Transformation Briefings (September 30, 1994)

Good News

UM is better, stronger, and more exciting and vital than ever

Quality

National rankings highest in 25 years
Ebb and Flow analysis indicates we’re holding our own

People

Michigan Mandate:

   Students: 12% to 23% (AA: 4% to 8.5%)
   Faculty: 9% to 12% (AA: 2.6% to 4.8%)

Michigan Agenda for Women
Bylaw 14.06

Student Activities

   From Americorps to Sunrunner to Leadershape

Financial strength

Not only accommodate loss of state support, but more diverse
and robust resource portfolio ($2.5 billion/year)

Faculty salaries:

   Moved past UC to now rank #1 among publics
(consistent with policy)

   Professors: #11 (just about to pass Cornell)
   Harvard, Princeton, Stanford, Yale, Chicago, Columbia
   Penn, Northwestern, Cornell ahead of us

   Assoc Prof: 6th
   Asst Prof: 8th

Rise to #1 research university in nation

Campaign: $670 M ($150 M per year)

Endowment: $300 M to $1 B

Administrative costs: Lowest among public & private peers
(4% of total expenditures)

Wall Street: Credit Rating: AA1 (highest among public universities

Physical Plant:

   Within 5 years, will have completed rebuilding campus
Central Campus
North Campus
Medical Campus
South Campus
$600 million!

Auxiliary Activities
UM Hospital most successful in nation
UM Athletics rated #1 in US

Excitement
Undergraduate Education
Professional Schools (Medicine, Business, SILS,...)

But...concerns
Throughout past decade, we have all worked to make
UM the finest university in the world, but within the 20th Century paradigm
Sometimes I worry that I may be sounding like the CEO of IBM
ten years ago when he briefed his Board of Directors,
congratulating them on building IBM into the strongest company
in the world.
And yet look at them now.
They built the finest 20th Century corporation in the world.
The only problem was that our society was already
moving into the 21st Century.
In fact, I wake up at night thinking...
...IBM...GM...UM...
...are we next?
Yet, there are many signs that this paradigm may no longer be adequate
to serve a rapidly changing society in a rapidly changing world.
The University as a ‘knowledge server”

Changes
Examples
The end of the Cold War
The new world order
US < Asia, Europe
Tools of creation: new materials, new lifeforms, new intelligences
National information infrastructure + digital convergence
--> cyberspace society

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
The challenge of intellectual change
The changing role of the research university in our society
The pace of change

In Michigan
The erosion of state support
Assaults on University autonomy
Political issues

General
The pace of change...
Akin to other periods of dramatic change in higher education
...1890s...public universities
...WWII...research universities

Our basic mission of
...creating
...preserving
...transmitting
...and applying knowledge
will not change.

But the manifestations of each of these activities is changing rapidly.
...shift from solitary to collective learning
…responding to the “plug and play” generation
…fundamental to strategic research
…disciplinary to interdisciplinary (or nondisciplinary) learning
…digital convergence: verbal to “virtual reality”

**Alternative Paradigms**

The state-related, but world-supported, university
The world university
The diverse university (or transversity)
The cyberspace university
The creative university
The divisionless university
The university college
The Catholespistemiad
The “New University”
The “knowledge server”

**What to do?**

Changes in the past:
…buying change with additional resources
…laboriously building consensus necessary for grassroots change
…changing key people
…By finesse...stealth of night
…Nike Approach: Just do it
   (top-down decisions followed by rapid execution...
   “better to seek forgiveness than ask permission”)

Concern:
Pace and profound nature of change is unprecedented

**Some 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. Do we need to rebalance our activities among undergraduate, graduate, and professional education?
4. What is the proper balance between disciplinary and
interdisciplinary teaching and scholarship?

5. How should we select and develop the next generation of faculty?

6. How do we respond to the deteriorating capacity of the state to support a world-class research university?

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

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

**Transformations**

…mission

State-supported to “state-related”
State to national to world university
UMAA, UMMC, UMD, UMF relationships
Securing and protecting UM’s autonomy

…financial restructuring

Responsibility center budgeting
Cost/market based pricing (tuition, research, services)
OEM internal services, competition, outsourcing
Generating “venture capital” funds
Incentives for collaboration
Strategic alliances

…organization and governance

Overhauling process and policies to allow change
Administrative restructuring

Eliminating middle management layers
Shifting away from “chimney” style of decentralization
Rightsizing units
Restructuring personnel policies
Matrix structures

School and college affinity clusters
University-wide research projects
Virtual structures (ITIC, Gateway Campus)

Re-engineering with information technology
Next generation leadership

…general characteristics of the university

The Michigan Mandate
The Michigan Agenda for Women
Internationalization of UMAA
A world university?
A cyberspace university?

…intellectual transformation
Reducing specialization
University College
Restructuring of PhD
RANN Projects
Faculty roles
The New University (…ITIC?…)

…relationships with external constituencies
Local, state, federal relations
University enterprise zones
UMMC evolution
International strategies

…cultural change.
Faculty responsibility and accountability
Faculty and staff productivity
Incentives
Streamlining the decision and executive process
Entrepreneurial incentives
Risk-taking, fault tolerance, adventure
Pride in

...excitement about
...loyalty to
...the University of Michigan

Possible Strategic Initiatives
The Capacity for Change
Vision Statement, Transformation Plan
Process Inventory
- Reengineering processes, policies, and practices for flexibility
- Evolving to more sophisticated management structures
- Restructuring administrative organizations
- Restructuring faculty governance
- Re-engineering with information technology

Educational Transformation
Undergraduate Education
Gateway Campus
Student Living Environment
* The “University College” for undergraduate education
- Completion of the Gateway Campus
- Shifting from specialized degree programs to “liberal learning”
- Linkages between professional schools and UG education
* Restructuring the PhD (and Rackham)
- Continuing education and “just-in-time” learning

Intellectual Transformation
Integrative Structures (ITIC, Gateway, Virtual)
Alternative faculty appointment and reward structures
Alternative structures for teaching and scholarship
* Developing more flexible structures for teaching and research
- Broadening faculty appointments
- Integrative facilities (continued evolution)
- “The LS&A Challenge”
- The New University

The Diverse University
The Michigan Mandate
The Michigan Agenda for Women
A General Strategy for Diversity
* Broadening the diversity agenda beyond race and gender
* The World University

The Faculty of the Future
Definition and role of the faculty
Promotion, tenure, and retirement
* Renegotiation of the faculty “contract”
* The balance between long-term and flexible staff

Serving a Changing Society
Evolution of UM Medical Center
Research Applied to National Needs
UM Role in K-12 Education
* Serving a knowledge-intensive society
* Developing the capacity to say “no”

Financial Restructuring
All-funds budgeting and management
Responsibility Center Management
Competition for internal services
Development of investment capital
Exploration of alternative corporate structures
Successful completion of the Campaign for Michigan
* Accommodating the effective disappearance of state support
* Protecting the public character of the University
* Protecting the autonomy of the University

Preparing for the Future
Next Generation Leadership
Completion of effort to rebuild Ann Arbor campus
Campus evolution
New market exploration.
* Increasing and broadening educational services
* The Cyberspace University
* Strategic alliances

Cultural Change
Risk-taking, fault-tolerance, adventure and excitement
Alignment of responsibility and authority
Alignment of privilege and accountability
Balancing decentralization with University goals
Achieving a commitment to community, tolerance, and respect
Establishing a sense of pride in, respect for, excitement about, and loyalty to the University of Michigan!

**Some More Tough Questions**

1. How do we make the case to the University community--and our various external constituencies—that rapid and profound change is necessary? How do we create the necessary sense of urgency, along with the sense of confidence and excitement that makes dramatic change possible?

2. How dramatic and rapid does our transformation need to be? Is it evolution? Or is it revolution?

3. Are we getting the right people into key leadership positions to understand and executive the transformation process?

4. How do we balance the University’s tradition of decentralization and unit autonomy with the need to achieve institution-wide transformation?

**Goal:**

What are we trying to accomplish?

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

2) Provide the University with the capacity, the energy level, the excitement, and the leadership necessary to enable it to transform itself more radically to serve a changing world.