

Economics Dinner Group

Topic: UM Strategic Planning

Overview

Examples:

Research University
Michigan Mandate
Student Life

Developing Objective

University Enterprise Zones

The Challenge

1. The University is a very complex system that is responding to the cumulative effects of its history as well as dynamic boundary conditions. Nevertheless, it is critical that the University continue to take responsibility for its own future.□
2. The University of Michigan faces a period of unusual opportunity, responsibility, and challenge in the years ahead, a time in which it must seize control of its own destiny by charting a course to take it into the 21st Century.□
3. The challenges before higher education today suggest that a new paradigm of the research university in America is needed. Michigan is in an excellent position to develop this model for the nation.

Note:

- i) Note that we are NOT talking about "continuous improvement"...gradual evolution ...but rather a fundamental paradigm shift!
- ii) But this is what UM did a century ago ...and then again after WWII.

Why?

1. All too often the University has tended to respond to external pressures and opportunities rather than taking strong actions to determine and pursue its own objectives.
2. We must counter the tendency to become preoccupied with process rather than objectives ...with how rather than what...
3. To seize the opportunities, to face the responsibilities, and to meet the challenges before us, the University must initiate a process capable of determining both a direction and a strategy capable of guiding it into the 21st Century.

The Strategic Planning Process

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

The Mission

Business Line:

Creating, preserving, 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, agencies...

Stakeholders:

State, feds, private sector, public

Market Niche:

Leadership!

The Vision

Vision Statement:

To position the University of Michigan to become
the leading university of the 21st Century.

What is "leadership?"

...to lead the way

...to set the pace

...to be the standard against which others measure themselves

Leadership determines the UM's impact on

...society, the state, the nation, the world

Note: A complex goal...

Production Function =

Quality x quantity x breadth x excellence x innovator

Approach: Logical Incrementalism

Set out a clear vision,

but very broad and intentionally vague goals and objectives

(e.g., "excellence", "diversity", "community").

Engage organization in helping to refine goals

and develop strategic plans and operational objectives

aimed at achieving them.

Select only those goals (actions and objectives)

and opportunities that move toward vision.

Note:

A "small wins" strategy...

...but highly opportunistic...

Another Way to Look at Things

Building A New University Leadership

28 of 37 top leaders turned over

President, Provost, VPCFO, VPR, VPSS

GC, AD, Deans,...

Themes

Themes of Change (1988):

The increasing pluralism and diversity of our people

Globalization of America and the shrinking global village

The Age of Knowledge

Themes of Challenge (1990):

A finite world (global change)

The Post-Cold War World

Rebuilding America

Themes of Opportunities (the Frontiers):

Progress (vs. optimization)

Creation (of knowledge, objects, intelligence, life,...)

Exploration (of knowledge, planet, universe...)

Particular Challenges to Higher Education:

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

Strategic Themes at the University of Michigan:

Inventing the University of the 21st Century

Redefining the nature of the public university in America

Financing the University in an age of limits

The Michigan Mandate

A world university
The electronic university
Global change
Strategic marketing plan
"Keeping our eye on the ball"...

Teams

Formal Teams:

Executive Officers
Academic Affairs Advisory Council
Academic Policy Group
Budget Priorities Committee
SACUA, Senate Assembly
Regents

Informal Teams:

Strategic Planning Groups
SOUP

Other Possible Teams:

Leadership Retreats (EOs, Deans, Faculty, Students)
Unit level: S & Cs, VP areas, ...

Networks

Internal:

University leaderships (EOs, Deans, Regents)
Faculty leadership (Senate Assembly, Exec Coms)
Students

External:

Presidential Advisory Council
Michigan Business-Higher Ed Roundtable
Michigan Presidents' Council
Alumni Networks (inc Citizens' Council)
National Associations (AAU, NASULGC, NCAA...)
Communities (AA, Detroit, Flint, GR, Saginaw...)

Other Key Constituencies:

Minority communities, labor, Washington, media,
Public-at-large, ...

Strategic Thrusts

The Michigan Mandate
Information Technology
University Initiative Fund (1% off the top)
Asset Management Strategy
The Campaign for the 1990s
State Relations
Washington Relations
Communications
Community Relations
Campus Safety
Student Behavior
Sense of Community
International Strategies
Resource Acquisition and Management Strategies
Undergraduate Education
Graduate and Professional Education
Research Environment
Human Resource Development
Intercollegiate Athletics
...and, of course, the strategic planning process itself...

Evolution of Goals

Initial Goals (1986)

1. To pick up the pace.
2. To focus resources to build "spires of excellence".
3. To establish academic excellence as our highest priority.
4. To develop a "change-oriented" culture in the University.

5. To give highest priority to bold, new initiatives.

Goals for 1990s (1990)

1. To protect and enhance the University's autonomy.
2. To strengthen the Board of Regents.
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. (Cost-containment, M-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.

Goals for Vision-2000 (1992)

Leadership Goals:

1. To become the leading research university in the nation.
2. To sustain our unusual blend of broad access and highest quality ("a uncommon education for the common man...").
3. To achieve the goals of the Michigan Mandate.
4. To achieve more "firsts" for the University.
5. To build more spires of excellence.
6. To enhance the quality of all academic programs.
7. To develop a new paradigm for undergraduate education in a major research university.
8. To become a leader in the quality of our living and learning environment for students.

Resource Goals

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

Trailbreaking Goals

17. To restructure the University to better respond to intellectual change.
18. To develop within the University a test-bed for exploring possible models of the "university of the 21st century".
19. To position UM as a "world university" of the 21st century.
20. To position UM as a model of the "electronic university" of the 21st Century.
21. To make UM a leader in knowledge transfer to society.
22. To make the greater Ann Arbor area the economic engine of the midwest.
23. To development and help implement a plan for "restructuring" the State of Michigan.
24. To have the leading intercollegiate athletics program in the nation.
25. To build more of a sense of pride in ...respect for ...excitement about

...and loyalty to the University of Michigan!□

Metrics

We need to develop metrics to measure progress toward each of the goals (and eventually toward the Vision-2000 itself).

Ideally, we should seek quantitative measures, capable of demonstrating "southwest to northeast" achievements...□

The Business Plan

The Reality Test

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, 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 (e.g., the "EMU level").
2. Further, political pressures will make it increasingly difficult to prioritize limited state support for flagship institutions like UM and MSU, instead driving a leveling process in which the state appropriation per student equalizes across the state (again, at the "EMU level").□

We were unable to find anyone in these various groups who disagreed with the 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.□

The Response

To sustain the quality of the University of Michigan, we need to embark upon a multiple strategy:

1. To take steps to build alternative revenue streams 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 to 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.

Open Discussion: University Enterprise Zones

Recall Goal:

22. To make the greater Ann Arbor area the economic engine of the midwest.

Observation

It is important to realize that increasing the competitiveness of existing industry, while perhaps retaining market share and sustaining profits, will NOT retain jobs (since doing things with less people is a frequently a key to increased productivity).

Efforts such as total quality management, shorter cycle times, just-in-time inventory, will not create new jobs but, at best, will only preserve existing jobs.

Rather, in an Age of Knowledge, new knowledge itself

is necessary to create new jobs.

From this perspective it seems increasingly clear that new jobs in Michigan are not going to be spawned by existing industry but instead will be created by entirely new activities, e.g.,
...genetic medicine,
...biotechnology,
...information technology and computer networking
...optic, lasers, ultra high speed technology
...automated manufacturing

From this perspective it is clear that the most powerful economic engines in Michigan may well turn out to be our two great research universities: the University of Michigan and Michigan State University.

Strategy

- Step 1: Attract the People
- Step 2: Create the Knowledge
- Step 3: Facilitate the Transfer of Knowledge
- Step 4: Create the Culture
- Step 5: Form (or Attract) the New Companies
- Step 6: Help Them To Grow and Flourish

University Enterprise Zones

An Idea: University Enterprise Zones
As I have noted earlier, the U of M is now the #1 research university in the nation ...indeed, in the world...at least as measured by R&D expenditures.

Hence we clearly have the source of fundamental knowledge necessary to act as a powerful job creation engine.

Let me suggest a way that we might think about developing a strategic approach to taking advantage of this extraordinary resource.

Suppose we approach this challenge...
...at least in a conceptual way
by attempting to build about Ann Arbor a "University Enterprise Zone" where we would do everything possible to stimulate knowledge transfer and convert it into forms that benefit society
...new companies...new jobs...new prosperity

We would form a partnership involving
...the University
...local, state, and federal government
...business and industry
...our financial institutions
in which all would commit themselves to adopting the best practices learned from other successful areas across the nation or around the world
...from Portland to Austin to Route 128
...from Hong Kong to Cambridge to Stuttgart

We might think of the University Enterprise Zone as a type of free trade zone, free of excessive regulations and the burden of an antiquated tax system

Where a number of strategic alliances are formed through commitments from higher education, state and local government, organized labor, the business community, and the financial community.

For example, the University of Michigan would commit itself:

- ...to attracting key thought-leaders and entrepreneurs to Ann Arbor
- ...to making strategic investments in key intellectual areas
- ...to building knowledgeable advisory boards of experts from around the world
- ...to expanding its already successful efforts to secure more R&D funding from Washington and industry...
 - ...the “venture capital” necessary for knowledge generation
- ...to overhauling its knowledge transfer activities
 - ...from intellectual property policies
 - ...to spinoff efforts
 - ...to forming strategic alliances with other institutions
- ...and to creating more of a risk-taking, entrepreneurial culture among its faculty, staff, and students.

State government would, in turn,

- ...make the strategic investments in both the operating budget and capital facilities necessary to sustain a world-class university
- ...assisting with key university-industry partnerships
- ...protecting companies within the enterprise zone from
 - ...excessive regulation
 - ...burdensome taxes (an antiquated tax system)

Local governments would

- ...take a far longer term, strategic issue toward planning and economic develop
- ...work on developing more cooperative relationships with the private sector
- ...make the necessary commitments to build a world-class K-12 school system

Private companies would

- ...shift from a short-term, “what’s in it for me” to a long-term strategic growth strategy
- ...agree to participate with the University and government as partners, rather than use the public sector merely as a source of “deep pockets”

Organized labor would

- ...agree to back off a bit
- ...allow small companies to grow, unfettered from suffocating labor contracts

Financial institutions would

- ...adopt a higher-risk, entrepreneurial strategy
- ...giving higher priority to local economic development

In a sense the concept of a “University Enterprise Zone” is really a challenge to both the public and private sectors, to state and local government to business and labor and to the University itself to think and act more strategically,

To position Ann Arbor as the economic engine of the Midwestern United States.

Can we do it?
Certainly...

Will we do it?
That’s the real question!