

CONFIDENTIAL



A Vision for the 21st Century:

The Leaders and Best...

Executive Summary

Office of the President  
The University of Michigan

## The Challenge of Change

As one of civilization's most enduring institutions, the university has been quite extraordinary in its capacity to change and adapt to serve society. Far from being immutable, the university has changed quite considerably 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.

The profound nature of the challenges and changes facing higher education in the 1990s seems 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. While many 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 our institutions will be affected even more profoundly by the powerful changes driving transformations in our society, such as 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.

There is an increasing sense among leaders of American higher education and on the part of our various constituencies that the 1990s will represent a period of significant change on the part of our universities if we are to respond to the challenges, opportunities, and responsibilities before us. A key element will be efforts to provide universities with the capacity to transform themselves into entirely new paradigms that are better able to serve a rapidly changing society and a profoundly changed world.

We must seek to remove the constraints that prevent our institutions 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 the members of our university communities to embark on this great adventure. Our challenge 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.

In summary, our objective for the next several years is to provide the University of Michigan with the capacity to transform itself into an institution more capable of serving our states, our nation, and the world.

## The Mission, Vision, and Strategic Intent

### The Mission

The mission of the University of Michigan is complex, varied, and continually evolving. At the most abstract level, the mission of the University 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 of the University are based upon the core activity of learning.

While 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; communities, states, and nations--it also serves society at large. This latter fact is quite important. The University of Michigan is one of the few universities in the world that could claim society-at-large as its primary client. Throughout its history, the University's enduring impact has been through its full array of activities rather than through a particular subcomponent of its mission such as undergraduate teaching or scientific research or public service. Indicative of this unusually broad role is the array of shareholders in the University, including state and federal government, students and parents, patients, business, foundations, and, of course, the vast number of alumni and friends of the University.

### The Vision

In any strategic activity, it is important to develop both a vision of the future of the institution and a definition of its mission. Although a great many groups were involved in various stages of the planning process, there were two common themes characterizing all discussions of vision and mission: leadership and excellence.

More specifically, there was a general sense among those who participated in the development of this plan that the quality of the University and its leadership--both as an institution and in the achievements of its people--would determine its impact on society, the state, the nation, and the world. Perhaps this is understandable, since both leadership and excellence have characterized the University throughout its history, it is leadership. The University was the first major public university in America. Perhaps as much as any institution, the University of Michigan defined the nature of higher education in the 20th Century. Michigan's special distinctiveness and strength has involved the power of focused quality, which it shares with the

most selective private institutions, and the diversity, openness, and breadth which it shares with the best large public universities.

We have attempted to capture this aspiration in a simple vision statement:

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

The University of Michigan should position itself to become the leading university of the 21st Century, through the quality of its programs and through the leadership achieved by its students, faculty, and staff.

Note that this vision emphasizes both leadership as an institution, and the development of leaders among members of the University community, all based on a foundation of excellence in our programs. Vision 2000 recognizes that the central task of the University, a task which separates it from all other social institutions, is the creation of an environment where the quality of the mind and of its performance is always the central concern. It recognizes that the spirit which is most likely to develop leaders is a disciplined use of reason, enlivened by daring and the courage to experiment, and tempered by respect for what we can learn from others. At the institution level, our mission is to further distinguish ourselves, among universities, as genuine innovators and pioneers, challenging ourselves with an educational agenda which will force us to extend our capacities, strengths, and resources.

Such a leadership vision will require a comprehensive strategy, since all of the key characteristics of the University are involved: quality, capacity (size), breadth (comprehensiveness), excellence, and innovation. In fact, the achievement of this vision will require an optimization of all of these factors.

The Strategic Intent: Vision 2017: The Third Century

Beyond a vision for the University, we propose a strategic intent. Recall that a strategic intent for an organization provides a "stretch vision", that cannot be achieved with current capabilities and resources. Such a strategic intent forces an organization to be inventive, to make the best use of limited resources. Whereas the traditional view of strategy focuses on the degree of fit between existing resources and current opportunities, strategic intent creates an extreme misfit between resources and ambitions. Through this, we are able to challenge the institution to close the gap by building new capabilities.

To develop a more refined vision for the University in the years ahead, it is appropriate to begin with descriptors which convey both our most cherished values and our hopes for the future. We suggest the following as

the shared values that have played such an important role in the tradition of our University:

- Excellence
- Leadership
- Critical and rational inquiry
- Liberal learning
- Diversity
- Caring and concern
- Community
- Excitement

Beyond this, we might also choose from among the many past descriptors of the characteristics of the University, those which seem most important to preserve for the future:

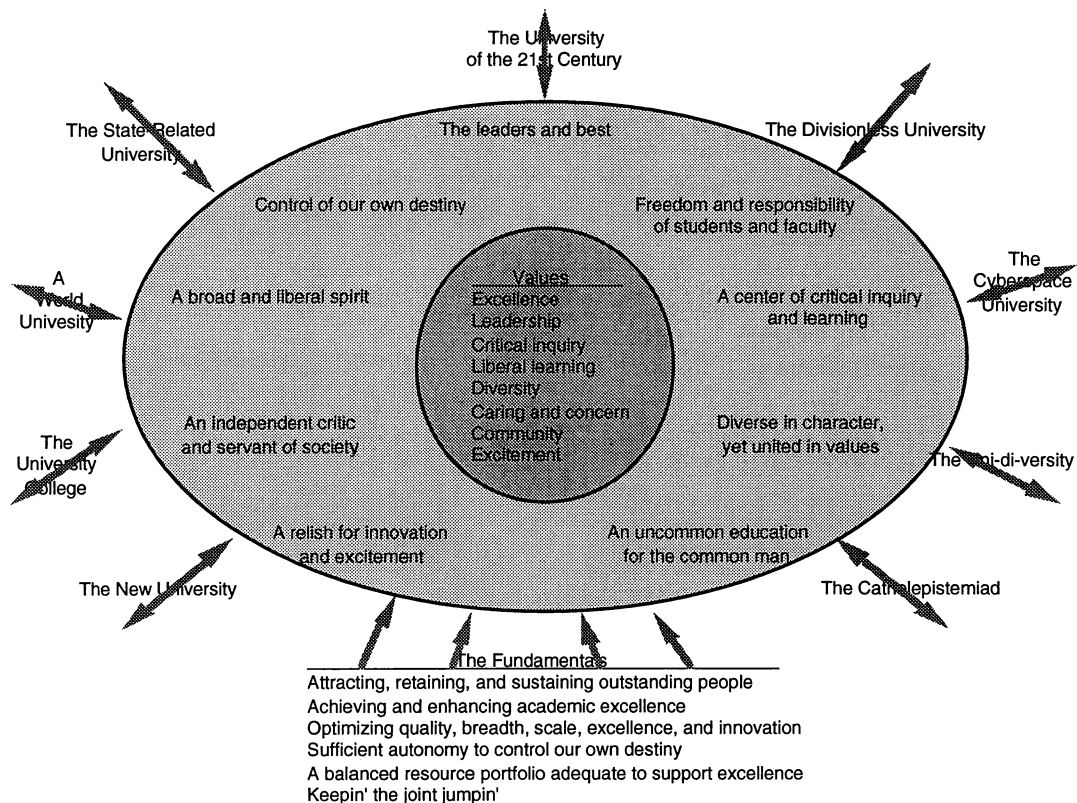
- "The leaders and best . . . "
- "An uncommon education for the common man (person) . . . "
- "A broad and liberal spirit . . . "
- "Diverse, yet united in a commitment to academic excellence and public service . . . "
- "A center of critical inquiry and learning . . . "
- "An independent critic and servant of society . . . "
- "A relish for innovation and excitement . . . "
- "Freedom with responsibility for students and faculty . . . "
- "Control of our own destiny comparable to private universities..."

Undergirding these values and characteristics would be aspirations that characterize "the fundamentals," those actions and goals we must continue to give high priority to achieve our vision:

- Attracting, retaining, and sustaining the most outstanding people (students, faculty, staff)
- Achieving, enhancing, and sustaining academic excellence in teaching and scholarship
- Optimizing the balance among quality, breadth, scale, excellence, and innovation
- Sufficient autonomy to control our own destiny
- A diversified resource portfolio, providing a stable flow of resources necessary for leadership and excellence regardless of the ebb and blow in particular areas (state, federal, private giving,...)
- Keepin' the joint jumpin'!

In this spirit, then, let us suggest one possible model of what the University of Michigan that is built on a foundation of our traditional values

and a recognition of the challenges and opportunities that we will be likely to face in the decades ahead. We have identified this model as Vision 2017, the year when the University of Michigan will begin its third century of serving the state, the nation, and the world:



Notice that we have arranged around this core of values and characteristics a number of the quite paradigms of the university. While none of these would be appropriate alone to describe the University as it enters its third century, all are likely components of our institution, as seen by various constituents. Each of these visions of the University of Michigan, circa 2017, will require significant change. But, just as it has so many times in the past, it is clear that the University must continue to change and evolve it if to serve society and achieve leadership in the century ahead. The status quo is simply not an acceptable option.

## The Goals

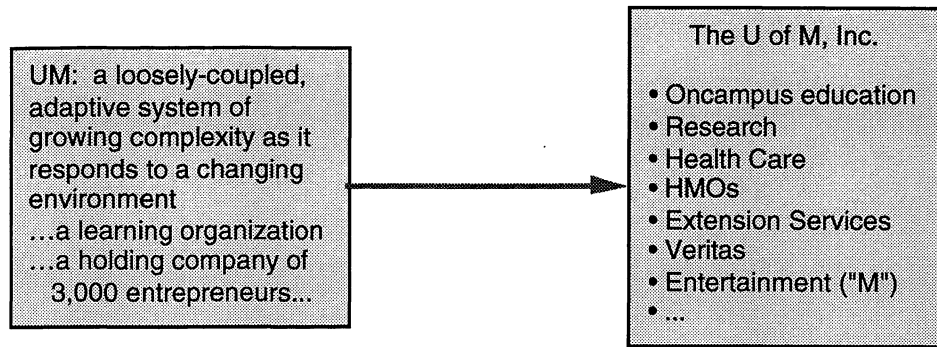
With this articulation of the mission of the University and proposed vision and strategic intent, we can now develop a strategy. As we develop such a strategy, we should recognize that one of our greatest challenges will be the very success of the University of Michigan.

There is ample evidence to suggest that the University of Michigan today is better, stronger, more diverse, and more exciting than at any time in its long history. Recent surveys across all of its departments, schools, and colleges find that the 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 further evidence of its remarkable progress. Indeed, one could well 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.

We can all take great pride in what the Michigan family--Regents, faculty, students, staff, alumni, and friends--has accomplished during the most stressful of times. 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.

So too, part of our challenge lies in the very complex of the modern university. The public still thinks of us in very traditional ways, with images of students sitting in a large classroom listening to a faculty member lecture on subjects such as literature or history. Our faculty have more of an Oxbridge image, with themselves as dons and their students as serious scholars. The federal government thinks of us as just another R&D contractor or health provider, a supplicant for the public purse.

Indeed, part of our challenge is simply to understand the nature of the contemporary comprehensive university and the forces which currently drive its evolution. In many ways, the university today is like a corporate conglomerate, comprised of many business lines, some nonprofit, some publicly regulated, and some operating in intensely competitive marketplaces. We teach students; we conduct R&D for various clients; we provide health care; we engage in economic development; 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 to changes in its environment. We have developed a transactional culture, in which everything is up for negotiation. In a very real sense, the university of today is a holding company of faculty entrepreneurs, who drive the evolution of the university to fulfill their individual goals.



Natural evolution characterized by  
 ...a transactional culture  
 ...decentralization with optimization at level of individual units  
 ...little attention to core mission or fundamental values

Concerns with U of M, Inc.  
 ...dilution of "core businesses"  
 ...so complex that few understand UM  
 ...unable to eliminate outmoded and obsolete activities  
 ...our best people are hindered by outdated policies, procedures, practices

But, while the entrepreneurial university has been remarkably adaptive and resilient throughout the 20th century, it also faces serious challenges today. Many would contend that we have diluted our core business of learning, particularly undergraduate education, with a host of entrepreneurial activities. We have become so complex that few--including our own faculty--understand what we have become. We have great difficulty in allowing obsolete activities to disappear. And today, unlike much of the recent past, we face serious constraints on resources which will no longer allow us to be all things to all people. And we 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, 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.

Our challenge is to tap this great source of creativity and energy associated with entrepreneurial activity, but in a way that preserves our



fundamental mission our fundamental values. In a sense we need to continue to encourage our tradition of natural evolution so successful in responding to a changing world, but to do so with greater strategic intent. That is, rather than continuing to evolve as an unconstrained transactional entrepreneurial culture, we need to guide this process in such a way as to preserve our core missions, characteristics, and values.

To this end, we suggest the following general goals:

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 which values:

- adventure, excitement, and risk-taking
- 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.

Below, we have illustrated how these goals are designed to move the University toward Vision 2017.

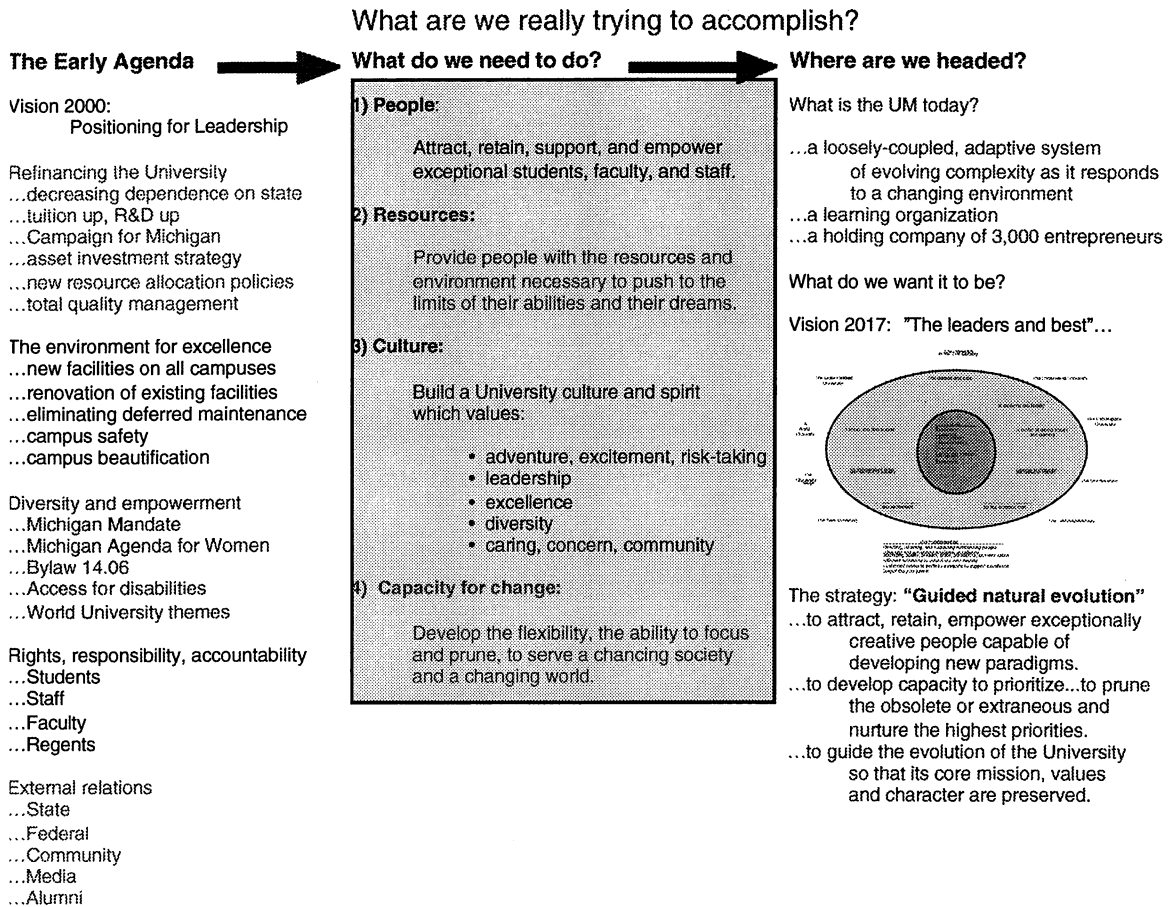


Figure...

### The Transformation Process

For the type of institutional transformation necessary to move toward the major paradigm shifts that will likely characterize higher education in the years ahead, we will need a more strategic approach capable of staying the course until the desired changes have occurred. Indeed, many institutions have already embarked on major transformation agendas similar to those characterizing the private sector. Some even use similar language as they refer to their efforts to "transform," "restructure," or even "re-invent" their institutions. But, of course, herein lies one of the great challenges to universities, since our various missions and our diverse array of constituencies give us a complexity far beyond that encountered in business or government. As a result, the process of institutional transformation is necessarily more complex.

Experience demonstrates that the process of transforming an organization is not only possible but also understandable and even predictable, to a degree. The revolutionary process starts with an analysis of

the external environment and the recognition that radical change is the organization's best response to the challenges it faces. The early stages are sometimes turbulent, marked by conflict, denial, and resistance. But gradually, leaders and members of the organization begin to develop a shared vision of what their institution should become and to turn their attention to the transformation process. In the final stages, grass-roots incentives and disincentives are put into place to create the market forces to drive institutional change; and methods are developed to measure the success of the transformation process. Ideally, this process never ends.

So how does an institution as large, complex, and tradition-bound as the modern research university go about transforming itself. Historically we have accomplished change using a variety of mechanisms: i) "buying" change with additional resources; ii) laboriously building the consensus necessary for grassroots support of change; iii) changing key people; iv) finesse; v) by stealth of night; vi) "Just do it!" that is, top-down decisions followed by rapid execution (following the old adage that "it is better to seek forgiveness than to ask permission").

Through earlier efforts to restructure the University of Michigan (e.g., the "smaller but better" effort of the early 1980s) and from the experience of other organizations in both the private and public sector, several features of transformation processes should be recognized at the outset:

- i) First, it is critical to define the real challenges of the transformation process properly. The challenge is usually not financial or organizational. Rather it is the degree of cultural change required. We must transform a set of rigid habits of thought and arrangements that are currently incapable of responding to change either rapidly or radically enough.
- ii) It is important to achieve true faculty participation in the design and implementation of the transformation process, in part since the transformation of the faculty culture is the biggest challenge of all.
- iii) It has been found that the use of an external group is not only very helpful but probably necessary to provide credibility to the process and assist in putting controversial issues on the table (e.g., tenure reform).
- iv) Unfortunately, no universities--and few organizations in the private sector--have been able to achieve major change through the motivation of opportunity and excitement alone. Rather it has taken a crisis to get folks to take the transformation effort seriously, and even sometimes this is not sufficient.

- v) The president must play a critical role both as a leader and as an educator in designing, implementing, and selling the transformation process, particularly with the faculty.

To summarize, the most important and difficult part of any transformation process involves changing the culture of the institution. And it is here that we must focus much of our attention in the years ahead. We seek both to affirm and intensify Michigan's commitment to academic excellence and leadership. We seek to build more of a sense of community, of pride in and commitment to the University. And, of course, we also seek to create more of a sense of excitement and adventure among students, faculty, and staff. But we wish to accomplish this in such a way as to align the University to better serve a rapidly changing society.

The necessary transformations will go far beyond simply restructuring finances to face the brave new world of limited resources. Rather, they will encompass every aspect of our institutions, including:

- the mission of the university
- financial restructuring
- organization and governance
- general characteristics of the university
- intellectual transformation
- relations with external constituencies
- cultural change

There is an increasing sense among leaders of American higher education and on the part of our various constituencies that the 1990s will become a period of significant change on the part of our universities if we are to respond to the challenges, opportunities, and responsibilities before us. A key element will be efforts to provide universities with the capacity to transform themselves into entirely new paradigms that are better able to serve a rapidly changing society and a profoundly changed world.

We must seek to remove the constraints that prevent our institutions 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 the members of our university communities to embark on this great adventure. Our challenge 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.

It is important to understand the real goals of the transformation process we are developing for the next several years. First, we believe it important to move beyond the positioning strategy of Vision 2000. To be sure, the vision of positioning the University of Michigan as a leader of higher education for next century and the various goals proposed to achieve this vision are important and challenging. But, in reality, they involve achieving leadership and excellence within the present paradigm of the university in America, of polishing the status quo, of becoming the very best "university of the 20th Century" that we can become.

The transformation process is designed to move beyond this, to provide the University with the capacity to transform itself into new paradigms more capable of serving a rapidly changing society and a profoundly changed world. Do we expect that the transformation effort would actually allow us to achieve the Vision 2017 during the tenure of the present University leadership? Of course not. Rather, our real objective in this transformation effort is to build the capacity, the energy, the excitement, and the commitment necessary for the University to move toward such bold visions. We seek 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 the members of the University community to embark on this great adventure.

**In summary, 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.**

The key approach to achieving transformations across these areas that move the University toward Vision 2017 will be to organize the effort through a series of strategic thrusts or initiatives. Each such strategic thrust will be designed as self-contained effort, with a clearly-defined rationale and specific objectives. However all such initiatives will be chosen to move the University toward the more general (and abstract) goals of Vision 2017. Further, care will be taken to monitor and coordinate carefully the strategic thrusts, since they will interact quite strongly with one another.

Examples of possible strategic thrusts include:

Goals

Strategies



## Concluding Remarks

The task of transforming the University to better serve our society, to move toward the visions proposed for the century ahead, will be challenging. Indeed, perhaps the greatest challenge of all will be the University's very success. It will be difficult to convince our people who have worked so hard to build the leading public university of the twentieth century that they cannot rest on their laurels. The old paradigms simply will no longer suffice. The challenge of the 1990s, in a very real sense, is to re-invent the University to serve a new world in a new century.

The transformation of the University in the years ahead will require wisdom, commitment, perseverance, and considerable courage. It will 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. After all, this is what the Michigan spirit is all about. This is what it means to be "the leaders and best."