

Vision 2000:
The Leaders and Best...

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Office of the President
The University of Michigan
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The Vision Statement

It is our belief that leadership, more than any other characteristic, will determine the impact of the University of Michigan on society, the state, the nation, and the world. In the following vision statement, the concept of "leadership" is interpreted as leading the way, setting the pace, and becoming the standard against which others compare themselves.

Vision 2000: "The leaders and best"

To position the University of Michigan to become the leading university of the twenty-first century.

Such a leadership vision requires a complex strategy, since all of the key characteristics of the University are involved: quality; quantity (size); breadth (comprehensiveness); excellence; and innovation. The achievement of Vision 2000 will require an optimization of all of these factors.

Our Mission

While there are many ways to articulate the mission of the University, we have chosen to do so using a language native to the business world, since this fits most naturally with the particular strategic planning process we have used.

Business Line:

Creating, preserving, and transmitting knowledge

Products and Services:

Knowledge and knowledge-intensive services

Educated people with capacity and desire for leadership

Customers:

Primary: Society at large

Others: Students, patients, sponsoring agencies

Shareholders: State, federal, private sector, public sector

Market Niche: *Leadership*

Although some aspects of this mission statement would apply to any university—e.g., the triad mission of teaching, research, and service—other features are specific to the University of Michigan. For example, Michigan is one of the very few universities in the world that could claim society-at-large as its primary customer. And, indeed, over the course of its history, the University of Michigan's primary impact has been through its full array of activi-

ties rather than through a particular subcomponent of its mission, such as teaching or research. So too, Michigan is one of the few universities that can claim leadership as a true component of its mission.

The Strategy

During the mid-1980s, the University of Michigan set out to develop a planning process capable of guiding it into the next century. More specifically, the University leadership began to develop and then articulate a compelling vision of the University, its role, and its mission for the twenty-first century. This effort was augmented by the development and implementation of a flexible and adaptive planning process. Key was the recognition that in a rapidly changing environment, it was important to implement a planning process that was not only capable of *adapting* to changing conditions, but to some degree capable as well of *modifying* the changing environment in which the University must function.

Strategic planning in higher education has had mixed success, particularly in institutions of the size, breadth, and complexity of the University of Michigan. Yet many in the University leadership believed that such a planning process was essential. All too often the University had tended to react to—or even resist—external pressures and opportunities rather than taking strong, decisive actions to determine and pursue its own goals. So too, it had frequently become preoccupied with process rather than objectives, with “how” rather than “what.”

There was a growing conviction that in order to seize the opportunities, to face the responsibilities, and to meet the challenges facing higher education, the University had to initiate a process capable of determining both a direction and a strategy capable of guiding it into the twenty-first century.

In this effort, several key assumptions were accepted at the outset. First, it was recognized that the University of Michigan was a very complex system, responding to the cumulative effects of its history as well as the dynamic boundary conditions characterizing its interactions with the changing world in which it functioned. Despite this complexity, it was felt essential for the University to take responsibility for its own future, rather than having this determined by simply reacting to external forces and pressures.

Second, there was a sense that the University of Michigan would face a period of unusual opportunity, responsibility, and challenge in the 1990s; a time during which it could—indeed must—seize control of its own destiny by charting a course to take it into the next century.

Finally, there was also a growing sense that the challenges before higher education in the late twentieth century would require a new paradigm of the university in America. The University of Michigan was believed to be in an excellent position to develop this model for the nation.

This latter assumption is important. It grew out of both a consideration of the history of higher education in America and the unusual nature of the contemporary challenges swirling about the modern university. The profound nature of the challenges and changes

facing higher education in the 1990s seemed comparable in significance to two other periods of great change in the nature of the university in America: the period in the late nineteenth century when the comprehensive public university first appeared, and the years following World War II when the research university evolved to serve the needs of postwar America.

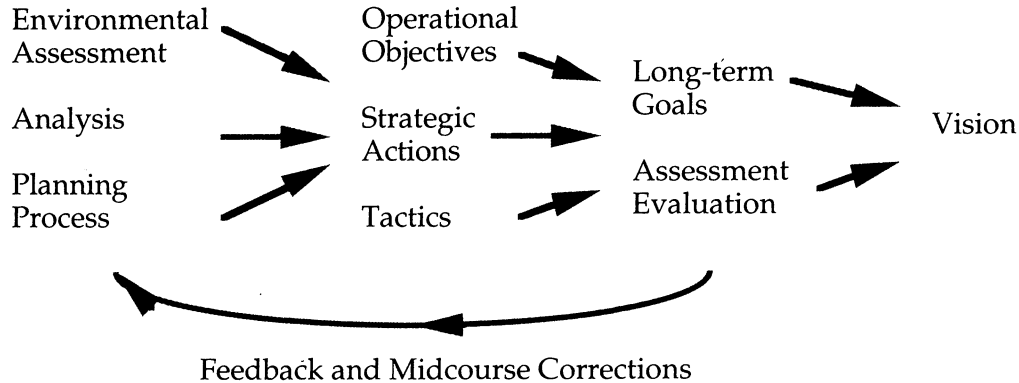
A century ago, the industrial revolution was taking hold to transform our nation from an agrarian society into the industrial giant that would dominate the twentieth century. The original colonial colleges, based on an elitist educational principles of Oxbridge, were joined by the land-grant public universities, committed to broad educational access and service to society. In the decades following this period, higher education saw a massive growth in merit-based enrollments in degree programs at the undergraduate, graduate, and professional level as the comprehensive university evolved. So, too, higher education changed dramatically following World War II. The educational needs of the returning veterans, the role of the universities in national defense, and the booming postwar economy led to an explosion in both the size and number of major universities. And the direct involvement of the federal government in the support of campus-based research led to the evolution of the research university as we know it today.

Today we face a period of challenge and opportunity similar to those experienced during these two earlier periods of transformation. Many people point to negative factors, such as the rapidly growing costs of quality education and research during a period of limited resources, the erosion of public trust and confidence in higher education, or the deterioration in the partnership characterizing the research university and the federal government. But there are even more fundamental and profound changes that will drive transformations in our society and its institutions. These include the increasing ethnic and cultural diversity of our people; the growing interdependence of nations; and the degree to which knowledge itself has become the key driving force in determining economic prosperity, national security, and social well-being.

It was within such a context that a major strategic planning effort was launched at the University of Michigan. While there are a variety of formal approaches to strategic planning, most fit into the framework of the steps listed below:

1. Vision, Values, Mission, and Goals
2. Environmental Assessment
3. Operational Objectives
4. Strategic Actions
5. Tactics
6. Assessment and Evaluation

Any successful strategic planning process is highly iterative in nature. While the vision remains fixed, the goals, objectives, actions, and tactics evolve with progress and experience.



Further, during a period of rapid, unpredictable change, the specific plan chosen at a given instant is of far less importance than the planning process itself. In other words, the University sought an "adaptive" planning process appropriate for a rapidly changing environment.

The University also sought a planning process appropriate for an institution of vast scale, great diversity, and unusual complexity. Indeed, with over 36,000 students; 3,400 faculty; 14,000 staff; seventeen schools and colleges; hundreds of institutes, centers, and programs; and an operating budget of over \$2 billion per year, the University of Michigan in Ann Arbor is one of the largest and most complex campuses in the world. Hence it was imperative to utilize a planning process capable of dealing with such complexity.



For this reason, the University adopted a variation of strategic planning that James Brian Quinn refers to as "logical incrementalism." As with most strategic processes, one begins with a clear vision statement for the institution. Within the context of this vision, one then sets out intentionally broad and rather vague goals, such as "excellence," "diversity," and "community." The strategic approach is then to engage broad elements of the organization in efforts to refine and articulate these goals while developing strategic plans and opera-

tional objectives aimed at achieving them. Key in the success of the logical incrementalism approach is the skill in separating out only those plans (actions and objectives) that move the institution toward the vision statement.

Although logical incrementalism is a "small wins" strategy, relying on a series of small steps to move toward ambitious goals, it also is a highly opportunistic strategy in the sense that it prepares the organization to take far more aggressive actions if the circumstances arise. The planning process was evolutionary in other respects. It moved from broad goals and simple strategic actions to increasingly complex tactics. In a sense, it shifted from a "meta" to a "mega" to a "macro" and finally to a "micro" viewpoint.

So too, the planning process was designed to work simultaneously on various institutional levels, ranging from the University as a whole to various academic and administrative units. Coordinating this multiple planning process was one of the great challenges.

Another Way to Look at the Strategic Process

During the early stages, the strategic process coincided with the organization and installation of a new University administration. More specifically, the transition from the Shapiro to the Duderstadt administration involved the turnover of not only the majority of the executive officers (Provost, VP/CFO, VP-Research, VP-Student Affairs, Chancellor-UM-Dearborn), but also a great many deans, directors, associate vice presidents, and other senior officers. More specifically, during the first five years of the new administration, thirty of the thirty-eight leadership positions in the University changed hands. As a result, there was an very unusual opportunity to rebuild an administrative team capable of and committed to moving the University in new strategic directions.

The strategic approach first taken by the administration involved four simultaneous activities:

- Setting the themes
- Building the leadership teams
- Building the networks
- Implementing the plans, actions, processes

These activities were all based upon and guided by the strategic planning activity conducted by the Provost during the 1986-1988 period.

Setting the Themes

The key themes of change first identified and considered by the strategic planning process were

- The increasing pluralism and diversity of the American people
- The globalization of America and the shrinking global village
- The age of knowledge

These themes were first set out publicly in the Presidential Inauguration Address of 1988. They were reinforced and expanded upon during many subsequent occasions, including commencement addresses at UM and Caltech, the State of the University Address, and other major speeches and interviews. These themes served as the rationale for the first major

initiatives of the new administration, namely, the Michigan Mandate, the establishment of first a new senior position and later a new institute for international activities, and the major leadership role played by the University in building and managing national computer networks (e.g., NSFnet, MREN). Further, the University has taken a number of important steps to achieve full participation of all groups in the life of the institution, including the Michigan Mandate (minorities), the Michigan Women's Agenda, and the recent inclusion of sexual orientation in the Regent's anti-discrimination bylaw.

In subsequent years, three new themes were added to the original list:

- A finite world (global change)
- The post-Cold War world
- Rebuilding America (human and physical capital and infrastructure)

Strategic initiatives developed and launched in these areas included the Global Change Project funded through the Presidential Initiative Fund and the efforts to better position the University in an array of economic development activities (e.g., the Flint Project, the IPPS State Economic Study, redesigning the University's technology transfer effort—the University Enterprise Zone project).

There were additional themes proposed that could better be classified as opportunities than challenges, such as the creation (of knowledge, objects, intelligence, life forms); and exploration (of knowledge, the planet, the universe, etc.). These were the frontier themes traditionally addressed by research universities, although the rapid evolution of powerful tools such as information technology, molecular biology, and materials science triggered a rapid acceleration of University research in these areas. Examples here include the Molecular Medicine Institute in the School of Medicine, the Ultrafast Optics Laboratory in Physics and Engineering, and the adaptive complex systems activity, affiliated with the Santa Fe Institute.

Efforts were also made to articulate the particular challenges facing higher education during the 1990s. These themes included:

- The challenge of change
- The commitment to excellence
- The importance of fundamental values
- Building a community of scholars
- Restoring public understanding, trust, and support
- Acquiring and managing the resources necessary for excellence

While these themes of challenge were faced by most institutions, an effort was made to take the University of Michigan one step further by defining unique strategic themes for our institution during the 1990s:

- Inventing the University of the twenty-first century
- Redefining the nature of the public university in America
- Financing the University in an era of limits
- The Michigan Mandate
- A world university
- An electronic university
- Global change
- A strategic marketing plan
- "Keeping our eye on the ball"

Here the last theme refers to the fact that consistency and persistence were essential to the success of any strategic effort.

These themes were carefully woven into communications activities, both on and off campus. They served as the rationale and foundation for a wide array of specific objectives and strategic actions—all aimed at moving the University toward Vision 2000.

The Leadership Teams

The unusually large turnover in University leadership occurring in the late 1980s required that a significant amount of energy and effort be directed toward attracting outstanding people into key leadership roles. Subsequently, these leaders had to then be formed into a number of leadership teams.

The formal leadership teams of the University could be identified as: Executive Officers; Academic Policy Group (President, Provost, Deans); Budget Priorities Committee (later PACE and ACUB); SACUA and Senate Assembly; and, the Board of Regents.

In addition, there were a number of ad hoc or informal planning groups formed by the President and Provost: Strategic Planning Groups; Seminar on University Priorities (SOUP); Futures Group; and Change Group (Michigan Mandate).

There were also a series of special events such as leadership retreats (including EOs, Deans, SACUA, and student leaders), school and college teams including executive committees and chairs, and administrative unit planning teams—all of which played a key role in the planning effort.

Building the Networks

Of course, key in any strategic process are a series of networks that link together participants in moving the institution forward. At Michigan we have relied on several classes of networks. First, there were a group of internal networks, linking leadership, faculty, staff, and students: leadership networks (Executive Officers, Deans, Directors, Regents); faculty networks (SACUA, Senate Assembly, Schools & Colleges Executive Committees); student networks (Michigan Student Assembly, Residential Housing Advisors, Inter-Fraternity Council, Pan Hellenic, Schools & Colleges Student Governments).

It was also important to build networks external to the University, such as the Presidential Advisory Council; the Michigan Business-Higher Education Roundtable; the Michigan Presidents' Council; Alumni networks (e.g., Citizens' Council); National Associations (American Association of Universities, National Association of State Universities and Land-Grant Colleges, Big Ten); local communities (Ann Arbor, Detroit, Flint, Grand Rapids). Further, there were a number of important special constituencies with whom we needed to develop strong ties, including minority communities, media, labor, and the public-at-large.

This effort of network building is of great importance in the success of any strategic effort, particularly in propagating from various leadership planning groups to the University community more broadly.

Strategic Thrusts

Over the course of the past several years, there have been a great many specific strategic actions spawned by the strategic planning effort:

- The Michigan Mandate
- Information Technology
- University Initiative Fund (1 percent off the top)
- Asset Management Strategy
- The Campaign for Michigan
- State Relations
- Federal Relations
- Communications
- Community Relations
- Campus Safety
- Student Behavior
- Sense of Community
- International Strategies
- Resource Acquisition and Management Strategies
- Graduate and Professional Education
- Research Environment
- Human Resource Development
- Intercollegiate Athletics
- and, of course, the strategic planning process itself

Goals for the 1990s

It is useful to consider how the particular goals associated with the planning process have evolved over time. For example, the early goals developed in the mid-1980s reflected the following beliefs:

- i) Placing the highest premium on focusing resources to achieve excellence.
- ii) Recognition that excellence is people-driven...and that our goal should be to attract and retain the best people, provide them with the resources and opportunities to push to the limits of their abilities, and then get out of their way. That is, we should let our best people push the intellectual thrusts and determine the pace of the University.
- iii) The importance of an entrepreneurial environment...
 - ...which stresses excellence and achievement...
 - ...which removes all constraints from talented people...
 - ...which lets our most creative people "go for it"...

These early goals were quite simple:

1. *To pick up the pace...*
To pick up the pace of the University, to build a level of intensity and expectation to settle for nothing less than the best in the performance of our faculty, students, and programs.

2. *To focus resources to build spires of excellence...*
To break away from the tendency to attempt to be all things to all people, and instead to focus our resources on building spires of excellence. In a world of limited resources, the quest for quality must dominate the breadth and capacity of our programs.
3. *To establish academic excellence as our highest priority...*
To re-establish the core academic programs of the University as its highest priorities.
4. *To develop a "change-oriented" culture in the University...*
To make the University better adaptive to change; to instill in faculty, students, and staff a relish and enthusiasm for change.
5. *To give highest priority to bold, new initiatives...*
To focus wherever possible on exciting new initiatives. The best institutions are those which always seek to do something new, not just to maintain traditions.

The planning effort sharpened a bit in 1990, with an effort to develop a list of ten goals for the decade of the 1990s. Here, we sought goals as quantitative and measurable as possible so that we could assess progress—e.g., "increase private giving plus endowment income to a level equal to our state appropriation". Further, we sought to develop such goals with an aim to implementing a system of "management-by-objectives" in which people would be evaluated in terms of their success in moving toward the goals. The specific goals chosen were as follows:

1. To protect and enhance the University's autonomy.
2. To strengthen the University leadership.
3. To build private support to a level comparable to state appropriation.
4. To achieve the objectives of the Michigan Mandate.
5. To affirm and sustain the University's character as a hybrid public/private institution.
6. To restructure the University to better utilize available resources to achieve teaching and research of the highest possible quality.
7. To enhance the quality of UM as a comprehensive research university.
8. To attract, nurture, and achieve the extraordinary.
9. To position UM as a "world university".
10. To develop more compelling images of what we are or wish to become...and what we are not.

In 1993 we took the next step in the strategic process by refining from the planning process more specific goals, consistent with the leadership vision, but more amenable to measurement. Further, we began the task of developing more precise metrics capable of giving us an accurate assessment of our progress toward Vision 2000.



The goals we proposed can be separated into three categories: leadership goals, resource goals, and trailbreaking goals:

Leadership Goals

1. To enhance the quality of all academic programs.
2. To sustain UM blend of broad access and highest quality.
3. To build more spires of excellence.
4. To achieve more "firsts" for the University.
5. To become the leading research university in the nation.
6. To achieve the objectives of the Michigan Mandate.
7. To make UM the university of choice for women leaders.
8. To develop a new paradigm for undergraduate education.
9. To enhance the quality of the student living/learning environment.

Resource Goals

10. To build strong leadership teams for the University.
11. To acquire resources to compensate for the loss of state support.
12. To restructure the University to better utilize existing resources.
13. To strengthen external relationships (state, feds, public).
14. To enhance the quality of institutional advancement activities.
15. To increase private support to exceed the state appropriation by 2000.
16. To increase endowment to \$2 B by 2000.
17. To dramatically improve the quality of UM facilities.

Trailbreaking Goals

18. To restructure the University to better respond to intellectual change.
19. To explore new models for the University of the twenty-first century.
20. To position UM as a "world university" .
21. To position UM as an "electronic university" of the twenty-first century.
22. To make UM a leader in knowledge transfer to society.
23. To make the Ann Arbor area the economic engine of the midwest.
24. To help implement a plan for "restructuring" the State of Michigan.
25. To have the leading intercollegiate athletics program in the nation.
26. To build more of a sense of pride in...respect for...excitement about...and loyalty to the University of Michigan!

A key aspect of any strategic effort involves an accurate assessment of progress toward meeting various goals. As we have refined our goals, we have also sought to identify "metrics", parameters subject to measurement and suitable for determining progress. In the appendix to this document we have provided a brief assessment of progress toward each of these goals. A more detailed assessment of both status and progress is provided by the Michigan Metrics Project (a separate document).

The Business Plan

Key to any successful strategic effort is a plan to acquire the necessary resources to achieve the goal. This was particularly important for the University's strategy, since it had experienced a serious deterioration in its state support through the 1970s and 1980s, with the state appropriation declining from 60 percent of the total University operating budget in the 1960s to less than 12 percent of the total operating budget in 1993.

To provide a planning context, during 1992 officers of the University conducted a "reality test" by meeting on separate occasions with leaders from the public and private sector to get their assessment of the possibilities of enhanced state support. Each group was asked to challenge the following two premises:

1. Because of the limited will and capacity to support higher education and in the face of a weakened economy and other social needs, the state will at best be able to support higher education at the level of a comprehensive four-year college.
2. Further, political pressures will make it increasingly difficult to put a priority on state support for flagship institutions like UM and MSU and instead will drive a leveling process in which the state appropriation per student equalizes across the state.

Few in these groups disagreed with our premises. Further, all agreed that the only prudent course was for the University to approach its future assuming that state support will continue to deteriorate throughout the 1990s.

With this reality test behind us, we set out to develop a business plan based upon the following objectives:

1. To take steps to build alternative revenue sources to levels sufficient to compensate for the loss in state support (e.g., tuition and fees, private support, federal support).
2. To deploy our resources far more effectively than we have in the past, focusing on

achieve quality at the possible expense of breadth and capacity while striving to improve efficiency and productivity.

3. To enhance the University's ability to control its own destiny by defending our constitutional autonomy and building strong political support for autonomy.

More specifically, we focused our attention on the following areas:

Revenues:

- State Support
- Federal Support
- Tuition and Fees
- Gifts and Endowment Income
- Auxiliary Activities

Expenditures:

- Enhanced Productivity and Efficiency
- Downsizing ("Smaller But Better") Strategies
- Growth Strategies (nontraditional education)

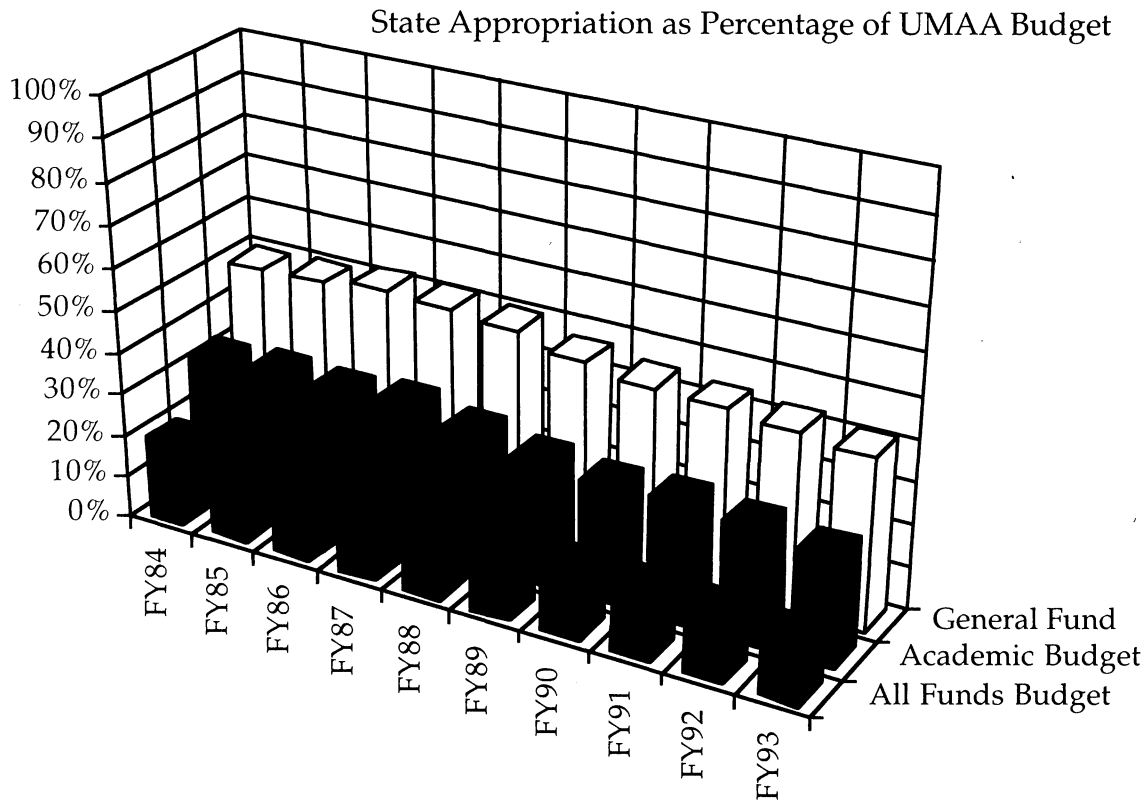
Hybrid Strategies:

- Mixed Public/Private Strategies
- National University Strategies
- "Unbundling" Strategies

State Support

While education is a priority of the Governor, so too is a commitment to a reduction in property taxes, which could require a reallocation of general tax revenue to compensate school districts and local government. Further, there are powerful political forces which will prevent major reallocation within the existing tax expenditure priorities, e.g., from corrections to education or through the elimination of tax loopholes (so-called "tax expenditures"). Finally, the two-decade trend toward increasing public support of private colleges is likely to continue because of their strong political influence, and this support will come at the expense of public universities.

Hence, while there is some hope that we will be able to protect higher education in Michigan against the massive cuts in state appropriation experienced in other states such as California, Ohio, and New York, it is also unlikely that we will see any real growth in state support in the near term. Indeed, from a planning point of view, the very best we can expect is to see state appropriations for the University track the inflation rate during the 1990s—and even this is likely to be too optimistic during the period 1992-1995. State support will almost certainly continue to decline as a component of the University's support, as the following chart makes painfully evident:



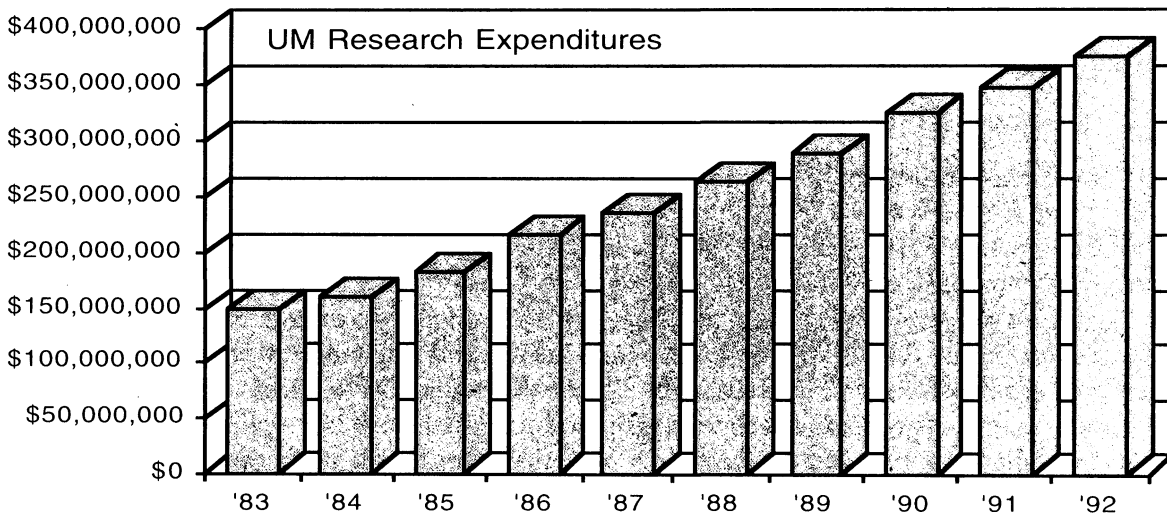
The situation is slightly more optimistic for state capital outlay. Michigan has been quite unusual among the states in providing little direct support of capital facilities on public campuses. Largely because of a massive prison construction program launched in the mid-1980s, there has been a total freeze on state funding of new campus projects for the past six years. Further, the University of Michigan's Ann Arbor campus has been particularly disadvantaged, receiving state funding for only two new academic facilities (\$72 million) over the past twenty years.

However there is growing recognition that the cost of further deterioration of campus facilities will be very high to the state, both in terms of institutional quality and future replacement costs. Further, there are strong reasons for launching a limited capital program to stimulate jobs in the construction industry. Hence there is hope that there will be limited state funds available for campus facilities during the 1990s—perhaps amounting to \$200 million over the decade for the University of Michigan (quite small compared to other public institutions, but significant in terms of historical state support for Michigan).

About the only really good news from Lansing is a shift away from the tendency to interfere with university autonomy through efforts to constrain tuition, out-of-state enrollments, and to dictate faculty hiring qualifications and even curricula. The present administration—and the current leadership of the Legislature—believes that such matters are best left to the governing boards of the universities. This willingness of Lansing to let the campuses determine their own strategies is critical during a time of financial hardship.

Federal Support

In the late 1980s, federal support of the University—primarily sponsored research support and student financial aid—began to exceed its state support for the first time. In 1992, the University of Michigan passed MIT in total R&D expenditure to become the nation's leading research university. Hence it is clear that the University has not only been remarkably successful in competing for federal support, but that such support has now become the largest single component of the University's resource for academic programs.



Yet, while we should take pride in the ability of our faculty to compete for these resources, there are also certain risks associated with becoming ever more dependent on federal support. First, it seems likely that the efforts to constrain or reduce the federal deficit will have an impact on the availability of sponsored research funds. Second, the recent efforts to modify indirect cost reimbursement policies—which is, in reality, an effort to shift more research costs from the federal government to the research universities—will have a serious impact on the University of Michigan because of the particular way that we account for such indirect costs. Finally, as a leader in federal R&D, the University also becomes a highly visible target for those in Washington—or the media—who wish to attack research universities.

The prognosis for federal financial aid is also quite uncertain. It is likely that the decade-long deterioration in federal financial aid programs, which saw the magnitude of federal aid decline by 50 percent during the Reagan and Bush administrations, will come to an end with the Clinton administration. However, it is also likely that the trend away from federal grants to federal loans will continue, with the possible introduction of new direct loan or income-contingent repayment plans. While such programs will clearly assist students in meeting the costs of a college education, they will only help the University if we can implement tuition rates which more closely reflect the real costs of education.

It is likely that the tendency toward increasing federal regulation will continue (health, safety, conflict of interest, scientific misconduct, foreign involvement)—and hence the costs associated with compliance continue to rise. Similarly, the need to generate additional tax revenue to deal with the federal deficit will likely have an impact on higher education just as it does on other sectors of our society. And, of course, the major effort to overhaul national health care is likely to have a profound impact both on the University Hospitals and the health benefits costs of the University.

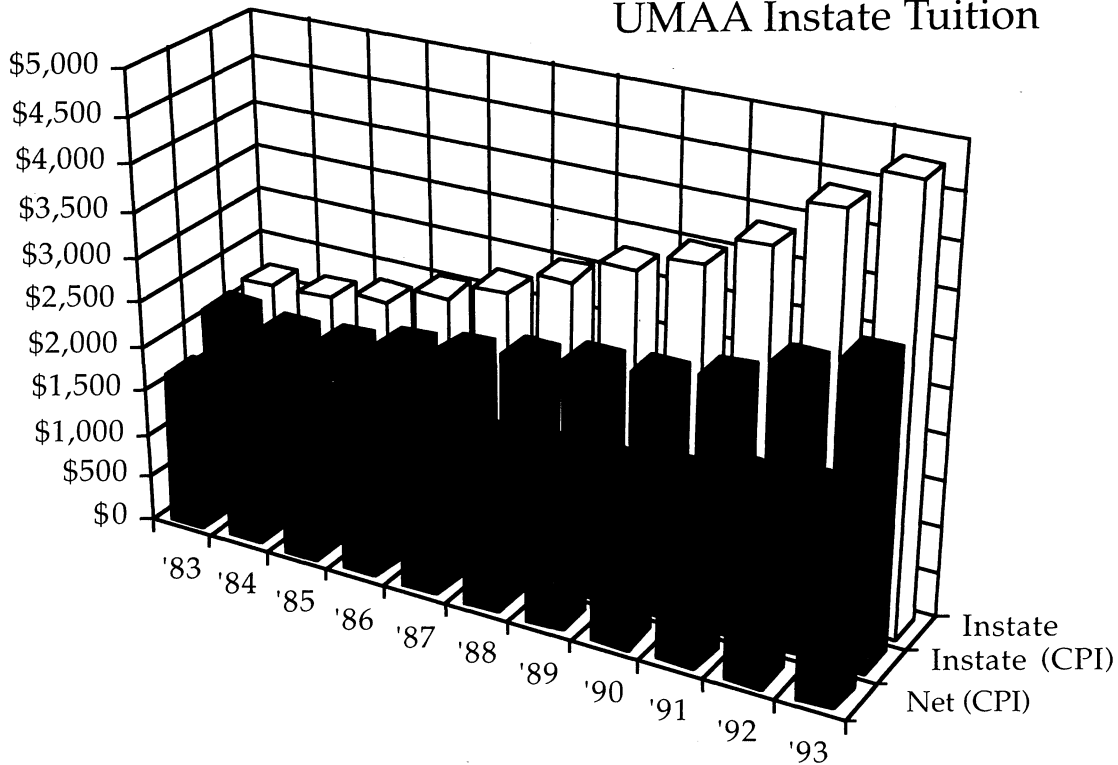
The final area of concern has to do with the political influence of the Michigan congressional delegation itself—an important factor in both protecting and advancing the interests of the University. The loss of seats through reapportionment, coupled with the retirement of several key members of the delegation over the next several years will significantly erode the political strength of the state—and, indeed, the entire midwest.

Tuition

Clearly the University has significant potential for increasing tuition revenues. While outstate tuition rates are essentially at private levels—and hence constrained by the private marketplace—instate tuitions are quite low, particularly when measured against the costs of institutions of comparable quality.

Further, state support has eroded to the point at which it no longer provides adequate subsidy to compensate for the difference between instate and outstate tuition for those Michigan residents enrolled in the University. The University's aggressive efforts to maintain strong financial aid programs in the face of rising educational costs have protected the principle that any Michigan resident academically qualified to enter the institution will have their demonstrated financial need met. Indeed, when the financial aid provided to instate undergraduate students is taken into account, it is clear that the average discounted tuition has remained remarkably stable during a period in which state support has plummeted.

UMAA Instate Tuition



Clearly, in the face of inadequate subsidy of the costs of education of Michigan residents and the needs of the University, instate tuition should be increased. The potential of this revenue source can be estimated as follows: If one assumes a difference of \$16,000 - \$5,000 = \$11,000 between average outstate and instate tuition levels, then the gross tuition potential for the roughly 22,000 Michigan residents enrolled at UM-AA is $22,000 \times \$11,000 = \242 million. Of course, the University's commitment to broad access would require that a certain fraction, say one-third, of these dollars go into increased financial aid. But even so, this yields an estimated potential additional tuition revenue of \$160 million per year. Additional tuition revenue could also be realized either by increasing instate tuition levels to a higher fraction of outstate levels or by modifying the instate/outstate enrollment ratio.

What is a realistic goal for additional tuition revenue? Although the present instate tuition is less than 30 percent that of outstate, historically it has been closer to 40 to 50 percent, even with significantly higher state support. Further, although the instate/outstate ratio of our undergraduate student body is now at 70/30 percent, it has historically averaged closer to 60/40 percent. Thus a useful target for the near term would be to adjust:

Instate tuition → 40 percent Outstate Tuition

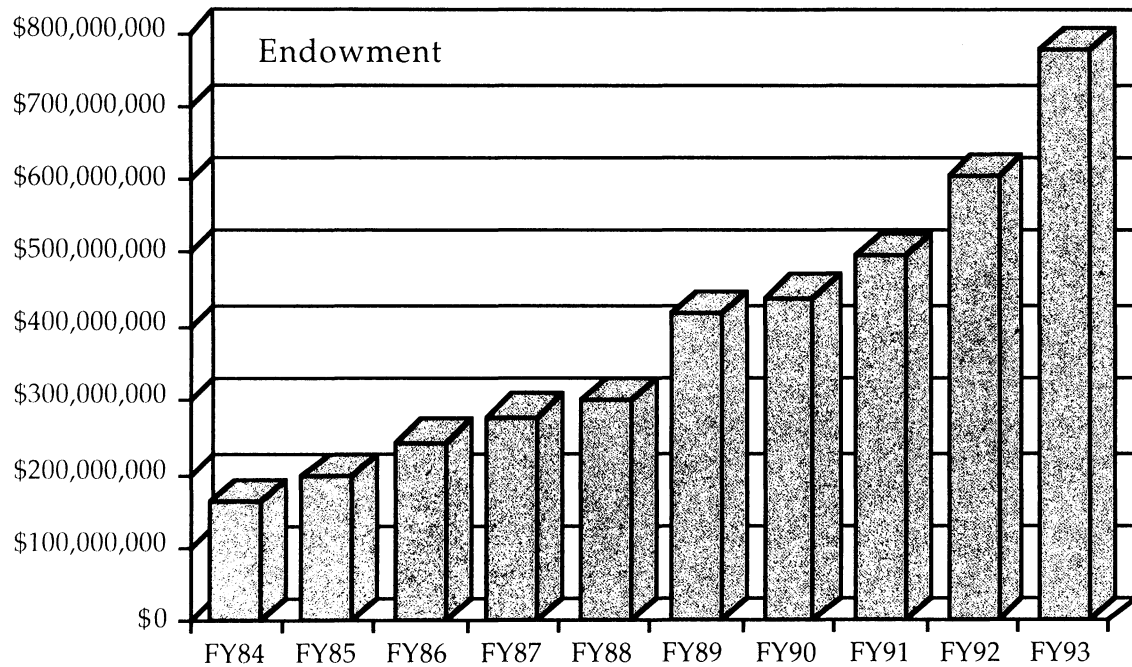
Instate/Outstate undergraduate enrollments → 60/40 percent

The instate/outstate enrollment adjustment would generate \$24 million/year, while the increase in instate tuition would generate \$44 million/year.

Private Fund Raising

Beyond tuition, the component of our revenue base over which we have the most control is that associated with private support. Here there are two subcomponents: i) the annual gifts to the University and ii) the income on endowment. Currently we receive roughly \$120 million per year in gifts and pledges. Our \$800 million endowment generates another \$44 million per year (at 5.5 percent payout).

We have set a goal for the 1990s of increasing these to the point at which they will exceed our state appropriation. More specifically, we have set a goal of achieving a \$2 billion endowment and an annual giving level of \$150 million per year—in 1990 dollars—which would equal our present state appropriation of \$260 million.

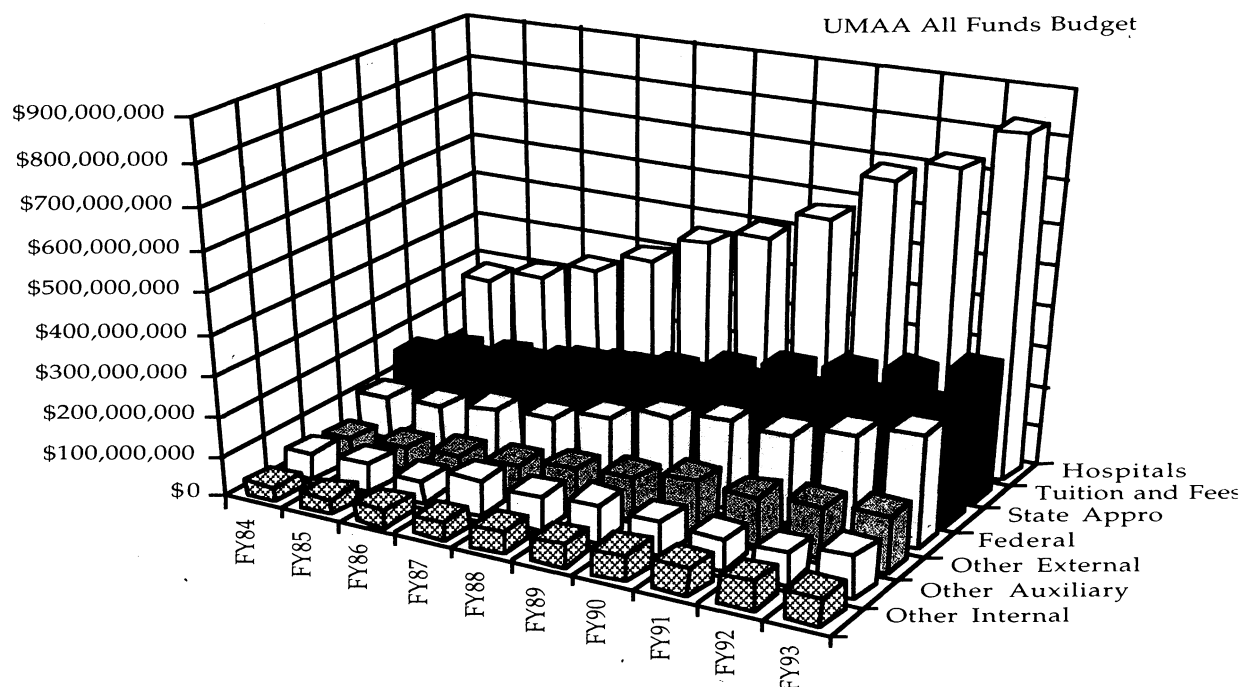


Both of these goals seems achievable through the Campaign for Michigan, which has now reached the 50 percent level (\$500 million).

Auxiliary Funds

The funds generated by auxiliary units of the University—particularly the University Hospitals—have been the fastest growing component of our resource base through the past decade.

UMAA All Funds Budget



Further, for the past several years the University Hospitals have been running unusually large profits (e.g., \$80 million in FY92-93). Yet these are also the most uncertain of our resources because of the rapidly changing national health care environment. While there is an opportunity to utilize the short-term profitability of such activities to make important investments in those academic units that contribute to the bottom line of the UM Hospitals (e.g., clinical research facilities), it would be unwise to make permanent base commitments based on these funds.

While most other auxiliary units such as Intercollegiate Athletics barely generate revenue sufficient to cover their own operating expenses, there are two important opportunities beyond the UM Hospitals. First, University Housing rates are somewhat below those of peer private institutions. Hence, there may be some additional capacity here to generate additional revenue to cover the costs of academic programming activities associated with the residence halls.

So too, continuing education presents an excellent opportunity to generate additional revenue. Both the Executive Education Program in the School of Business Administration and the Continuing Engineering Education program in the College of Engineering provide examples of the degree to which high-quality programs, aggressively marketed, can generate resources which directly benefit academic units, while responding to the teaching mission of the institution.

"Restructuring" Approaches

As we noted in our introduction to the business plan, we view the wise and efficient deployment of resources to be of comparable importance to the effort to generate sufficient revenue to compensate for eroding state support. Here a variety of steps are being taken,

including focusing resources to achieve excellence, total quality management, and cost containment.

So too, we believe it important to understand better how we utilize resources to perform our many different missions. In a sense, the University is like a conglomerate, with many different business lines: education (undergraduate, graduate, professional), basic and applied research, health care, economic development, entertainment (intercollegiate athletics), international development, etc. Each of these activities is supported by an array of resources: tuition and fees, state appropriation, federal grants and contracts, federal financial aid, private giving, auxiliary revenues. Part of our challenge is to understand the cross-flows, e.g., cross-subsidies, among these various activities.

A Summary of the Business Plan

Before leaving this brief discussion of the business plan for resource generation and expenditure, it is important to make some more general comments. First, it should be noted that throughout the past decade, there has been general agreement that the University is underfunded with respect to its present size, quality, and breadth of activities relative to peer institutions by roughly twenty percent—or \$200 million per year. To this concern should be added the recognition that the University is entering one of the most competitive decades in its history—for outstanding students, outstanding faculty, and the resources necessary to achieve and sustain excellence.

We have noted that from a revenue perspective, state support is unlikely to increase, and will probably continue to decline through the 1990s. Federal support is also problematic, although the University will certainly continue to hold its own in competition with other leading research universities. Since resident tuition levels are seriously underpriced—with respect to actual costs, state “subsidy,” or market competitiveness—there is some opportunity to generate significant additional resources through both increasing instate tuition levels and shifting instate/outstate enrollments ratios. However, the political difficulties of both approaches are apparent.

While more efficient use of resources is clearly a priority, we should not underestimate the difficulty of taking the necessary steps within a large, complex, and decentralized organization that has a management culture that can best be characterized as a “voluntary anarchy.” Further, unlike smaller private universities, the University of Michigan has already taken advantage of its vast scale to achieve high quality academic programs at only a fraction of the cost (typically one-half to one-third) of other leading institutions. Hence, while greater efficiency is a priority, it will probably have only a marginal impact on the basic funding challenges faced by the University. Indeed, there is some evidence that suggests that the University of Michigan is already the most cost-effective university in the nation, at least as measured by administrative costs and staffing.

Finally, we should keep in mind two lessons learned from the past: First, while the “smaller but better” strategy of the early 1980s did help position the University to deal with the loss of roughly 30 percent of its state support, in other respects it was a disappointment. The University didn’t get any smaller—indeed, it continued to grow. Further, the reallocation process did not release significant funds for reallocation. Rather than creating a psychology of priority-setting and cost-effectiveness, the strategy undermined the morale of the University community and created a spirit of distrust and cynicism that we are only now beginning

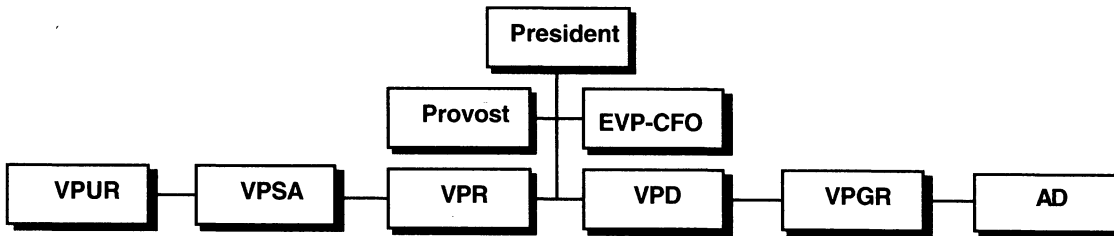
to shed. The moral of the "smaller but better" story: We have to be very careful in using "doom and gloom" strategies. It is preferable to base our efforts on building a sense of pride and leadership so that we can "restructure" our activities to enhance quality, innovation, and productivity. Put another way, we should take the more positive approach represented by the "total quality management" efforts we have adopted from the private sector.

The second lesson learned from past experience concerns the importance of a balanced strategy. Our three primary objectives are increasing resources available to the University; constraining costs and enhancing the quality of the University; and protecting the assets (financial, physical, human) of the University.

We must achieve a balance among the attention, energy, and effort directed at each objective. For example, it is clear that the University of Michigan currently achieves a quality (and capacity) comparable to peer private and public institutions at only a fraction of the cost. Indeed, one could make the case that we are probably the lowest-cost, world class university in the nation. Hence, while our cost containment efforts will be very important, they will not solve the problem of our serious underfunding relative to peer institutions. Revenue enhancement must receive equal emphasis.

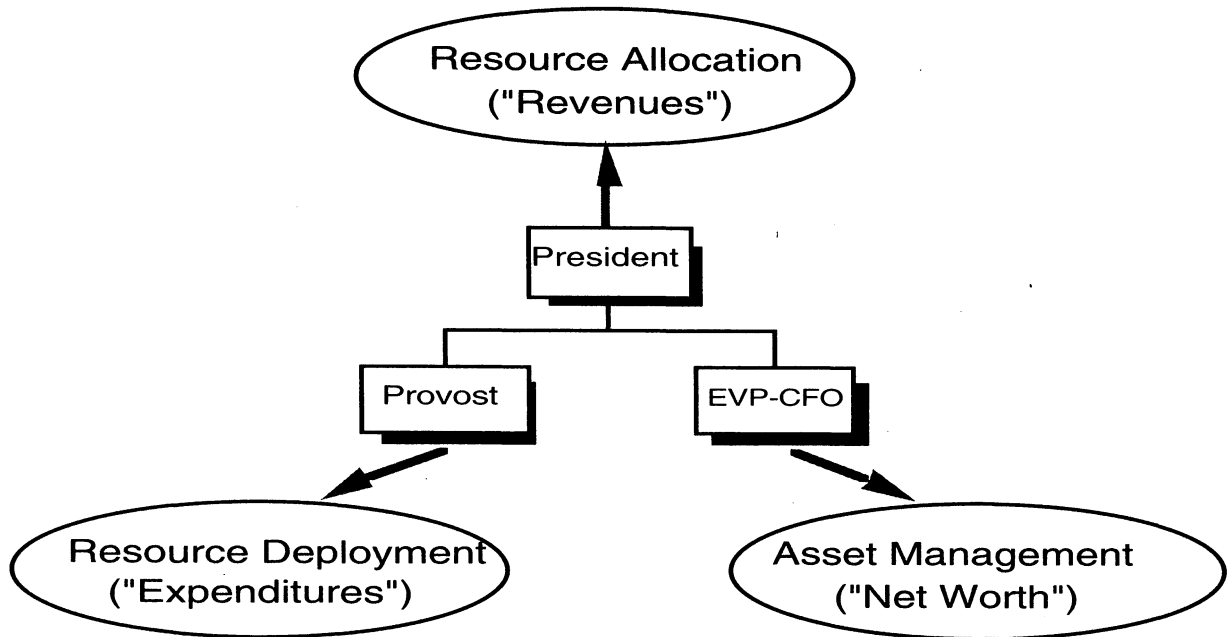
Responsibilities for the Strategic Process

The Executive Officers of the University responsible for the UM-Ann Arbor campus are presently organized as follows:

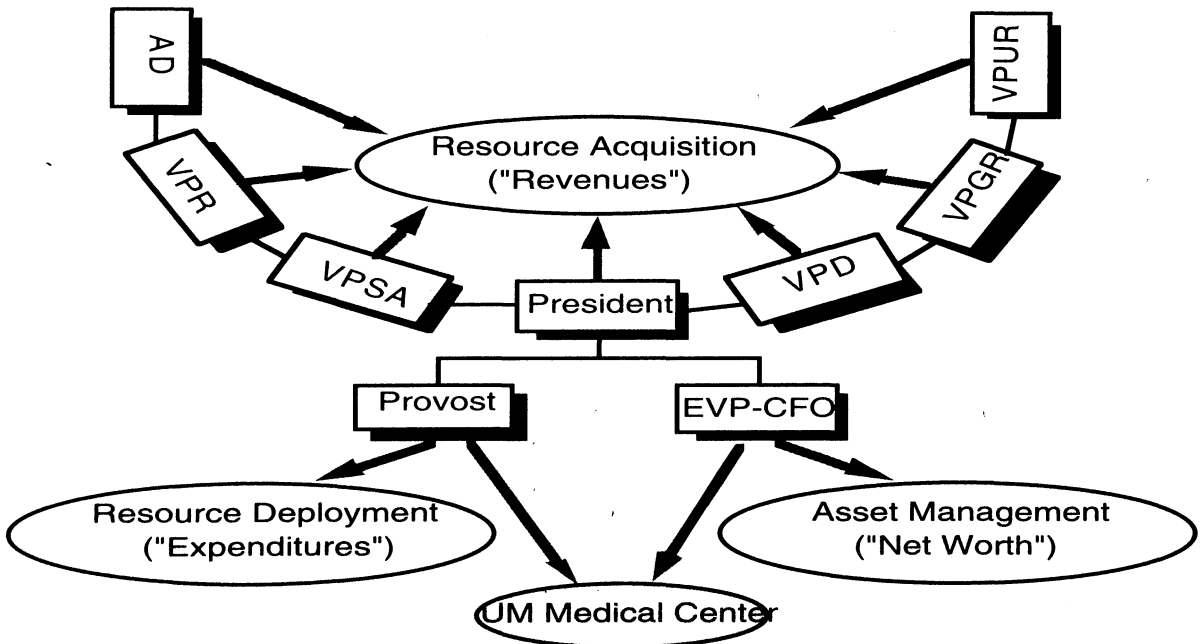


Since the focus of this paper is on the planning process for the UM-Ann Arbor campus, the Chancellors of the UM-Dearborn and UM-Flint campus have not been included.

Both the Provost and EVP/CFO have been noted as senior executive officers since they, along with the President, have the primary responsibility for the resources of the University:



Of course it is true that all executive officers, to some degree, share responsibility for generating the resources of the University, working closely with the President in the following activities:



The role of the executive officers goes far beyond resources, however. In the early 1990s, a series of retreats was held concerning the assignment of both strategic planning functions and issues. The planning areas considered most appropriate for the University administration included:

1. Resources
 - Resource acquisition
 - Cost containment (and reduction)
 - Asset management
 - Capital facilities
2. External Relations
 - Community Relations
 - State Relations
 - Federal Relations
 - Higher Education Networks
 - Public Relations
 - Media Relations
 - Alumni Relations
 - The Campaign for the 1990s
3. Michigan Mandate II
 - Moving to a multicultural community
 - Broadening the base (women, international)
 - Program inventory and assessment
4. Globalization of the University
 - Academic programs
 - Institutional relationships
5. Preparation for an Age of Knowledge
 - Next generation of information technology
 - Knowledge-based institutions
 - Impact on teaching and scholarship
6. Changes in the University Culture
 - A sense of community
 - Pride, loyalty, commitment to University
 - Balancing rights with responsibilities
 - Entrepreneurial, risk-taking, fault-tolerant
 - Grass-roots optimism and empowerment
 - Transforming adversity into opportunity
7. Mission and roles of twenty-first century University
 - Core missions (teaching and scholarship)
 - Other primary missions
 - Secondary missions (possible for elimination)

Those areas most appropriate for faculty bodies such as the Senate Assembly included:

1. Faculty issues (rewards, tenure, retirement)
2. Undergraduate education (curriculum, student life)
3. Graduate education
4. Professional education
5. Changing nature of scholarship (interdisciplinary, venturesome)

The various academic and administrative units of the University were assigned responsibility for their own internal planning activities.

The Role of the President

In general, the roles of the President can be identified as follows:

Substantive Leadership:

- Development, articulation, implementation of visions and programs that sustain and enhance quality of the institution
- Bold and creative long-range thinking about intellectual, social, financial, human resource, physical, political issues
- Focus on future, understanding of present, with sense of tradition

Symbolic Leadership:

- Role as head of institution, relationship to internal constituencies
- Representation of University to external constituencies

Pastoral Care:

- Source of emotional support, energy, guidance for institution

Of course, no president can possibly fulfill all of the dimensions of this role. Therefore, a president must first determine which aspects of the role best utilize his/her talents. Next a team of executive officers and senior staff must be assembled which can extend and complement the activities of the president in order to deal with the full spectrum of the University leadership role.

In assessing my own role, I have tended to view my primary responsibility as strategic leadership: namely, to provide the vision, energy, and sense of excitement necessary to propel and guide the University into the next century. In this spirit, then, I tend to regard my role in internal campus affairs as largely symbolic (e.g., setting key strategic themes) and not involved in the detailed day-to-day decision process. This, of course, requires strong delegation and decentralization of authority and responsibility. It also requires an exceptionally strong team of executive officers and deans.

In contrast, I have accepted more direct line responsibility for managing the myriad of relationships with our various external constituencies. For example, I continue to play a leadership role in institutional advancement activities. Further, I believe it important for the president of the University of Michigan to be heavily involved in societal issues at the state, national, and global levels.

Concerns and Questions

Despite the fact that we have made considerable progress toward both Vision 2000 and the goals, there are still many concerns and questions about the process and the planning environment:

State Support: A Doomsday Scenario?

We have assumed a continued but gradual decline in real state support through the 1990s. However, the State of Michigan's capacity to support higher education could deteriorate far more rapidly than we have assumed. For example, the recent elimination of the property tax for the support of K-12 public education could cause a crisis in Michigan's tax system with catastrophic consequences for those areas supported in part by state tax dollars, such as higher education. So too, a more rapid decline of the automobile industry in Michigan or further cost shifting from the federal government in areas such as Medicaid could accelerate the decline in state support.

Faculty Support or Resistance?

The increasing specialization of faculty and their disciplinary fragmentation make it difficult to build grassroots support for major institutional change. We have seen recent evidence of the sensitivity of faculty governance to special interest issues (e.g., the ability of a few faculty with narrow agendas to manipulate faculty governance). We have also seen strong faculty resistance to changes at the local level (e.g., the Population Planning and International Health program).

We should recall that strong faculty resistance blocked a number of important actions proposed in the "smaller but better" strategy of the early 1980s. Will similar faculty resistance constrain the University's efforts to move ahead toward Vision 2000? How can we design an internal communications strategy and a process of engagement to help faculty view change as empowering rather than threatening?

External Public Perceptions

External public perceptions at the state level and their consequent political implications could seriously constrain our strategic efforts. For example, there seems little understanding at the grassroots level of the importance of the University of Michigan and its impact on the state. Further, there is growing hostility toward the independence of the University, fueled in part by public concerns about the costs of education and the rise of populist (anti-intellectual) attitudes. And, of course, there is remarkably little public awareness of either the true costs—not to mention value—of a quality college education or of the serious erosion in state support of this activity.

So too, public perceptions at the national level could have major implications. Both the national media and Congress have continued their attacks on higher education in recent months, and it is unlikely that there will be a positive sea change in attitudes in the near future.

The Danger of Falling Into a Reactive Mode

The keys to our strategy for the 1990s can be captured in the words *consistency*, *persistence*, and *focus*. It is essential that we keep our eyes focused on the key goals and actions. Yet, the University is an extraordinarily complex institution, and much of the time, energy, and effort of its leadership is frequently directed to handling an array of "hot spots" that flare up from time to time. Included in these are student activism; political controversy at the local, state, or national level; intercollegiate athletics; community relations; and many other issues that require immediate, effective attention and action. Unfortunately, many of these issues tend to be quite unpredictable. They bubble up out of the extraordinary complexity and size of the University as a result of its diverse range of interactions with a wide range of constituencies.

Are there any steps we could take to get a better handle on such matters, to achieve greater control of the agenda? The standard approaches involve greater centralized knowledge of activities throughout the institution, more central authority, and a greater insistence on accountability at the unit level. Yet such efforts run counter to the University culture. Greater centralized knowledge and control requires more bureaucracy. Insistence on greater accountability may inhibit risk-taking and innovation and could make it difficult to attract our most creative people into key leadership positions.

The "C" Concerns

The concerns commonly mentioned on most college campuses these days include:

- Morale, malaise, separatism, intellectual fragmentation
- Behavior (substance abuse, crime, racism, vandalism)
- Special interest agendas
- "What's in it for me? What have you done for me lately?"
- Students vs. faculty vs. staff vs. administration vs. Regents

Part of the problem is that the modern "multiversity," highly fragmented by academic discipline and increasingly void of faculty loyalty, has moved away from the important "C" words—words such as community, communication, comity, collegiality, collaboration, cooperation, coherence, and concern. These are the "glue" values that bind together complex institutions, and these are the characteristics that we sometimes fail to appreciate or to stress.

Beyond that, one also finds a remarkable lack of

...pride in,
 ...respect for,
 ...excitement about,
 ...and loyalty to
 the University of Michigan

on the part of many members of the University community. Somehow we have to re-establish such a love for the institution if we are to be successful in moving toward Vision 2000.

Management Issues

The ever-broadening mission of the University, along with its increasingly complex and interwoven array of constituencies, suggests that we need to rethink how we manage the institution. In the past we have taken great pride in lean management, relying heavily on academic—and inexperienced—leadership.

But, in reality, the University of Michigan today is a \$2.3 billion enterprise—a Fortune 500 company—yet, in fact, far more complex than any private corporation. Further, for the past decade the University has grown at over a 10 percent per year compound rate, and it will almost certainly pass the \$4 billion level by the year 2000, regardless of the level of state support. Indeed, since the “knowledge business” is a growth industry, the University may grow even more rapidly in the years ahead.

Hence we really need to think more carefully and extensively about the management of the University. For example, do we need to encourage the Board of Regents to evolve more rapidly into a true “board of directors,” complete with a standard committee structure (Audit, Compensation and Organization Committees, Finance, etc.)? Do we need to intensify our efforts to ensure greater accountability across the University with additional audit operations, tracking, management information systems? Do we need to recruit a more experienced management team to handle the complexities of the UM, Inc.? Do we need to provide more formal training for all faculty moving into key management positions (department chairs, directors, deans), e.g., through the Executive Education program in the School of Business Administration?

A Question of Focus

Are we focusing our revenue generating efforts correctly? We have assumed that our priorities are:

Tuition > Private Giving > Federal > State > Auxiliary

But is this the right order? Thus far we have followed a strategy of across-the-board cuts with selective reallocation to achieve the necessary reallocation of limited resources. However, we might question whether such a strategy is really adequate for the resource-constrained future we may be facing. Should we shift to more of a differential cuts strategy similar to the early 1980s?

Finally, where should the energy of the President of the University be focused? Should it be directed at

- Visioning, stimulating change, attracting great people?
- Fund-raising, politics, public relations?
- State, national, higher education agendas?
- Specific initiatives (e.g., the Michigan Mandate, the Michigan Women’s Agenda, M-Quality)?

Are We Thinking Boldly Enough?

While the strategic process we have developed and implemented is moving the University forward quite rapidly toward Vision 2000, there is a growing concern that we may not be thinking boldly enough. Perhaps we are thinking too narrowly, constrained by the mindset of a university of some distant past, which doesn't even resemble the university of today, much less that of the next century.

An example to illustrate the point. Much of the discussion of the 1980s and 1990s has been focused on narrowing the mission of the university back to the classic triad: teaching, research, and service. Yet, perhaps we should not attempt to narrow the current mission of the university, but rather let it evolve naturally to respond to the increasing needs of a knowledge-driven society.

A bit of history is appropriate here. When former UM President James B. Angell arrived in Ann Arbor in 1878, he couldn't imagine a university of 5,000 students. Yet that is the size of the institution he ended up building. Hatcher faced a similar challenge with the return of the war veterans and the commitment of a nation to broadening the opportunities for a college education. Not only did the UM double in size during his tenure, but two regional campuses (UM-Dearborn and UM-Flint) were added.

In the 1990s we are approaching the end of the demographic decline of young people associated with the post-war baby boom and bust cycles. Although we have thought in terms of downsizing the University to better align our activities with our resources, perhaps we should think instead of selective growth strategies. After all, in a knowledge-driven society, the creation and transmission of knowledge is certainly a "growth industry." And certainly, because of its quality, size, and breadth of activities, the University of Michigan is as well positioned as any institution in the world to take advantage of this fact.

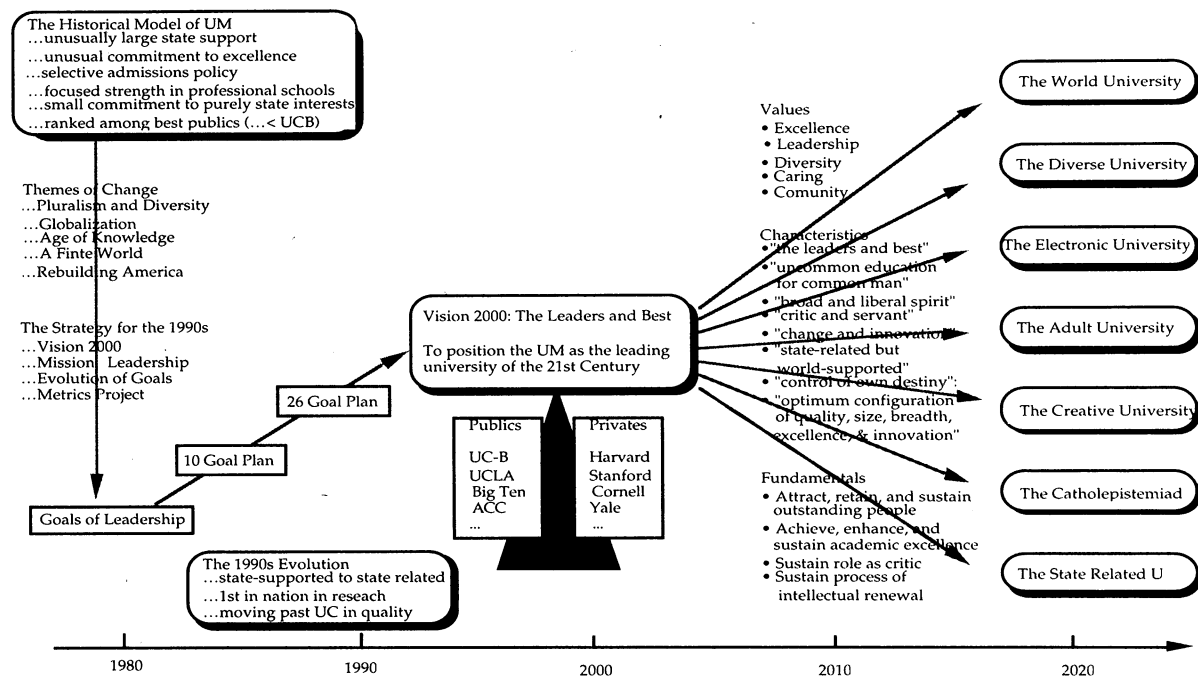
The Vision Beyond 2000

The vision and goals set forth in this strategic plan are the result of seven years of strategic planning activities involving many people and many groups within and outside the University. In each of these planning exercises, the participants eventually focused on the theme of *leadership*. Hence, we have set a course toward a vision that positions the University of Michigan to be the leading university in America by the year 2000. Additionally, the Michigan Metrics Project provides strong evidence that the University has made significant progress toward this vision in recent years.

The Vision 2000 strategy is very much a *positioning* effort. It is designed to position the University of Michigan as the leader of higher education by the end of the decade. But this strategy does not propose a specific direction beyond this point. Rather, the current strategy and the vision should both be regarded as intermediate phases and not as a final goals. Put another way, the strategy for the 1990s has been designed to move Michigan into a true leadership position in American higher education. But the task of determining just *where* the University will lead in the twenty-first century is still in an early stage of development.

Of course, one might adopt a Taoist philosophy and assume that the effort of positioning Michigan as a leader will establish objectives for the century ahead. A more pragmatic view would suggest that during the positioning effort of the 1990s, we will develop a better understanding of the challenges, responsibilities, and opportunities facing higher education and the University of Michigan in the next century.

Yet, the responsibility of leadership requires more than such a passive approach. If Michigan is to play a leadership role in defining the paradigm of the university in the twenty-first century, it must take steps now to better understand and articulate possible futures for higher education. That is, we should now shift at least a part of our strategy planning activity to the longer term, to the year 2020 and beyond.



Here the President must play a particularly critical role. There is a need to better articulate those aspects of our values and our tradition that must be preserved, while also suggesting those changes in the University that will be required by a changing world with changing needs.

While the *Vision 2000: The Leaders and Best*, is exciting, compelling, and clearly attainable for the 1990s, it is still only a short-range vision. The development of a vision for the longer term—for the University of Michigan's third century—will pose an even greater

challenge because the university itself is such a dynamic institution. During the 175 year history of the University of Michigan, its mission has evolved to include teaching, research, and service across an extraordinarily broad array of disciplines and professions. We are only beginning to sense the profound degree to which the comprehensive university is evolving rapidly once again during the 1990s, broadening considerably beyond its traditional teaching-research-service mission to a array of activities which can best be described as "knowledge-intensive." Yet even this evolutionary process may just be a transitional phase to institutional forms we cannot even imagine today.

Indeed, the pace of change today is so great, and our vision of the future is so hazy, that some suggest we should settle for the positioning strategy represented by Vision 2000 and not attempt to venture further. In such a restricted strategy, the University would take the steps during the 1990s necessary to preserve its options, to create flexibility, to develop the capacity to adapt to and control change, and to open up opportunities. In a sense, by climbing to the top of the peak of higher education, the University would then position itself to see farther into the future, to understand the alternatives before higher education, and position itself to pursue them. The Vision 2000 strategy would then be clearly identified as an effort to position the University of Michigan for a changing world (universe) in a way that would assume a far more organic, evolutionary view of our goals and the institution itself.

But such a *laissez-faire* approach to the future is not the Michigan style. Rather, the University has tended to flourish when it has been enlivened—indeed, emboldened—by an exciting, compelling, and challenging vision of the future. Hence, while acknowledging the difficulties and the risks inherent in long-range planning exercises, we nevertheless believe it important to engage the University and its various constituencies in a dialogue about the future of higher education and the University of Michigan as it approaches its third century. The development and articulation of a "Vision 2017" is a fitting exercise for an institution aspiring to become "the leader and best."

Major Goals and Objectives

Vision Statement: To position the University of Michigan
as the leading university of the twenty-first century.

Leadership Goals:

1. To enhance the quality of all academic programs
2. To sustain UM blend of broad access and high quality
3. To build more spires of excellence
4. To achieve more UM firsts
5. To become the leading research university in nation
6. To achieve the objectives of the Michigan Mandate
7. To make UM the university of choice for women leaders
8. To develop a new paradigm for undergraduate education
9. To enhance the quality of the student living/learning environment

Resource Goals:

10. To build strong leadership teams for University
11. To acquire resources necessary to compensate for loss of state support
12. To restructure the University to better utilize existing resources
13. To strengthen external relationships (state, feds, public)
14. To enhance quality of institutional advancement events/facilities
15. To increase private support to exceed state appropriation by year 2000
16. To increase endowment to \$2 B by year 2000
17. To dramatically improve quality of UM facilities

Trailblazing Goals:

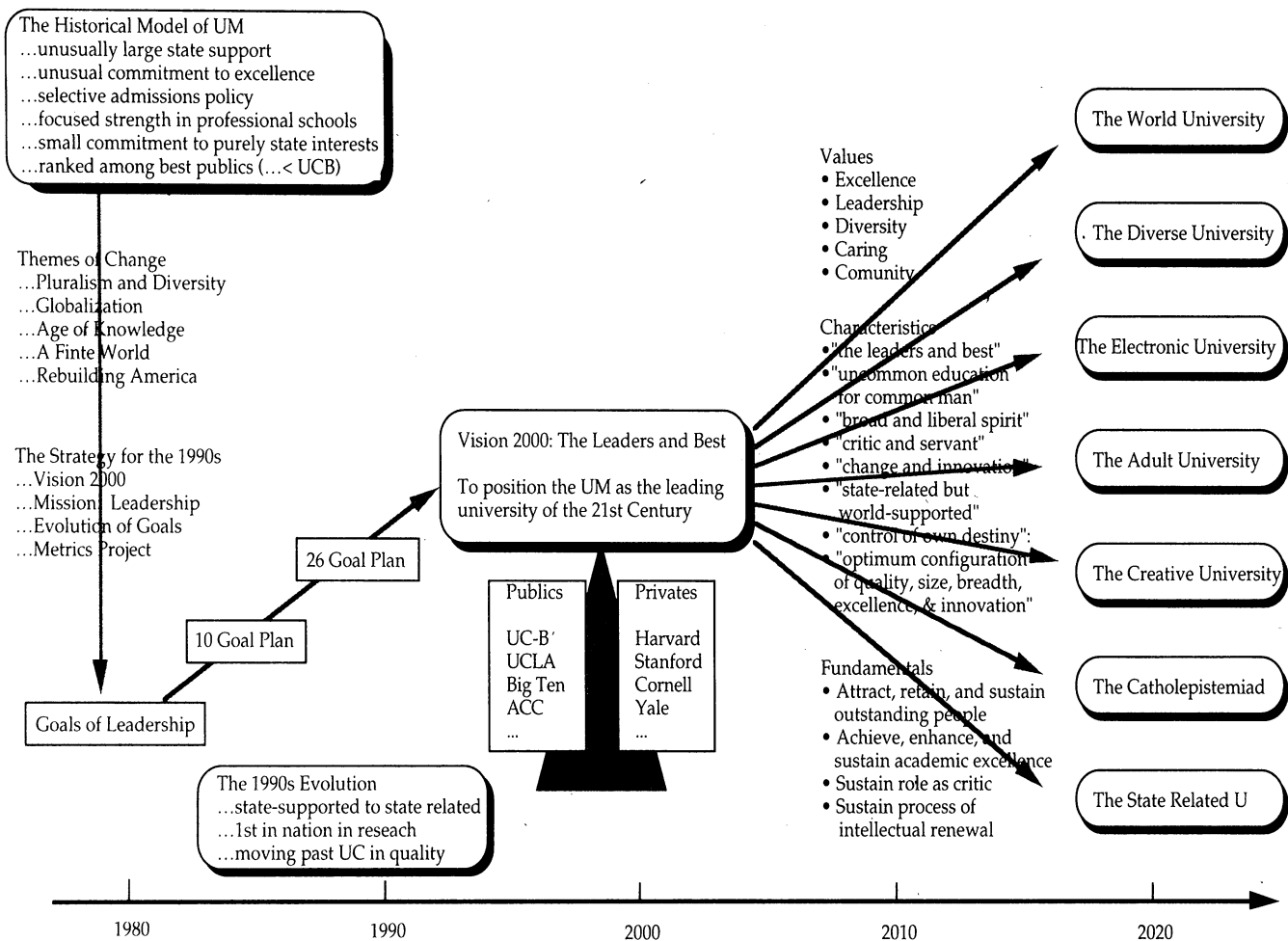
18. To restructure UM to better respond to intellectual change
19. To explore new models for University of the twenty-first century
20. To position UM as a "world university"
21. To position UM as model of the "electronic university" of twenty-first century
22. To make UM a leader in knowledge transfer to society
23. To make the Ann Arbor area the economic engine of the Midwest
24. To develop and implement a plan for "restructuring" the state
25. To have the leading intercollegiate athletics program in the nation
26. To build more of a sense of pride in...respect for...excitement about...
...and loyalty to the University of Michigan!

<u>Goal</u>	<u>Strategic Plan/Actions</u>	<u>Five-Year Progress</u>	<u>Status</u>
1. Improving the quality of all academic programs	<ul style="list-style-type: none"> • Comparison with highest standards • Continuous improvement 	National Surveys <ul style="list-style-type: none"> • Most programs and schools in to 10; many in top 5 	Some progress...
2. To sustain tradition of high quality and broad access ("an uncommon education for the common man")	<ul style="list-style-type: none"> • Restructure tuition/finan aid • Private gifts for finan aid • UM role in direct loan program 	Instate access sustained Outstate access jeopardized	Holding on despite decline in state support
3. To build spires of excellence...attract, nurture, and achieve the extraordinary	<ul style="list-style-type: none"> • Focus resources • Attract and sustain faculty and students of true genius • Encourage programs to strive to be the very best...#1... 	<ul style="list-style-type: none"> • Many programs ranked 1st in nation • Faculty awards continue to accelerate • Retention challenges 	Some progress... more cultural change needed
4. To achieve more "firsts" for the University	<ul style="list-style-type: none"> • Create risk-taking culture • Focus resources • Leadership strategy 	Examples: <ul style="list-style-type: none"> • Human gene therapy • Most powerful laser • NSFnet, NREN, IPS • The Michigan Mandate • University Hospitals • Intercollegiate Athletics 	Significant progress... (very close to the top)
5. To become the leading research university in America	<ul style="list-style-type: none"> • Research incentives & support • Washington office • JJD leadership (NSB) • Investments in Eng, Med, Sciences 	UM moved from 7th to 1st in nation in sponsored research activity	Goal achieved!
6. To build a multicultural university community	The Michigan Mandate	Student Representation <ul style="list-style-type: none"> • Tot Min: 12% → 22% (7,000) • Black: 4.1% → 7.8% (2,600) Student Success <ul style="list-style-type: none"> • Grad Rates: 68% BI, 64% His Faculty Representation <ul style="list-style-type: none"> • Tot Min: 9% → 13% (480) • Black: 2.6% → 4.5% (155) 	Great progress... but still far to go
7. To make UM the university of choice for women students and faculty seeking leadership	<ul style="list-style-type: none"> • Strategic plan (1993) • Women faculty initiatives • Improving campus environment 	Target of opportunity program Sexual harassment policies Dependent leave policies	Just beginning strategic effort
8. To develop a new paradigm for undergraduate education in a major research university	<ul style="list-style-type: none"> • UG Initiative Fund • LS&A, Eng UG Initiatives • Gateway Campus 	<ul style="list-style-type: none"> • New Freshman Courses • Chemistry, Math sequences • UG Research Participation 	Still at an early stage

<u>Goal</u>	<u>Strategic Plan/Actions</u>	<u>Five-Year Progress</u>	<u>Status</u>
9. To restore the UM to a position of leadership in the quality of the living and learning environment provided for its students	<ul style="list-style-type: none"> • Bring UM in line with best practices at other universities • Attract outstanding people to student affairs activities • Develop a greater sense of mutual trust and respect with students 	<ul style="list-style-type: none"> • Recruiting of Maureen Hartford!!! • Re-establishing Dean of Students • Campus safety efforts • Michigan Mandate actions • Substance abuse policies • Sexual harassment/assault polices • Reform of Greek behavior • Student Rights & Respon Code 	Now back in line with other colleges ...positioned for leadership
10. Build strong teams to lead University	<ul style="list-style-type: none"> • Strengthen Executive Officers • Recruit outstanding Deans • Stress teamwork and strategic approach 	<ul style="list-style-type: none"> • Exceptionally strong EO team • Strong deans 	Strong progress
11. Acquire resources necessary to sustain UM quality in face of loss of state support	<ul style="list-style-type: none"> • Strategic business plan • Restructure tuition/finan aid • Ramp up private support • New investment strategies • Resource management strategies 	<ul style="list-style-type: none"> • State support has declined 15% over past 10 years... now less than 12% of total UM budget • UM has managed to absorb these cuts while preserving quality(at least for short term) 	Strong progress ...but most difficult phase lies ahead
12. To restructure University to better utilize resources to achieve and sustain quality	<ul style="list-style-type: none"> • Better resource allocation • Total Quality Management efforts • Reorganization of key units • Global restructuring strategy • Metrics Project 	<ul style="list-style-type: none"> • M-Quality in place • PACE, ACUP 	Good progress ...but just starting
13. To build strong relationships with UM's key external constituencies: ...State Relations ...Federal Relations ...Community Relations ...Alumni Relations ...Public Relations	<ul style="list-style-type: none"> • State Relations Strategy • Federal Relations Strategy • Media Relations Plan • Public Opinion Polling • National Marketing Campaign 	<ul style="list-style-type: none"> • Relationships with Governor, Legislature very positive • White House, Congress relationships quite strong • Public relations campaign • Media relations progress 	Strong progress on political front ...longer term public relations effort
14. To set new standards of quality for facilities and events aimed at institutional advancement	<ul style="list-style-type: none"> • Upgrade all key facilities • Reorganize event teams • Set high standards and encourage staff to exceed them 	<ul style="list-style-type: none"> • Renovation of Pres H, Inglis H • Stadium pressbox areas • Major events (e.g., Commencement) • Campaign events strategy 	Strong progress ...but sustained effort essential
15. To build private support of UM to a level comparable to state appropriation	<ul style="list-style-type: none"> • Goals by year 2000: ...annual gifts: \$200 M/y ...endowment: \$2 B • Restructure Development • Campaign for Michigan • President's Advisory Council 	<ul style="list-style-type: none"> • Annual gifts & pledges: ...\$62 M/y → \$120M/y • Endowment ...\$300 M → \$800 M • Launch Campaign ...\$390 M + \$90 M to date 	Strong progress ...essentially on track

<u>Goal</u>	<u>Strategic Plan/ Actions</u>	<u>Five-Year Progress</u>	<u>Status</u>
16. To increase endowment to \$2 B by the year 2000	<ul style="list-style-type: none"> • Restructure Investment Strategies • Investment Advisory Committee 	<ul style="list-style-type: none"> • Endowment growth ...\$300 M → \$800 M 	Great progress!
17. To dramatically improve quality of UM facilities	<ul style="list-style-type: none"> • Medical Campus Plan • Central Campus (LS&A) Plan • North Campus Plan • South Campus (Athletic) Plan 	<ul style="list-style-type: none"> • Great progress on UMMC • North Campus almost complete (FXB, ITIC, Eng Center) • South Campus almost complete (Stadium, Canham, Schembechler) • LS&A Plan moving rapidly ahead (East Eng, UGLI, Physics, CC Little, Angell, Haven, Frieze, LS&A, Soc Wk, Gateway Campus) 	Great progress ...key focus during 1990s will be LS&A
18. To restructure University to better respond to intellectual change	<ul style="list-style-type: none"> • Interdisciplinary activities • More risk-taking • Structures appropriate for change 	<ul style="list-style-type: none"> • JJD Interdisciplinary Plan • Entrepreneurial culture 	First stage of implementation
19. To explore new models for the University of the twenty-first century	<ul style="list-style-type: none"> • Futures Group • Strategic Focus Groups • Presidential Communications Plan 	<ul style="list-style-type: none"> • Early articulation of concepts • "New U" plan • National efforts 	Some progress ...but still early
20. To reposition UM as a "world university"	<ul style="list-style-type: none"> • Launch debate • Assoc VP for International Affairs • New International Structure • Establish new linkages 	<ul style="list-style-type: none"> • International linkages greatly expanded • Davidson Institute • MUCIA 	Some progress ...but still searching for right model
21. To position UM as a model of the "electronic university" of the twenty-first century	<ul style="list-style-type: none"> • Info Tech Plan • National networking • Key linkages • Decentralize management 	<ul style="list-style-type: none"> • ITD environment • NSFnet → NREN • CAEN, CITI 	Strong early progress re-direction
22. To make UM a leader in knowledge transfer	<ul style="list-style-type: none"> • Restructure intellectual properties activities and policies • Decentralized management (e.g., Medicine, Engineering) • Advisory Board 	<ul style="list-style-type: none"> • Realigned IPO • Developed new IP policies • Medicine, Engineering • Activity increasing 	Some progress ...but still not where we need to be
23. To make Ann Arbor area economic engine of Midwest	<ul style="list-style-type: none"> • Develop plan • AA leadership group • University Enterprise Zone 	<ul style="list-style-type: none"> • Very early in strategy 	Some progress
24. To develop and implement state restructuring plan	<ul style="list-style-type: none"> • Launch IPPS group • Education of Lansing 	<ul style="list-style-type: none"> • Very early in strategy 	Little progress

<u>Goal</u>	<u>Strategic Plan/Actions</u>	<u>Five-Year Progress</u>	<u>Status</u>
25. To have leading inter-collegiate athletics program in nation...in terms of integrity, impact on student-athletes, success, leadership	<ul style="list-style-type: none"> • Build strong links between Athletics and Administration • Develop "Michigan Model" • Seek outstanding coaches • Big Ten/NCAA negotiations • Improve Women's Athletics • Tiering 	<ul style="list-style-type: none"> • Managed transition (Canham, Bo, Bill—> Jack, Mo, Steve...) • Restructured management • Success (5 Big Ten FB champ, 2 NCAA Final Fours, Heisman, Swimming, hockey, CC, ...) • #1 in Men's Sports (#17 in Women's) 	Great progress ...but many challenges ahead
26. To build more of a sense of pride in... respect for...excitement about...and loyalty to the UM	<ul style="list-style-type: none"> • C-word efforts: community, cooperation, collaboration, concern, caring • Internal Communications Plan 	<ul style="list-style-type: none"> • Early efforts to articulate community themes • Efforts to work with SACUA, MSA, Deans... 	Inadequate progress to date
Strategic Planning Efforts	<ul style="list-style-type: none"> • Initial Strategy Groups • Refinement of goals • Metrics Project • Strategic Assessment 	UM generally regarded as national leader in planning efforts	Clear leadership role in higher education



Challenges to Higher Ed

- Pace of Change
- Commitment to Excellence
- Importance of Values
- Restoring Public Trust
- Acquiring and Managing Resources Necessary for Excellence

Challenges to UM

- State support: 70% --> 12%
- Competition for faculty, students, resources
- Political environment
- Need for new vision of UM

Themes

Themes of Change

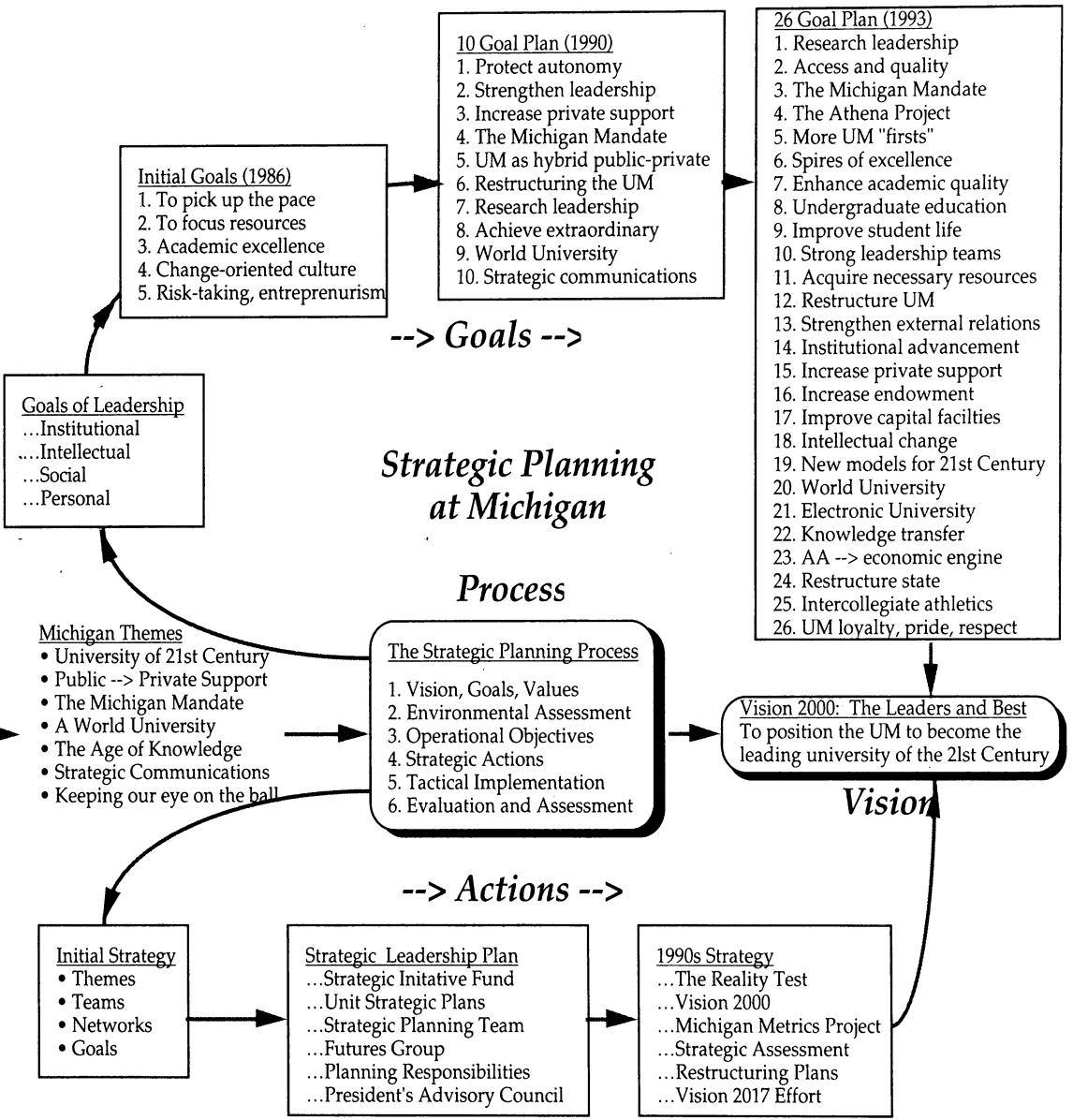
- Pluralism and Diversity
- Globalization
- The Age of Knowledge

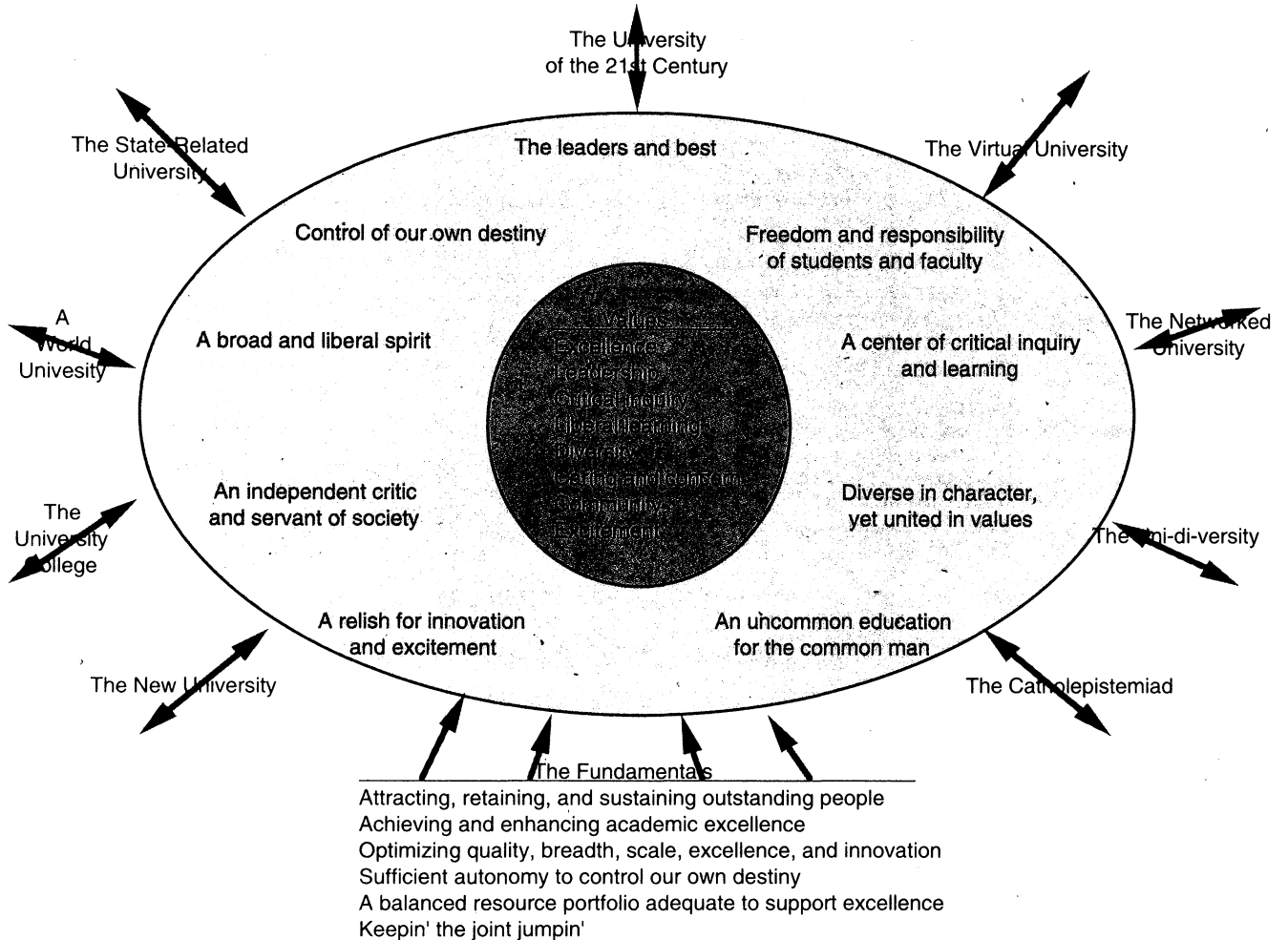
Themes of Challenge

- A Finite World
- Post-Cold-War World
- Rebuilding America

Themes of Opportunity

- Progress
- Creation
- Exploration





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