CONFIDENTIAL

8

1

Transforming the University

Office of the President Spring, 1994

2

The Mission

Business Line:
Creating, preserving, transmitting, and applying knowledge

Products & Services:
Knowledge and knowledge-intensive services
Educated people with capacity and desire for leadership

Customers:

Primary:	society at large
Others:	students, patients, agencies,...
Shareholders:	state, feds, private sector, public

Market Niche: Leadership!

Office of the President Spring, 1994

3

Vision 2000

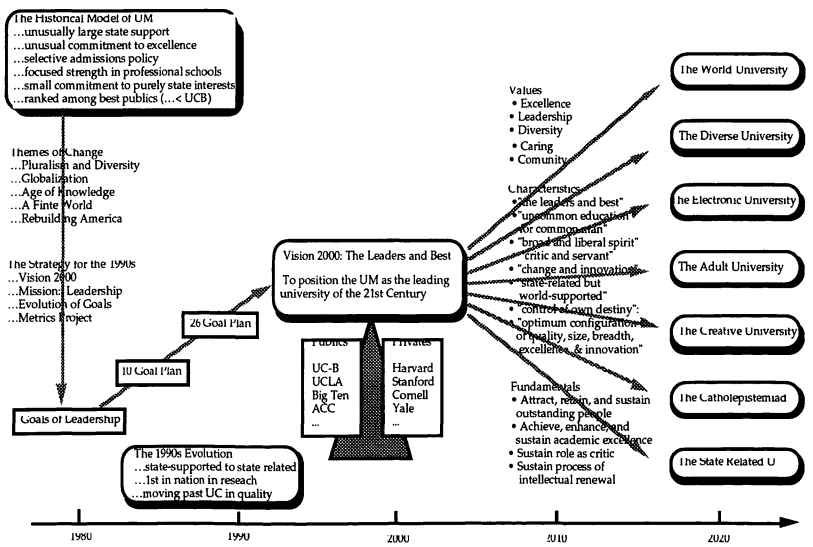
Vision 2000: "The Leaders and Best..."

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

Office of the President — Spring, 1994

4

Moving Toward Vision 2000



Office of the President — Spring, 1994

5

The 26 Goal Plan

Leadership Goals:

1. To enhance the quality of all academic programs.
2. To sustain our unusual blend of broad access and high 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.

Office of the President Spring, 1994

6

The 26 Goal Plan (cont.)

Resource Goals:

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

Office of the President Spring, 1994

7

The 26 Goal Plan (cont...)

Trailblazing Goals:

18. To restructure the University to better respond to intellectual change.
19. To explore new models of the "university of the 21st century".
20. To position UM as a "world university".
21. To position UM as a possible model of the "electronic university".
22. To make UM a leader in knowledge transfer to society.
23. To make the Ann Arbor area an economic engine for the midwest.
24. To assist in "restructuring" the State of Michigan.
25. To provide leadership in intercollegiate athletics.
26. To build more of a sense of pride in...respect for...excitement about...and loyalty to the University of Michigan!

Office of the President Spring, 1994

8

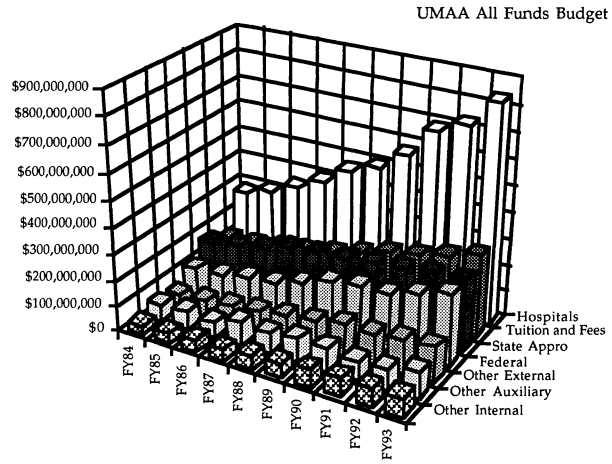
Strategic Thrusts

The Michigan Mandate
The Research Environment
Information Technology
University Initiative Fund (1% off the top)
Asset Management (Endowment) Strategy
The Campaign for Michigan
State Relations
Washington Relations
Community Relations
Communications and Media Relations
Campus Safety
Student Rights and Responsibilities
International Strategies
M-Quality
Undergraduate Education
The Women's Agenda
Intellectual Change and Virtual Structures
Human Resource Development
Capital Facilities
University Enterprise Zones
...and, of course, the strategic planning process itself...

Office of the President Spring, 1994

9

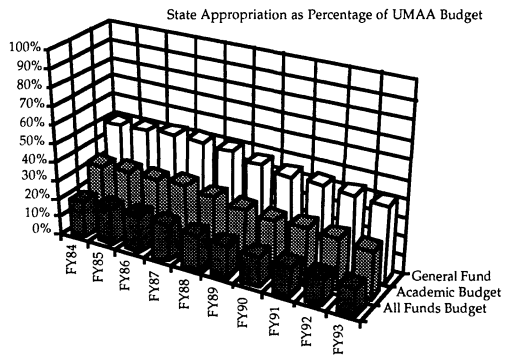
All Funds Budget (UMAA)



Office of the President Spring, 1994

10

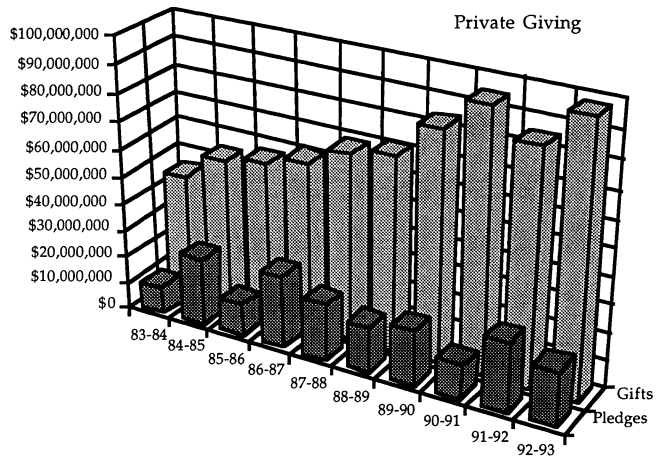
State Appropriation as % of UM Budget



Office of the President Spring, 1994

11

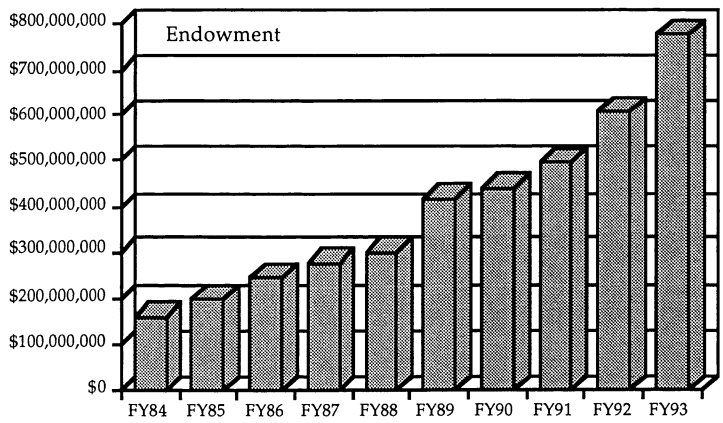
Private Giving



Office of the President Spring, 1994

12

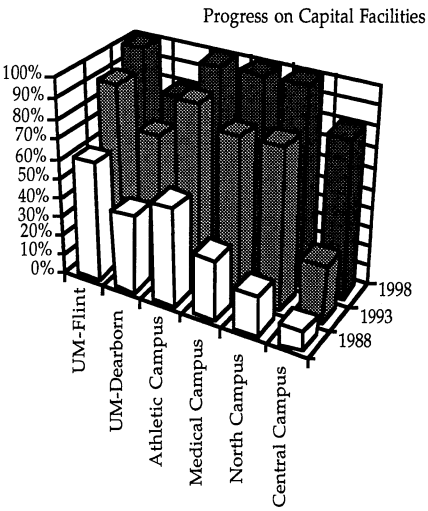
Endowment



Office of the President Spring, 1994

13

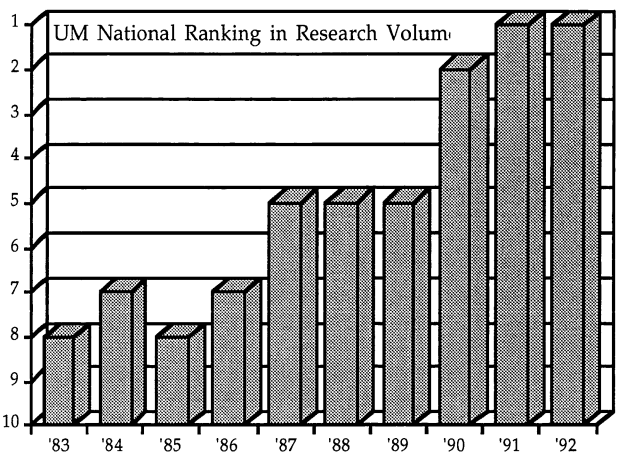
Capital Facilities Progress



Office of the President Spring, 1994

14

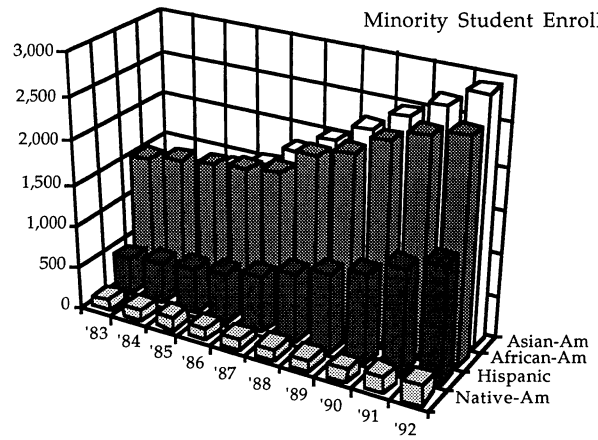
National Ranking by Research Volume



Office of the President Spring, 1994

15

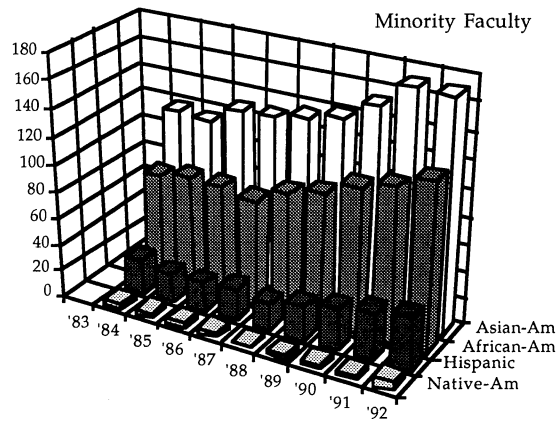
Minority Student Enrollment (UMAA)



Office of the President Spring, 1994

16

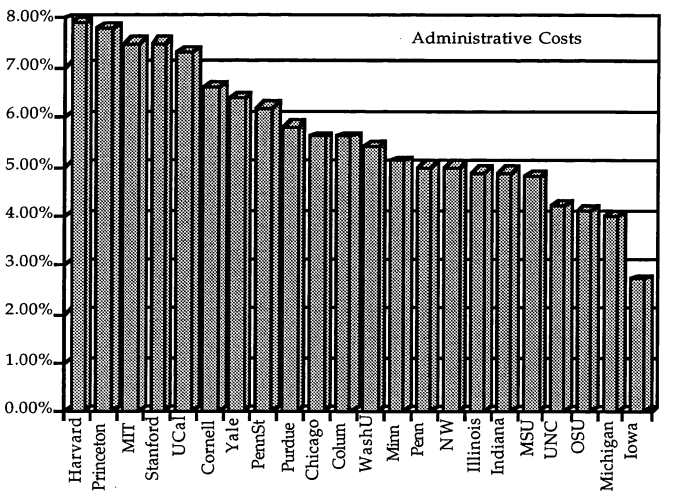
Minority Faculty (Tenure-Track)



Office of the President Spring, 1994

17

A Comparison of Administrative Costs



Office of the President Spring, 1994

18

The Good News

Quality:
- National rankings are highest in 25 years...
- Rise to #1 in research activity...
- Ebbs and Flows analysis suggests we are winning more than we are losing at senior faculty level...

Financial Strength:
- Have accommodated to erosion in state support with a more diverse resource portfolio ($2.5 billion/y)
- Campaign for Michigan: $600 million ($120 million/y)
- Endowment: $300 million --> $1 billion
- Administrative costs: lowest among public and private peers
- Wall Street credit rating: Aa1 (first time for public university)

Physical Plant:
- $600 million of construction activity underway
- On track to complete rebuilding of all campuses by 1998

Auxiliary Activities:
- UMH most successful in nation
- UM Athletics ranked #1 in all-sports (Sears Trophy)
- UM Executive Education ranked #1 in world

People:
- The Michigan Mandate
- The Michigan Agenda for Women

Office of the President Spring, 1994

19

The Situation in 1994

Today there are many indicators suggesting the University of Michigan is

...stronger

...better

...more exciting

...and more vital

than at any time in several decades.

Indeed, one could make the case that the University of Michigan today is not only the leading public university in America, but it is matched by only a few private institutions in the quality, quantity, and comprehensiveness of its activities.

But, this may not be good enough...

Office of the President Spring, 1994

20

A Particular Challenge

Throughout the past decade, we have tried to make the University of Michigan the finest 20th Century university in the world. In many ways, we have made significant progress toward this objective.

Yet now we must convince folks that we must turn in new directions, that this objective is no longer adequate, and that we now must transform the university into a form more suited to serving the 21st Century.

Not an easy challenge...as the folks at IBM will tell you...

Office of the President Spring, 1994

21

The Challenge of Change

In our society...
- Demographic change: the new majority
- The "internationalization" of America
- The post-cold-war world
- Spaceship Earth
- "The Age of Knowledge"

In higher education...
- The rising costs of excellence and the limits on resources
- The changing relationships with diverse constituencies
- The difficulty in comprehending the modern university
- Intellectual challenges
- The changing role of the research university
- The challenge of change

In Michigan...
- The erosion of state support
- Assaults on university autonomy
- Federal intrusion
- Political issues

Office of the President Spring, 1994

22

1890

<u>The Situation</u>
- fewer refrigerators than cars
- less than 25% of homes had indoor plumbing
- less than 10% graduated from HS
- still an agrarian society
- university as an intellectually coherent community of shared values and responsibilities

<u>Things Happening</u>
- industrial revolution was taking hold
- colonial colleges were about to awake
- landgrant colleges were being mobilized
- faculty leadership was stirring
- foundations for research university were being laid

<u>30 Year Time Frame</u>
- massive growth in enrollments, degrees
- evolution of open merit-based institutions
- teaching research service conglomerates
- broad portfolio of teaching at UG, grad, prof level
- shift from transmission to search for knowledge
- importance of government patronage
- research library

Office of the President Spring, 1994

23

1945

The Situation

- universities emerging from depression and WWII
- Ivys still elitist
- few world-class public institutions

Things Happening

- returning veterans
- booming economy
- role of university in national defense

30 Year Time Frame

- age profile of population and faculty
- distribution of enrollments between publics and privates
- importance of federal government financing
- geographic distribution of students and institutions
- spectrum of scientific and scholarly opportunities
- nature and extent of public relations
- public attitude toward higher education

Office of the President Spring, 1994

24

1990

The Situation

- US universities are best in the world...best financed, most respected
- 1980s have been a period of stability...stable enrollments, modest growth in faculty, stable federal aid
- expenditures per faculty (and student) have been rising continuously
- massive proliferation of research universities (with even more aspiring to this status)

Things Happening

- chronic perceived shortage of resources
- public concern about cost and price of education
- perceived unpredictability of resource flow
- rigidity of disciplinary structure
- difficulty in reaching agreement on evaluation standards
- shift away from UG to grad/prof and research
- short time frame between basic research and application
- public concern about "what is going on on the nation's campuses"

30 Year Time Frame

- multiculturalism?
- globalization?
- age of knowledge?
- global change?
- US ---> Europe and Japan?
- ubiquitous computing?
- genetic engineering?
- international conflicts?
- space colonization?
- "progress" or "steady state"?

Office of the President Spring, 1994

25

The University of the Past*

Descriptors:

- A public university with an unusual level of state support
- A public university with a serious commitment to scholarship
- Focused strength in the professions
- A public university with a selective admissions policy and a strong "out of state" student component
- A relatively small commitment to purely state interests
- Generally ranked in quality "among the top public universities" but rarely regarded as THE top public university (...UCB...)

What has changed?

- UM no longer enjoys relatively generous state support
- Many other public universities now stress scholarship

What have we done?

- Increasing dependence on tuition, nonresident students, private giving, federal support, auxiliary revenues
- Emphasized those programs with revenue-generation capacity
- Attempted to reduce scope and breadth of activities

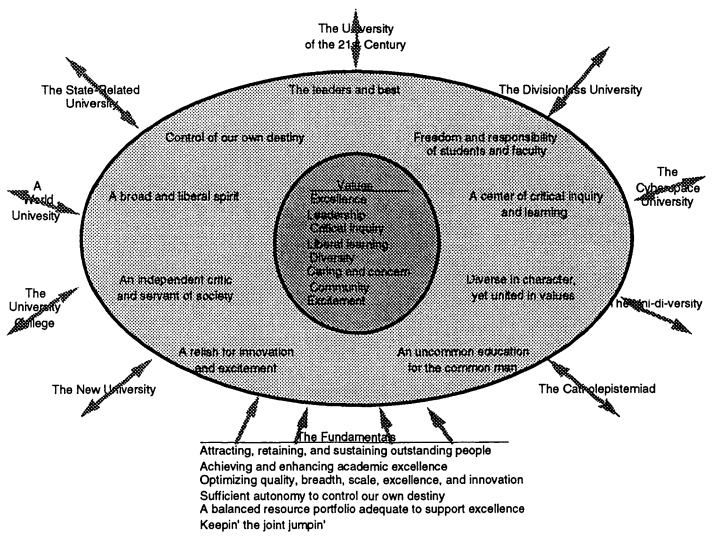
But we have not attempted to reconceptualize the paradigm of the 20th Century university. We have not tried to bring "a new model to the marketplace"...

*HTS-1986

Office of the President Spring, 1994

26

Vision 2017



Office of the President Spring, 1994

27

Some Different Paradigms

- the state-related--but world-supported--university
- the world university
- the diverse university (or "trans-versity")
- the cyberspace university
- the creative university
- the divisionless university
- the adult university
- the university college
- the Catholepistemiad
- the "university within the university"
- the "knowledge server"

Office of the President Spring, 1994

28

Values

- Excellence
- Leadership
- Critical and rationale thinking
- Liberal learning
- Diversity
- Caring and concern
- Community
- Excitement

Office of the President Spring, 1994

29

Descriptors

"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..."
"A center of critical inquiry and learning..."
"A 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..."

Office of the President Spring, 1994

30

The Fundamentals

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.

Sustaining the University's role as an independent critic

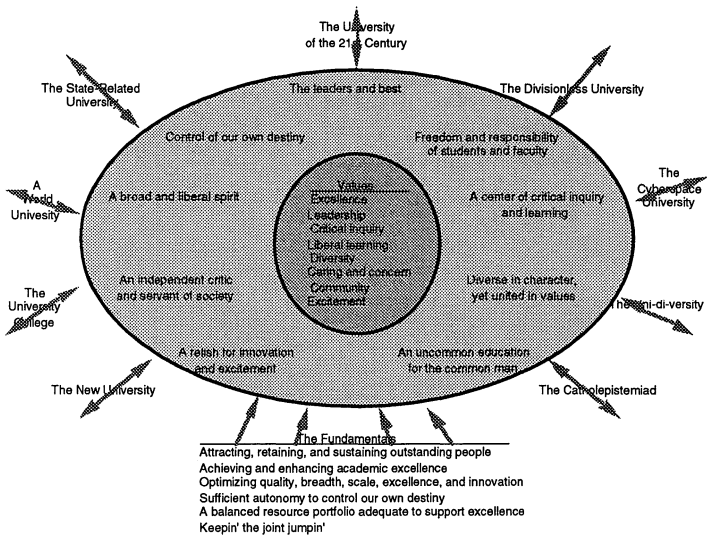
A diversified resource portfolio, providing a stable flow of resources necessary for leadership and excellence regardless of the ebb and flow of in particular areas (state, federal, private giving...)

Keepin' the joint jumpin'!

Office of the President Spring, 1994

31

Vision 2017



Office of the President Spring, 1994

32

Questions, Questions, 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?

Office of the President Spring, 1994

33

Questions, Questions, Questions...etc.

8. How good should we strive to make our programs?

9. How do we enable the University to respond and flourish during a period of very rapid change?

10. How do we best protect the University's capacity to control its own destiny?

11. Should the University be a leader? If so, then where should it lead?

12. 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?

Office of the President Spring, 1994

34

Objectives of the Transformation Process

What are we trying to accomplish through the transformation of the University?

- Move beyond simply positioning the University for leadership by polishing the status quo.

- Provide the University with the capacity, the energy level, the excitement, and the commitment necessary to enable it to transform itself more radically to respond to a changing world.

Office of the President Spring, 1994

35

How does one change an organization?

1. "Buying" change...
   (...the traditional approach in higher education...)
2. By laboriously building the consensus necessary for grassroots support of change.
3. By finesse ... by stealth of night ...
4. By changing key people...
5. "Just do it!" ... and hope to patch up things afterwards...
   (..."It is better to seek forgiveness than to ask permission"...)

Another way:

Ignite "market forces" at the grass roots level by creating incentives and disincentives that drive change from below...

Office of the President Spring, 1994

36

The Gutenberg Principle

Find ways to disguise innovation as extrapolation of the existing paradigm to enable it to be accepted in a conservative community.

(E.g., make the first movable type fonts look like the manually produced Bible manuscripts so they would be adopted by the Church...)

Office of the President Spring, 1994

37

Some lessons learned...

1. The real challenge of transformation is generally not financial or organizational. It is cultural. 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.
2. It is important to have true faculty participation in the design and the implementation of the transformation process--through the involvement of the true intellectual leadership of the faculty.
3. It has been found that the use of an external group is helpful in providing credibility to the process.
4. No universities have been able to achieve major change through the motivation of opportunity and excitement alone. It has taken a crisis to get folks to take the transformation seriously.
5. 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.

Office of the President Spring, 1994

38

The Areas of Transformation

1. The Mission of the University
2. Financial Restructuring
3. Organization and Governance
4. General Characteristics of the University
5. Intellectual Transformation
6. Relations with External Constituencies
7. Cultural Change.

Office of the President Spring, 1994

39

Mission

- State-supported to "state-related"
- State to national to world university
- UM-D, UM-F, UMMA, UMAA relationships
- Securing and protecting UM autonomy
- New market strategies
- K-12, adult education, distance learning
- UM as supplier of educational resources

Office of the President Spring, 1994

40

Financial Restructuring

- Cost/market based pricing (tuition, research, services)
- Responsibility center budgeting
- OEM services, competition, outsourcing
- Capturing "venture capital" funds
- Incentives for collaboration
- Strategic alliances

Office of the President Spring, 1994

41

Organization and Governance

- Overhauling process and policies to allow change
- Administrative restructuring
  - ...Removing middle management layers
  - ...Rightsizing units
  - ...Restructuring personnel policies
- Matrix structures
  - ...School and college affinity clusters
  - ...University-wide research projects
  - ...Virtual structures (Media Union, Gateway Campus)
- Re-engineering with information technology
- Next generation leadership

Office of the President Spring, 1994

42

Characteristics

- The Michigan Mandate
- The Michigan Agenda for Women
- Internationalization of UMAA
- UMAA characteristics
  - ...enrollments
  - ...program mix
  - ...campus evolution
- UMD, UMF trajectories
- A world university?
- A cyberspace university?

Office of the President Spring, 1994

43

Intellectual Restructuring

- Reduce specialization
  - ...Reduce number of courses
  - ...Core UG curriculum for all majors (Gateway Campus?)
  - ...Merging of overly-specalized graduate programs
- Restructuring of PhD degree
- "Research Applied to National Needs" Projects
- Major integrative complexes
  - ...ITIC, Gateway Campus
- Faculty roles
  - ...University Professors, tenure-->contracts,...
- The New University

Office of the President Spring, 1994

44

External Relations

- Rebuild state relations function
- Augment statewide outreach with sustained polling
- Develop a more strategic approach to Washington
- Community campaign
- Rebuild Development leadership
- International strategies

Office of the President Spring, 1994

45

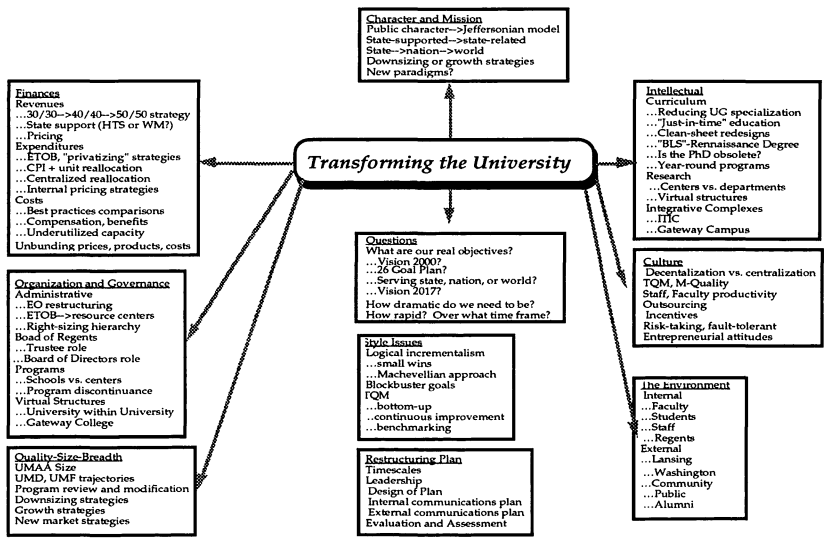
Cultural Issues

- Faculty responsibility and accountability
  - ...Faculty governance
  - ...Undergraduate education
- Faculty and staff productivity
  - ...Workload balancing
  - ...Career development
- Incentives
  - ...Compensation
  - ...Awards, honors
- Streamlining the decision and execution process
- Entrepreneurial incentives
- Risk-taking, fault tolerance

Office of the President Spring, 1994

46

Transformation Diagram



Office of the President Spring, 1994

47

Steps in the Transformation Process

1. Build a shared vision among the Executive Officers
2. Augment the EO Team with selected deans and directors
3. Involve the Regents in the transformation effort
4. Creation of advisory groups (e.g., "The Visitors")
5. Implementation of strategic communications efforts
6. Launching Presidential Commissions
7. Selecting and Launching Strategic Initiatives
8. Igniting the sparks of transformation
9. Streamlining process and procedure
10. The identification and activation of change agents
11. Selecting leadership for a period of change

Office of the President Spring, 1994

48

Step 1: Build a Shared Vision for EO Team

i) Take the EOs through a detailed discussion of the rationale behind and elements of the proposed transformation process.

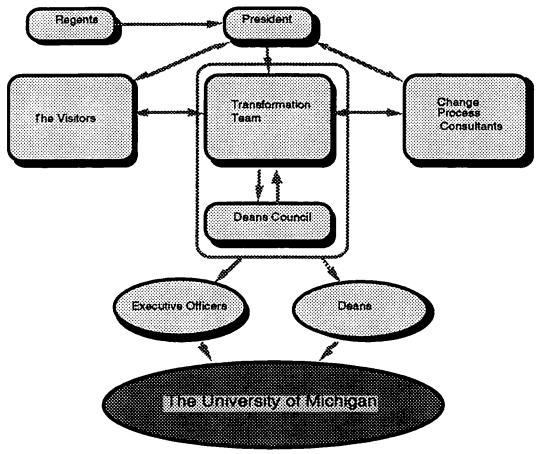
ii) Focus on the various planning documents along with the documents prepared at peer universities.

iii) By end of Winter/Spring terms, gain a firm commitment by all members of Transition Team both to the Vision 2017 and to the transformation process.

Office of the President Spring, 1994

49

The Leadership Teams



Office of the President Spring, 1994

50

Step 2: Augment EO Team with Deans and Directors

i) Invite a small group of deans to participate in discussions concerning transformation process.

ii) Then, after these have had a chance to buy-in, invite several of more powerful deans to join group.

Office of the President Spring, 1994

51

Step 3: Involve Regents in Transformation Discussions

i) Informal discussions of long range strategic issues during course of each monthly Regents' meeting.

ii) Selected discussions of strategy with key Regents.

iii) Joint meetings with Executive Officers on key strategic issues.

iv) Preparation of position papers to provide the necessary background for key steps.

Office of the President Spring, 1994

52

Step 4: Creation of Advisory Groups

The Visitors:

Gerry Ford, David Hermalin, Bill Jentes, Russ Mawby, Jim McDivitt, Bob Nederlander, Tony Novello, Frank Popoff, Frank Rhodes, Sandy Robertson, Harold Shapiro, Al Taubman, Bob Teeter

Consultants:

C.K. Prahalad, Karl Weick,...

Office of the President Spring, 1994

53

Step 5: Strategic Communcations Plan

i) Develop strategic communications plan for both internal and external constituencies

ii) Meetings with academic leadership groups (executive committees) and staff groups

iii) Media efforts

Office of the President Spring, 1994

54

Step 6: Launching Presidential Commissions

First phase of presidential commissions:

- Promotion and Tenure
- Process, Policy, Procedure Inventory
- New Market Development
- Student Living/Learning Environment

Other possible commissions

- Faculty Governance
- Faculty Responsibility and Accountability

Office of the President Spring, 1994

55

Step 7: Selecting and Launching Strategic Initiatives

Select a series of strategic initiatives or thrusts to implement the transformation effort.

Characteristics:

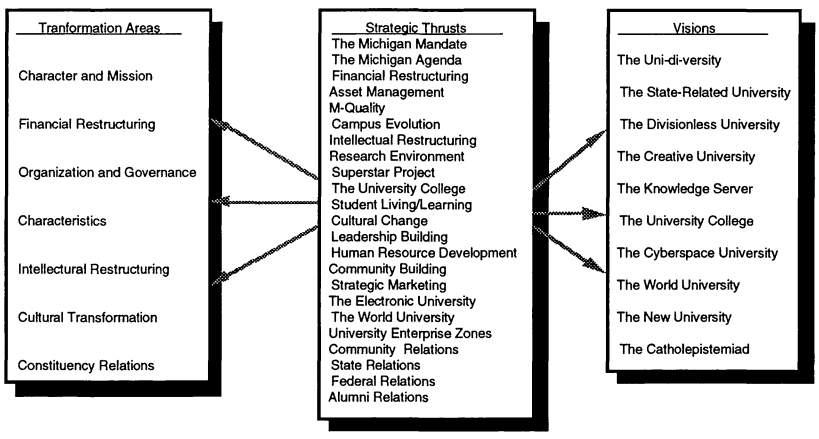
- **self-contained**
- **clearly-defined rationale**
- **specific objectives**

Begin execution and coordination of these strategic initiatives so that they enable the University to transform itself and allow the major paradigm shifts suggested in Vision 2017.

Office of the President **Spring, 1994**

56

Strategic Thrusts



Office of the President **Spring, 1994**

57

Step 8: Igniting the Sparks of Transformation

Identification and implementation of "magic bullet" actions designed to trigger strong incentives and disincentives at the grassroots level.

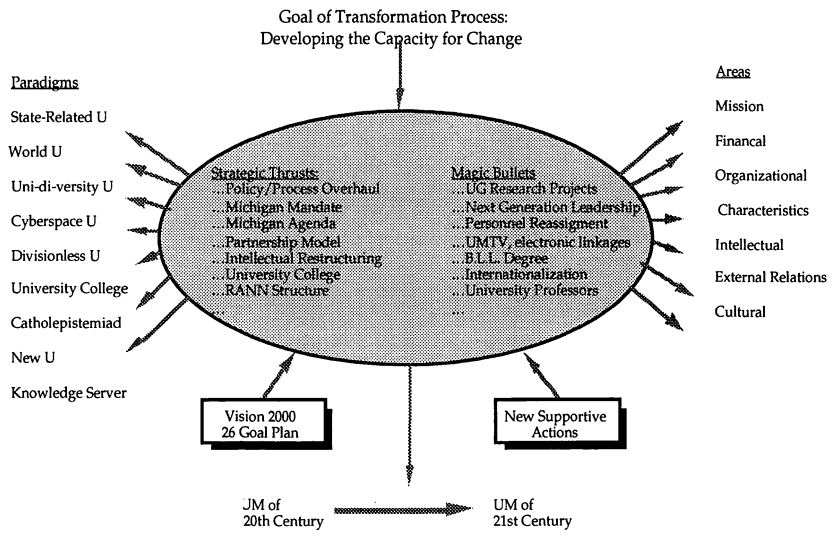
Examples:

- **All-faculty involvement in undergraduate education**
- **Undergraduate requirement of research/creative project**
- **Responsibility center budgeting**
- **M-Quality**
- **Cornell model of graduate education**

Office of the President **Spring, 1994**

58

Actions and Magic Bullets



Office of the President **Spring, 1994**

59

Step 9: Streamlining Processes, Policies, Procedures

i) Process Inventory (Presidential Commission)

ii) Streamlining processes to allow greater flexibility, e.g.

- Personnel policies
- Bylaw 5.09
- Program reduction and discontinuance

Office of the President Spring, 1994

60

Step 10: Identification and Activation of Change Agents

i) Identify intellectual leadership ("Network of 100") and develop effective communications plan.

ii) Identify and recruit change agents within all units.

iii) Empower change agents

Office of the President Spring, 1994

61

Step 11: Selecting Leadership for a Time of Change

Goal: Use every available opportunity to select leaders at all levels of the University who not only understand the profound nature of the changes which must occur in higher education in the years ahead, but who will commit themselves to leading such transformation efforts.

Examples:

- Executive Officers
- Deans
- Directors
- Chairs
- Mid-level management

Office of the President Spring, 1994

62

Proposed Strategic Initiatives

Policy, Process, Procedure Re-engineering

Financial Restructuring

Intellectual Restructuring

The Uni-di-versity (or Trans-versity)

The Faculty of the Future

New Market Development

Preparing for the Future

Supporting Activities

Office of the President Spring, 1994

63

Policy, Process, Procedure Re-engineering

- Process inventory
  ...identify and remove barriers to change
- Administrative restructuring
- Human resource development
  ...more flexibility, career development
- Re-engineering with information technology

Office of the President Spring, 1994

64

Financial Restructuring

- Responsibility center budgeting
  ...revenue and cost containment responsibility to faculty & staff
- Resource acquisition, asset management
- Internal services, competition, outsourcing
  ...OEM pricing and competition
- Cost-market based pricing
  ...tuition, research costs, service costs
- Venture capital
  ...$40 to $50 million per year???
- Incentives for collaboration
- Strategic alliances
  ...other universities, industry, government
- Year-round operation

Office of the President Spring, 1994

65

Intellectual Restructuring

- The University College
- Restructuring of Graduate Education
- Integrative Facilities
  ...ITIC, Gateway Campus,...
- RANN (Research Applied to National Needs) Projects
- Intellectual leadership
  ...University Professors, Superstar Project
- Virtual and matrix structures
- Rightsizing and realignment of academic units
- The New University

Office of the President Spring, 1994

66

The Uni-di-versity (or Trans-versity)

- The Michigan Mandate
- The Michigan Agenda for Women
- World University Themes
- Student Living/Learning Environments

Office of the President Spring, 1994

67

The Faculty of the Future

- Promotion and Tenure
- Faculty responsibilties, accountability, productivity
- Faculty definition and roles
- Faculty governance
- Risk-taking, fault tolerance
- Pride in, loyalty to UM

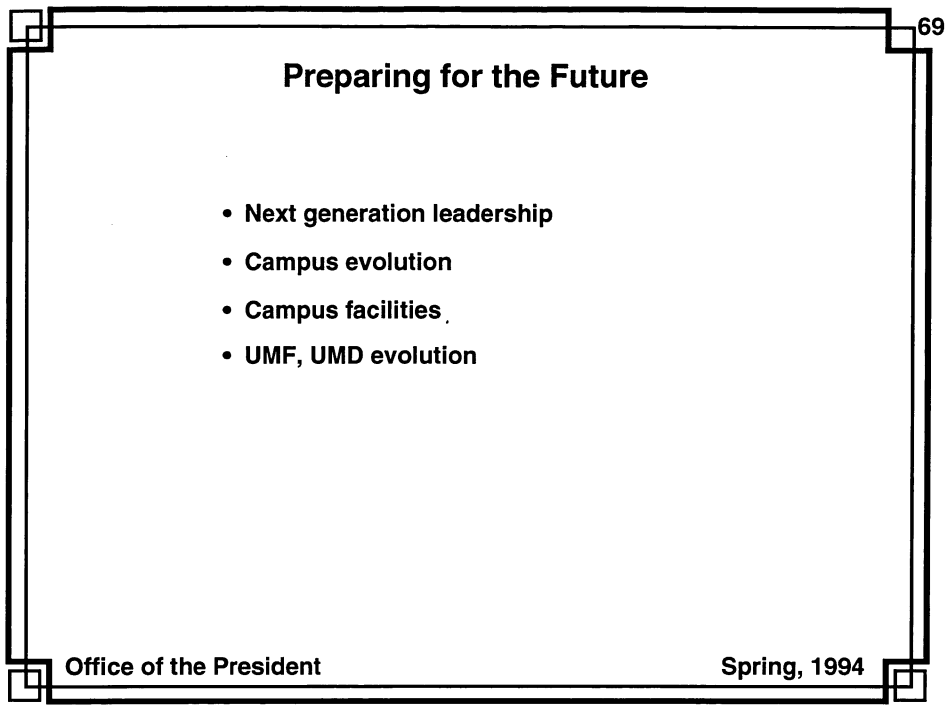
Office of the President Spring, 1994

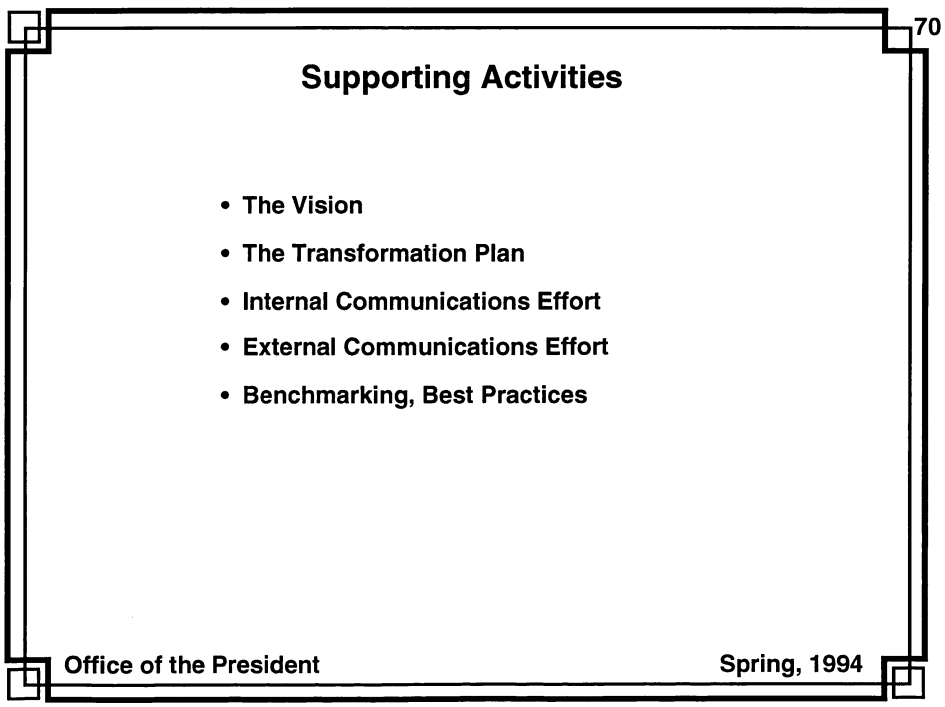
68

New Market Development

- New Market Development
- Lifetime learning, alumni university
- Cyberspace university
- University enterprize zones

Office of the President Spring, 1994


69
Preparing for the Future
• Next generation leadership
• Campus evolution
• Campus facilities
• UMF, UMD evolution
Office of the President
Spring, 1994


70
Supporting Activities
• The Vision
• The Transformation Plan
• Internal Communications Effort
• External Communications Effort
• Benchmarking, Best Practices
Office of the President
Spring, 1994

71

The Near Term Action List

Flexibility, Preparation for Change
- Vision, Transformation Plan
- Process Inventory (Presidential Commission)
- Promotion and Tenure (Presidential Commission)

Financial Restructuring
- Responsibility Center Budgeting
- OEM Servies, Competition, Outsourcing
- Year-round operation

Undergraduate Education
- The University College
- The Gateway Campus
- Student Living/Learning Environment

Intellectual Restructuring
- Integrative Facilities (ITIC, Gateway Campus)
- Virtual and Matrix Structures
- University Professors
- Restructuring of Graduate Education

Diversity
- The Michigan Mandate
- The Michigan Agenda for Women

Serving Society
- Research Applied to National Needs (RANN) Projects
- University Enterprise Zones

Office of the President Spring, 1994