

Leadership for the 21st Century:

The Challenge for the 1990s

Outline

- 1. The Strategic Plan**
- 2. "The University of the 21st Century"**
- 3. The Business Plan**

The Strategic Plan

"Man plans...

God laughs..."



The Goal

1. To develop, implement, and sustain a flexible planning process that would:
 - Identify University objectives and priorities,
 - Assess (and perhaps modify) the dynamic environment in which the University must operate, and
 - Develop both strategic and tactical plans for achieving these objectives.
2. To link this planning process to resource allocation and management decisions at all levels of the University.

Why bother?

1. All too often the University has tended to *respond* to external pressures and opportunities rather than taking strong actions to determine and pursue its own objectives.
2. We must counter the tendency to become preoccupied with *process* rather than *objectives*...with *how* rather than *what*...
3. To seize the opportunities, to face the responsibilities, and to meet the challenges before us, the University must initiate a process capable of determining both a direction and a strategy capable of guiding it into the 21st Century.

The Strategic Planning Process

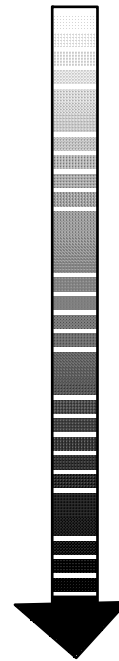
- 1. Mission, Goals, Values, Priorities**
- 2. Environmental Assessment**
- 3. Operational Objectives**
- 4. Strategic Actions**
- 5. Tactical Implementation**
- 6. Evaluation and Assessment**

Simple Goals and Actions for Complex Problems...

Simple
Goals

Simple
Strategic
Actions

Complex
Tactical
Actions



*Increasing
Complexity*

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Possible Mission Themes

- "A heritage of leadership..."
- "Building leadership for tomorrow on a foundation of academic excellence" (SPT-86/87)
- "Developing the new paradigm for the research university in 21st Century America" (SPT-87/88)
- "Caring and Quality"

Other Possible Themes

- **"To become smaller but better..."**
- **"To be all things to all people..."**
- **"To serve primarily the people of Michigan..."**
- **"To become the best public university in America..."**
- **"To become the best university in America..."**
- **"To win a national championship in a revenue sport..."**

Some Models

- "The Michigan of the Past"
(Go Blue U???)
- "The University of the State of Michigan"
(MSU East???)
- "The Harvard of the West"
(much smaller but better...???)
- "The Stanford of the East"
(The University of the Bottom-Line???)
- "The University of America"
(America's university-- Dallas Cowboys style...???)

The Strategic Planning Process

1. **Mission, Goals, Values, Priorities**



2. **Environmental Assessment**

3. **Operational Objectives**

4. **Strategic Actions**

5. **Tactical Implementation**

6. **Evaluation and Assessment**

Environmental Assessment

- **Initial Conditions, Boundary Conditions, Alternative Futures**
- **Opportunities, Responsibilities, Challenges**
- **Key Planning Issues**
- **Planning Assumptions**

Internal Environment

- **Structural Characteristics and Initial Conditions**
- **Tradition ("Corporate History")**
- **Resources**
- **Leadership Style**
- **Cultural Factors**
- **Momentum, Stability, Resistance to Change**
- **Images of Ourselves**

External Environment

- **External Relationships**
- **Geographical Factors**
- **Human Resource Pools**
- **Financial Resource Availability**
- **External Image, Attitudes**
- **Constituents**
- **Political and Legal Factors**

Future Uncertainties

- **Costs of Quality Education and Scholarship**
- **Financial Resources**
- **Human Resources**
- **Societal Attitudes**
- **Political and Legal Environment**
- **Role of Comprehensive Research University**
- **Technology**

Key Planning Issues

1. Change and Renewal

- Changing nature of education, scholarship, and service
- Resistance to change (change as threatening)
- Management of change (change as empowering)

2. Resources

- Human (faculty, students, staff)
- Financial (funding, facilities)
- Leadership, vision, energy

3. Diversity and Pluralism

- Racial, gender, cultural, nationality
- Socioeconomic background
- Intellectual

Key Planning Issues (cont.)

4. Tensions

- **Education, research, service**
- **Undergraduate, graduate, professional**
- **Quality, breadth, size**
- **Diversity, comity, shared values**
- **Competition, cooperation**
- **Public, private**
- **Constituencies (values, needs, expectations)**
- **Commitment (discipline, unit, institution)**
- **Perception, reality**
- **Public responsibilities, focus to achieve excellence**

Planning Questions

1. How good should we try to be?

- Students, faculty, staff, programs
- Is being "very good" enough?
("You either get better...or you get worse!"...W. W. Hayes)

2. How much should we try to be leaders?

- Leadership = venturesomeness = innovation

3. How much will resources constrain our options?

- Management of constraints, goals, and change
- Constraints vs. goals vs. challenges
- "Smaller but better?"
- "Peaks of excellence?"

Planning Questions (cont.)

4. Should we compete or cooperate?

- **Why do we compete?**
- **Internally?**
- **Externally?**

5. What is the "Michigan niche"?

- **Today?**
- **Near term (5 - 10 years)?**
- **Long term (10 years and beyond)?**

6. Quality

- **What is it?**
- **For whom? For what purpose?**

7. Where should planning be done?

- **Centralized vs. decentralized**

Planning Questions (more cont.)

8. What determines the time scales of change?

- **Budget cycle: 1 year**
- **Promotion review: 6 - 7 years**
- **Tenure/faculty career: 20 years**
- **Facilities: 20 to 30 years**
- **Leadership: 5 to 10 years**
- **Tenure and age profile of faculty**
- **Nature of traditional and legal decision making process**
- **Distribution of institutional resources between human and physical capital**
- **Life cycle of any substantial academic initiative**

Planning Assumptions

- 1. The University is a very complex system that is responding to the cumulative effects of its history as well as dynamic boundary conditions. Nevertheless, it is critical that the University continue to take responsibility for its own future.**
- 2. The University of Michigan faces a period of unusual opportunity, responsibility, and challenge in the years ahead, a time in which it must seize control of its own destiny by charting a course to take it into the 21st Century.**
- 3. The challenges before higher education today suggest that a new paradigm of the research university in America is needed. Michigan is in an excellent position to develop this model for the nation.**

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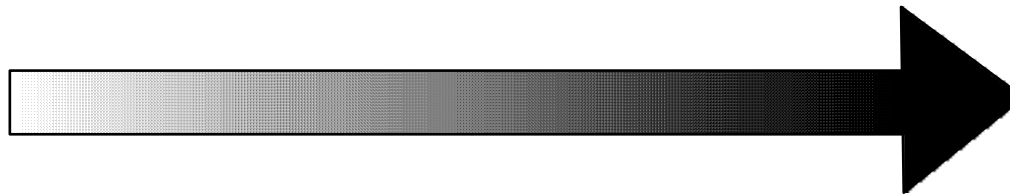


The Planning Process

Mission

Objectives

Strategy and Tactics



"Meta" --> "Mega" --> "Macro" --> "Micro"

"Meta" Objectives

- **Excellence**
- **Leadership**
- **Diversity**
- **Caring and Concern**
- **Community**

"Mega" Objectives

- **Attracting, retaining, and sustaining the most outstanding people (students, faculty, staff)**
- **Achieving, enhancing, and sustaining academic excellence in teaching and scholarship**
- **Sustaining the University's role as an independent critic**
- **Achieving, sustaining, and nurturing diversity and pluralism**
- **Intellectual renewal**

The Objectives of Leadership

- 1. Institutional Leadership**
- 2. Intellectual Leadership**
- 3. Social Leadership**
- 4. Personal Leadership**

Objective 1: Institutional Leadership

Premise: Recall the challenges before higher education today:

- **the costs of excellence**
- **the changing roles of the research university**
- **the tensions of relating to diverse constituencies**
- **diversity and pluralism**
- **intellectual renewal**

These suggest the need for a new paradigm of the research university in America--and the opportunity for the University of Michigan to play a key role in determining this paradigm of the 21st Century research university.

A New Paradigm for the Research University

- 1. Capable of responding to the opportunities, responsibilities, and challenges before higher education**
- 2. Capable of addressing in new ways the needs of our society by linking and balancing the various missions of the research university:**
 - teaching, research, and service**
 - quality, breadth, and size**
 - undergraduate, graduate, and professional education**
- 3. Capable of responding to the challenge of pluralism by linking together the complementary objectives of cultural diversity and academic excellence**
- 4. Capable of linking together the many concerns and differing values of the diverse constituencies served by higher education**
- 5. Capable of producing graduates who are competent and committed, creative and compassionate**

Who will determine the paradigm?

Stanford???
Cornell???

Michigan???
UCLA???

Why Michigan???

1. Our "Heritage of Leadership" as the flagship of public universities in America
2. The present quality of our students, faculty, and staff
3. Our unusual combination of quality, breadth, and size
4. Unusual opportunities for attracting resources from the public and private sectors ("a well-balanced portfolio...")
5. Our unusual ability to control our own destiny
6. Our unusual character which combines:
 - the focused quality of the most selective private institutions
 - the diversity, openness, and breadth of academic and professional disciplines characteristic of the best public institutions

A Heritage of Leadership

In the 1840s and 1850s, the University of Michigan provided leadership in laying the foundation for the modern research university by fusing:

- the German tradition of faculty involvement in research**
- the classical British education stressing moral development**

Michigan was the first public university to introduce professional education (e.g., Medicine in 1850, Engineering in 1854, and Law in 1859)

Michigan, through the leadership of Angell, departed from the elitist tradition of private institutions by providing quality education to students from all backgrounds--"an uncommon education for the common man".

Other UM Firsts

- **Geology (1853)**
- **Civil Engineering (1853)**
- **Modern History (1857)**
- **American Literature (1867)**
- **Pharmacy (1868)**
- **To own and operate a hospital (1869)**
- **Education (1879)**
- **Forestry (1881)**
- **Sanitary Science (1883)**
- **Marine Design (1883)**
- **Speech (1886)**
- **Bacteriology (1889)**
- **Journalism (1890)**
- **Automotive Engineering (1913)**
- **Aeronautical Engineering (1913)**
- **Public Health (1915)**
- **Transportation Engineering (1922)**
- **Data Processing (1929)**
- **Modern Linguistics (1941)**
- **Phoenix Project (1948)**
- **Nuclear Engineering (1952)**
- **Engineering Meteorology (1959)**
- **Computer Engineering**

(...and first to win a Rose Bowl and national basketball championship in the same year!!!)

Objective 2: Intellectual Leadership

- **Achieve a self-confident intellectual community in which the human mind is brought boldly to bear on the largest and most enduring questions that confront society**
- **Sustain the University's freedom to conduct independent inquiry and criticism**
- **Develop a new spirit of liberal learning through both the academic and professional disciplines**
- **Stimulate more daring and venturesomeness on the part of students and faculty in teaching and scholarship**
- **Combine both unusual strength in the disciplines with strong cross- and inter-disciplinary teaching and scholarship**

Objective 3: Social Leadership

- **Develop new models of a pluralistic community, both seeking and sustaining diversity, while working toward shared values.**
- **Develop a caring, concerned, and compassionate community of scholars, attempting to provide leadership in better understanding and addressing the key problems facing our society.**
- **Develop new models of the "information society" characteristic of large, complex organizations.**

Objective 4: Personal Leadership

Goal: Place a new emphasis on the preparation of our students and faculty for leadership.

- 1. "The central task of a university, a task which sets it apart from other social institutions, is the creation of an environment where the quality of the mind and its performance is always the central concern. The spirit 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."
(Shapiro)**
- 2. "We should seek to develop in our students a critical mind, free of dogma, but nourished by the humane values necessary for leadership in a changing, fragmented society." (Bok)**
- 3. "Sustain a commitment to the fulfillment of human possibilities and the release of the human potential through efforts to attract and nurture historically deprived groups." (Gardner)**

Objective 4: Personal Leadership (cont)

- 4. "Create a sense of community on our campus so that students and faculty can understand the importance of achieving and sustaining shared values." (Gardner)**

- 5. "Achieve an appropriate balance between continuity and change so that students and faculty develop both the capability for self-renewal and stimulating the renewal of organizations in which they are involved." (Gardner)**

- 6. "Help our students to value and understand the importance of hope and courage to the human nature and the degree to which leadership involves awakening this spirit among others." (Gardner)**

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Strategic Actions

- 1. The Commitment to Excellence**
- 2. Focusing Resources to Achieve Excellence**
- 3. The Importance of Academic Excellence**
- 4. Intellectual Leadership**
- 5. Diversity and Pluralism**
- 6. A Sense of Community**
- 7. The Challenge of Change**

1. The Commitment to Excellence

- **We must pick up the pace, building a level of intensity and expectation to settle for nothing less than the best in performance of our students, faculty, and programs.**
- **Each of us must be encouraged to push, in our own way, to the limits of our ability.**
- **We must cast aside that "extraordinary intolerance of extreme excellence" which seems to plague midwestern institutions, and set our sights on achieving the best.**

2. Focusing Resources to Achieve Excellence

- **We can no longer afford to be all things to all people.**
- **Quality must dominate breadth and capacity among our priorities.**
- **Within the institution and within each of its components, we should seek to build "spires of excellence".**

3. The Importance of Academic Excellence

- **The University's distinction will be determined, in the long run, by its academic excellence: the quality of its teaching and scholarship.**
- **While other goals will also be important, they must be aligned with our efforts to achieve academic excellence.**

4. Intellectual Leadership

- **Intellectual leadership demands pushing to the forefront of discovery (working on the "exponential part of the knowledge curve").**
- **We should shift more to a change-oriented, risk-taking culture in which daring and venturesomeness in teaching and scholarship are encouraged.**
- **We should resist the deification of disciplines, recognizing that much new knowledge is created at the interface where the collision of ideas from the disciplines occurs.**

5. Diversity and Pluralism

1. *Commitment:*

To recognize the importance of diversity and pluralism to the mission of the University -- and to make a firm commitment to its achievement.

2. *Representation:*

To commit to the recruitment, support, retention, and success of underrepresented minority groups among our students, faculty, staff, and leadership.

3. *Environment:*

To build on our campus an environment which seeks, nourishes, and sustains diversity.

6. A Sense of Community

- As we create a culture which stresses excellence, achievement, and excitement, we must also seek a sense of community which draws us together through shared values and goals.**
- We must resist the centrifugal forces of strong disciplinary programs which tend to pull the various components of the University to the periphery and diminish its core.**
- We must broaden the loyalty of faculty and students beyond their own personal interests or their disciplines to include the University.**
- We must build a scholarly community attempting to focus its collective wisdom on the great problems of our times.**

7. The Challenge of Change

- *"A state without the means of change is without the means of its preservation."* (Burke)
- The intellectual renewal of the role, mission, values, and goals of the University is probably the greatest challenge before us.
- Renewal and change are essential both to the achievement and the sustaining of excellence. To get better, we must seek a culture in which creativity, initiative, and innovation are valued; to stay the best, we must achieve a process of continual renewal.
- We should convince the University community that change need not be threatening; it can also be empowering if it provides people with the opportunity to control their own destinies.

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Tactical Implementation

- 1. The Strategic Leadership Process**
- 2. Specific Tactical Plans**

The Strategic Leadership Process

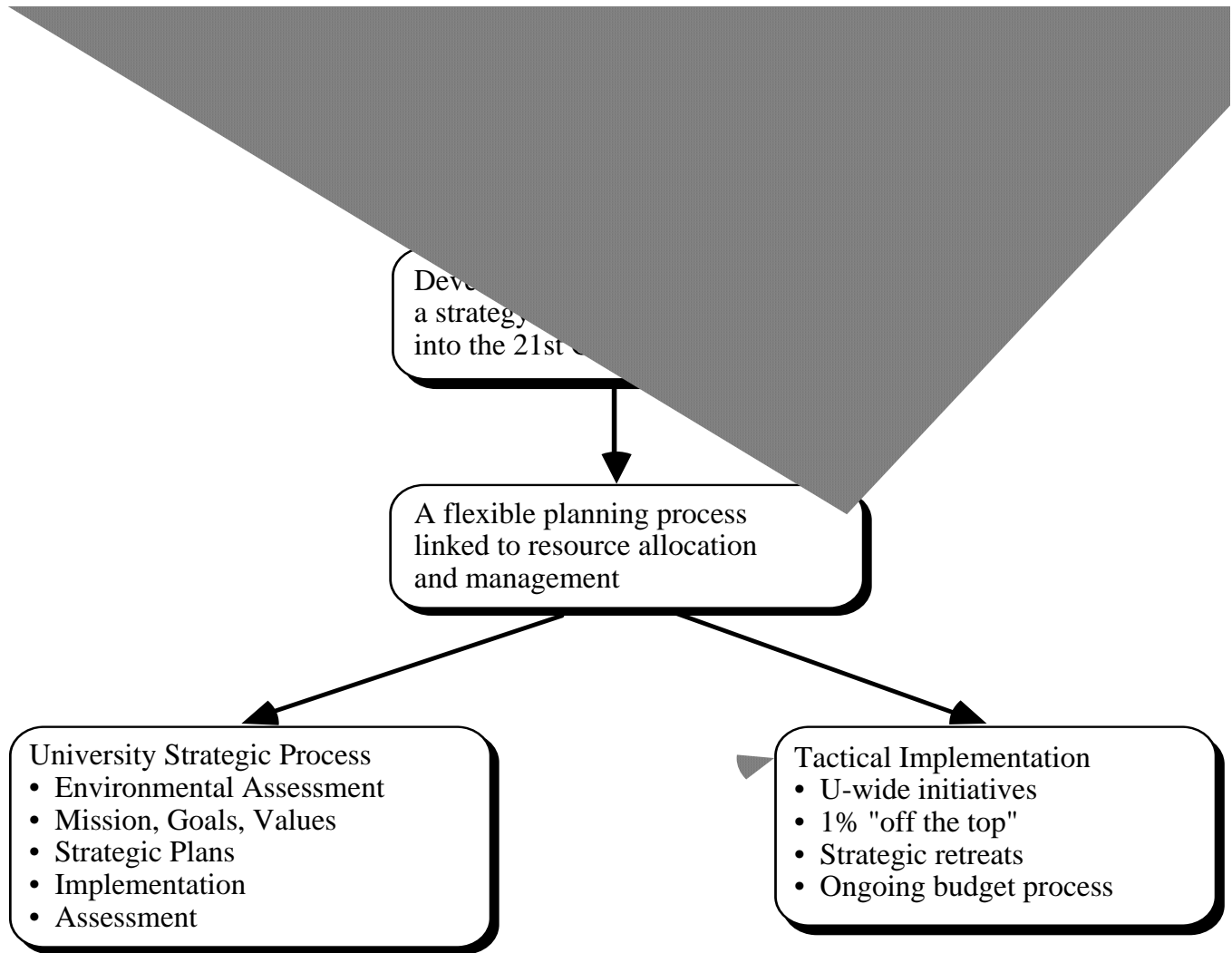
"Strategic"...

"Leadership"...

"Process"...

We seek to trigger a process involving progressively larger groups of faculty, students, and staff aimed at grappling with the difficult task of identifying and articulating a mission for the University as it prepares to enter the 21st Century.

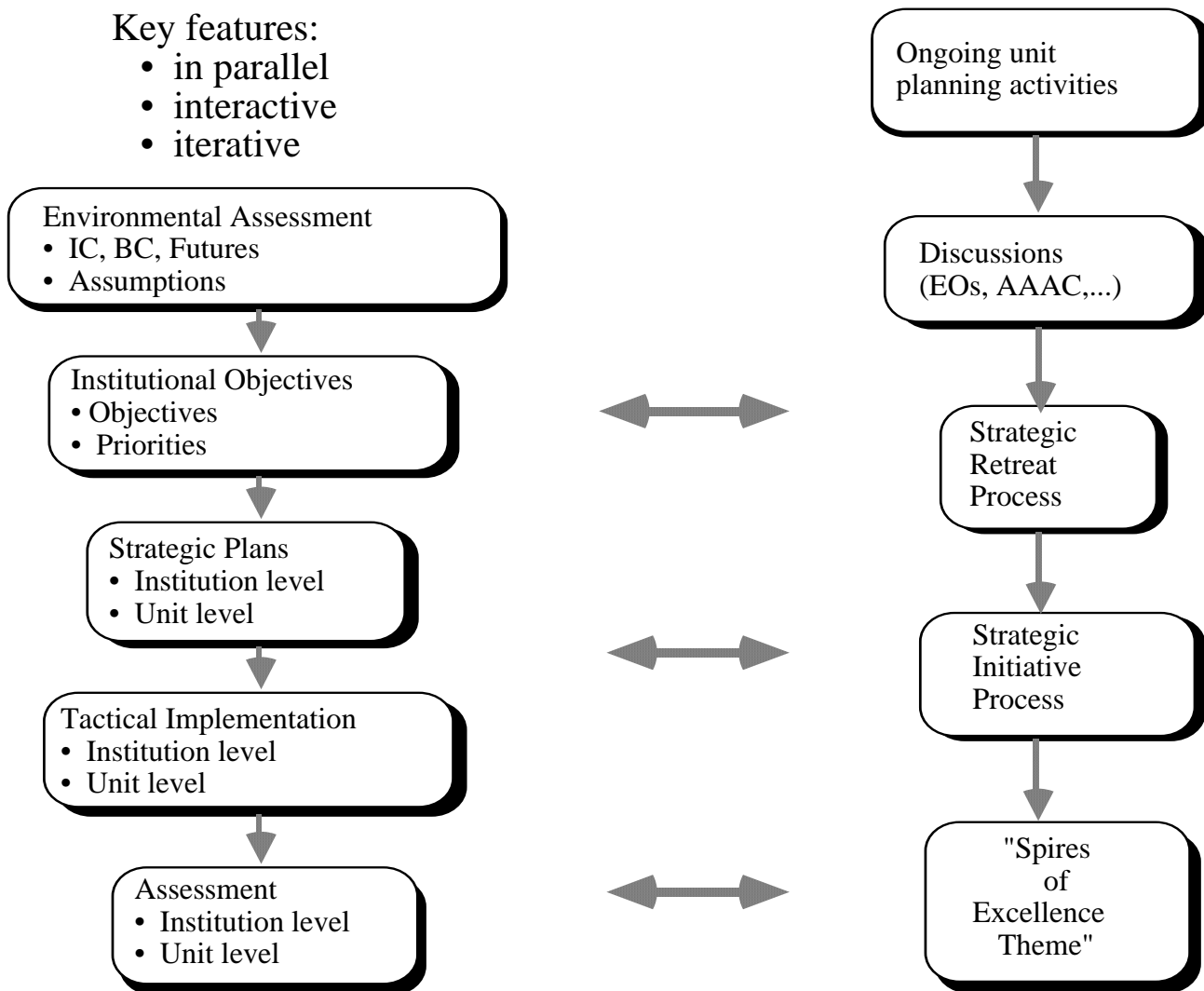
The Strategic Leadership Process



The Process

Key features:

- in parallel
- interactive
- iterative



Strategic Retreats

1986-87:

Pharmacy, Music, Business Administration, Library Science, Dentistry, Public Health, IOG/CHGD/DRB

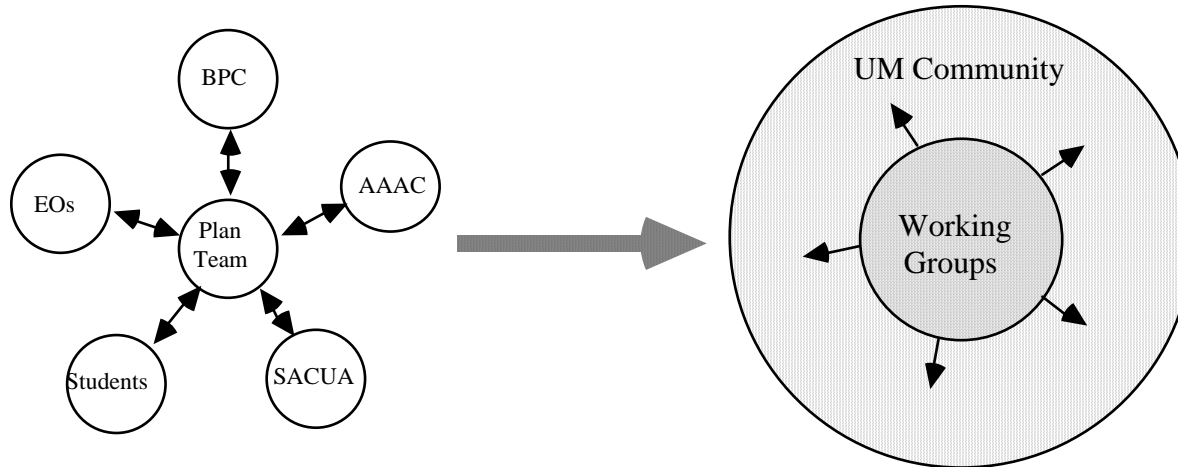
1987-88:

Social Work, Education, Medicine, Natural Resources, Plant Operations, Plant Extension, Housing, ISR, Population Studies, LS&A

1988-89:

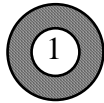
Architecture, Art, Nursing, Engineering, Law, Medical Center, other academic, administrative, and auxiliary units

Propagating the Process

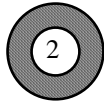


Resource Allocation

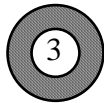
Resource Allocation
"Knobs"



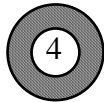
Aligns process with strategic objectives



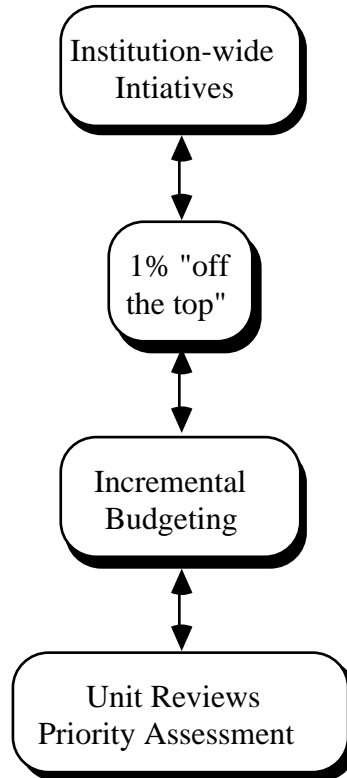
Stimulates unit planning and prioritization



Primary tool for resource reallocation



Establishes priority of units



Objectives

- Targets major University priorities
- Gets people excited and involved
- Pulls people together

- Provides "venture" capital
- Stimulates internal priority setting with units

- Primary mechanism for major reallocation among units
- Funds major needs and opportunities at unit level

- Better understand units
- Determines degree to which unit objectives align with University objectives
- Determines priority of unit for University resources

Strategic Initiative Process

Reallocation Process:

For FY87-88, FY88-89, and FY 89-90, reallocate 1% of the base General Fund budget through a University Initiatives Fund into several strategic thrusts.

Characteristics of Strategic Initiatives:

- **Broadly supported strategic priorities of University**
- **University-wide**
- **Strong grassroots involvement**
- **One-time (flexible) projects**

Strategic Initiative Fund

FY87-88 University Initiatives:

- Undergraduate Initiatives Fund (\$1 M)
- Presidential Initiatives Fund (\$1 M)
- Diversity Initiatives (\$1 M)
- Graduate Education (\$800 K)
- Sciences (\$600 K)

FY88-89 University Initiatives:

- Target of Opportunity Fund (\$1 M)
- Special Faculty Salary Program (\$2 M)
- Sciences (\$500 K)
- Classroom Renovation Project (\$1 M)

Phases of the Strategic Leadership Process

Phase I: 1986-87

"First, the 2x4..."

Phase II: 1987 to present

"Where do we want to go?..."

Phase III: 1988-89

"How do we get there?..."

Phase IV: 1989 and beyond

"3, 2, 1...We have ignition...and all systems are go!..."

Strategic Leadership Process: Phase I (in place)

- **Strategic Initiative Fund**
- **Strategic Planning Team**
- **Strategic Retreats**
- **Undergraduate Initiatives**
- **The Michigan Plan (Diversity)**
- **Steps toward creating an Entrepreneurial Environment**
- **Capital Facilities Plan**
- **Information Technology Plan**
- **Management Incentives Plan**
- **Public Service Plan**

Strategic Leadership Process: Phase II (under development)

- **Community Initiatives**
- **Communications/Public Relations Plan**
- **Resource Allocation and Management (CBA, 2x4 Group)**
- **Graduate Education**
- **Development Plan**
- **Medical Center Plan**
- **Admissions/Financial Aid/ Academic Services**
- **Resource Analysis and Strategy**

Strategic Leadership Process: Phase III (awaiting launch)

- **Involvement of broader University community**
- **The Political Agenda**
- **Student Leadership**
- **LS&A**
- **Balancing Academic, Administrative, and Auxiliary Activities**

The Undergraduate Initiatives

Goal: To launch a series of initiatives designed to improve the quality of undergraduate education at the University.

Phase I:

1. The Undergraduate Initiatives Fund (\$1 M/y)

Themes: Promoting critical thinking and writing, creating a new spirit of liberal learning, promoting acceptance of pluralism and diversity, promoting faculty-student interactions

2. School and College Initiatives

LS&A, Engineering, Natural Resources,...

Phase II:

1. The Undergraduate Initiatives Fund (\$1 M/y)

Themes: Nature of UG education in research university, linkages

to graduate and professional disciplines, enriching the intellectual life of undergraduates, role of sciences

2. Thurnau Professorships for outstanding undergraduate teaching

3. Central Campus Renovation Projects

4. Residence Hall Study

The Michigan Mandate: Premise

Fundamental Premise: Diversity and excellence must be linked together as two of the most compelling goals for the University.

Rationale:

Excellence: Our ability to achieve excellence in teaching, research, and service in a future increasingly characterized by its pluralism will be determined by the diversity of our campus community.

Social Responsibility: The University has a responsibility to increase the participation of underrepresented racial, ethnic, and cultural groups.

A National Imperative: Pluralism will be an increasingly important characteristic of American society, and universities have a particular responsibility to develop models of multicultural communities essential to the future of our nation.

The Michigan Mandate: General Goals

1. *Commitment:*

To recognize the importance of diversity and pluralism to the mission of the University -- and to make a firm commitment to its achievement.

2. *Representation:*

To commit to the recruitment, support, retention, and success of underrepresented minority groups among our students, faculty, staff, and leadership.

3. *Environment:*

To build on our campus an environment which seeks, nourishes, and sustains diversity and pluralism.

The Michigan Mandate: Strategic Actions

- 1. Target of Opportunity Faculty Recruiting Program**
- 2. Minority Faculty Development**
- 3. Minority Student Financial Aid Programs**
- 4. Minority Student Recruiting**
- 5. Minority Student Retention**
- 6. Research Thrusts**
- 7. Role of the Office of Minority Affairs**
- 8. Identification and Support of "Change Agents"**
- 9. Multicultural Education Programs**
- 10. Student, Faculty, and Staff Discipline Policies**

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Role of the University Leadership

- **In an institution of the size, complexity, and tradition of the University of Michigan, the central administration has limited capacity to define, redirect, or reorder the priorities of the University.**
- **The articulation and achievement of any mission must be a communal effort. It will rest with faculty groups in and across schools and colleges; with students inside and outside their formal organizations; with professional and other staff throughout the University.**
- **Hence the role of the leadership of the University is simply to generate the debate, and then to provide resources for continuous experimentation.**

The University of the 21st Century

Strategic Themes

General Themes:

- "a heritage of leadership"
- "re-inventing the university for the 21st Century"

Challenges before America:

- pluralism and diversity
- internationalization
- the age of knowledge

Challenges before the University:

- challenge of change
- commitment to excellence
- fundamental values
- sense of community

The Challenge of Change

Driving Forces of 1990s

- Diversity & Pluralism
- Globalization
- Age of Knowledge



The University
of the
20th Century

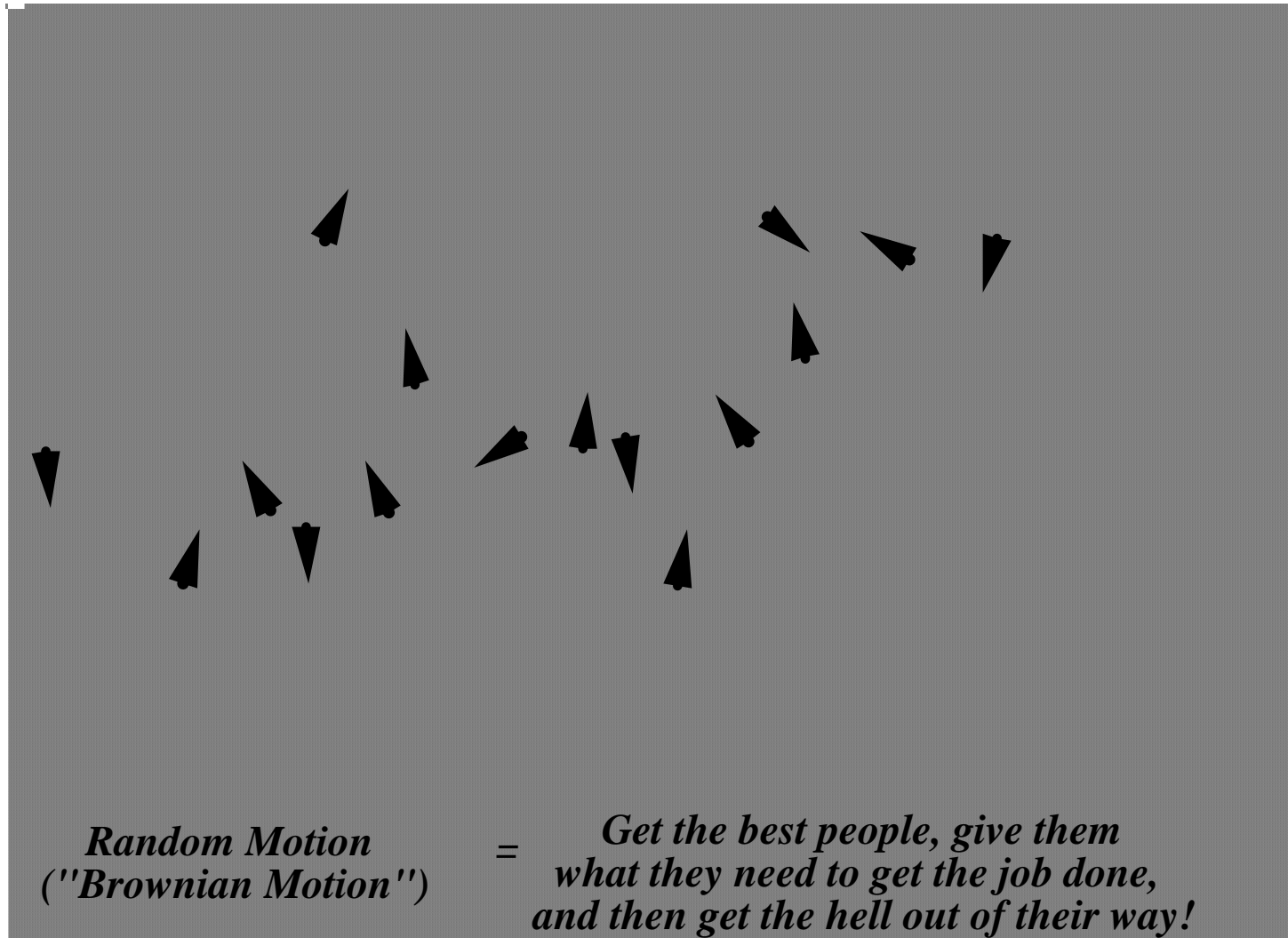
Change

The University
of the
21st Century

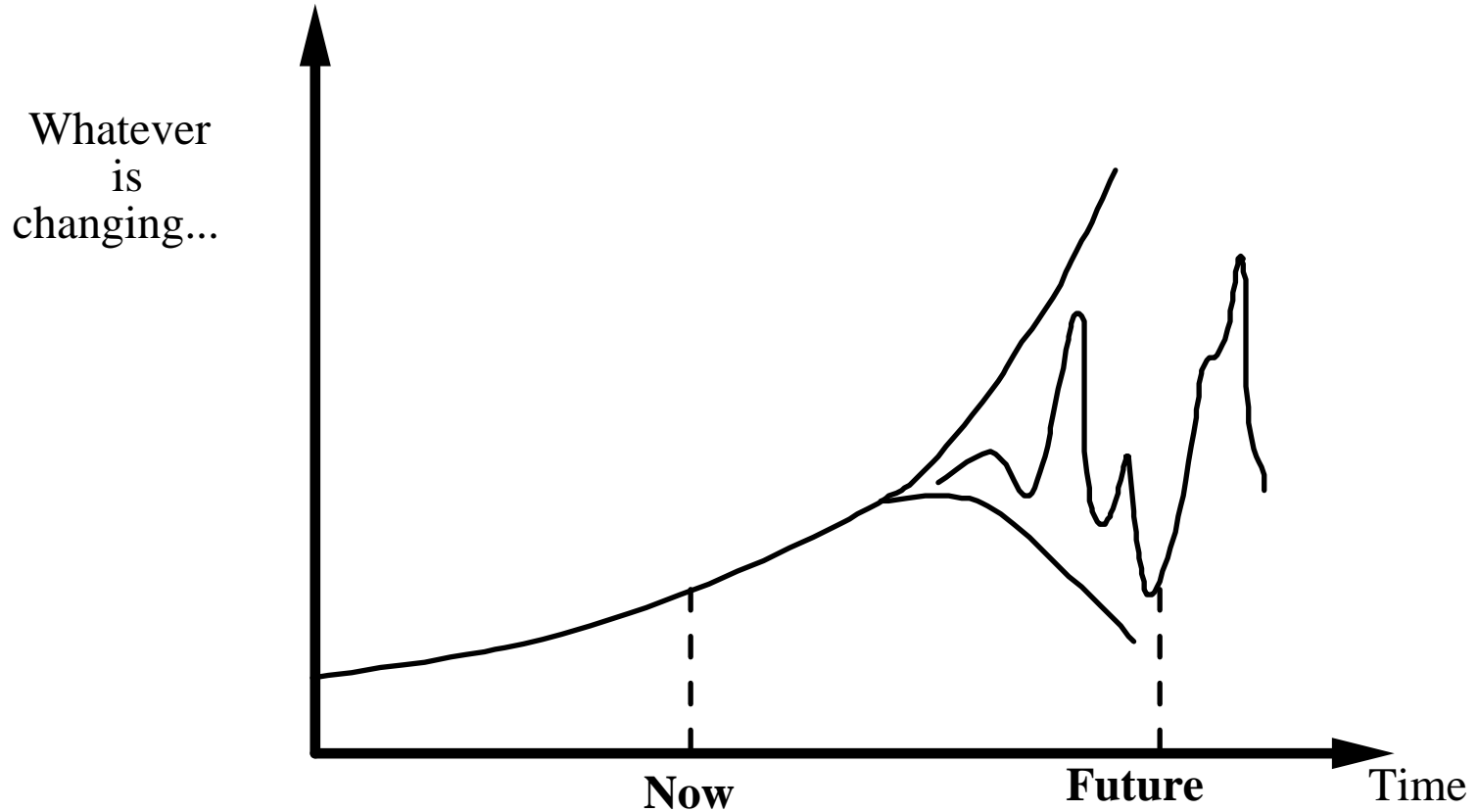
The Foundation for Change

- Commitment to Excellence
- Fundamental Values
- Sense of Community
- Daring and Risk-Taking

Institutional Evolution

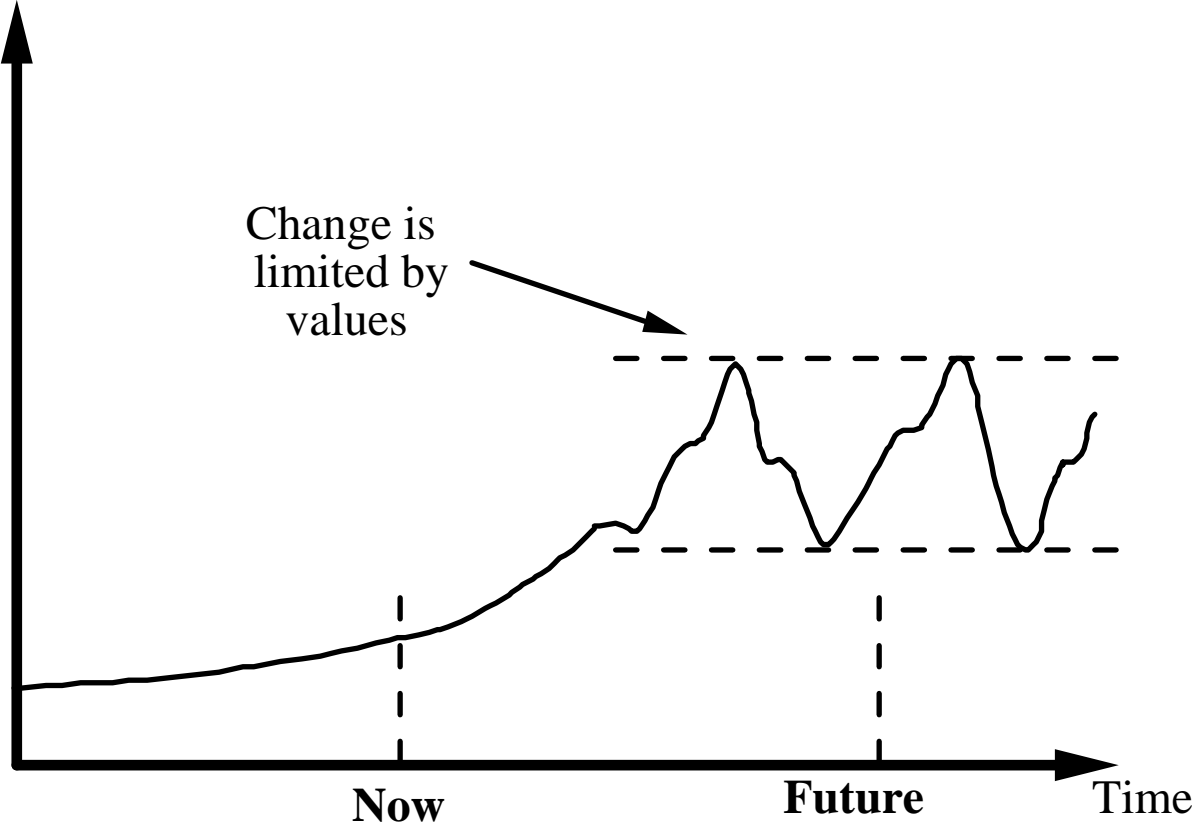


A Graphical Depiction of the Change Process



Limits to the Process of Change

Whatever
is
changing...



Constraints

- 1. The costs of excellence**
- 2. Relationships with various constituencies**
- 3. Structural issues**
- 4. Intellectual issues**
- 5. Political issues**
- 6. Control of the agenda**

1. The Costs of Excellence

- **The costs of excellence will increase faster than the resources available to most institutions.**
- **Most will be faced with making the transition from three decades of growth to the no-growth era of the 1980s and beyond.**
- **More and more institutions will compete for fixed or declining pool of funds, students, and faculty candidates.**
- **There will likely be a shakeout in which those institutions which have already achieved a critical mass of excellence--and have the determination and capacity to sustain it--will draw the best from the available resources and accelerate away from the pack, leaving the rest to compete for a declining resource base.**

Some Theorems Concerning the Costs of Higher Education

HTS Theorem #1: There has never been enough money to satisfy the legitimate aspirations of a truly enterprising faculty or administration.

HTS Theorem #2: The cost of quality in teaching and excellence will rise faster than the total resource base of most institutions.

DEVH Theorem: Over a sufficiently long time, no resource constraints are rigid. All can be managed or changed.

**Principal force driving up costs
in higher education:**

Competition

...for the best faculty

...for the best students

...for the best programs

...for private resources

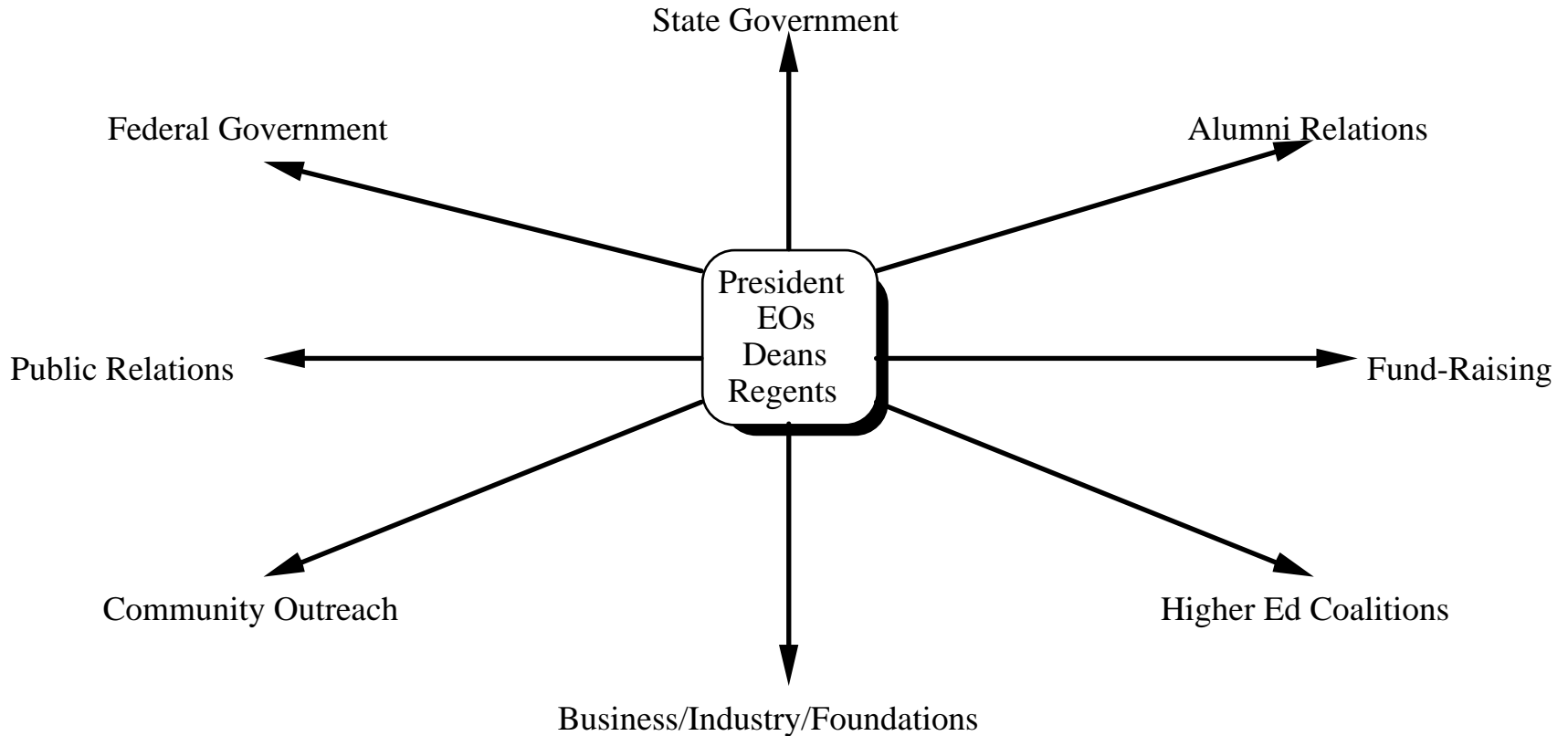
...for public resources

To be #1...

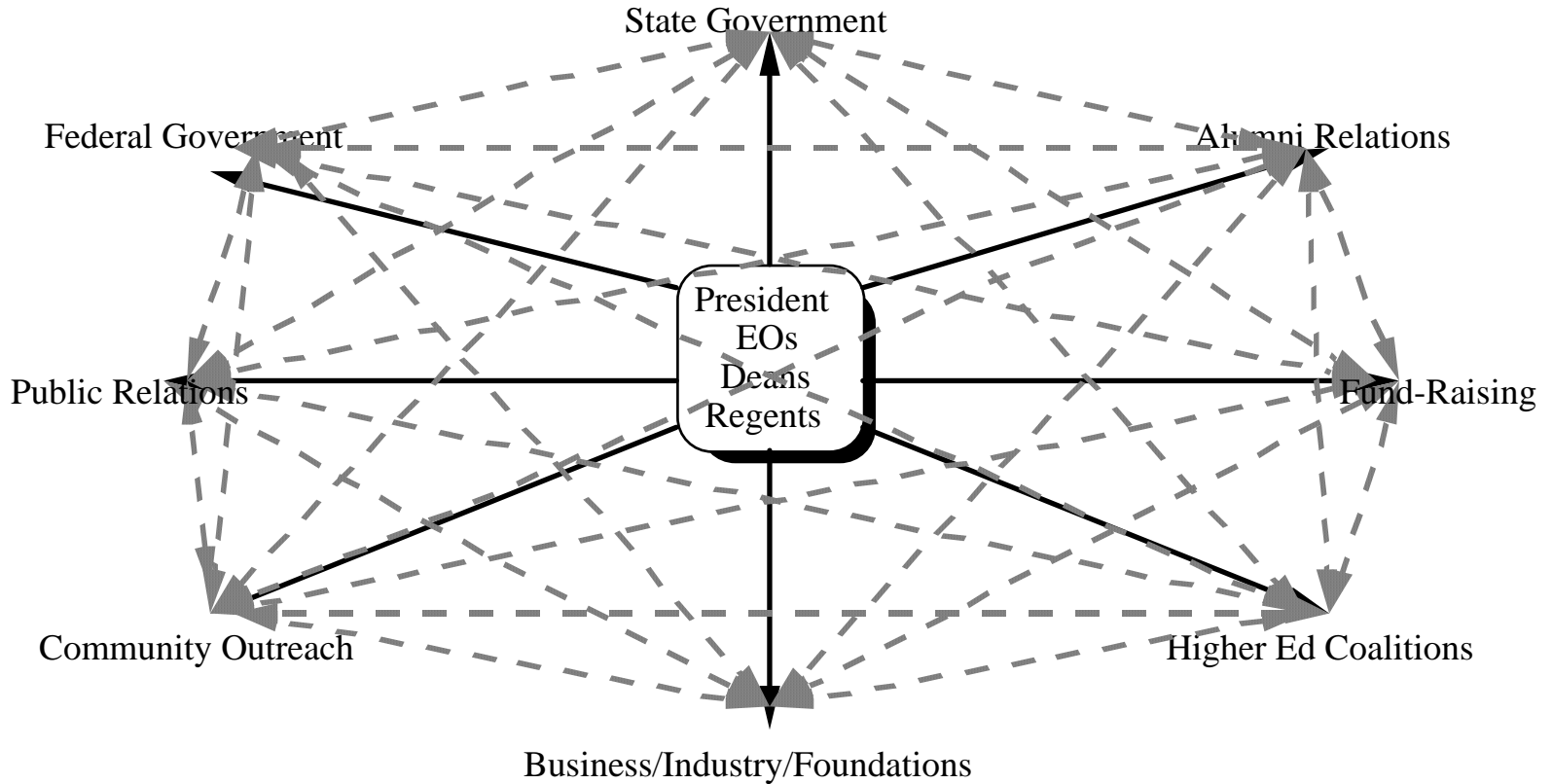
2. Relationships with Various Constituencies

- **The modern research university must deal with and respond to many constituencies: students and parents; the public at large; local, state, and federal government; business, industry, and labor; internal constituencies such as students, faculty, staff, governing boards...**
- **The challenge of responding to the diversity--indeed, incompatibility--of the values, needs, and expectations of these various constituencies**
- **The tension between such responsiveness and the university's role as an independent and responsible critic of society**

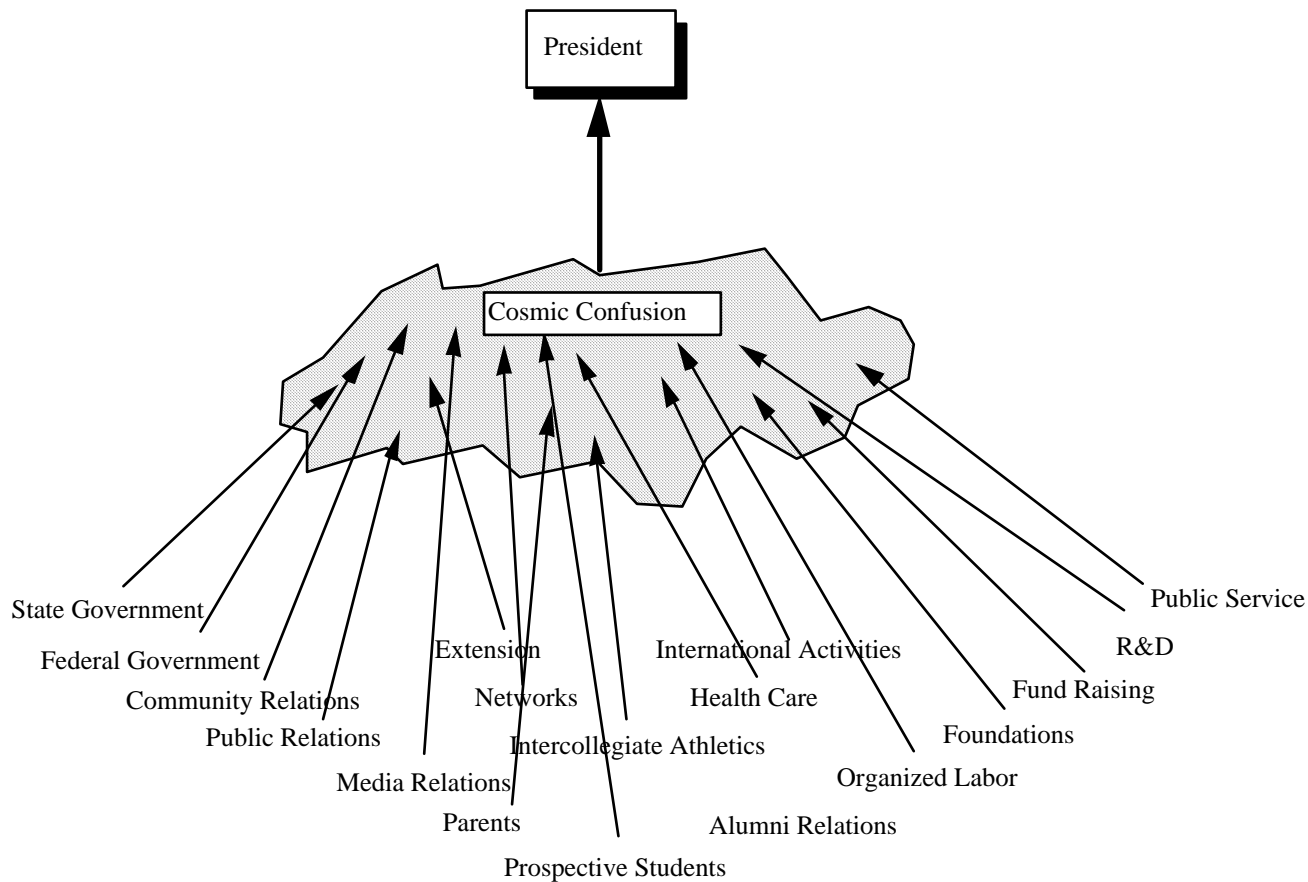
The Constellation of External Interactions



Linkages



Cosmic Confusion



3. Structural Issues

Is the present highly decentralized structure of the University really appropriate for its future?

Although this facilitates the optimization of each of its units, it does not optimize the University as a whole.

Hence, the University of the 21st Century may require some evolution in organizational (and intellectual) structure.



4. Intellectual Issues

- **The nature and importance of a liberal education...**
- **The balance between the disciplines and interdisciplinary teaching and scholarship...**
- **The balance between continuity and change, tradition and renewal...**

An Observation

It may be that the most significant challenges facing higher education today are not the tangible external issues such as resources or public perception, but rather the need to understand better and gain broader consensus about the central goals and beliefs that guide decisions about the university.

If so, then the intellectual and emotional renewal of the role, mission, values, and goals of the university may be the key challenge before us.

Changing the "Corporate Culture"

Constants of the Motion:

**Excellence
Academic Values
Key Michigan Traditions**

Changes:

**More of a sense of community
More "customer focus"
More daring and venturesomeness
More respect for pluralism and diversity
More interdisciplinary intellectual activities
More of a long term, strategic focus**

5. Political Issues

External politics:

- **Threats to autonomy by state government**
- **Public confidence in higher education ("Profscam")**
- **Unwillingness to invest in the future**

Internal politics:

- **Rising student activism**
- **The politics of pluralism**
- **Faculty concerns in the "multiversity"**

6. Controlling the Agenda

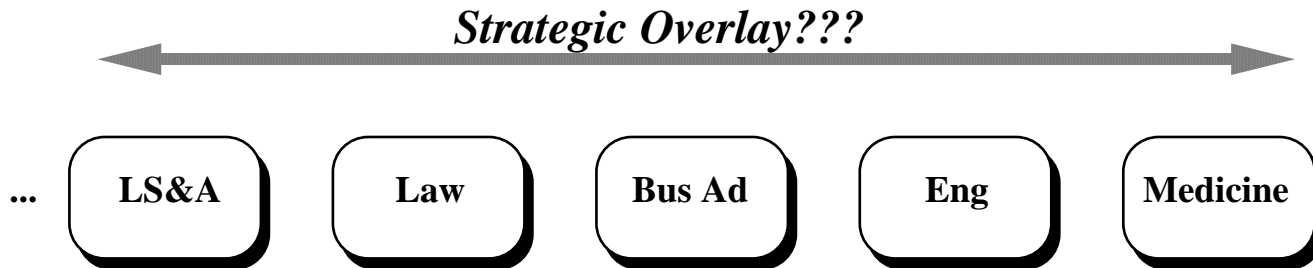
How do we keep our eye on the ball and control the agenda in the face of the day-to-day crises and disruptions that inevitably occur in complex organizations such as universities?

How do we involve the university community in strategic themes?

How do we maintain consistency and focus of the themes?

How do we get the units to buy in?

How do we involve our units (deans and directors)
in broader strategic issues?



Are there tensions among the themes?

Tensions

What is UM's "Market Niche"?

1. **Heritage of leadership as flagship of public higher education.**
2. **Unusual combination of quality, breadth, and size.**
3. **Well-balanced resource portfolio (state, federal, tuition, private, auxiliary)**
4. **Quality of students, faculty, staff.**
5. **Unusual ability to control our own destiny.**
6. **Liberal spirit, activism, progressive vision.**
7. **Unusual characteristics (athletics, cultural opportunities, size of alumni body,...).**
8. **Unusual ability to take risks to achieve leadership.**

Possible Constraints

1. Eroding autonomy from public sector (state, federal)
2. Location in "industrial midwest" ("extraordinary intolerance of extreme excellence")
3. Weakness of political representation
4. Public perception of University
5. Inertia, resistance to change
6. Inadequate resources to achieve desired degree of quality with present size and breadth

Possible Opportunities for Leadership

1. Development of a new paradigm for a liberal undergraduate education within the environment provided by a great research university
2. The Michigan Mandate: a model of a multicultural community
3. "Electronic university" -- a model of the knowledge-based organization of the future (ITD, NSFnet, MITN, ITIC,...)
4. International center of learning
5. Unusual strength and breadth in health sciences
6. Interdisciplinary structures (Humanities Inst, ISR,...)
7. Cultural opportunities (performing and fine arts)
8. Nurturing a liberal spirit among our students and faculty.
9. Basic and applied social sciences (including new models of outreach).

FY88-89 Actions

Setting the Overarching Themes:

**University of 21st Century
Diversity, Globalization, Age of Knowledge
Change, Excellence, Values, Community**

Recruiting the People:

**EOs: Provost, VPCFO, Ch/UM-D, Ath Dir
Sen Staff: Univ Rel, Gen Coun, Aff Act, Univ Events
Deans: LS&A, Eng, Den, ISR,
Pers Staff: Sen Assts, Ex Sec, Office Staff, House Staff**

Forming the Teams:

**Exec Com, President's Cabinet, UM System Group
State Strategy Group, Strategy Planning Team
Regents, Key Standing Committes and Task Forces**

The Business Plan

Who is our competition?

1. The Leading Public Institutions?

UC-Berkeley, UCLA, UCSF, UCSD???

Big Ten (Illinois, Wisconsin, Indiana,...)

Sunbelt: UNC, UVa, Texas,

2. The Leading Private Institutions?

Leaders: Harvard, Stanford

Smaller "Ivys": Yale, Princeton, Columbia, Chicago, Duke

Comprehensive: Cornell, Penn, Northwestern,...

Special Focus: MIT, Caltech

Who will determine the paradigm?

Stanford???
Cornell???

Michigan???
UCLA???

Leading Undergraduate Programs†

1. Stanford
2. Harvard
3. Yale
4. Princeton
5. UC-Berkeley
6. Dartmouth
7. Duke
- 8. Michigan**
9. Chicago
10. Brown

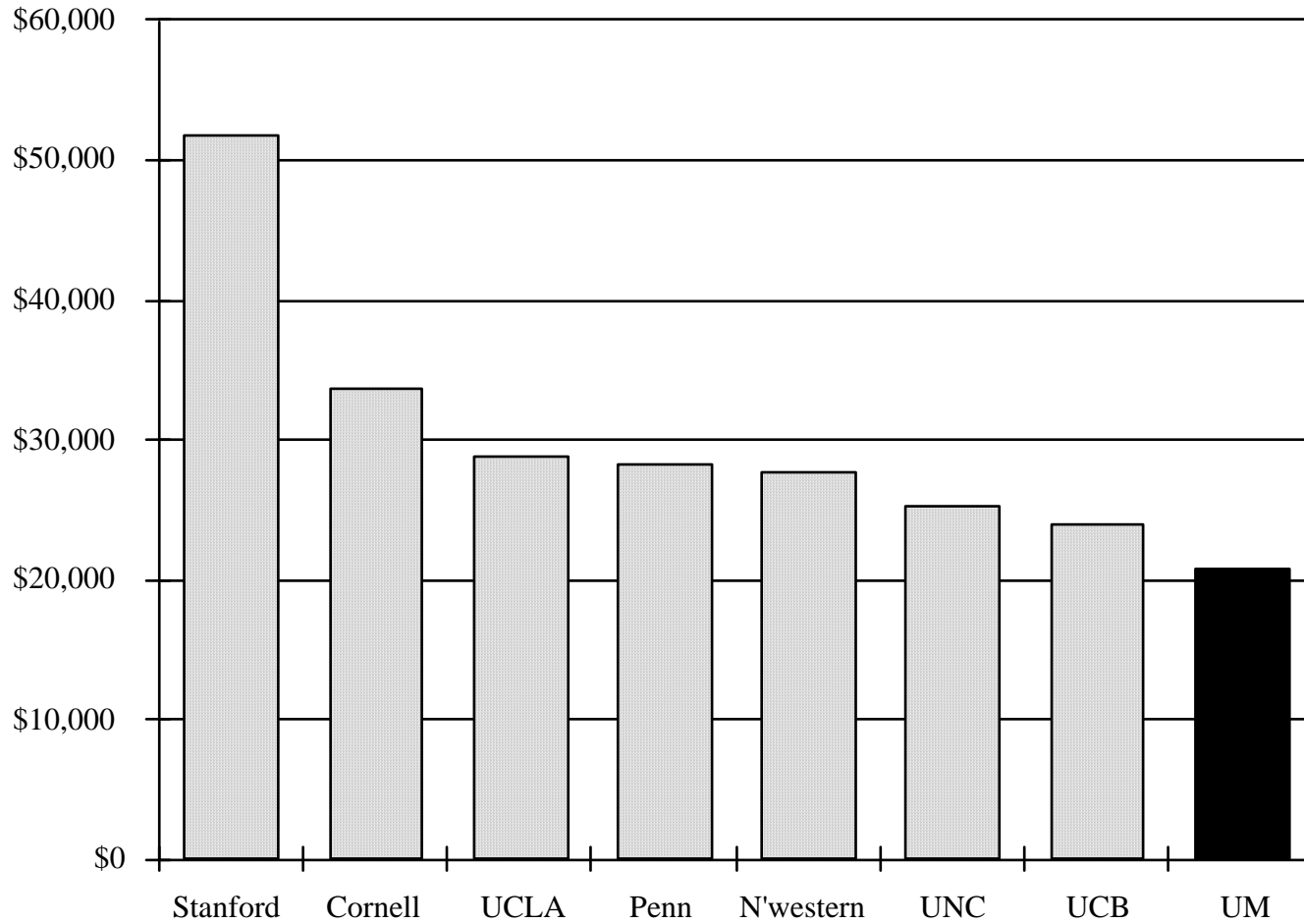
†US News & World Report

Leading Professional Schools†

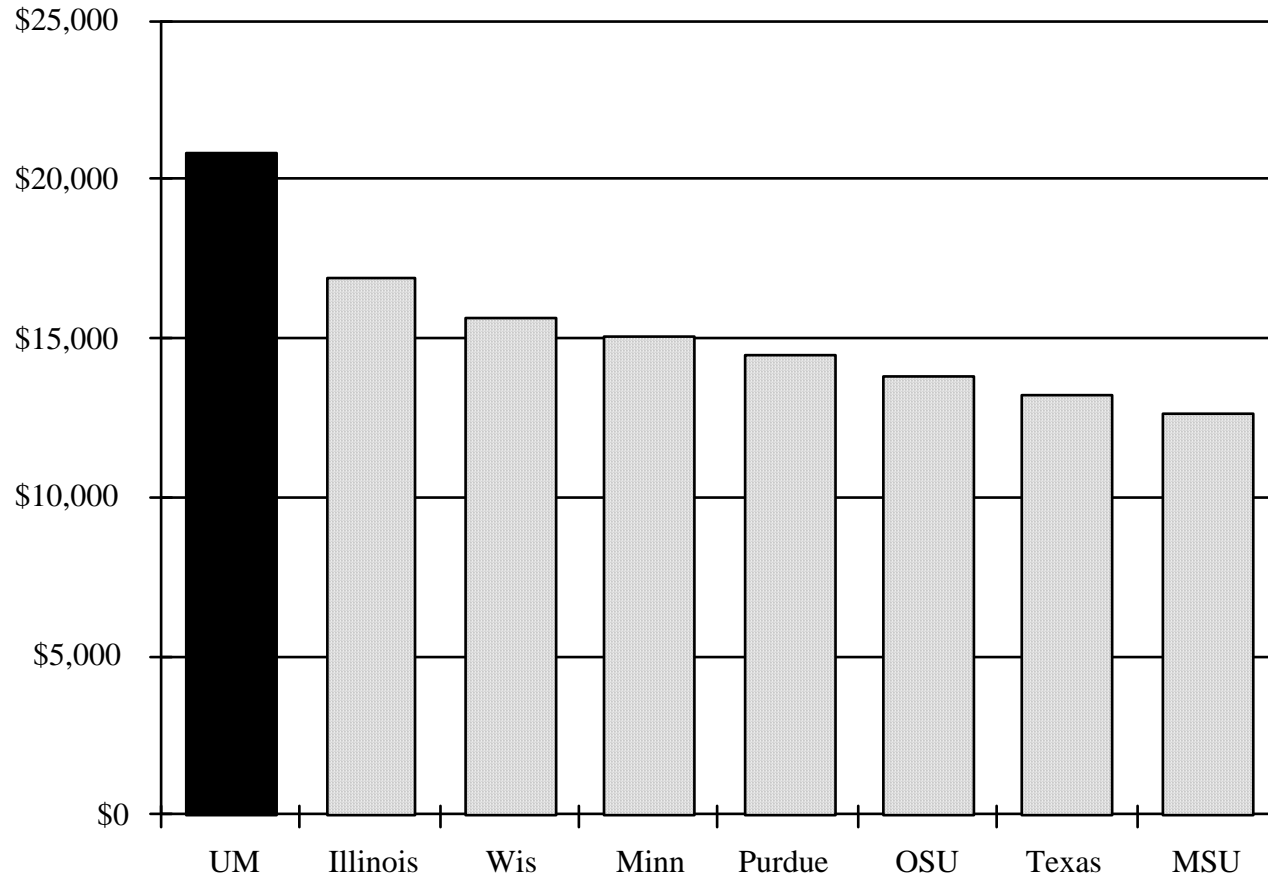
<u>Law</u>	<u>Engineering</u>	<u>Business</u>	<u>Medicine</u>
1. Harvard	1. MIT	1. Stanford	1. Harvard
2. Yale	2. Illinois	2. Harvard	2. Hopkins
3. Michigan	3. Stanford	3. Penn	3. Penn
4. Stanford	4. UC-Berkeley	4. MIT	4. UCSF
5. Columbia	5. Caltech	5. Chicago	5. Yale
6. Chicago	6. Michigan	6. Northwestern	6. Washington
7. UC-Berkeley	7. Purdue	7. Michigan	7. Stanford
8. Virginia	8. Cornell	8. CMU	8. Duke
9. NYU	9. CMU	9. Columbia	9. Columbia
10. Penn	10. Texas	10. UC-Berkeley	10. Cornell

†US News & World Report

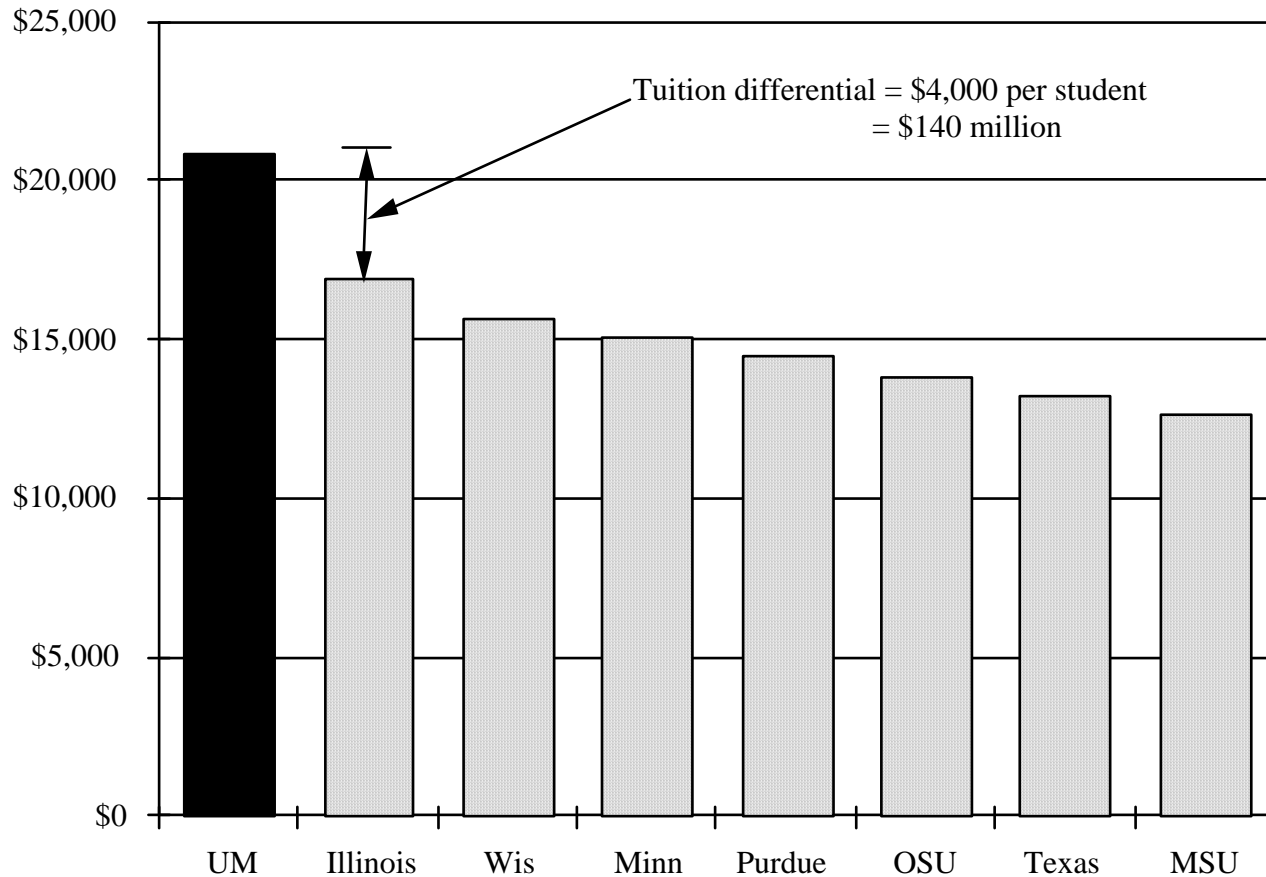
Resources per Student (FY90)



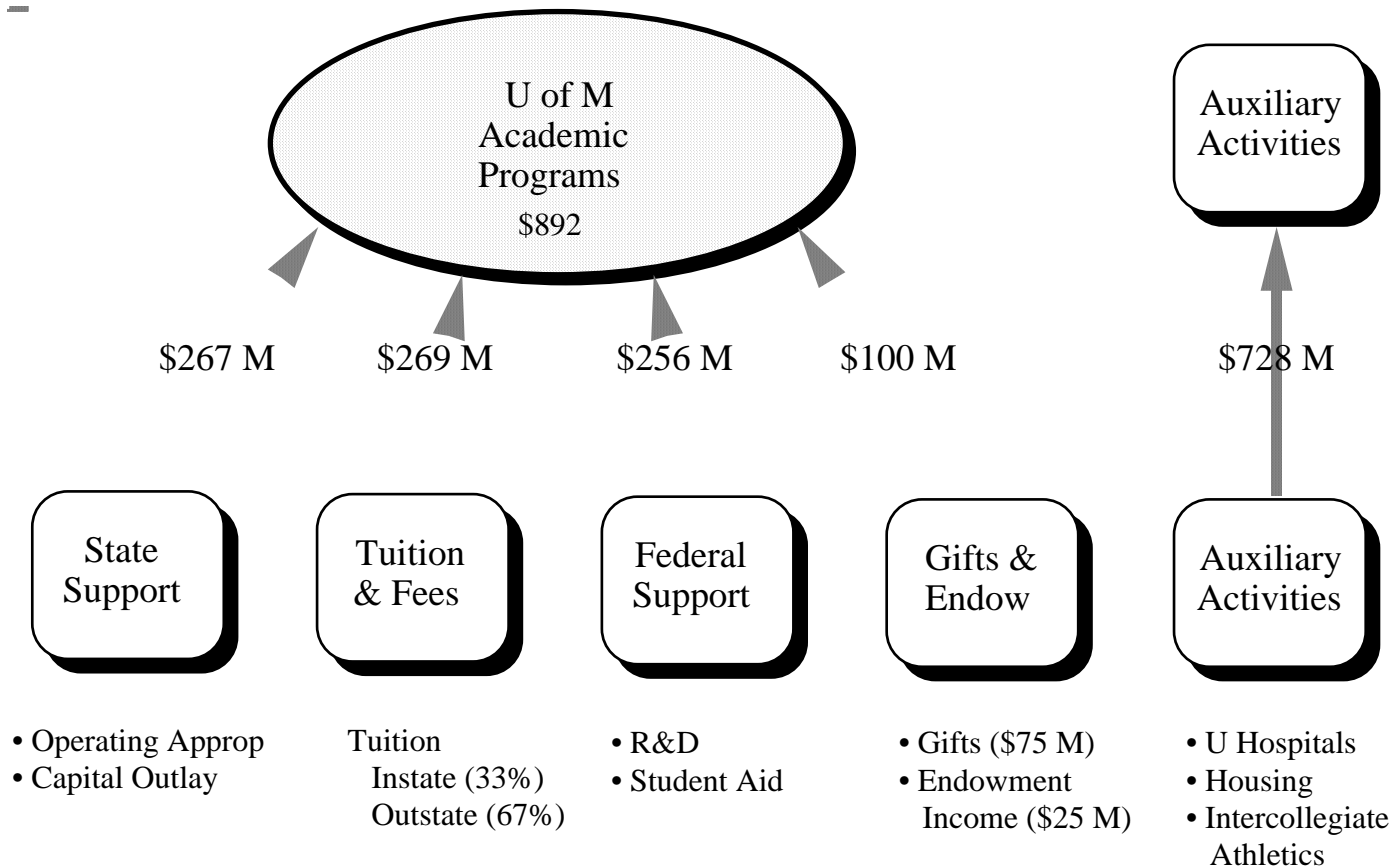
Resources per Student (FY90)



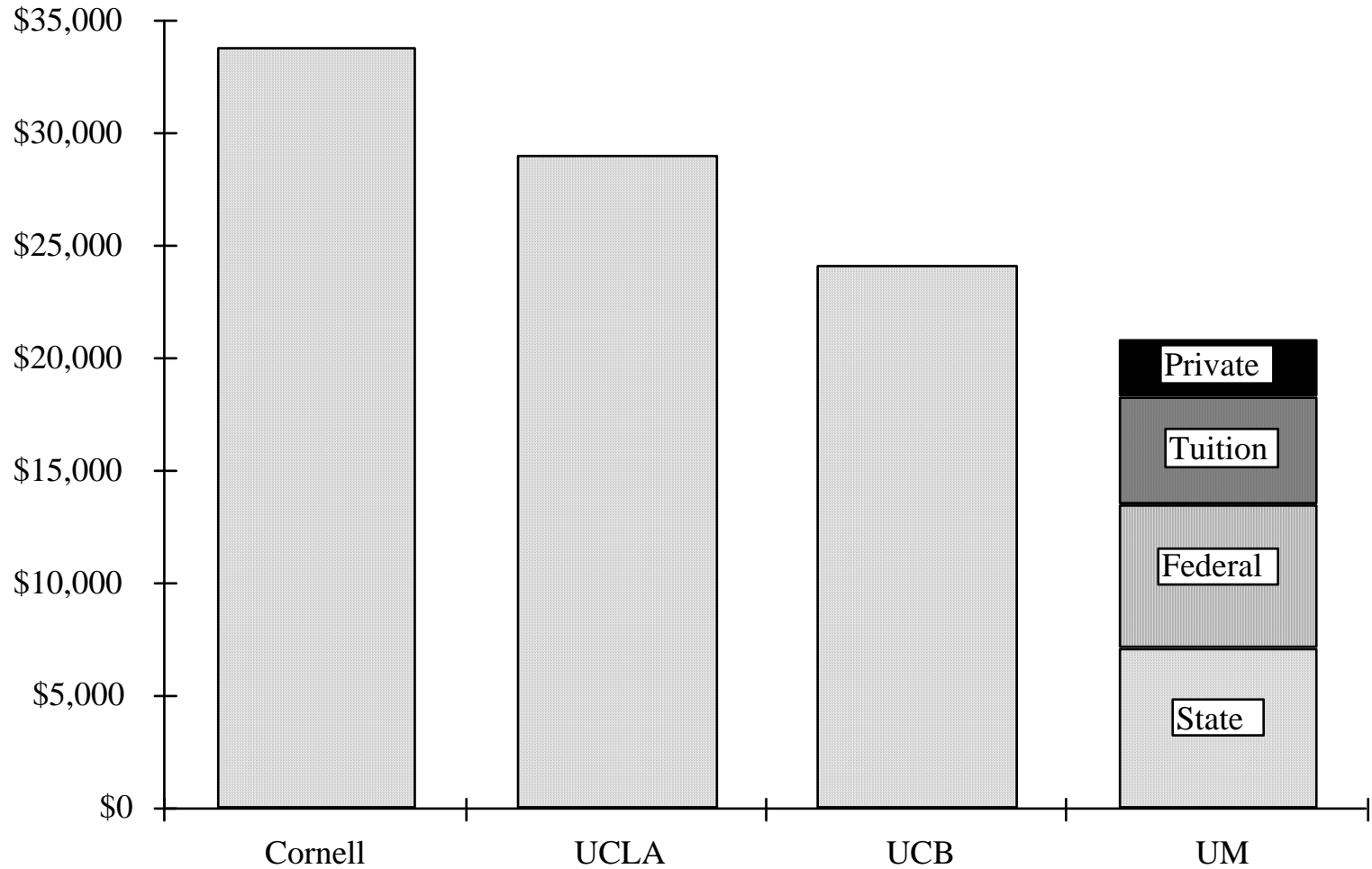
Resources per Student (FY90)



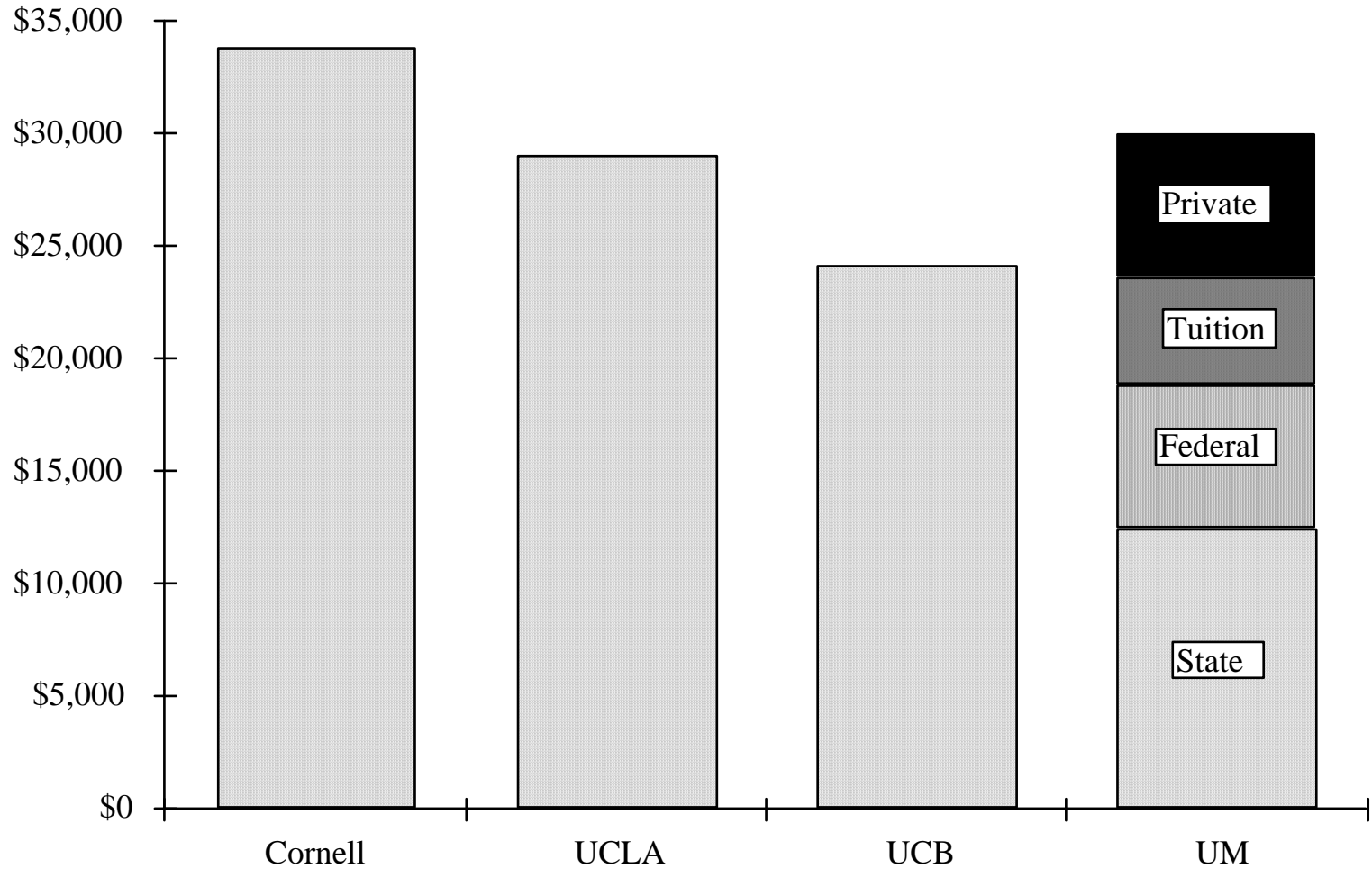
UM Revenue Portfolio (FY90)



The Situation at Present



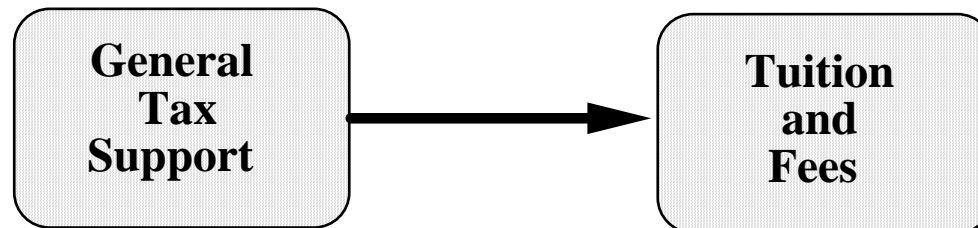
Restoring Historical Levels of State Support



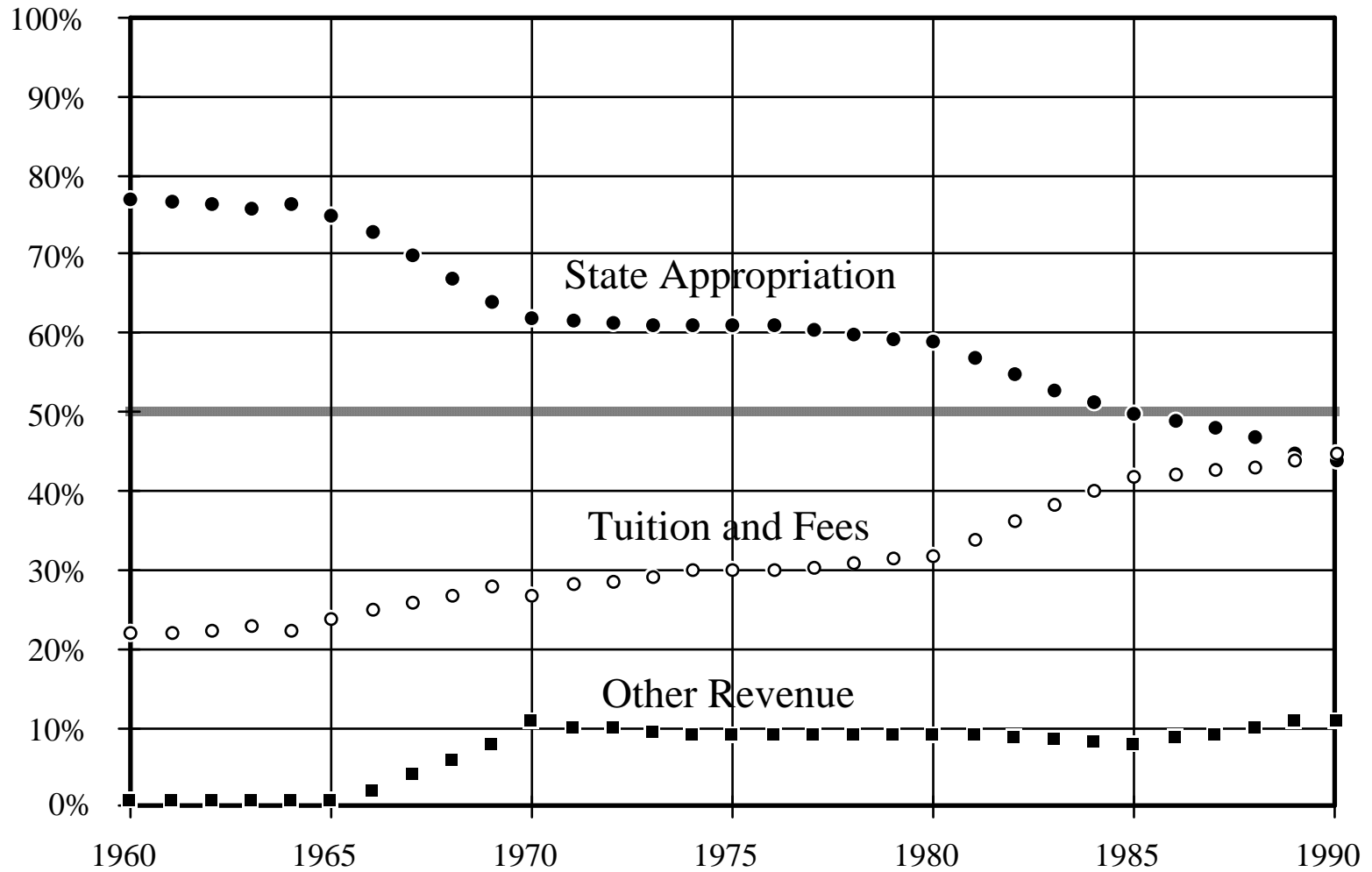
A Shift in Public Policy

The evolution of our public institutions has been shaped by *the public principle*: the public university is established and supported through general taxation to benefit society. The basic premise is that support should be by society as a whole since society gains benefits from the institution, just as do those individuals participating in its particular educational programs.

Yet, in recent years, both state and federal government have taken actions which shift the costs of public higher education from general tax revenue to the students (and their parents) who benefit most directly from this education.



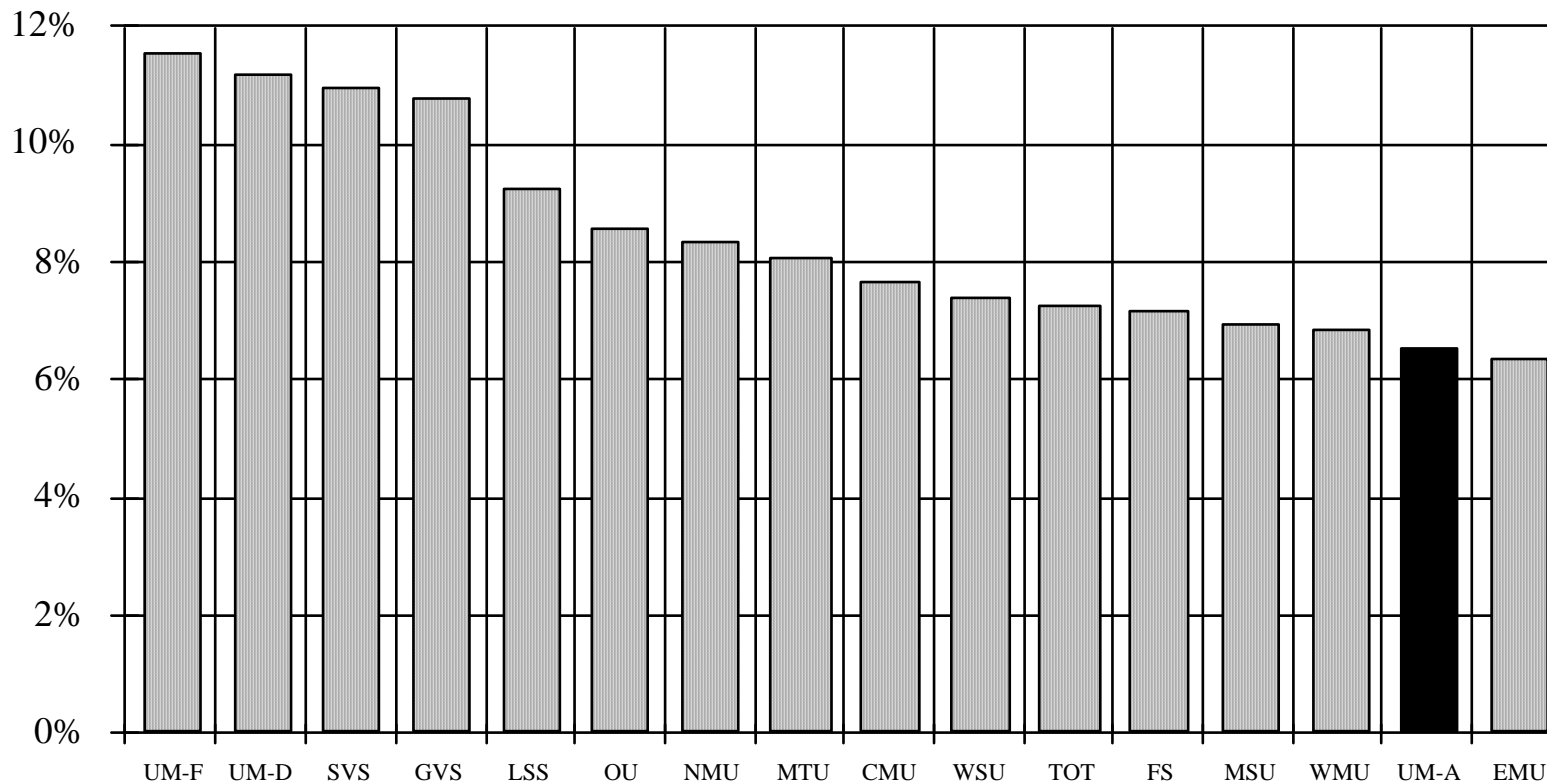
The Changing Mix of General Fund Revenue(UM-AA)



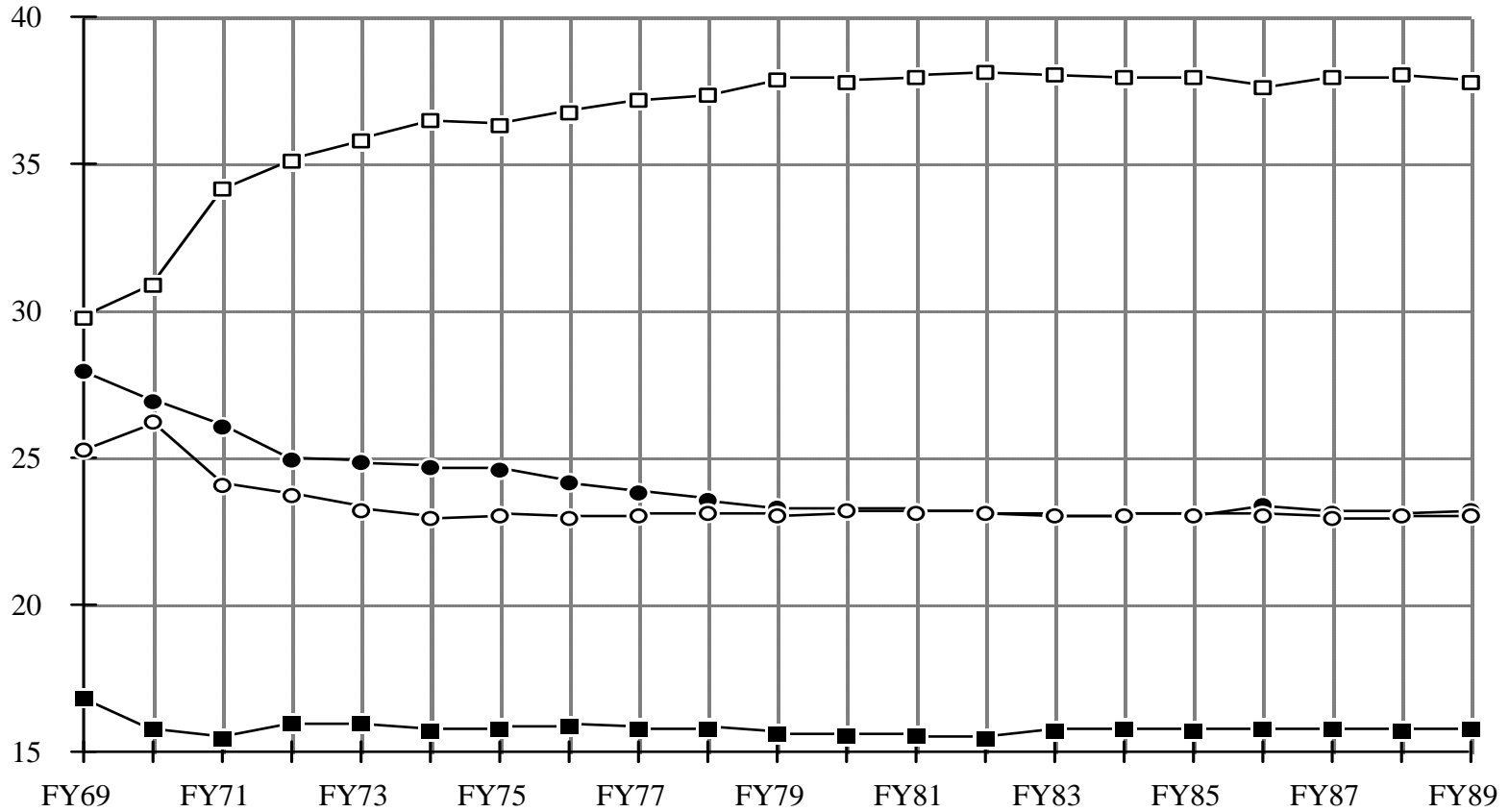
Michigan's National Rankings State Appropriation for Higher Education

	<u>FY83-84</u>	<u>FY85-86</u>	<u>FY87-88</u>	<u>FY88-89</u>
Two year % increase	42nd	10th	20th	45th
Ten year % increase	50th	43rd	35th	38th
Appro per capita	34th	28th	20th	26th
Appro as % of personal income	36th	32nd	31st	35th

Annual Percent Growth in State Appropriations Michigan Public Universities: FY71 to FY89



Share of Total State Appropriations



State Initiatives

Immediate (this fall)

- **Expand Lansing team (4+ FTEs)**
- **Build coalitions with other public institutions**
- **Identify and cultivate "champions" in Legislature**
- **Attempt to strengthen relationship with Governor**

Near Term (this year)

- **Media Relations effort**
- **Community Relations effort**
- **Alumni network (Michigan Advancement Council)**
- **M-PAC**
- **Development of Private Leadership "Roundtable"**

Federal Initiatives

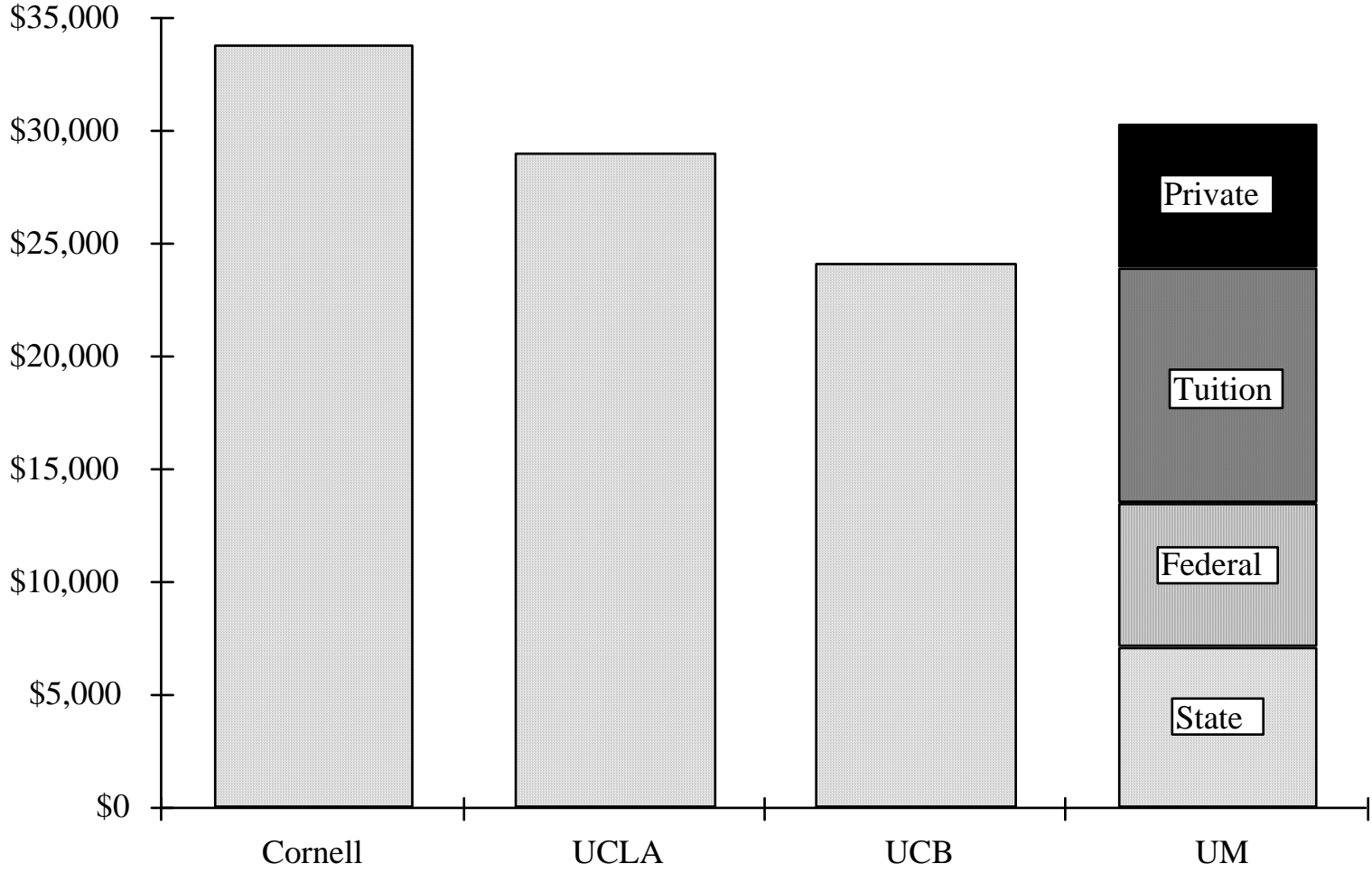
Immediate (this fall)

- Establish permanent Washington office
- Build relationships with Michigan Congressional Delegation
- Coordinate Washington team (3+ FTEs)

Near Term (this year)

- Alumni Networking
- National Educational Organizations
- "Deep" games???

Going to Private Tuition Levels



Tuition Potential: Prices and Costs

Tuition Model #1: Market-Driven

Set outstate tuition at market:	\$12,000
Subtract out state subsidy per student	<u>- 7,500</u>
Instate tuition levels	\$4,500

Tuition Model #2: Cost-Driven

Actual cost: (GF+DF+ERF)/35,000	\$23,000
Subtract out federal and private support	<u>- 11,000</u>
Outstate tuition levels	\$12,000
Subtract out state subsidy per student	<u>- 7,500</u>
Instate tuition levels	\$4,500

Potential of Additional Tuition Revenue

Current private tuition levels:	\$15,000
Current average UM tuition:	<u>\$5,000</u>
Difference	\$10,000

Maximum additional tuition capacity (gross):

$$35,000 \text{ students} \times \$10,000 = \$350 \text{ million}$$

Discounting for financial aid (- 33%):

$$(2/3) \times \$350 \text{ million} = \$230 \text{ million}$$

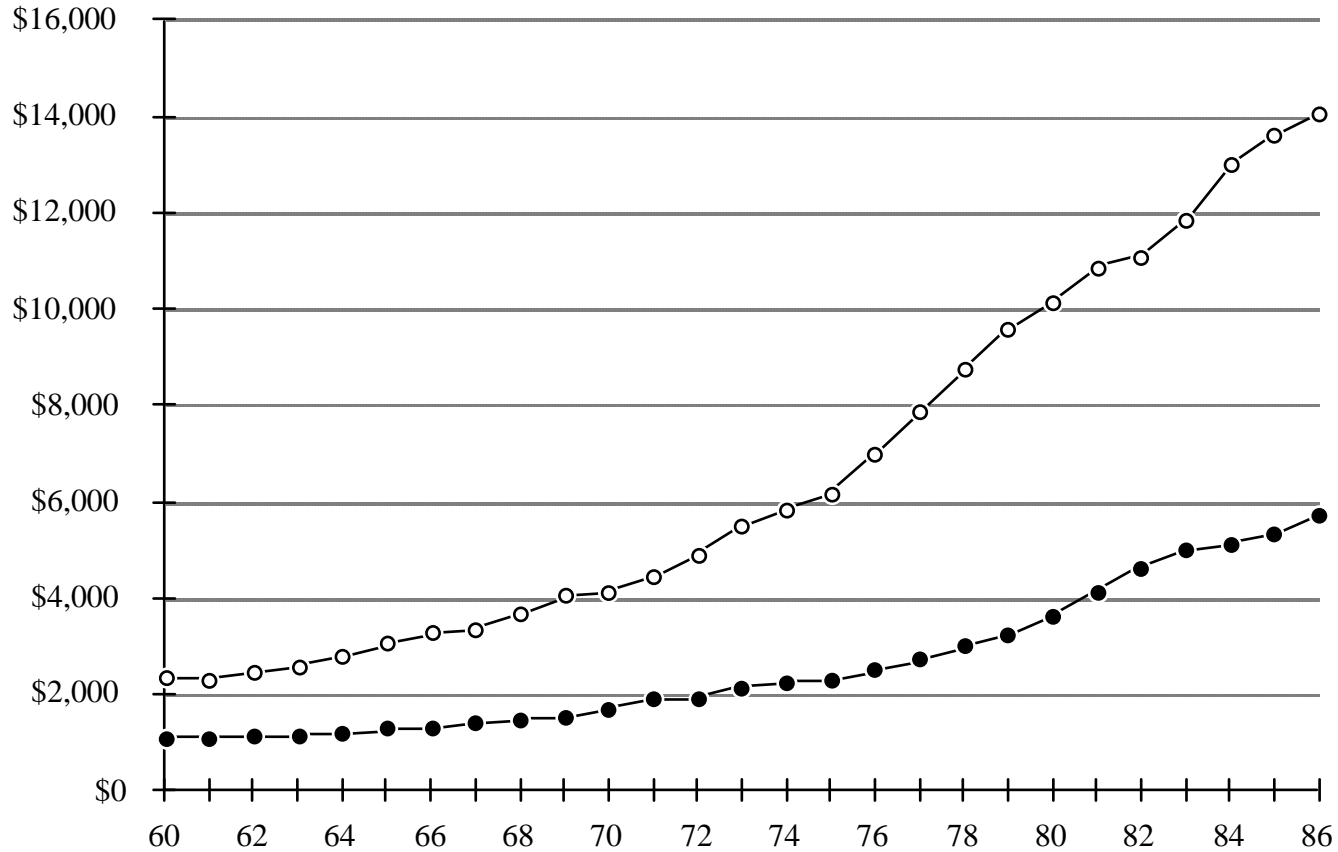
Hence, net additional tuition capacity is roughly equal to present state appropriation:

$$\text{Max Add Tuition} = \$230 \text{ M} = \text{State Aid}$$

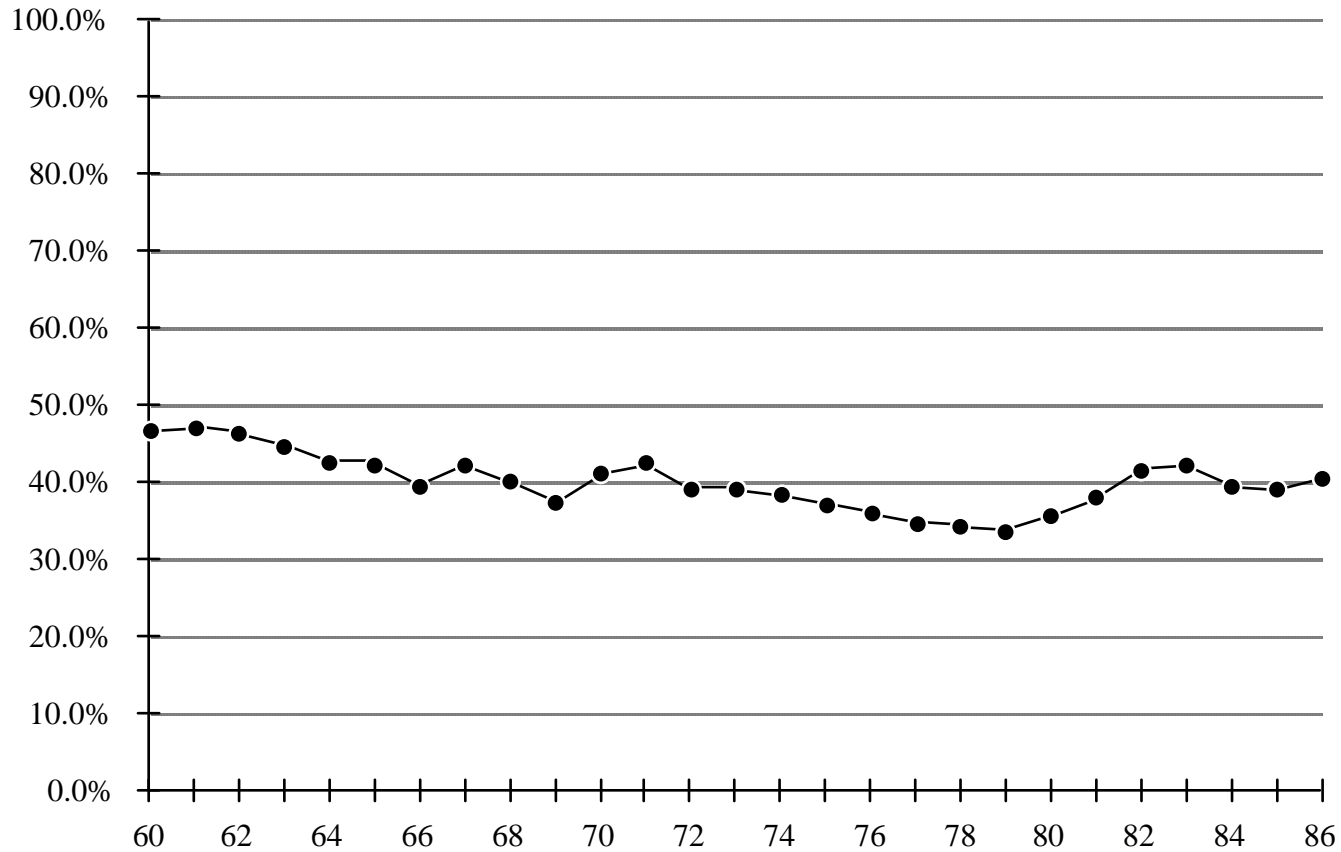
Tuition Cost to a Michigan Resident at the Top Ten National Universities (USN&WR)

<u>Institution</u>	<u>1987-88 Tuition</u>
1. Stanford	\$11,880
2. Harvard	12,015
3. Yale	12,360
4. Princeton	12,550
5. UC Berkeley	5,766
6. Dartmouth	12,474
7. Duke	10,214
8. Chicago	12,300
9. UM	2,883
10. Brown	12,876

Trends in Annual Cost to Michigan Undergraduates vs Trends in Michigan Per Capital Income

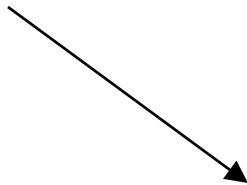


Annual UM-AA Tuition, Room & Board as a Percent of Michigan Per Capita Income 1960 - 1986



Political Constraints

The MET Gorilla



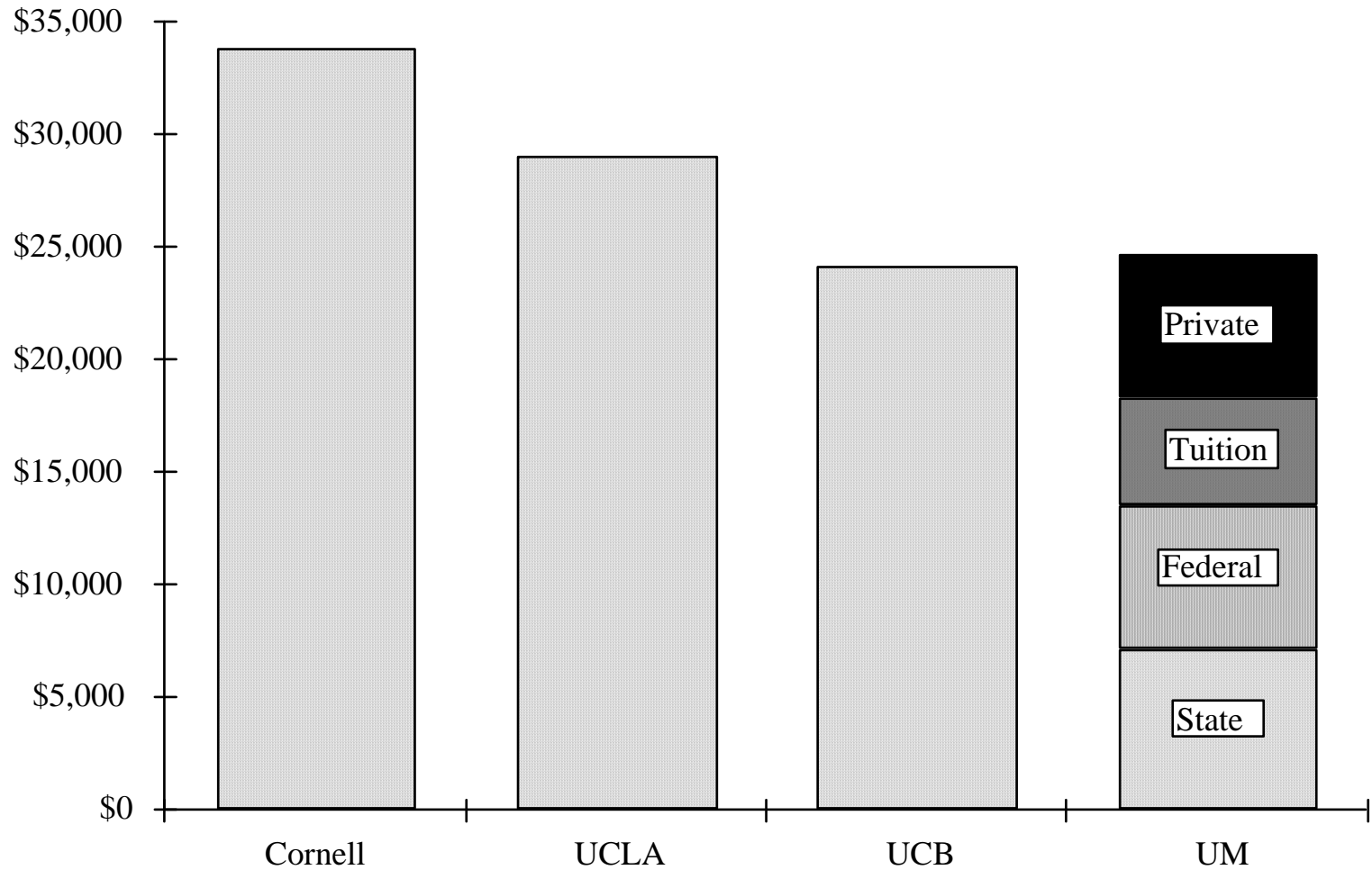
Instate
Tuition

\$4,500

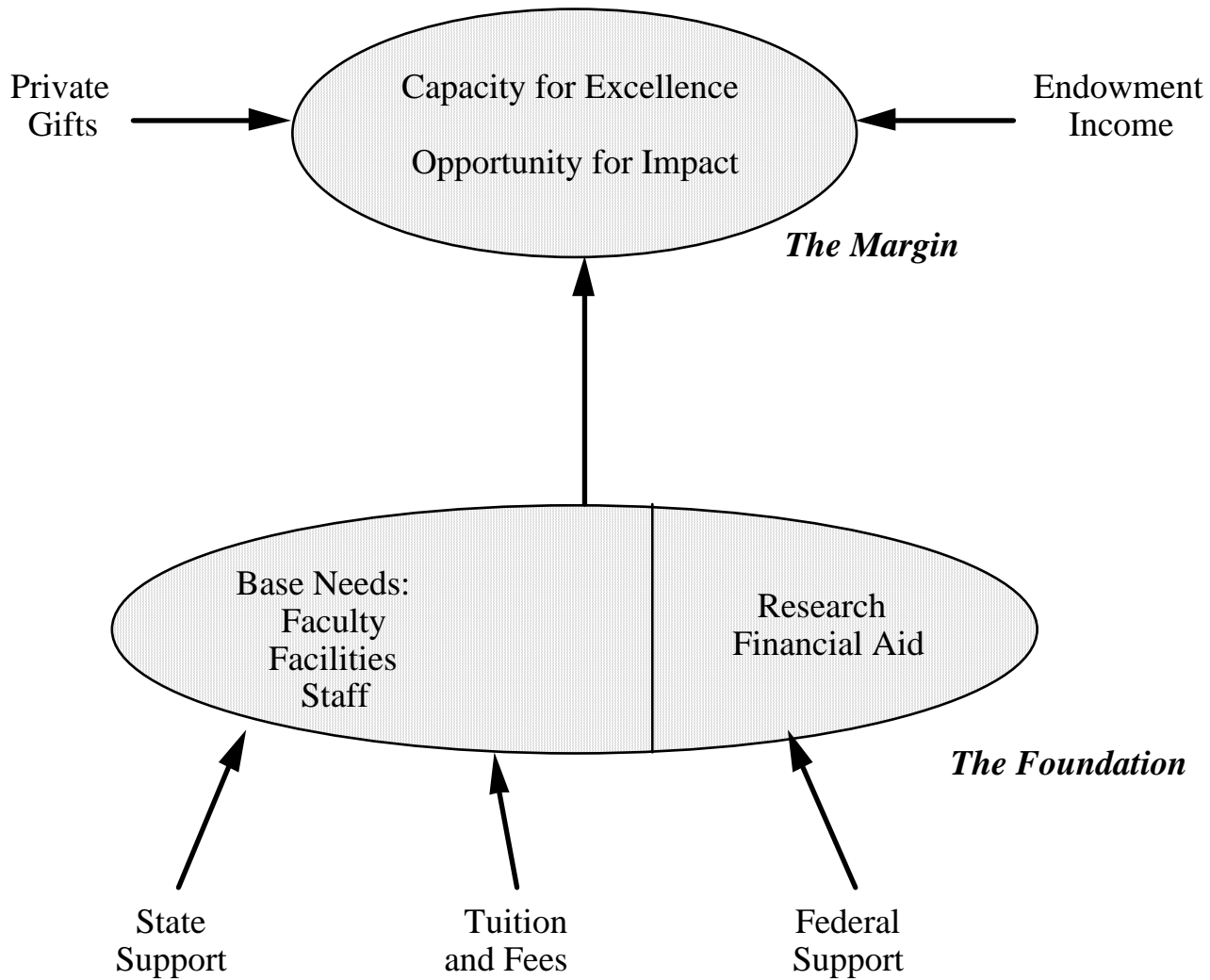


\$3,200

"Private Support" Model



The Importance of Private Support



The Possibility of Strong Private Support

Present Situation:

Gifts: \$72 M/y

Shows good growth...but still far from where it should be (and ranks UM only 24th)

Endowment: \$450 M

**Very low for an institution of this size and quality.
UM ranks 29th among all universities (and
5th among public universities).**

Challenge:

It seems clear that the UM must use the 1990s to make a major effort to substantially increase both private giving and endowment.

The Challenge for the 1990s

Goal: *It seems clear that the University must make a major effort to increase both private giving and endowment during the 1990s.*

Why now?

- **The 1990s is the period in which the University must take the steps necessary to position it for the 21st Century.**
- **Essentially every peer institution will be launching a major capital campaign effort during this period.**
- **We believe we will need a "campaign" level of intensity to excite our volunteer network.**
- **Without substantial increases in both private giving and endowment, it seems clear that the University will be unable to achieve its goals of leadership in the 21st Century.**

The Objective

Some observations:

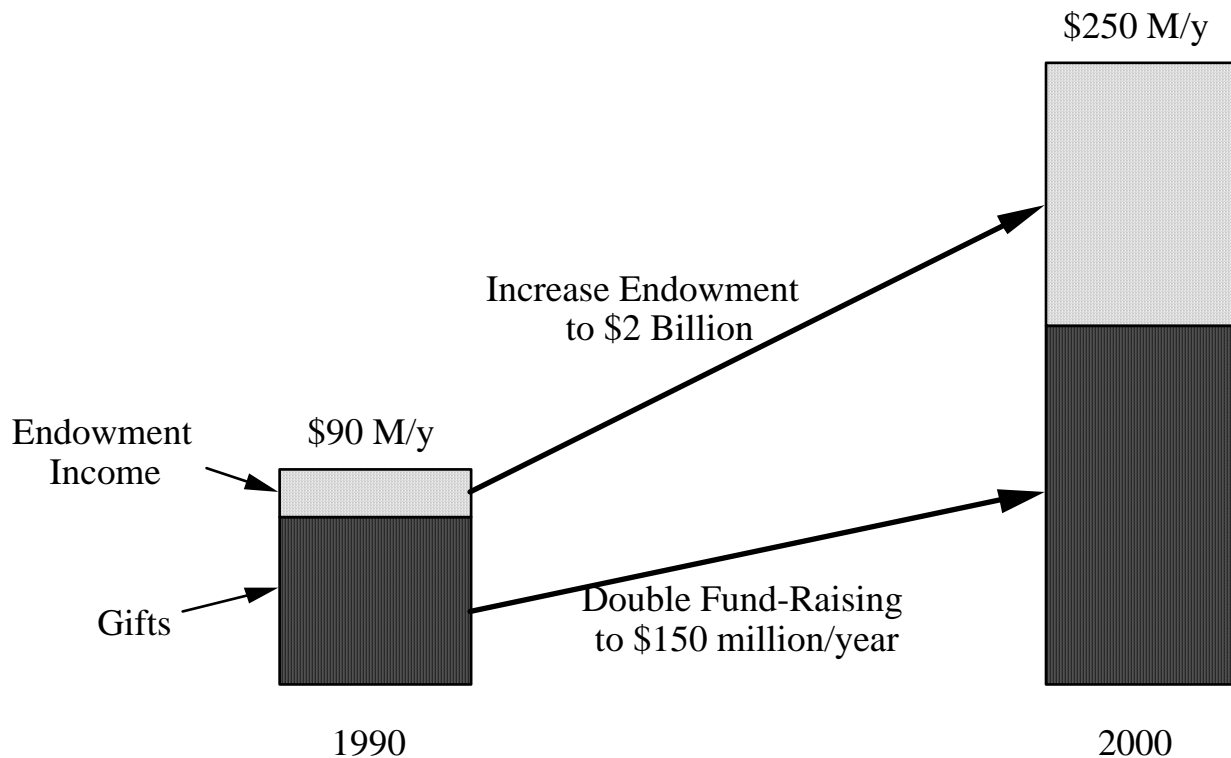
A "business as usual" approach to private fundraising during the 1990s will simply not be sufficient to meet our needs.

To calibrate the magnitude of our task, during the 1980s "Campaign for Michigan", roughly \$375 M was raised over 5 years.

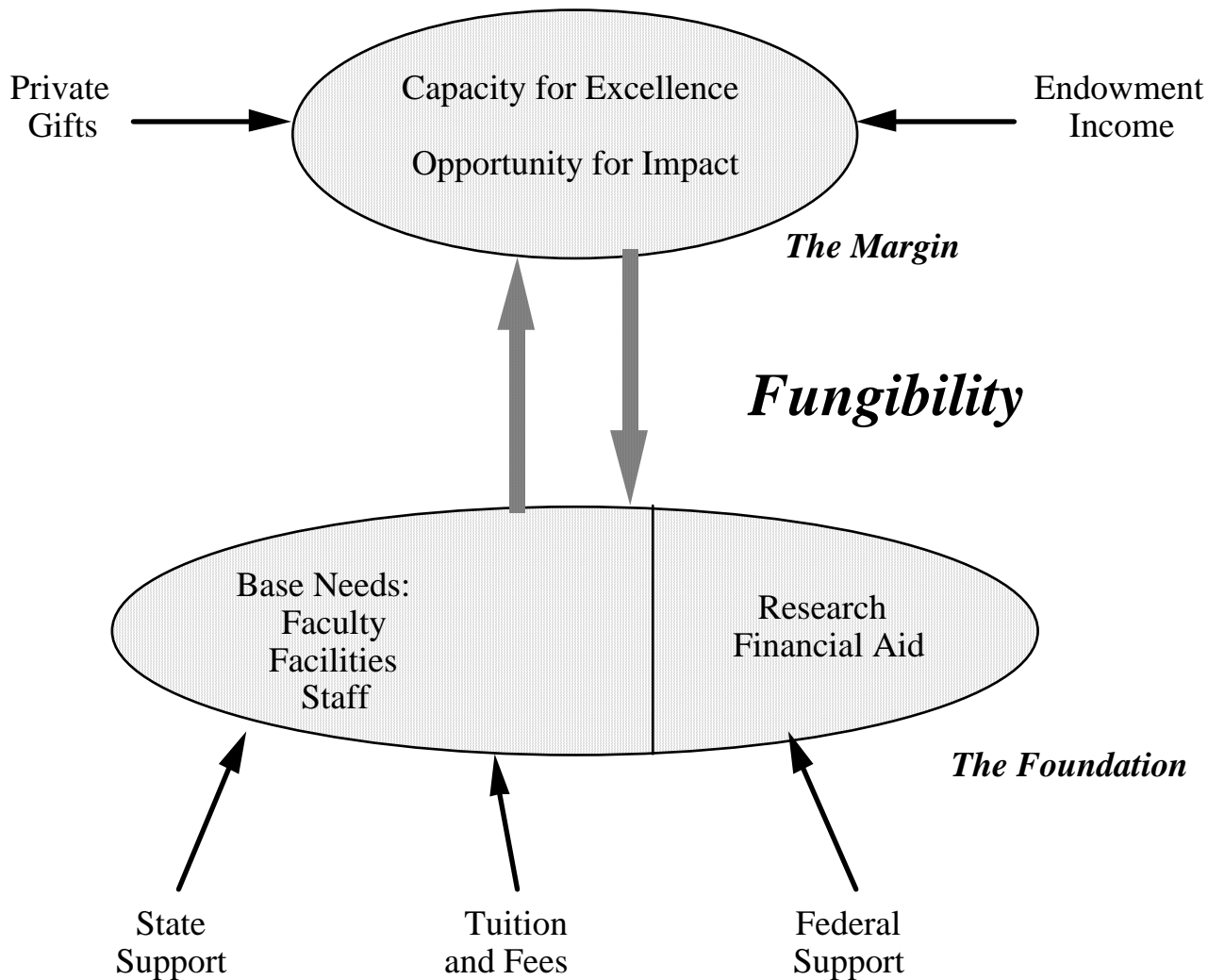
A "business as usual" approach that achieved 10% growth on our present \$75 M/y base would yield \$450 M over five years.

Hence, an intensified "campaign-level" of effort should aim at \$600 M to \$800 M over the first five years, with a corresponding increase over the next five year period.

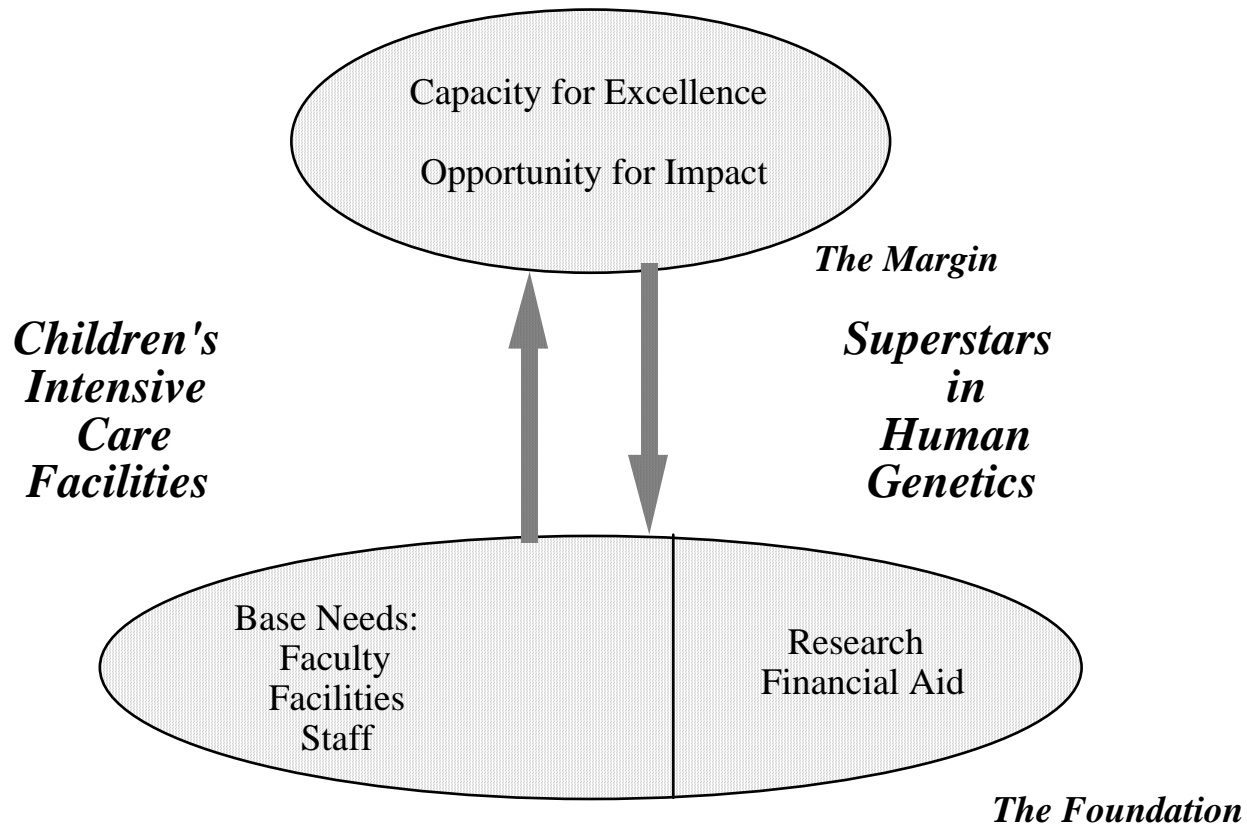
A Fund-Raising Goal for the 21st Century



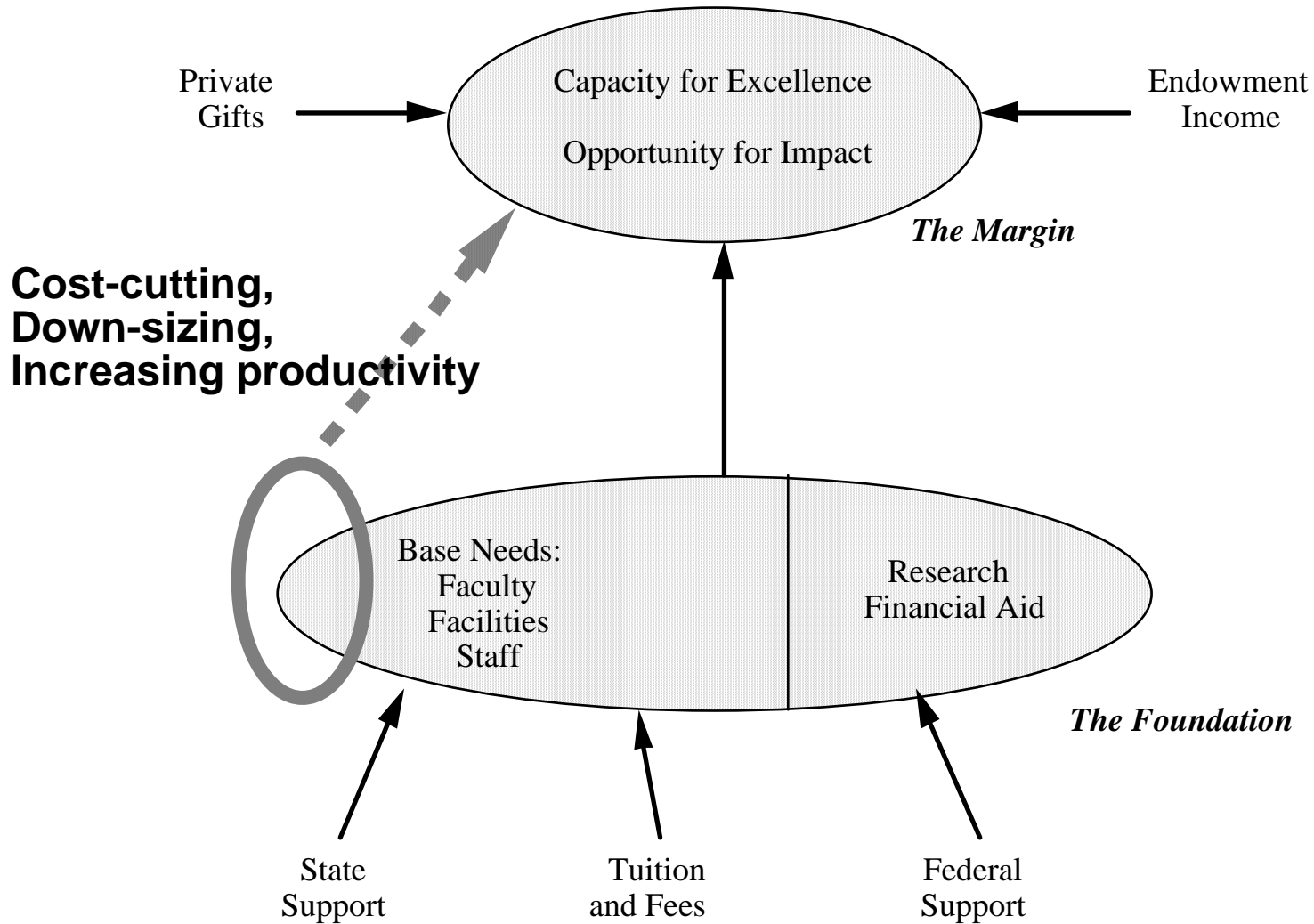
Flexibility and Fungibility



Flexibility and Fungibility: An Example



"Cost-Cutting" Approaches



Present Projects

1. **Football administration building (\$12 M)**
2. **Aerospace Building (\$10 M)**
3. **Social Work Building (\$8 M)**
4. **Pharmacy Wing (\$3 M)**
5. **Humanities Institute (\$10 M)**
6. **Rackham Renovations (\$5 M)**
7. **AAA Museum (\$30 M)**
8. **Bus Ad Campaign (\$40 M)**
9. **Med School Campaign (\$80 M)**
10. **Other traditional themes: chairs, financial aid, facilities, programs,...**

Examples of Opportunities

- **Superstar Funds (Nobel Laureates, National Academicians,...)**
- **Fairchild-type Visiting Scholar programs**
- **Out-of-state Student Financial Aid**
- **Super Teacher Fund**
- **Michigan Mandate**
- **School Campaigns:**
 - Business Administration**
 - Medicine**
 - Law**
 - LS&A**
 - Music**
 - ...**

Unusual Opportunities

- **AAA Museum (Art, Archeology, Anthropology)**
- **Gerald R. Ford Center for Public Policy**
- **Institute of International Affairs**
- **Undergraduate Education**
- **"Participatory" Intercollegiate Athletics (Tier II)**

"Macro-Projects"

- **Societal Infrastructure: K-12 Education, the Family, Poverty, Crime, Public Health, Cities and the Underclass**
- **The Michigan Mandate: diversity and unity, multicultural and multiracial communities**
- **Global Change: (global warming, biodiversity, environmental impact) scientific, political, and economic issues**
- **Manufacturing for the 21st Century: Engineering, Business Administration, Social Sciences**
- **"Globalization" of the University: Existing programs (Asia, Europe), New programs (Africa, Latin America), Cross-Disciplinary programs (Pacific Studies, Northern/Southern Hemisphere Interactions), overseas campuses, language/cultural institutes**

General Areas

- **Endowment**
- **Facilities**
- **Financial Aid**
- **Programs**
- **Other**
 - Cultural Programs**
 - Campus Beautification**
 - Undergraduate Experience**

Tactical Issues

The Realities of a "Giga-Campaign"

- 1. Such an effort will require a major commitment on the part of the University leadership...President, EOs, Deans, and Regents.**
- 2. We will need a stronger volunteer network...comprised of people that are willing to "kill for Mother Michigan" ...**
- 3. Such a campaign must be tightly coordinated with other University outreach activities (e.g., state and federal relations, alumni relations, public relations).**
- 4. We will need to attract several VERY large gifts...in the \$30 M to \$50 M range.**
- 5. We will need a truly compelling case!
You simply cannot raise these amounts for the usual wish list (new buildings, faculty chairs, scholarships...).
Further, the strategy of the 1980s campaign of simply incorporating ongoing efforts will not work.
Rather, we will need new, exciting, and compelling programmatic elements.**

Some Key Strategic Issues

1. Do we have the correct Development emphasis and structure for such an effort?

- Should there be more central focus on major gifts... particularly in the \$1 M and up category (delegating to the units the primary responsibility for ongoing programs such as annual giving or particular projects not subsumed by the Campaign?)
- Do we need a "principal gifts office" that would separately handle the top 100 or so prospects?
- If we chose to focus on the top 25,000 or so prospects for the Campaign, how do we sustain our contact with the rest of our alumni and friends?
- Should we continue our effort to build major systems infrastructure...or instead, shift our emphasis to "people" focused efforts aimed at substantially increasing the rate of "asks"?

Some Key Strategic Issues (cont)

- 2. How do we develop the key themes of the Campaign?**
- 3. How do we handle ongoing projects that do not align directly with the themes we choose?**
- 4. How do we decide where to allocate central resources...
...including the President's and EOs' time?**
- 5. Do we need a different type of volunteer/leadership structure...more similar to the Board of Trustees characterizing most private institutions?**

Initial Steps

1. **Case Statement: Bus Ad, SOUP, AAAC, Regents**
2. **Program Elements: APG, SOUP, AAAC, Regents**
3. **Fundraising Targets: Development Staff**
4. **Fundraising Potentials: Development Staff**
5. **Fundraising Strategies:**
 - **Development Staff**
 - **Visiting Group/Consultants**
 - **Volunteer Leadership**
 - **Centralized vs. Decentralized**

Possible Comprehensive Themes

- 1. Inventing the University of the 21st Century**
- 2. Renaissance and Renewal**
- 3. A Heritage of Leadership**
- 4. Serving Society in the Age of Knowledge**
- 5. The Development of Human Capital**
- 6. The University of America**

Theme 1

Inventing the University of the 21st Century

Key Descriptors:

- **Stressing innovation, excitement, novelty**
- **Entrepreneurial culture**
- **Attracting and sustaining "thought leaders"**

Subthemes:

- i) **Building a learning environment for the 21st Century**
- ii) **Developing a new model of undergraduate education**
- iii) **Restructuring the academy**
- iv) **Specific opportunities for leadership**
 - **The Michigan Mandate**
 - **The "Electronic University" of the future**
 - **The University of the World**

Theme 2

Renaissance and Renewal

Key Descriptors:

- **Stressing tradition of excellence**
- **"We're already good. But we want to get even better!"**
- **Dynamic concept of renewal and re-invigoration**

Subthemes:

- i) **Focus on intellectual activities**
- ii) **Forum for a number of possible thrusts**
 - **Implications of new forms of knowledge transfer**
 - **Enhanced interconnections across campus**
 - **Collaboration among schools and disciplines**
 - **Architectural renewal**
 - **Rethinking the undergraduate experience**
 - **Educational "tertiary care center"**

Theme 3

Leadership for the 21st Century

Key Descriptors:

- Excellence
- High risk, venturesome, daring, courage

Subthemes:

- i) Institutional leadership
- ii) Intellectual leadership
- iii) Social leadership
- iv) Personal leadership

Theme 4

Serving Society in the Age of Knowledge

Key Descriptors:

- **Key strategic resource = knowledge = educated people and their ideas**
- **Focus on service to society**

Subthemes:

- i) **Designing a university to educate the citizens and serve the society of the 21st Century**
- ii) **Focus on social responsibility of university**
- iii) **Linkages among teaching, research, and service**

Theme 5

The Development of Human Capital

Key Descriptors:

- **Stress human output (rather than knowledge)**
- **Focus on "outputs" rather than "inputs"**
- **Focus on "value added"**

Subthemes:

- i) **Rather than taking the traditional approach of merely attracting or selecting quality, focus on its development**
- ii) **Creating the talent pool for the 21st Century**
- iii) **Addressing changing demographic profile of America**

Theme 6

The University of America

Key Descriptors:

- **America's University ... everything our nation seeks in a great university**
- **Stress national (even world) missions**

Subthemes:

- i) **National (or international) student mix**
- ii) **Broad funding spectrum**
- iii) **High national visibility**