged decisive responses.

But I believe that now the pendulum not only is unlikely to swing back toward adequate state funding but has fallen off its pen and is stuck in the mud.”

David Ward, Former Chancellor, University of Wisconsin-Madison
Reclaiming Our Value: Two Paths Forward

Improved External Communications

How do we clarify our message and value?

Pursuing Strategies to Enhance Relevance and Strengthen our Value Proposition

Research Enterprise

Student Success

- Where are we strong already—and how do we build upon those strengths?
- Where can we be better—especially to meet changing needs around us?

Source: EAB research and analysis
Why Pursue Research Excellence

The Benefits of University Research

**Improving the world**
- Solve global challenges
- Collaborate on a global scale
- Send and receive students and faculty from around the world

**Improving the region**
- Develop the workforce
- Partner with local companies
- Attract companies from outside the region

**Improving the institution**
- Attract the best faculty
- Attract the best students
- Attract philanthropic support

**Improving students**
- Learn from the world’s experts
- Participate in research
The Scientist as Solitary Genius

An Enduring Ideal of Scientific Creation

"And from my pillow, looking forth by light
Of moon or favouring stars, I could behold
The antechapel where the statue stood
Of Newton with his prism and silent face,
The marble index of a mind for ever
Voyaging through strange seas of Thought, alone."

William Wordsworth, *The Prelude* (1850)
Could Newton Get Funded Today?

Changing Expectations for the Impact of Scientific Research

### Directorate for Mathematical and Physical Sciences

<table>
<thead>
<tr>
<th><strong>Project Title</strong></th>
<th>Mathematical Principles of Natural Philosophy</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Abstract</strong></td>
<td>This project will describe the mathematical laws that govern the motions of all bodies and will propose a law of universal gravitation from which can be derived the motions of the planets.</td>
</tr>
</tbody>
</table>
| **Principal Investigator** | Isaac Newton  
Lucasian Professor  
Trinity College  
Cambridge University |
| **Email Address**  | Isaac.Newton@trinity.cam.ac.uk |
| **Proposed Budget** | $500,000 over 3 years |

### Reviewers’ Comments

- What kind of societal impact might this project have?
- Have you lined up any corporate partners?
- Do you have institutional matching funds?
- Do you have collaborators from other disciplines (esp. engineering, bioscience)?
- Are there potential military applications?
- What types of outreach will be involved (beyond an academic publication in Latin)?
Sleepless Nights
Myriad Challenges to Stay on Cutting-Edge of University Research

What’s Keeping VPs of University Research Up at Night?
% of Surveyed VPs

100%
How do we build win-win corporate partnerships?

92%
How do we reduce the compliance and administrative burden on researchers?

56%
What ERAs should we be investing in to automate compliance and reporting?

80%
What IP policies are acceptable to corporate partners but don’t just give ownership away?

64%
How do we work with researchers to go after and win transformational grants?

84%
How do we fund core facilities and equipment when researchers don’t want to pay for them?

68%
Is there a way to match researcher needs to external funding sources?

76%
How do we manage compliance risk, especially around federal export controls?

Source: EAB interviews and analysis.
No Margin, No Mission

Understanding Cross-Subsidies within Universities

- Research
  - Doctoral
  - Graduate/Professional
  - Upper Division Undergraduate
  - Lower Division Undergraduate
- Student Services

Marginal Contribution per Student Credit Hour

- Public Research University
  - Doctoral: -$250
  - Graduate/Professional: $5
  - Upper Division Undergraduate: $25
  - Lower Division Undergraduate: $95

Source: EAB research and analysis
Institutional Funding Outpacing All Non-Federal Categories

An Increasing Institutional Subsidy

University Science & Engineering Non-Federal R&D Funding By Source, 1990-2010

(Billions of constant FY 2012 dollars)

Source: National Science Foundation, Higher Education R&D survey data series
# The Big Costs of Big Science

Growing the Research Enterprise Requires Large Institutional Subsidies

## Administrative Costs
- Research administration
- Regulatory compliance
- Centers and institutes
- Underrecovery of overhead

## Facilities and Equipment Costs
- New facilities
- Large equipment
- Cyberinfrastructure
- Maintenance
- Cost sharing

## Faculty and Student Costs
- Seed grants
- F&A return
- Faculty start up packages
- Graduate education
- Faculty teaching loads
- Faculty leave time

Source: EAB research and analysis
The Grand Challenge Model

Redefining the Aims and Approaches of the Scientific Enterprise

Indiana University ($300M)
Grand Challenges Program
“This is the most significant investment in IU’s research infrastructure in the university’s history.”

UCLA ($300M)
Grand Challenges Program
“The two Grand Challenges [Sustainable LA, Depression] are the biggest, most collaborative, and potentially most transformative efforts UCLA has undertaken to date. “

University of Michigan ($255M)
Data Science Initiative ($100M)
Biosciences Initiative ($150M)
Michigan Humanities Collaboratory ($5M)

What is a Grand Challenge?
• Large-scale
• Multi-disciplinary
• Multi-institutional
• Multi-sector
• Globally collaborative
• Use-inspired
• Translational
• Educational
• Socially impactful
• Engaged with the local community

# Growing Pains

Tensions Arise as Universities Try to Manage Both Models Simultaneously

<table>
<thead>
<tr>
<th></th>
<th>Individual Investigator Model</th>
<th>Grand Challenge Model</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Hiring</strong></td>
<td>Department-led</td>
<td>Joint hires, Cluster hires</td>
</tr>
<tr>
<td><strong>Performance Metrics</strong></td>
<td>Publications, Citations, Grants</td>
<td>Collaboration</td>
</tr>
<tr>
<td><strong>Indirect Cost Revenue Returns</strong></td>
<td>Department, PI</td>
<td>Centers, Institutes</td>
</tr>
<tr>
<td><strong>Pre-Award Support</strong></td>
<td>Limited local support</td>
<td>Centralized support for large proposals</td>
</tr>
<tr>
<td><strong>Institutional Investment</strong></td>
<td>Departmental facilities, faculty lines, funding</td>
<td>Institutional seed funds, Multidisciplinary facilities</td>
</tr>
<tr>
<td><strong>Corporate Partnerships</strong></td>
<td>One-off contracts, small donations</td>
<td>Large-scale, long-term collaborations</td>
</tr>
</tbody>
</table>

Source: EAB research and analysis
Reclaiming Our Value: Two Paths Forward

How do we clarify our message and value?

Improved External Communications

Pursuing Strategies to Enhance Relevance and Strengthen our Value Proposition

- Where are we strong already—and how do we build upon those strengths?
- Where can we be better—especially to meet changing needs around us?

Research Enterprise

Student Success

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Why Don’t Students Complete?

Root Cause of Attrition Remains Frustratingly Elusive

In my interviews with students, I have found that the biggest reasons for a delay in graduation are that students switch majors, fail out of courses, cannot get required courses, do not qualify for their intended majors; they have to work to pay for their living expenses, do not think there are any jobs for them after graduation, pursue double majors, do not receive adequate advising, have medical problems and personal issues.

Faculty Member,
Large Public Research University

Source: EAB research and analysis
A Student Saved Is a Dollar Earned

Improved Retention the Greatest Revenue Opportunity for Most Universities

Projected Revenue Gains Due to Improved Retention

Public Doctoral University, Enrollment 15,000

Model Inputs
Total Enrollment: 15,005
Net Rev Per Student: $18,760
(net tuition and fees plus state appropriations)

Revenue gains compound over time as incrementally retained students continue through the system

Assumed Retention Improvement

<table>
<thead>
<tr>
<th>Credits Range</th>
<th>Assumed Retention Improvement</th>
</tr>
</thead>
<tbody>
<tr>
<td>0-29 credits</td>
<td>2% total over 3 years</td>
</tr>
<tr>
<td>30-59 credits</td>
<td>2% total over 3 years</td>
</tr>
<tr>
<td>60-89 credits</td>
<td>0% total over 3 years</td>
</tr>
<tr>
<td>90-119 credits</td>
<td>0% total over 3 years</td>
</tr>
<tr>
<td>120+ credits</td>
<td>0% total over 3 years</td>
</tr>
</tbody>
</table>

$8.2 M | $8.9 M | $9.0 M

2015 2016 2017 2018 2019

$1.9 M $5.0 M $8.2 M $8.9 M $9.0 M

87 additional graduates in 2019 as result of retention improvement

Source: EAB Student Success Collaborative.
Little to Show for Our Efforts

Completion Rates Flat, Despite Significant Investment

**Average Five-Year Graduation Rates**

Public and Private US Colleges and Universities

<table>
<thead>
<tr>
<th>Year</th>
<th>Graduation Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004</td>
<td>52.0%</td>
</tr>
<tr>
<td>2005</td>
<td>52.0%</td>
</tr>
<tr>
<td>2006</td>
<td>52.0%</td>
</tr>
<tr>
<td>2007</td>
<td>52.0%</td>
</tr>
<tr>
<td>2008</td>
<td>52.0%</td>
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<tr>
<td>2009</td>
<td>52.0%</td>
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<tr>
<td>2010</td>
<td>52.0%</td>
</tr>
<tr>
<td>2011</td>
<td>52.0%</td>
</tr>
<tr>
<td>2012</td>
<td>52.0%</td>
</tr>
<tr>
<td>2013</td>
<td>52.0%</td>
</tr>
<tr>
<td>2014</td>
<td>52.0%</td>
</tr>
<tr>
<td>2015</td>
<td>52.6%</td>
</tr>
</tbody>
</table>

1) Data reflects share of first-time students who have received a bachelor’s degree within five years.

Retained, But For How Long?

Sophomore and Upper Division Attrition Increasing

Attrition Across the Student Lifecycle

Public University Graduating Classes, 2000 to 2010

- Upper-class attrition: 29.1% in 2000, 29.0% in 2002, 30.6% in 2004, 26.0% in 2006, and 26.0% in 2010.

- First-year attrition: 1.5% in 2000, 3.0% in 2002, and 2.6% in 2004.

Twenty-One State Flagship Universities

- Year 1: 8%
- Year 2: 6%
- Year 3: 3%
- Year 4: 2%
- Year 5: 2%
- Year 6: 1%
- Total: 14%

Three-fifths of attrition occurring after first year

Source: EAB Student Success Collaborative analysis.
Entering a New Phase in Student Success

Yesterday’s Approach

Target resource intensive support services and staff to highest risk students

Focus efforts and programs on first year students to boost retention

Monitor academic progress to identify students at risk of probation

Today’s Approach

Recognize “murky” middle students as attrition risks with opportunity for improvement

Address sophomore and upper division attrition and emphasize persistence to graduation

Apply a holistic risk model with academic and non-academic factors to identify students at risk of withdrawal

Source: EAB research and analysis
Most Students Leave in Good Standing

Academic Risk Eclipsed by Financial, Social, and Mental Health Challenges

Academic Standing and Timing of Attrition of Non-Transfers

- **Left Early in Good Standing**: 48%
- **Left Early in Poor Standing**: 5%
- **Left Late in Good Standing**: 33%
- **Left Late in Poor Standing**: 14%

1) Most Students Leave in Good Standing. Analysis excludes students who transfer.

Source: EAB research and analysis
Opportunity for Improvement Greatest Among “Murky Middle”

Target the Least Likely to Seek Support or Receive Proactive Intervention

Graduation Rate by First Year GPA

Sample of 66 EAB Student Success Collaborative Institutions

<table>
<thead>
<tr>
<th>1&lt;sup&gt;st&lt;/sup&gt; Decile</th>
<th>2&lt;sup&gt;nd&lt;/sup&gt; to 5&lt;sup&gt;th&lt;/sup&gt; Deciles</th>
<th>Top Half</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lower odds, despite extensive support</td>
<td>Small academic improvements correlate with meaningful graduation gains</td>
<td>Often the most likely to seek support despite already high graduation rates</td>
</tr>
</tbody>
</table>

"The Murky Middle"

24% difference in graduation rate

<table>
<thead>
<tr>
<th>First Year GPA</th>
<th>1&lt;sup&gt;st&lt;/sup&gt; Decile</th>
<th>2&lt;sup&gt;nd&lt;/sup&gt; Decile</th>
<th>3&lt;sup&gt;rd&lt;/sup&gt; Decile</th>
<th>4&lt;sup&gt;th&lt;/sup&gt; Decile</th>
<th>5&lt;sup&gt;th&lt;/sup&gt; Decile</th>
<th>Top Half</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt; 2.0</td>
<td>29%</td>
<td>39%</td>
<td>44%</td>
<td>50%</td>
<td>56%</td>
<td>65%</td>
</tr>
<tr>
<td>2.2</td>
<td>2.4</td>
<td>2.6</td>
<td>2.8</td>
<td>3.0</td>
<td>3.2</td>
<td>69%</td>
</tr>
<tr>
<td>2.4</td>
<td>2.6</td>
<td>2.8</td>
<td>3.0</td>
<td>3.2</td>
<td>3.4</td>
<td>72%</td>
</tr>
<tr>
<td>2.6</td>
<td>2.8</td>
<td>3.0</td>
<td>3.2</td>
<td>3.4</td>
<td>3.6</td>
<td>73%</td>
</tr>
<tr>
<td>2.8</td>
<td>3.0</td>
<td>3.2</td>
<td>3.4</td>
<td>3.6</td>
<td>3.8</td>
<td>75%</td>
</tr>
<tr>
<td>3.0</td>
<td>3.2</td>
<td>3.4</td>
<td>3.6</td>
<td>3.8</td>
<td>4.0</td>
<td></td>
</tr>
</tbody>
</table>

1) Opportunity for Intervention Between 2.0 – 3.0

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Source: EAB Student Success Collaborative analysis.
A Primer to Population Health Management (PHM)

Goal: Achieve Scale by Matching Degree of Care to Level of Risk

Risk Segmentation Enables Scalable Care

**High-Risk Patients**
- Prevent hospital readmissions
- Manage full continuum of care
- Engage team of non-MD caregivers

**Rising-Risk Patients**
- Prevent costly escalations
- Enhance access to primary care
- Closely monitor risk factors

**Low-Risk Patients**
- Reduce health system interactions
- Establish optional annual physicals
- Expand access to online care

Supporting Technologies
- Case system, unified records
- Predictive models and analytics
- Patient portals and e-medicine

Reported Results
- Fewer avoidable hospital visits
- Fewer patient re-admissions
- Reduced traffic through emergency department
- Lower cost of care per patient

Source: EAB Interviews and Analysis
## Why PHM Might Also Work for Higher Education

Care Delivery Follows Very Similar Model... And Shares Similar Problems

<table>
<thead>
<tr>
<th>Traditional Health Care</th>
<th>The Almost Eerie Similarities in the Way Care Gets Delivered</th>
<th>Higher Education</th>
</tr>
</thead>
<tbody>
<tr>
<td>✓</td>
<td>Providers optimized for throughput, not outcomes</td>
<td>✓</td>
</tr>
<tr>
<td>✓</td>
<td>Care depends on periodic in-person contact</td>
<td>✓</td>
</tr>
<tr>
<td>✓</td>
<td>Recipient often not trusted to care for self</td>
<td>✓</td>
</tr>
<tr>
<td>✓</td>
<td>Problems addressed reactively, not proactively</td>
<td>✓</td>
</tr>
<tr>
<td>✓</td>
<td>Interactions often transactional in nature</td>
<td>✓</td>
</tr>
<tr>
<td>✓</td>
<td>Records kept in silos, rarely shared or longitudinal</td>
<td>✓</td>
</tr>
<tr>
<td>✓</td>
<td>Recipient must initiate follow-up as needed</td>
<td>✓</td>
</tr>
<tr>
<td>✓</td>
<td>Capacity reaching the breaking point</td>
<td>✓</td>
</tr>
<tr>
<td>✓</td>
<td>Disruption forced from outside</td>
<td>?</td>
</tr>
</tbody>
</table>

Source: EAB Interviews and Analysis
Defining A Differential Care Strategy
Adapting the Scalable Care Concept to a Higher Education Environment

What Would Population Health Management Look Like in Higher Education?

- **HIGH RISK**
  - Install Efficient High-Touch Care
  - High-risk specialists support high-touch, intrusive advising coordinated with academic support services.

- **RISING RISK**
  - Proactively Address Risk Factors Early
  - Year-round monitoring of a risk factor ‘safety net’ guides proactive advising outreach.

- **LOW RISK**
  - Enable Effective Student Self-Direction
  - Online, self-service portals provide behavioral ‘nudges’ to guide students.

How do we responsibly deploy differential care across our population? + How do we use process and technology to scale our efforts?

Source: EAB Interviews and Analysis
Labyrinthine Service Structure an Unnecessary Obstacle for Students

"Because there are no one-stop registration centers and because both academic units and central support service units want to regulate the registration process, an unfortunate student can walk several miles and cross the Mississippi River numerous times to complete registration—assuming everything goes right."

- Robert B. Kvavik and Michael N. Handberg, “Transforming Student Services,” Educause Quarterly
Steering Choice Architecture in Our Favor

Behavioral Economics Comes to Higher Ed

Minor Changes in Policy and Framing Affect All Aspects of Life

**Framing**
“Medium” most popular coffee size, even when actual size manipulated

**The Default Option**
Retirement plan enrollment climbs after “opt in” changed to “opt out”

**Convenience**
Consumers more likely to purchase food within easy reach, at eye level

**Burdening Bad Choice**
Motorcyclists must pass extra test and prove insurance to forgo helmet

But Too Often, Students are “Nudged” in the Wrong Direction

- Students take “full load” of 12 credits, assume they’re on track for timely graduation
- Students only register one term at a time, and many stick to minimum course requirements
- Students pick courses from huge catalog based on flawed criteria, delay graduation requirements
- Students able to withdraw from courses, drop out, or deviate from plans with easy transaction

Source: EAB Interviews and Analysis
Top-Down Changes Rarely Stick

Faculty Buy-In and Compliance Critical to Organizational Improvement

Reduce and standardize number of credits required by majors for graduation

Create new professional advising roles to help high-risk students navigate early years

Implement early warning system to track attendance and early performance

Hire instructional design staff to help faculty improve assessment design

Program heads perceive as threat to reputation and rigor

Units fear loss of control over curricular advice

Faculty either unaware or view as busywork

Non-innovator faculty feel redesign not worth effort

4-year graduation rate stagnant, students struggle with aid limits and major changes

First-year and undeclared students drop out at high rates, pursue poor-fit programs

Preventable issues go unaddressed, and many students aren’t contacted until withdrawing

High-failure courses hamstring first-year students, forcing repeats and remediation

Unable to enact change without buy-in or approval

Changes enacted, but aren’t complied with or embraced

Source: EAB interviews and analysis.
Strategic Planning 101

Pitfalls to Avoid, Strategies for Resourcing the Plan, and Practical Advice Moving Forward

*Prepared for the University of Texas Rio Grande Valley*
Strategic planning is the continuous process of making present entrepreneurial (risk-taking) decisions systematically and with the greatest knowledge of their futurity; organizing systematically the efforts needed to carry out these decisions; and measuring the results of these decisions against the expectations through organized, systematic feedback.”

There's a fundamental distinction between strategy and operational effectiveness...Strategy is about making choices, trade-offs; it's about deliberately choosing to be different...The essence of strategy is choosing what not to do.”

Peter Drucker, “Management Tasks and Responsibilities”, 1973

# In Search of Big Bets to Combat Big Threats

Weighing a Host of Large-Scale Institutional Investments

<table>
<thead>
<tr>
<th>Infrastructure to Grow</th>
<th>Competitive Advantage</th>
<th>Technology Enhancement</th>
<th>Mission Expansion</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>$4M</strong> New dorm</td>
<td><strong>$5M</strong> Increase faculty salaries</td>
<td><strong>$750K</strong> Upgrade classroom technology</td>
<td><strong>$1M</strong> Launch online physician assistant program</td>
</tr>
<tr>
<td><strong>$23M</strong> New science facility</td>
<td><strong>$17M</strong> Campus welcome center</td>
<td><strong>$3M</strong> Retention bonus for critical IT contract staff</td>
<td><strong>$15M</strong> Create center for innovation and entrepreneurship</td>
</tr>
<tr>
<td><strong>$60M</strong> Visual arts center</td>
<td><strong>$95M</strong> General campus facility upgrades</td>
<td><strong>$25M</strong> New ERP system</td>
<td><strong>$100M</strong> New bioinformatics program</td>
</tr>
<tr>
<td><strong>$90M</strong> 6,000-seat events center</td>
<td><strong>$500M</strong> Student employment program</td>
<td><strong>$40M</strong> Campus-wide IT infrastructure upgrades</td>
<td><strong>$1B</strong> Science master plan (expand programs and infrastructure support)</td>
</tr>
</tbody>
</table>

Source: Business Affairs Forum interviews and analysis.
What Do You Mean by “Strategic” Investments?

Defined Less by Purpose, More by Funding Source and Scale

### Percentage of Institutions Funding Strategic Investments by Type

<table>
<thead>
<tr>
<th>Category</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Academic Programs</td>
<td>84%</td>
</tr>
<tr>
<td>Technology</td>
<td>76%</td>
</tr>
<tr>
<td>Faculty</td>
<td>76%</td>
</tr>
<tr>
<td>Facilities</td>
<td>75%</td>
</tr>
<tr>
<td>Student Experience</td>
<td>73%</td>
</tr>
<tr>
<td>Financial Aid</td>
<td>65%</td>
</tr>
<tr>
<td>Research</td>
<td>62%</td>
</tr>
<tr>
<td>Learning Outcomes</td>
<td>52%</td>
</tr>
<tr>
<td>Marketing</td>
<td>51%</td>
</tr>
<tr>
<td>COE</td>
<td>51%</td>
</tr>
<tr>
<td>Global</td>
<td>49%</td>
</tr>
<tr>
<td>Community</td>
<td>48%</td>
</tr>
</tbody>
</table>

**Primary Characteristics of Strategic Investments**

1. **Strategic Relevance**
   Investment directly or indirectly supports the strategic plan or top priorities of the institution.

2. **One-Time Expense**
   Cost typically incurred on one-time basis; may encompass multi-year costs as long as end-date is clear and approximate full cost is known upfront.

3. **Broad Scope**
   Initiative’s scope is wide enough that it is not the responsibility of any individual unit or department, and units could not pay for on their own.

Source: Business Affairs Forum interviews and analysis.
A Few Institutions Craft Ambitious Plans to Build Up Central Strategic Funds

Ohio Begins Strategic Investment Plan
“Ohio University has set in motion a plan to invest $100 million in six ‘strategic initiatives’ across campus over the next several years from its budget surplus.

“The $100 million, derived from unbudgeted portions of tuition, state subsidy and investment income, will be devoted to endowments for scholarships and new faculty, new academic programs, new student programs, and activities beyond OU’s campus.”

UVa's Strategic Plan Estimated to Cost $564 Million
“[A] 44-page analysis...put the estimate[d cost of UVa’s strategic plan] at $564 million.

“...Early estimates show [the strategic plan] could generate about $66 million in new revenue, largely from research dollars, thanks to the new faculty and improved research infrastructure.”

University of California Plans Venture-Capital Fund for Campus Startups
Investment Pool, at $250 Million, Would Be Among Biggest Targeted for Student, Faculty Research
“The University of California is planning a $250 million venture-capital fund to finance startup companies stemming from research conducted by its faculty and students.”

Underfunding “R&D”¹

Higher Ed Reinvests Relatively Little into Innovation of Operations or Offerings

R&D Spending as Percentage of Revenue by Industry

<table>
<thead>
<tr>
<th>Industry</th>
<th>R&amp;D Spending as % of Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>Health Care</td>
<td>9.53%</td>
</tr>
<tr>
<td>Computing/Electronics</td>
<td>8.89%</td>
</tr>
<tr>
<td>North America Cross-Industry Average</td>
<td>5.18%</td>
</tr>
<tr>
<td>Automotive</td>
<td>3.72%</td>
</tr>
<tr>
<td>Higher Education</td>
<td>2.26%</td>
</tr>
</tbody>
</table>

Breakdown of Higher Ed Institutions by Percentage of Revenue Dedicated to Strategic Initiatives

- <1%: 9% of the institutions
- 1-3%: 24% of the institutions
- 3-5%: 24% of the institutions
- 5-10%: 43% of the institutions

Median is 1.39%


¹) Research and development.
All Things to All People

Strategic Plans Too Often A Declaration of Values, Not a Roadmap Toward Differentiation

Percentage of Strategic Plans That Include Indicated Strategic Goal

- Academic Excellence: All = 97%, SLA = 94%, ACC = 94%, Ohio = 88%
- Student Success: All = 97%, SLA = 94%, ACC = 94%, Ohio = 88%
- Secure Finances: All = 97%, SLA = 88%, ACC = 88%, Ohio = 78%
- Student Satisfaction: All = 97%, SLA = 88%, ACC = 88%, Ohio = 78%
- Community Ties: All = 97%, SLA = 59%, ACC = 59%, Ohio = 56%
- Increase Research: All = 97%, SLA = 56%, ACC = 56%, Ohio = 56%
- Organizational Processes: All = 97%, SLA = 56%, ACC = 56%, Ohio = 56%

(n=32 strategic plans; ACC=9; Ohio=11; SLA=12)*

Source: Education Advisory Board interviews and analysis

*Audit participants include a selection of schools from the Atlantic Coast Conference, the University System of Ohio, and several small liberal arts conferences.
“Our Most Important Stakeholders are Students, Faculty, Staff, Alumni, and the Community”

Priority Creep and Initiative Proliferation Turns Strategic Plan Into a Wishlist that Disperses, not Concentrates, Resources

Experts recommend that plans identify no more than seven strategic initiatives per planning cycle.

Number of Total Initiatives (Per Plan)

Number of Individual initiatives (Per Plan by Category)

Source: Education Advisory Board interviews and analysis
While An Opportunity to Assess Stakeholder Needs, Strategic Plans Not Designed To Enable A Differentiated Strategy

Strategic Plans Are Useful, But Not For Strategy

Strategic Plans Serve Multiple Constituencies ...

Accreditors: Plans need to comply with accreditation requirements

State Legislatures: Many states require funding requests to be in line with the strategic plan

Fundraisers: Broadly written plans allow for flexibility in matching donor interests to goals

Incoming Presidents: Many new presidents use the planning process to conduct stakeholder analyses

...And Have Many Productive Uses

Maximize Fundraising Dollars: A broadly written strategic plan allows for flexibility in matching donor interests with goals.

Promote Inclusivity: The consensus-based nature of higher education strategic planning enables multiple stakeholders to voice their opinion on the direction of the university.

Inspire Big Thinking and Innovation: Strategic plans encourage faculty to think expansively about the school’s value proposition

Boost Morale: In a time of seemingly unending cuts, aspirational plans help energize the community

Source: Education Advisory Board interviews and analysis
All Ends and No Means: A “Last Mile” Problem

Consensus-Based Planning Consumes Most Planning Resources

The Strategic Planning Process at a Midsize Research University

Inclusive to a Fault

Little Focus on Achievability

1) As outlined in Patrick Sanaghan’s Collaborative Strategic Planning in Higher Education.

Source: Education Advisory Board interviews and analysis
1. Pitfalls to Avoid

2. Strategies to Resource the Plan

3. Practical Advice Moving Forward
"Vision Without Execution Is Hallucination"

Resource Allocation and Incentive Alignment Processes Will Ultimately Determine Success or Failure

- **Vision**
  - President

- **Strategic Priorities**
  - Senior Administrators

- **University Budget Models**
  - **Academic Budgets**
    - Deans
  - **Administrative Budgets**
    - Unit Managers

- **Department-Level Resource Allocation**
  - Chairs and Faculty

- **Unit-Level Incentives and Policies**
  - Administrative Staff

Source: Education Advisory Board interviews and analysis
Only 25% of The Way There

Attention Must Shift to Implementation and Execution

Optimal Higher Education Strategic Planning Cycle

1. Define Strategy
2. Operationalize Strategy
3. Allocate Resources Transparently
4. Measure Performance

Most Institutions
Most planning efforts stop at the definition stage, leaving units to complete remaining steps.

Progressive Institutions
Increased demands and bigger bets push leading institutions to focus additional energies on the execution stages of the planning cycle.

Source: Education Advisory Board interviews and analysis
An Arm to Save a Leg

Leaders Acknowledge Necessity of Reallocation

Chief Business Officers

“We’re not seeing the same student growth that we used to, and our governor is saying that we’re not going to get the tuition bump we were expecting. **If we’re going to do anything new, then it’s got to come out of what we already have.** And folks around here don’t want to hear that.”

Chief Business Officer
Regional Public University

57% Agree or Strongly Agree

Provosts

“Most new funds for academic programs will come from reallocation rather than new revenue.”

66% Agree or Strongly Agree

Source: Business Affairs Forum interviews and analysis.
“Hold Harmless” No More

Years of Shielding Academics from Change No Longer Sustainable

Percentage of Identified Savings Realized

n=21 consultant audits

Highest Faculty Impact

<table>
<thead>
<tr>
<th>Category</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Center and Institutes</td>
<td>22%</td>
</tr>
<tr>
<td>Organizational Redesign</td>
<td>39%</td>
</tr>
<tr>
<td>IT</td>
<td>50%</td>
</tr>
<tr>
<td>Procurement</td>
<td>74%</td>
</tr>
<tr>
<td>HR</td>
<td>81%</td>
</tr>
<tr>
<td>Finance</td>
<td>86%</td>
</tr>
<tr>
<td>Facilities and Energy</td>
<td>87%</td>
</tr>
</tbody>
</table>

Lowest Faculty Impact

“‘We worked so hard to protect our faculty throughout the recession that many of them have no idea how fragile our finances are.’

Provost, Public Master’s University

“We keep improving our administrative efficiency and then just reinvesting those dollars in a much less efficient academy.”

CBO, Private Research University

Source: Business Affairs Forum interviews and analysis.
Both Top-Down and Bottom-Up

Two Ways to Fund Strategic Priorities

**Annual Budgeting Process**
- Strategic priorities identified
- Funded through budget
- Institution funds strategic priorities directly through annual budgeting process

**Strategic Investment Fund**
- Strategic dollars set aside
- Strategic investment fund
- Institution funnels portion of revenue into formal strategic investment fund, used to directly support institutional priorities

**Breakdown of Institutions Using Each Approach:**
- 46%
- 54%

Source: Business Affairs Forum interviews and analysis.
Two Types of Strategic Investments

**Top Down**

University executives identify cross-campus strategic priorities

70-80% of strategic funding dedicated to top-down investments

Imperative: Prioritize Executive-Driven Investments by Developing Total Cost Forecast

**Bottom Up**

Faculty and staff propose initiatives that advance university’s mission

20-30% of strategic funding dedicated to bottom-up investments

Imperative: Structure Seed Funding to Minimize Financial Risk and Make Fund Self-Sustaining

Source: Business Affairs Forum interviews and analysis.
Common Pitfalls of Top-Down Strategic Investments

**Overcommitting Central Strategic Dollars**
- Institution commits to funding a slate of strategic initiatives
- Several projects exceed projected budget
- CBO defers funding high-priority items due to lack of dollars

**Undercommitting Central Strategic Dollars**
- Institution commits to funding a slate of strategic initiatives
- Inaccurate budget forecast leads to excess dollars in Q4
- CBO funds low-priority pet project with excess funds

Source: Business Affairs Forum interviews and analysis.
Laurentian Creates Detailed Cost Estimates of Strategic Initiatives

**Excerpt of Laurentian University’s Strategic Planning Document**

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Secure an accreditation from the Association to Advance Collegiate Schools of Business</td>
<td>$35,583</td>
<td>$36,295</td>
<td>$35,252</td>
<td>$36,775</td>
<td>$38,360</td>
<td>$39,277</td>
<td>$39,277</td>
<td>$40,063</td>
<td>$300,882</td>
</tr>
<tr>
<td>Increase proportion of international students from 6.1% to 8%</td>
<td>$25,000</td>
<td>$25,000</td>
<td>$45,000</td>
<td>$50,000</td>
<td>$50,000</td>
<td>$75,000</td>
<td>$75,000</td>
<td>$0</td>
<td>$345,000</td>
</tr>
<tr>
<td>Become 100% wireless</td>
<td>$50,000</td>
<td>$225,000</td>
<td>$0</td>
<td>$50,000</td>
<td>$0</td>
<td>$0</td>
<td>$100,000</td>
<td>$0</td>
<td>$425,000</td>
</tr>
</tbody>
</table>

- **Spreadsheet includes detailed, year-over-year cost estimates for each initiative.**
- **Cost estimates allow leaders to defer funding one year and increase allocation in another year.**
- **Multi-year planning allows leaders to budget high-cost initiatives over time.**

Source: Laurentian University, Sudbury, ON; Business Affairs Forum interviews and analysis.
## Pragmatically Prioritizing Initiatives

Cost Forecast Allows Laurentian to Optimally Invest Limited Strategic Dollars

### Sample Goals from Laurentian University’s Strategic Plan

<table>
<thead>
<tr>
<th>Goal</th>
<th>Total Cost Estimate</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increase Proportion of International Students</td>
<td>$345K</td>
<td>✔ Funded</td>
</tr>
<tr>
<td>Establish a New Campus Location</td>
<td>$2.7M</td>
<td>✔ Funded</td>
</tr>
<tr>
<td>Revitalize Certificate of Bilingualism</td>
<td>$235K</td>
<td>✗ Not Funded</td>
</tr>
</tbody>
</table>

1) Laurentian University initially allocated $35K toward this goal before eliminating additional planned funding.

Source: Laurentian University, Sudbury, ON; Business Affairs Forum interviews and analysis.
Reevaluating and Reprioritizing Over Time

Laurentian Adjusts Out-Year Costs Due to Shifting Priorities and Resources

Excerpt of Laurentian University’s Adjusted Strategic Planning Document

<table>
<thead>
<tr>
<th></th>
<th></th>
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<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Establish interdisciplinary executive programs through the new School of Mines</td>
<td>$175,000</td>
<td>$362,950</td>
<td>$376,379</td>
<td>$390,305</td>
<td>$404,746</td>
<td>$419,722</td>
<td>$435,252</td>
<td>$500,000</td>
<td>$3,064,35</td>
</tr>
<tr>
<td>Increase enrollment from 7,200 FTE (2011) to 8,300 FTE while increasing the average entry grade from 80.8% to 83%</td>
<td>$150,000</td>
<td>$150,000</td>
<td>$150,000</td>
<td>$200,000</td>
<td>$200,000</td>
<td>$200,000</td>
<td>$100,000</td>
<td>$0</td>
<td>$1,150,000</td>
</tr>
<tr>
<td>Revitalize the Certificate of Bilingualism, awarded to 500 students per year</td>
<td>$25,000</td>
<td>$10,000</td>
<td>$40,000</td>
<td>$40,000</td>
<td>$40,000</td>
<td>$40,000</td>
<td>$40,000</td>
<td>$40,000</td>
<td>$235,000</td>
</tr>
</tbody>
</table>

Leaders recalibrate and adjust future allocations to initiatives based on shifting priorities

Some initiatives deprioritized and all funding eliminated

Source: Laurentian University, Sudbury, ON; Business Affairs Forum interviews and analysis.
Further Advantages of Total Cost Approach

1. **Ensuring More for Later**
   Rejecting cost-prohibitive goals upfront gives the institution more flexibility and capacity to recalibrate requirements.

2. **Assisting Development**
   A realistic projection of cost estimates enables more precise fundraising targets.

3. **Engaging the Board**
   Providing insight into key assumptions increases board trust in estimate accuracy.

4. **Projecting Necessary Debt**
   Cost estimates allow the board to see how much debt is needed and how much they are willing to issue.

Source: Business Affairs Forum interviews and analysis.
## Thinking Like a Venture Capitalist

You Win Some, You Lose Some: Not Every Bottom-Up Investment Pays Off in the Long-Term

### Deploying Seed Funds to Maximize ROI

<table>
<thead>
<tr>
<th>Common Challenges with Seed Funding Investments</th>
<th>Key Characteristics of Successful Seed Funding Programs</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Lax Screening Processes</strong></td>
<td><strong>Rigorous Vetting Process</strong></td>
</tr>
<tr>
<td>Institutions fund low-priority or unproductive initiatives due to informal or unclear evaluation criteria.</td>
<td>Institutions establish clear seed fund criteria and require faculty and staff to build strong business case for initiatives.</td>
</tr>
<tr>
<td><strong>Sunk Cost for the Institution</strong></td>
<td><strong>Compelling Revenue-Sharing Agreements</strong></td>
</tr>
<tr>
<td>Institutions do not require initiative sponsor to repay seed funds, forcing leaders to constantly reload the fund with limited central resources.</td>
<td>Institutions establish revenue-sharing agreements that ensure approved initiatives keep reloading the fund.</td>
</tr>
<tr>
<td><strong>Funding Provided in Perpetuity</strong></td>
<td><strong>Sunsetting Mechanism for Unsuccessful Initiatives</strong></td>
</tr>
<tr>
<td>Institutions lack a formal mechanism to sunset unsuccessful initiatives, forcing them to continue funding unproductive investments in perpetuity.</td>
<td>Institutions ensure seed fund policies empower leaders to sunset funding if initiatives do not hit proposed targets.</td>
</tr>
</tbody>
</table>

Source: Business Affairs Forum interviews and analysis.
Encouraging Applicants to Self-Screen Proposals

Establish Clear, Quantitative Seed Funding Criteria

Institutions announce concrete seed fund criteria that all initiative proposals must meet:

- Initiative must either help CSU reach its strategic goals or save $100K
- Units may request between $100K and $500K
- One request per unit
- Increases rigor and transparency so faculty understand the rules guiding seed funding allocation process

Ensure Applicants Have “Skin in the Game”

Institutions require faculty and staff to match funding requests or demonstrate a commitment to funding initiatives with their own dollars:

- Deans must commit to funding initiative regardless of whether they win additional support, and must submit two proposals for initiatives
- First proposal describes how they will support the initiative with their own funds
- Second indicates what they could accomplish with additional central funds
- Forces deans to propose only those initiatives that they are truly committed to supporting and limits the number of weak or unsustainable proposals

Process for Obtaining Seed Funding

- Deans must commit to funding initiative regardless of whether they win additional support, and must submit two proposals for initiatives
- First proposal describes how they will support the initiative with their own funds
- Second indicates what they could accomplish with additional central funds
- Forces deans to propose only those initiatives that they are truly committed to supporting and limits the number of weak or unsustainable proposals

Source: Cleveland State University, Cleveland, OH; The Ohio State University, Columbus, OH; Business Affairs Forum interviews and analysis.
## Critical Elements of Business Case Template

*Grouped by Level of Difficulty from Faculty Perspective*

<table>
<thead>
<tr>
<th>Difficulty</th>
<th>Business Case Criteria</th>
<th>Guidelines for Faculty</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>High</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Horizontal Impact</td>
<td>How do initiatives affect other academic, administrative, and support units (e.g., IT requirements, space needs)?</td>
</tr>
<tr>
<td></td>
<td>Key Performance Indicators</td>
<td>How will administrators measure the success of each initiative?</td>
</tr>
<tr>
<td></td>
<td>Cash Flow Analysis</td>
<td>What are the financial requirements to implement and sustain unit-level initiatives?</td>
</tr>
<tr>
<td><strong>Medium</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Risk Assessment</td>
<td>What are the risks associated with unit-level initiatives (e.g., budget cuts, staff departures, regulatory changes)?</td>
</tr>
<tr>
<td></td>
<td>Options to Accomplish Initiative</td>
<td>Are there multiple pathways to accomplish the initiative?</td>
</tr>
<tr>
<td><strong>Low</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Required Actions and Timeframe</td>
<td>What are the timeframe and action items for the initiative?</td>
</tr>
<tr>
<td></td>
<td>Strategic Partners</td>
<td>Do unit-level initiatives involve partnerships with outside entities?</td>
</tr>
<tr>
<td></td>
<td>Alignment with Institutional Strategic Priorities</td>
<td>How do initiatives support institution-wide goals?</td>
</tr>
<tr>
<td></td>
<td>Business Need</td>
<td>What is the problem or opportunity the business case seeks to address?</td>
</tr>
</tbody>
</table>

Source: Business Affairs Forum interviews and analysis.
Building Mutually Beneficial Incentives

UW Oshkosh Successfully Launched Many Programs with 60/40 Revenue Split

**University of Wisconsin Oshkosh Revenue-Sharing Agreement for New Programs Launched Through Campus Initiative Fund**

**Central’s Portion of Revenue from Accelerated Nursing Program**

<table>
<thead>
<tr>
<th>Total Program Revenue</th>
<th>Program Covers Direct Program Costs</th>
<th>Central and College Split Net Revenue 60%/40%</th>
</tr>
</thead>
<tbody>
<tr>
<td>$138K</td>
<td>$137K</td>
<td>$138K</td>
</tr>
</tbody>
</table>

2012  | 2013  | 2014

Source: University of Wisconsin-Oshkosh, Oshkosh, WI; Business Affairs Forum interviews and analysis.
University of Alabama at Birmingham’s Evaluation and Promotion Process

17 Pilot Projects Chartered in 10 Years

Every three years, Dean’s Council reviews and ranks proposals for new research centers; all approved centers receive pilot status.

During the triennial review, pilot centers are evaluated to determine if they should be promoted or sunset based on performance.

8 Promoted to Full Center
A full center must demonstrate a history of substantive involvement of faculty from more than two schools.

9 Sunset or Rechartered
Sunsetting is the default outcome if at least two deans decide not to support the center during the review.
ROAD MAP

1. Pitfalls to Avoid

2. Strategies to Resource the Plan

3. Practical Advice Moving Forward
## Be Ambitious, but Please Be Specific

Translate “World Peace” Action Steps Into Programmatic, Policy, and Practice-Level Recommendations, with Costs and Key Performance Indicators That Can Be Tracked Over Time

### Common Challenges with Strategic Plan Objectives

<table>
<thead>
<tr>
<th>Challenge</th>
<th>Example</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nobody can oppose this – because nobody knows what it means or would entail</td>
<td>“Realign all procedures and practices to provide better service to our mission without adding costs”</td>
</tr>
<tr>
<td>Defers the bulk of the work until later</td>
<td>“Create a taskforce to design and implement a sustainable plan to invest in high-quality academic programs”</td>
</tr>
<tr>
<td>Aspirational goal with no substantive recommendation guarantees it will never be pursued</td>
<td>“Identify and combat every systemic barrier to gender and ethnic inequality”</td>
</tr>
<tr>
<td>So cross-disciplinary or multi-functional that it’s difficult to know where to start</td>
<td>“Ensure that the university employs best practices to promote health, wellness, and work-life balance for faculty, staff, and graduate assistants”</td>
</tr>
<tr>
<td>Proposes a “fool’s errand” research task instead of a plausible pilot program</td>
<td>“Undertake thorough study of the learning environments that enable intellectual risk-taking”</td>
</tr>
</tbody>
</table>
What Kind of ROI Should You Expect?

Impossible to Evaluate Every Initiative on Cost and Revenue

Clarity of Revenue Impact from Strategic Initiatives

Low

Community Outreach/Service

Student Support/Service

Research Centers

Traditional Undergraduate Programs

Continuing and Professional Programs

Auxiliary Initiatives

High

Potential Evaluation Procedures

Non-Financial KPIs

Formalized Evaluation and Sunsetting Procedure

Cost and Revenue Targets

Requirement to Eventually Self-Fund

Source: Business Affairs Forum interviews and analysis.
Assess True “Strategic” Imperatives

Cull All the Good Ideas to Select Goals, Objectives, and Action Steps that Are Ultimately Worth Pursuing

Resources Required and Ease of Implementation
Leadership capacity, political will, and initial start-up and long-term maintenance costs in staff time (salary), operating expenses, space and technology needs

Contribution to Mission and/or Revenue Generation Potential
Impact on constituents' ability to teach, learn, research, outreach, and succeed or magnitude and likelihood of increased financial resources in next 10 years

Alignment with Strategic Goals and Market Differentiators
Will help the institution broaden or deepen its offerings and its value proposition to stakeholders relative to market/society
Please Be Specific

Example #1

FIU Beyond Possible 2020
Higher expectations in higher education.

**High-level goal**

FIU will improve the first-to-second-year retention rate among its undergraduate students from 76 percent to 90 percent.

**Action steps**

Require all first-year students to purchase a personal computer/laptop to ensure they have the appropriate tools for academic success: percent to 90 percent.

**Tactics**

- Provide financial aid to those who qualify.
- Provide grant opportunities for those who do not qualify for aid.
- Explore bulk purchases at the university level to maximize supplier discounts.
- Educate faculty in the use of technology to engage students with the concepts of the discipline.
Near-term actions will focus on clarifying the process to launch new graduate programs.

<table>
<thead>
<tr>
<th>Action Steps</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Near-Term (1 to 6 Months)</strong></td>
</tr>
<tr>
<td>☑ Develop a clear, and communicative, methodology for faculty to establish new graduate programs, including multi-disciplinary programs</td>
</tr>
<tr>
<td>☑ Hold a symposium to teach faculty about the process</td>
</tr>
<tr>
<td>☑ Launch additional Professional Sciences Master’s (PSM) Degree concentrations</td>
</tr>
<tr>
<td>☑ Develop, and communicate, protocols on PSM concentrations</td>
</tr>
<tr>
<td><strong>Mid-Term (6 to 12 Months)</strong></td>
</tr>
<tr>
<td>☑ Continue launching additional Professional Sciences Master’s Degree concentrations</td>
</tr>
<tr>
<td>☑ Faculty begin writing proposals for new programs</td>
</tr>
<tr>
<td>☑ Faculty review new proposals with Provost’s office and make decisions</td>
</tr>
<tr>
<td><strong>Long-Term (12+ Month)</strong></td>
</tr>
<tr>
<td>☑ Complete proposal for Nursing Ph.D. Program with ETSU</td>
</tr>
</tbody>
</table>

Source: Education Advisory Board interviews and analysis
#6 – Co-Curricular Undergraduate Programs

MILESTONES

A high-level implementation plan with important milestones is presented below:

<table>
<thead>
<tr>
<th>Milestone</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stock faculty oversight group on co-curricular programs</td>
<td>Jul</td>
<td>Aug</td>
</tr>
<tr>
<td>Establish an Office of Undergraduate Research</td>
<td>Aug</td>
<td>Sep</td>
</tr>
<tr>
<td>Undergraduate Research Program Development</td>
<td>Nov</td>
<td>Dec</td>
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<tr>
<td>Coordinate Co-Curricular Programs / Develop Ideas</td>
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</tr>
<tr>
<td>Undergraduate Research Pilot Programs</td>
<td>Mar</td>
<td>Apr</td>
</tr>
<tr>
<td>Co-Curricular Program Evaluation and Student Record Creation Plan (Co-Curricular Transcript)</td>
<td>Mar</td>
<td>Apr</td>
</tr>
<tr>
<td>Co-Op Expansion Plan and Resources</td>
<td>Jul</td>
<td>Aug</td>
</tr>
<tr>
<td>Study Abroad Expansion Plan and Resources</td>
<td>Aug</td>
<td>Sep</td>
</tr>
<tr>
<td>Service Learning Expansion Plan and Resources</td>
<td>Nov</td>
<td>Dec</td>
</tr>
<tr>
<td>Resource Decisions</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Launch Co-Curricular Transcript</td>
<td></td>
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<tr>
<td>Expand Co-Op, Study Abroad, and Service Learning</td>
<td></td>
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</tr>
</tbody>
</table>

Source: Education Advisory Board interviews and analysis
Where Do We Start?

Inclusive Nature of Strategic Planning Often Results in Broad Goals

Strategic Planning by Committee...

Committee of more than 70 faculty, staff, students, alumni, and community members develops strategic plan over the course of a year.

...Often Leads to Goals That Lack Specificity

Example goals from University of North Carolina at Greensboro strategic plan:

1. Make UNCG the first choice of more students
2. Improve health, wellness, and quality of life for children, adults, families, and communities
3. Offer transformational undergraduate and graduate education
4. Support faculty as they work collaboratively with diverse communities
5. Integrate international and intercultural experiences

Source: Education Advisory Board interviews and analysis
Implementation Teams Bring Definition to Broadly-Stated Strategic Plans

A Focusing Process

1) The Dean’s Council recommends to the Chancellor which goals should be activated.

Chancellor Assigns Teams 29 Goals

Step 1: Action Item Reports

(Action items, KPIs, and benchmarks)

Chancellor Activates 19 Goals

Step 2: Resource Reports

(Financial, data, and space needs)

Chancellor Funds 7 Goals

Step 3: Implementation Begins

Source: Education Advisory Board interviews and analysis
Defining Action Items and KPIs Helps Chancellor Decide What to Activate

**Strategic Plan Goal**

*SP Committee*

- Make UNCG the First Choice of More Students

**Action Items Established**

*Implementation Team*

- Increase Honors College profile
- Improve recruitment materials
- Student-designed major

**KPI Targets Determined**

*Implementation Team*

- % of students applying to honors college
- % of high achieving students enrolled
- GPA/SAT of students inquiring
- Program retention %

**Offer Online Degree Courses**

- Launch online M.S. in IT Management
- Develop guidelines for how oversight accomplished

**KPI Targets**

- # of degree programs online each year
- # of online courses in inventory
- Not yet established

Source: Education Advisory Board interviews and analysis
Defining the Requirements

Financial, Space, Faculty, and IT Requirement Specificity Enables Accurate Planning

Key Areas of Resource Requirement Definition at UNCG

Financial Needs
- **3-Year Projections:** Define annual and total costs as well as revenue or cost-savings potential
- **Funding Sources:** Determine most appropriate source—state recurring, state one-time, or discretionary—for each action item

Space and Faculty Needs
- **Space and Seats:** Identify support space (i.e. conference room, analytical core lab), seat-use frequency, and specialized equipment
- **Collaboration Potential:** Establish if space:
  - Needs to be near existing
  - Can be shared
  - Can be off-campus
  - Will impact classroom scheduling
- **Position Specificity:** Specify positions (i.e. adjunct, web designer) and spatial need (private office, bullpen)

IT and Data Needs
- **Services Required:** Establish IT support provider (i.e. central, contracted)
- **Data Focus:** Define if and where metrics and reporting exist (i.e. Banner, IR)
- **Back-up Plan:** If services, data, or reporting do not exist, develop cost estimates

Source: Education Advisory Board interviews and analysis
## Not Everything All At Once

Phase-Stage Goals by Year, Prioritizing Revenue-Generating Objectives and Action Steps and Incorporating Quick-Wins that Build Momentum

### Illustrative Gantt Chart

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<tr>
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<tbody>
<tr>
<td>Expand alumni relations and development staff</td>
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<tr>
<td>Add 3 FTE to increase annual dollars raised by 75%</td>
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<tr>
<td>Launch bioinformatics master’s program</td>
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<tr>
<td>Reach 30 enrollments, results in $300,000 annual revenue annually</td>
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<tr>
<td>Commission economic impact report</td>
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<td></td>
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<td>$50,000 cost</td>
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<td>Invest in power grid maintenance to reduce long-term costs</td>
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<tr>
<td>Save $150,000 annually</td>
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<tr>
<td>Add new interdisciplinary faculty lines</td>
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<tr>
<td>Inclusive of fringe benefits, 4 new FTE will cost $390,000</td>
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<tr>
<td>Grow faculty research seed funding program</td>
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<tr>
<td>20 $10,000 awards budgeted annually</td>
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</tbody>
</table>

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The Buck Stops Here

Hardwire Accountability for Initiative Execution with Regular Monitoring, Clear Assignments, and Follow-Up

Elon University’s Strategic Goal Owner Assignments
Assign One Person to Manage Each Goal

<table>
<thead>
<tr>
<th>Goal</th>
<th>Owner</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prepare Students for Global Society</td>
<td>Provost</td>
</tr>
<tr>
<td>Remain Best-Value University</td>
<td>CBO</td>
</tr>
</tbody>
</table>

“Our culture is one of performance and transparency and so, you don’t ever see a strategic goal owner showing up at retreat and saying not much happened [with my initiative] this last year.

Gerald Whittington
SVP, Business, Finance and Technology
Elon University

Source: Education Advisory Board interviews and analysis
Executive Oversight

Making Goal Success Part of Annual Review Ensures Strategy Stays Top of Mind

Presidential Reviews

• **Assessing Progress:** President leads end-of-year evaluation with senior leadership to discuss annual performance with a specific focus on the development of strategic initiatives

• **Art and Science:** Evaluations are based on progress against quantitative metrics (i.e. benchmarks and budget management) and a qualitative review of key accomplishments and challenges

Cabinet Retreats

• **Presenting to Peers:** Strategic goal owners will present twice a year to senior leadership about progress and expectations for initiative advancement in the coming year

• **Part of the Culture:** Additionally, strategic initiatives are routinely discussed in weekly senior staff meetings

Source: Education Advisory Board interviews and analysis
## Elon Strategic Plan Progress Scorecard

### Strategic Goals Owners Responsible for Reporting Progress to Community

<table>
<thead>
<tr>
<th>Goal</th>
<th>Status</th>
<th>Updates</th>
</tr>
</thead>
<tbody>
<tr>
<td>Establish Advisory Council on Diversity</td>
<td>Green</td>
<td>Council and five sub-committees formed to address issues in faculty/staff recruiting and retention, diversity, campus climate, student recruitment and retention, and assessment.</td>
</tr>
<tr>
<td>Double Need-Based Financial Aid</td>
<td>Yellow</td>
<td>First $8 million dollars set aside in endowment, in combination with annual budget dollars, to award significant scholarships in 2011-2012.</td>
</tr>
<tr>
<td>Provide 100 Percent Study Abroad Access</td>
<td>Red</td>
<td>Completed focus groups with students graduating in 2011 who have not studied abroad.</td>
</tr>
</tbody>
</table>

### Source

“[It’s come a long way](http://www.elon.edu/e-web/administration/president/strategicplan2020/progress.xhtml)”

Source: Education Advisory Board interviews and analysis
## Johnson University\(^1\) Strategic Plan

<table>
<thead>
<tr>
<th>Priorities</th>
<th>Objectives</th>
<th>Measures</th>
<th>Targets</th>
<th>Status</th>
<th>Initiatives</th>
<th>Initiative Progress</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Become Employer of Choice</strong></td>
<td>Improve experience of staff during first year employment</td>
<td>Turnover rate among new staff with less than one year of experience</td>
<td>22%</td>
<td><img src="progress.png" alt="Progress" /></td>
<td>• Launch new hire support group</td>
<td><img src="progress.png" alt="Progress" /></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Employee satisfaction score among staff with less than one year of experience</td>
<td>&gt;75%</td>
<td><img src="progress.png" alt="Progress" /></td>
<td>• Design mentorship program</td>
<td><img src="progress.png" alt="Progress" /></td>
</tr>
<tr>
<td></td>
<td></td>
<td>New-hire rating of unit-specific orientation</td>
<td>3.7</td>
<td><img src="progress.png" alt="Progress" /></td>
<td>• Semi-annual staff-manager new-hire lunch</td>
<td><img src="progress.png" alt="Progress" /></td>
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<tr>
<td></td>
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<td></td>
<td><img src="progress.png" alt="Progress" /></td>
<td>• Develop staff appreciation award</td>
<td><img src="progress.png" alt="Progress" /></td>
</tr>
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<td></td>
<td></td>
<td></td>
<td><img src="progress.png" alt="Progress" /></td>
<td>• Redesign orientation program to focus less on HR processes and benefits and more on culture and innovation</td>
<td><img src="progress.png" alt="Progress" /></td>
</tr>
</tbody>
</table>

Source: Education Advisory Board interviews and analysis