

State of the University Address

Senate Assembly Address
September, 1995

Final Draft

Office of the President
The University of Michigan

The Dialog of the Past Year

From Berkeley to Michigan, from Stanford to Harvard, from Kalamazoo College to San Diego State University, if there is a common denominator to the campus dialog, it is the theme of change...

...changes sweeping across our nation and around our world

...changes in who our institutions serve and the resources we are provided to do so

...and the changes that we must grapple with as faculty...whether determined through careful thought and debate...or forced upon us by a changing society

One of the most important and stimulating activities of the past year involved a series of retreats involving faculty governance...both the Senate Assembly and the executive committees of the schools and colleges...to consider the challenges and opportunities before our University today.

Faculty roles and opportunities

Undergraduate education

The organization of the University

The Michigan Mandate

The Michigan Agenda for Women

The state contract

Value-centered management

This is a dialog that should...indeed, MUST...continue in the months ahead.

With the help of SACUA, together we will expand this dialog about the future of higher education and the University of Michigan by inviting to our campus important leaders from many sectors of our society...Charlie Gibson, Harold Shapiro, Mary Good, Frank Popoff, and Frank Rhodes.

My remarks today are intended both to provide a context for these discussions, and to brief you on how I see the years ahead.

Let me give you the punch line at the outset, however.

While change may be the watchword of our times, for Michigan I believe there are other even more appropriate descriptors:

...opportunity

...excitement

...leadership!!!

The Case for Change

As one of civilization's most enduring institutions, the university has been extraordinary in its capacity to change and adapt to serve society. Far from being immutable, the university has changed over time and continues to do so today.

A simple glance at the remarkable diversity of institutions comprising higher education in America demonstrates this evolution of the species, ranging from small liberal arts colleges to multicampus research universities.

The challenges and changes facing higher education in the 1990s are comparable in significance to two other periods of great change for American higher education:

1. the period in the late-nineteenth century, when the comprehensive public university first appeared,
2. and the years following World War II, when the research university evolved to serve the needs of postwar America.

Today, many are concerned about:

- the rapidly increasing costs of quality education and research during a period of limited resources,
- the erosion of public trust and confidence in higher education,

- and the deterioration in our relationships with important constituencies...the federal government, state government, local communities, the media,. the public at large.

However, I believe our institutions will be affected even more profoundly by the powerful changes driving transformations in our society, including

1. the increasing ethnic and cultural diversity of our people;
2. the growing interdependence of nations; and
3. the degree to which knowledge itself has become the key driving force in determining economic prosperity, national security, and social well-being.

Here we face a particular dilemma. Both the pace and nature of the changes occurring in our world today have become so rapid and so profound that our present social institutions--in government, education, and the private sector--are having increasing difficulty even sensing the changes (although they certainly feel the consequences), much less understanding them sufficiently to respond and adapt.

There is clearly a need to explore new structures in higher education that are capable of sensing and understanding change and also capable of engaging in the strategic processes necessary to adapt to or control change.

The Mission of the University

Part of our challenge is simply to understand the nature of the contemporary comprehensive university and the forces that drive its evolution. In many ways, the university today has become the most complex institution in modern society--far more complex than corporations or governments. We are comprised of many activities, some nonprofit, some publicly regulated, and some operating in intensely competitive marketplaces.

- We teach students;
- we conduct research for various clients;
- we provide health care;
- we engage in economic development;
- we stimulate social change;
- and we provide mass entertainment (...athletics...).

In systems terminology, the modern university is a loosely-coupled, adaptive system, with a growing complexity as its various components respond relatively independently to changes in their environment.

We have developed a transactional culture, in which everything is up for negotiation.

Indeed, the real driving force behind the evolution of the modern university is provided by entrepreneurial faculty,

seeking to achieve their goals and their dreams.

But, while the entrepreneurial university has been remarkably adaptive and resilient throughout the twentieth century, it also faces serious challenges as that century comes to a close.

- Many would contend that we have diluted our core mission of learning, particularly that characterizing undergraduate education, with a host of entrepreneurial activities.
- We have become so complex that few, whether on or beyond our campuses, understand what we have become.
- We have great difficulty in allowing obsolete activities to disappear. Today we face serious constraints on resources that will no longer allow us to be all things to all people.
- We also have become sufficiently encumbered with processes, policies, procedures, and practices of the past that our very best and creative people no longer determine the direction of our institution.

To respond to the challenges and opportunities of the future, I--and most university leaders--believe that the modern university must engage in a far more strategic process of change.

While the natural evolution of a learning organization may still be the best model of change, it must be augmented by

constraints to preserve our fundamental values and mission. And we must find ways to free our most creative people to enable them to drive the future of our institutions.

Anticipating these challenges over a decade ago, the University of Michigan set out to develop a planning process capable of guiding it into the next century. The University leadership, working closely with faculty groups, academic units, and external advisors, sought to develop and then articulate a compelling vision of the University, its role and 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 also capable of **modifying** the environment in which the University would find itself in the decades ahead.

The University of Michigan's mission is complex, varied, and evolving. At the most abstract level, this mission involves the creation, preservation, integration, transmission, and application of knowledge to serve society. In this sense, the University produces not only educated people but knowledge and knowledge-intensive services such as R&D, professional consultation, health care, and economic development. Yet all of these activities are based upon the core activity of learning.

The University serves a vast array of constituents--students at the undergraduate, graduate, professional, and continuing education levels; patients; local, state, and federal government; business and labor; and communities, states, and nations.

Mission:

The mission of the the University is *learning...in the service of the state, the nation, and the world.*

The Positioning Strategy: Vision 2000: " The Leaders and Best..."

The first phase of the strategic planning effort was essentially a positioning strategy. More specifically, our various planning groups agreed on a vision for the 1990s that borrowed a phrase from the University's famous fight song, "The Victors":

Vision 2000: "The leaders and best..."

The University of Michigan should position itself to become the leading university of the twenty-first century, through the quality and leadership of its programs and the achievements of its students, faculty, and staff.

As a result of the positioning strategy associated with Vision 2000, the University of Michigan today is better, stronger,

more diverse, and more exciting than ever. National rankings of the University's academic programs are the highest since these evaluations began several decades ago. The recent rise of the University to national leadership in important characteristics such as the volume of its research activity, the financial success of its Medical Center, the success of its affirmative action programs, and its financial strength (as measured by Wall Street) are additional evidence of its remarkable progress. Indeed, one could argue that the University of Michigan today is not only the leading public university in America, but that it is challenged by only a handful of distinguished private universities in the quality, breadth, capacity, and impact of its many programs and activities.

This progress is all the more remarkable in light of the sharp deterioration in state support that has occurred in recent years. During the past decade, state support has declined by 23 percent. This continues a three-decade trend that has seen state appropriations drop from 60 percent of the University's operating budget in the 1960s to 11 percent in FY95-96. The University has managed to maintain and enhance its quality and capacity to serve through a three-tiered strategy: i) effective cost containment, ii) wise management of resources, and iii) aggressive development of alternative revenue sources. More specifically, the administrative costs of the University now rank among the lowest of our public and private peers. The implementation of sophisticated, effective programs for managing the assets of the University has resulted in four-fold growth in its endowment to over \$1.3 billion. The loss in state support has been compensated, to some degree, by growth in revenue from tuition and fees,

sponsored research grants, private gifts, income on endowment, and auxiliary activities such as hospitals, housing, and continuing education. The ongoing Campaign for Michigan, now at 90 percent of its \$1 billion goal, also is an important source of revenue.

There are many signs of the vitality and excitement of the University today. The Michigan Mandate has resulted in a far more diverse campus, increasing the number of students and faculty from underrepresented minorities by more than 70 percent over the past seven years. Indeed, representation of students of color will comprise over 25 percent of the University's enrollment this fall, with each underrepresented ethnic group now represented at all degree levels, in all academic programs, at the highest levels in the University's history. So too, there has been significant progress on a number of fronts for women students, faculty, and staff through the recently launched Michigan Agenda for Women, including a number of women senior faculty and administrative appointments, campus safety, and dependent care.

Despite the necessary of rising tuition in the wake of deteriorating state support, we have been able to maintain effective financial aid programs that have preserved access to the University by students from all economic backgrounds. This is demonstrated by the high admissions yields in lower income groups and rising student retention rates, now the highest among all public universities. Finally, after a slight flattening during the early 1990s due to the demographic decline in the number of high school

graduates, the number of applications, yield rates, and student quality are on the rise again.

In recent years, we have made major progress toward rebuilding the physical infrastructure of the University, with almost \$1 billion of construction and renovation projects completed or underway, including completion of the North Campus, the Medical Campus, most of the Central Campus, and the South Campus area. The University has also acquired important new sites for further expansion such as East Medical Campus.

This same excitement has been reflected in the auxiliary units of the University. The University of Michigan Medical Center is widely recognized as the leading academic health centers in the nation. Continuing education programs such as the School of Business Administration's Executive Management Education programs are generally ranked as world leaders. And Michigan Athletics continue to be regarded as a national leader in the success, integrity, and visibility of its programs.

A Vision for the 21st Century: Vision 2017: Re-inventing the University

It is natural to take great pride in what members of the Michigan family--Regents, faculty, students, staff, alumni, and friends--have accomplished through the Vision 2000 strategy. Working together, we have indeed built the finest public university in America--perhaps the finest in the world.

But we have built a university for the twentieth century, and that century is rapidly coming to an end. The university that we have built, the paradigms in which we have so excelled, may no longer be relevant to a rapidly changing world.

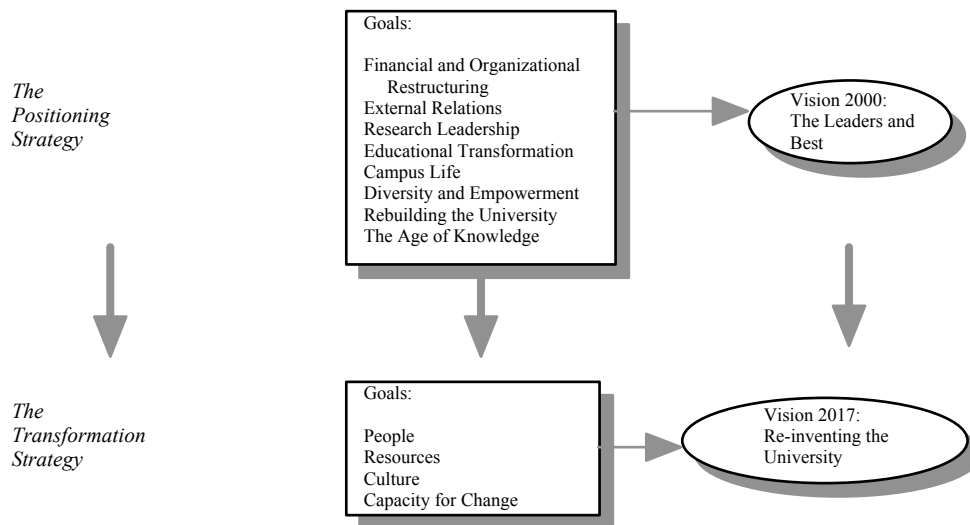
Hence, it is now time for the University to consider a bolder vision--in the language of strategic planning, a *strategic intent*--aimed at achieving excellence and leadership during a period of great change. This objective, termed **Vision 2017** in reference to the 200th anniversary of the University's founding, is aimed at providing Michigan with the capacity to re-invent the very nature of the university, to transform itself into an institution better capable of serving a new world in a new century.

Vision 2017: Re-inventing the University

Our objective for the next several years is to provide the University with the capacity to transform itself into an institution better capable of serving our state, our nation, and the world.

This transformation strategy contrasts sharply with the earlier positioning strategy, Vision 2000, that has characterized the past decade. It seeks to build the capacity, the energy, the excitement, and the commitment necessary for the University to explore entirely new paradigms of teaching, research, and service. It seeks to remove the constraints that prevent the University from responding to the needs of a rapidly changing society, to remove unnecessary processes and administrative structures, to question existing premises and arrangements, and to

challenge, excite, and embolden members of the University community to embark on a great adventure.



The goals proposed to move the University toward both the leadership positioning Vision 2000 and the paradigm-shifting Vision 2017 can be stated quite simply::

Goal 1: People

To attract, retain, support, and empower exceptional students, faculty, and staff.

Goal 2: Resources

To provide these people with the resources and environment necessary to push to the limits of their abilities and their dreams.

Goal 3: Culture

To build a University culture and spirit that values:

- adventure, excitement, and risktaking
- leadership
- excellence
- diversity
- caring, concern, and community

Goal 4: The Capacity for Change

To develop the flexibility, the ability to focus resources necessary to serve a changing society and a changing world.

Although simply stated, these four goals are profound in their implications and challenging in their execution.

For example, while we have always sought to attract high quality students and faculty to the University, we tend to recruit those who conform to more traditional measures of excellence. If we are to go after “paradigm breakers,” then other criteria such as creativity, intellectual span, and the ability to lead become important.

We need to acquire the resources to sustain excellence, a challenge at a time when public support is dwindling. Yet this goal suggests something beyond that: we must focus resources on our most creative people and programs.

While most would agree with the values set out in the third goal, many would not assign a striving for adventure,

excitement, and risk-taking such a high priority. However, if the University is to become a leader in defining the nature of higher education in the century ahead, this type of culture is essential.

Developing the capacity for change, while an obvious goal, will be both challenging and controversial. We must discard the status quo as a viable option, challenge existing premises, policies, and mindsets; and empower our best people to drive the evolution--perhaps, revolution--of the University.

Strategic Initiatives

The key approach to achieving transformations across these areas that move the University toward Vision 2017 has been to organize the effort through a series of strategic thrusts or initiatives. Each strategic thrust will be designed as a self-contained effort, with a clearly-defined rationale and specific objectives.

Examples of strategic initiatives include:

- A recommitment to undergraduate education of the highest quality
- Human resource development
- The diverse university
 - ...Articulating the case for diversity
 - ...The Michigan Mandate
 - ...The Michigan Agenda for Women
 - ...The World University
- Intellectual transformation

- ...Developing more flexible structures for teaching and research
- ...Lowering disciplinary boundaries
- ...Integrative facilities (ITIC, Gateway Campus)
- The faculty of the future
 - ...Definition and role of the faculty
 - ...Broadening faculty appointments
 - ...Alternative faculty appointment and reward structures
- Serving a changing society
 - ...Evolution of the UM Health System
 - ...University enterprise zones
 - ...Research applied to state and national needs
 - ...UM involvement in K-12 education
- Building private support (gifts, endowment, Campaign)
- New methods for resource allocation and management (VCM, TQM)
- Completion of the effort to rebuild the University's physical plant

Questions, Questions, and More Questions

1. What is the fundamental role of the university in modern society?
2. How does one preserve the public character of an increasingly privately financed university?
3. Should we intensify our commitment to undergraduate education? If so, then how?

4. What is the proper balance between disciplinary and interdisciplinary teaching and scholarship?
5. Does the PhD degree need to be redesigned (or even replaced) to meet the changing needs for advanced education and training?
6. How should we select the next generation of faculty?
7. How do we respond to the deteriorating capacity of the state to support a world-class research university?
8. How good should we strive to make our programs?
9. How do we best protect the University's capacity to control its own destiny?
10. Should the University be a leader? If so, then where should it lead?
11. Should our balance of missions shift among
 - ...teaching, research, and service?
 - ...undergraduate, graduate, and professional education?
 - ...serving the state, the nation, and the world?
 - ...creating, preserving, transmitting, and applying knowledge
12. How do we enable the University to respond and flourish during a period of very rapid change?

Concluding Remarks

There is an increasing sense among leaders of American higher education and on the part of our various constituencies that the 1990s will be a period of significant change on the part of our universities if we are to respond to the challenges, opportunities, and responsibilities before us. Just as it has so many times in the past, the University must continue to change and evolve if it is to serve society and achieve leadership in the century ahead. The status quo is simply not an acceptable option.

Hence it has become clear that the challenge of the years ahead will be one of institutional transformation. The task of transforming the University to better serve our society and to move toward the visions proposed for the century ahead will be challenging.

Perhaps the greatest challenge of all will be the University's very success. It will be difficult to convince those who have worked so hard to build the leading public university of the twentieth century that they cannot rest on their laurels and that the old paradigms will no longer work. The challenge of the 1990s is to reinvent the University to serve a new world in a new century.

Put another way, our challenge, as an institution, and as members of the University community, is to work together to provide an environment in which such change is regarded not as threatening but rather as an exhilarating opportunity to engage in the primary activity of a university, *learning*, in all its many forms, to better serve our world.

The transformation of the University in the years ahead will require wisdom, commitment, perseverance, and considerable courage. It will require teamwork. It also will require a high energy level, a "go-for-it" spirit, and a sense of adventure. All of these features have characterized the University during past eras of change, opportunity, and leadership. After all, this is what the Michigan spirit is all about. This is what it means to be "the leaders and best."