

## Regents - June-1996

### Introduction

My talk today will focus on the road ahead, the future.

(...with no apologies to Bill Gates...)

But to understand the road ahead, sometimes it is

best to first recall the road one has traveled.

So let's start at the beginning....

### Phase I: Consultation

Phase I: Consultation

Amused by myth...

...the confusion of being inadequately consultative with  
being decisive...

The early phase involved setting the themes of challenge,  
opportunity,

responsibility, and excitement.

During this phase, I spent much of my time meeting

with various constituencies both on and off campus

with students, faculty, and staff,

with alumni and friends,

with folks through the state, the nation, and the world,

listening to

their aspirations and concerns, challenging them,

and attempting to build a sense of excitement and optimism

about the future of the University.

Hundreds of meetings both on and off campus

Listening, learning, thinking...

We sensed the extraordinary quality and

excitement "out in the trenches" ...among the faculty

staff, and students of this University...individuals deeply

committed to teaching, scholarship, and serving

this state and the nation...

We began to understand more clearly the

very special nature of the University--of the

extraordinary intellectual breadth and diversity

of teaching and research.

With each passing day we have become more  
and more convinced that this University is really  
a very special place...and a very special resource to  
this state and the nation because of the talents,  
commitments, and vision of its people.

## **Phase II: Positioning**

The second phase of our leadership, while not so public,  
was far more substantive.

Together with dozens of groups and hundreds of faculty, a  
strategic plan was developed to position the University  
for a leadership role.

This plan, with the code name Vision 2000, was then executed  
through a broad array of initiatives.

The Agenda of the Past Decade

### 1. Academic Programs

- Improvement in national rankings

- Restoring support for LS&A

- Strengthening the basic sciences

- Strengthening the health sciences

- Achieving competitive faculty salaries

### 2. Education

- Achieving a recommitment to undergraduate education

- Undergraduate Initiatives Fund

- UG Facilities (classroom renovation, Shapiro Library, Angell-Haven, Media Union)

- Thurnau Professorships for outstanding undergraduate teaching

- Stressing important of teaching in faculty promotion and tenure

- Revisions of introductory courses

- Gateway Seminar series

- Undergraduate research opportunity program

- Community service

- Living/learning communities

- Professional curriculum redesign

- Continuing education and distance learning

- International education (MUCIA, International Institute,

overseas campuses)

3. Research

Improving the research climate on campus

Leadership in national research policy

Research incentive program

Technology transfer (intellectual product policies)

Policy development (research misconduct, conflict of interest)

Public-private sector partnerships

4. Diversity

The Michigan Mandate

The Michigan Agenda for Women

Access for the Physically Challenged

Bylaw 14.06

Economic diversity

World University themes

5. Campus life

Campus safety initiatives

Student Rights and Responsibilities Code

Substance Abuse Task Force, Task Force on Violence Against Women

Student living/learning environment

Intercollegiate Athletics

6. Financial Strength

Cost containment measures

Asset management strategies

Development of alternative sources of revenue

Achievement of Aa1 credit rating by Wall Street

7. Private Support

Tripling private giving to \$150 M/y

Increasing endowment six-fold to \$1.6 B

Achieving \$1 B Campaign for Michigan goal

8. Financial and organizational restructuring

New budget strategies (PACE, ACUB)

M-Quality

UM Hospitals Transformation

- Asset management programs
- Value-Centered Management (responsibility center management)
- Measures of cost-effectiveness
- Restructuring of auxiliary enterprises (e.g., Housing, Athletics)
- Human Resources reorganization
- 9. Rebuilding the university
  - Medical Center Transformation
  - Completion of North Campus
  - Renovation of South Campus
  - Rebuilding of the Central Campus
  - East Medical Campus development
  - Deferred maintenance program
  - Re-landscaping the campus
  - UM-Flint
  - UM-Dearborn
- 10. Information Technology
  - "Wiring the campus"
  - NSFnet --> Internet
  - Mainframe --> Client-Server Technology
  - Student access (Fall Kickoff Sales, Rescomp Program, Computing Clusters)
  - Digital library project (and "The New School")
  - Multimedia facilities (the Media Union)
- 11. Strengthening the bonds with external constituencies
  - State relations restructuring
  - Federal relations restructuring
  - Public and media relations
  - Community relations
- 12. Transformation of the UM Medical Center
  - Completion of RHP effort
  - UMH Transformation Plan
  - M-Care
  - Merging clinical service plans with UMH operations
  - Michigan Health Corporation

- Alliances with other health care providers
- 13. Intercollegiate Athletics
  - Alignment with academic priorities
  - Mainstreaming of student-athletes and coaching staffs
  - Policy development
  - Restoring financial stability
  - Rebuilding athletics facilities (Michigan Stadium, Yost, Weidenbach)
  - Building new facilities (Natatorium, Keen Arena, Tennis Center, soccer/hockey fields)
  - Women's athletics
  - Big Ten Conference/NCAA leadership
- 14. Cultural Changes
  - Student Culture
  - Diversity
  - Athletics
  - Faculty Culture
- 15. New Initiatives
  - Media Union (ITIC)
  - Institute of Humanities
  - Institute of Molecular Medicine (Gene Therapy)
  - Center for the Study of Global Change
  - Community Service/Americorps
  - Flat Panel Display Center
  - Tauber Manufacturing Institute
  - The New School (SILS)
  - Living/Learning Environments
    - 21st Century Project
    - WISE
  - Davidson Institute for Emerging Economicies
  - New Music Laboratory
  - Institute for Women and Gender Studies
  - Rescomp/ Angell-Haven
  - Direct Lending
  - RCM/VCM

M-Quality

Incentive compensation experiments

Presidential Initiative Fund

Undergraduate Initiative Fund

16. National Leadership

Quality of academic programs across all academic and professional disciplines

Quality achieved per resources expended

Faculty salaries (among publics)

Research activity

Financial strength (among publics)

Information technology environment

Intercollegiate athletics

Health care operations

During this period some of the most important strategic directions of the University were established: e.g., the Michigan Mandate, the Michigan Agenda for Women, financial restructuring, the Campaign for Michigan, student rights and responsibilities.

These ranged from the appointment of key leaders at the level of executive officers, deans, and directors to a the largest construction

program in the history of the University to a bold financial restructuring of

Michigan as the nation's first "privately-supported public university".

Largely as a result of these efforts, the University grew rapidly in strength,

quality, and diversity during the early 1990s.

**How far have we come?**

Signs of progress:

By the mid-1990s, most of the original goals set by the Duderstadt administration had been achieved.

1. National rankings of the quality of the University's academic programs rose to the highest levels in the University's history. Further, a close examination revealed that the academic reputations of Michigan's programs increased more than any other university in America

during the 1980s.

2. Detailed surveys throughout the university indicated that Michigan was been able to hold its own in competing with the best universities throughout the world for top faculty. In support of this effort to attract and retain the best, the University was able to increase average faculty salaries over the past decade to the point where they ranked #1 among public universities and #5 to #8 among all universities, public and private.
3. Through the remarkable efforts of its faculty, the University rose from 7th to 1st in the nation in its ability to federal, state, and corporate support for its research efforts, exceeding \$400 million per year by the mid-1990s.
4. Despite the precipitous drop in state support during the 1970s and 1980s, the University emerged from this period financially as one of the strongest universities in America. It became the first and only public university in history to receive an Aa1 credit rating by Wall Street--just a shade under the top rating of Aaa. Its endowment increased five-fold to over \$1.5 billion. And thanks to the generosity of its alumni and friends, it achieved the \$1 billion target of the Campaign for Michigan in early 1996, over a year ahead of schedule.
5. The University made substantial progress in its efforts to restructure the financial and administrative operations of the University, including award-winning efforts in total quality management, cost containment, and decentralized financial operations.
6. The University completed the most extensive building program in its history. In less than a decade, it was able to rebuild, renovate, and update essentially every building on its several campuses--a \$1.4 billion effort funded primarily from non-state sources.
7. The University Medical Center underwent a profound transformation, reducing costs, integrating services, and building alliances to place it in a clear national leadership position in health care, research, and teaching.

8. The University launched many exceptional initiatives destined to have great impact on the future of the University and higher education more generally, such as the Institute of Humanities, the Media Union, the Institute of Molecular Medicine, the Davidson Institute for Emerging Economies, and the Tauber Manufacturing Institute.
9. Through efforts such as the Michigan Mandate and the Michigan Agenda for Women, the University achieved the highest representation of people of color and women among its students, faculty, staff, and leadership in its history. Michigan became known as a national leader in building the kind of diverse learning community necessary to serve an increasingly diverse society.

Through the effort of countless members of the University family, the University of Michigan in 1996 was demonstrably better, stronger, more diverse, and more exciting than at any time in its history.

As the twenty-first century approached, it was clear that the University of Michigan had become not only the leading public university in America, but that it was challenged by only a handful of distinguished private and public universities in the quality, breadth, capacity, and impact of its many programs and activities.

Other signs:

Some of you may recall Harold Shapiro's comment in his address to this group last October, when he noted that other universities throughout the nation have great envy for Michigan's strength and position.

This view was reinforced by our search for a new provost last summer, when the search committee found it was able to interview essentially every candidate of interest because of their respect and admiration for the University.

### **Phase III: Launching the Transformation**

During this second phase, however, I became increasingly convinced that the 1990s would be a period of significant change for higher education.

By the mid-1990s, I began to shift the University into a third phase,



evolving from a positioning effort to a transformation agenda. As I and my colleagues have become ever more deeply involved in this process over the past two years, we have become ever more convinced that the University today faces a pivotal moment in its history... a fork in the road...

Taking the path in one direction will, with dedication and commitment, preserve the University as a distinguished-- indeed, a great--university, but only one among many such institutions.

However there is another path...a path that would require great vision and courage in addition to dedication and commitment...in which the University would seek not only to sustain its quality and distinction, but it would seek to achieve leadership as well.

We believe the University could...and should... accept its heritage of leadership in public higher education... that the 1990s and beyond could be a time similar to that extraordinary period in the late 19th century when the University of Michigan was a primary source for much of the innovation and leadership for higher education.

In a sense, I and my colleagues believe the University has the opportunity to influence the development of a new paradigm of what the research university will be in 21st Century America...a new model capable of responding to the changing needs of both our state and our nation. But this will require clear vision, an unusual commitment to excellence, and strong leadership...

As our strategic focus shifted from building a great 20th Century university

to transforming Michigan into a 21st Century institution, a series of key initiatives were launched that were intended as seeds for a university of the future.

Certainly highly visible efforts such as the Michigan Mandate and financial restructuring were components of this effort.

However, beyond these were a series of visionary experiments such as the Media Union, the School of Information, the Institute of Humanities, the Global Change Institute, and the Office of Academic Outreach that were designed to explore new paradigms for higher education.

The task of transforming the University to better serve society and to move toward this vision for the century ahead would be challenging.

A series of initiatives were launched designed to provide the University with the capacity to transform itself to better serve a changing world.

Since several of these initiatives were highly controversial, such as a new form for decentralized budgeting that transferred to individual units the responsibility both for generating revenues and meeting costs,

I returned to a more visible role.

In a series of addresses and publications I challenged the University community, stressing the importance of not only adapting to but relishing the excitement and opportunity of a time of change.

### **The Current Agenda**

#### 1. People

Recruiting outstanding students

A recommitment to high quality undergraduate education

Recruiting paradigm-breaking faculty

Next generation leadership

Human resource development

#### 2. Resources

Adjusting to the disappearance of state support

Building private support to levels adequate to replace state support

New methods for resource allocation and management

Asset management

Development of flexible resources (“venture capital”)

Rebuilding the University

New market development

3. Culture

Stimulating a sense of adventure, risk-taking

Establishing a sense of pride in, respect for, excitement about,  
and loyalty to the University of Michigan

4. Capacity for Change

Making the case for change

Removing barriers to change

Protecting the autonomy of the University

Sustaining the University's commitment to diversity

Aligning privilege with accountability, responsibility with authority

Aligning faculty/staff incentives with institutional priorities

Continuing efforts to improve the quality of campus life

Achieving a commitment to community, tolerance, and respect

Developing spires of excellence

Restructuring organization and governance

High performance workplace strategies

Re-engineering with information technology

Renegotiating the faculty contract

Renegotiating the state contract

4. Educational Transformation

The University College

The Gateway Campus

Living/learning environments

Linkages between professional schools and UG education

Restructuring the PhD

Continuing education and "just-in-time" learning

5. Intellectual Transformation

Lowering disciplinary boundaries

Integrative facilities

The New University

6. The Diverse University

Articulating the case for diversity

The Michigan Mandate

The Michigan Agenda for Women

The World University

7. The Faculty of the Future

8. Serving a Changing Society

Further evolution of the UM Health System

Research applied to state and national needs

University enterprise zones

K-12 education

Public service

9. Preparing for the Future

New generation leadership

Campus evolution

Academic outreach

The Cyberspace University

Strategic Alliances

### **Machiavelli Quote**

“There is no more delicate matter to take in hand,  
nor more dangerous to conduct, nor more doubtful of success,  
than to step up as a leader in the introduction of change.

“For he who innovates will have for his enemies all those  
who are well off under the existing order of things,  
and only lukewarm support in those who might be  
better off under the new.”

### **Concluding Remarks**

It was almost 30 years ago when my wife, Anne, and I put our furniture and our VW on the moving van in Pasadena, California, packed up our kids---who had never seen snow, much less Michigan...and moved to Ann Arbor, arriving in a blizzard! It has seemed like every five years, just like clockwork, we get another call from California, inviting us to return. But, we long ago realized that we are now Michiganders. We have spent all of our careers...and most of our lives...working on behalf of

your university, the University of Michigan, and we are maize and blue to the level of our DNA.

It has also been a satisfying period in our lives

because of the great progress made by the University during these years.

Through the efforts of countless members of the University,

most of the goals we set in the late 1980s have now been achieved.

Today, in 1995, by any measure, the University is better,

stronger, more diverse, and more exciting than at any time in its history due to your efforts.

During this past decade, Anne and I have tried to give something back to my adopted state and to the UM . We are stepping aside from the presidency of the University of Michigan, leaving you as citizens of the state with a University that is better, strong, more diverse, and more exciting than at any time its history.

The Bottom Line:

Slide: The University is better, stronger, more diverse, and more exciting than at any time in its history.

But in passing the  
University along to the next  
generation of leadership,  
we are not simply giving  
you the keys to a shiny new  
Ford.

This is the Starship  
Enterprise,  
moving at Warp Speed 7...  
...blazing a trail for all of  
higher education as we  
move into the next century.

The extent to which we have succeeded is thanks to  
you, citizens and leaders, and to the University's  
extraordinary faculty and staff who carry on  
Michigan's historic commitment to excellence in  
public higher education.

The challenge for the years ahead will be  
to reinvent the University  
to serve a new world in a  
new century.

The transformation of the University will  
require wisdom,  
commitment, perseverance,  
and considerable courage.

It would require  
teamwork.

And it will also require an energy level,  
a "go-for-it" spirit,  
and a sense of adventure.

But all of these features have characterized  
the University

during past eras of change,  
opportunity, and  
leadership.

Although we are leaving the Presidency, you can  
count on us to continue working to help our state  
and the UM prosper.

We look forward to serving the University  
in new ways  
in the years ahead.

And we look forward to many more years  
of working with  
the marvelous people who make up the  
Michigan family.

Thanks for the opportunity to serve!  
And Go Blue!!!