



Is 'getting through this' what we should be striving for?

BY JIM CASTAGNERA

IN 2009-2010, loss is a likelihood for some colleges and universities. In June, the U.S. Department of Education identified 114 private institutions that failed ED's financial-responsibility test as fiscally fragile. Many of the named schools are small and obscure, but the list also includes Utica College in New York and Rosemont College in Pennsylvania.

Higher education folklore has it that recessions raise enrollments, as the out-of-work return to retool their skill sets. Indeed, many public institutions and community colleges were deluged with applicants for fall 2009. For the privates, it's more of a mixed bag. As one administrator told me, "The first wave of hits from the financial crisis have been on endowment-driven institutions. The next hits will be on the tuition-driven institutions, due to home equity, among other factors."

As a result, some schools have dug deeper—in some cases, as deep as 50 percent—into their tuition discount rates to help meet their new-student goals for September. For example, my sources say that prestigious Villanova University spent \$3.5 million more this year than last to bring in its freshman class on target. On the other side of the coin, Portland, Oregon's Reed College reportedly dropped 100 needy students from its list of acceptance letters, substituting 100 who were able to pay the full freight.

The tough decisions have been accompanied by much hand wringing. In January, newly appointed AAUP General Secretary Gary Rhoades wrote to his membership, "It has begun. The dramatic downturn in the national economy is leading college and

university administrations to reorganize and eliminate academic programs in the name of increased 'efficiency,' often with little semblance of shared governance." He added, "We urge you to be healthily skeptical about administrators' claims and to exercise the leadership that is critical to the future of our colleges and universities."

In contrast, Ron Knecht, budget & finance committee chair for the Nevada System of Higher Education, observed in an opinion piece published at about the same time, "We in education should embrace the current budget challenges as an opportunity to begin, out of necessity, to do things we should have been doing all along. We should reorient our efforts, change operational models, lower costs, improve our product, and be more responsive to our changing markets."

The new normal

Howard Teibel is a consultant in Wayland, Massachusetts who refers to the current economic climate in higher education as "the new normal." Teibel, who has been helping administrators to be change agents since 1987, adds, "Although denial is a powerful emotion and an effective way of getting through difficult times, maybe 'getting through this' is not what we should be striving for."

Teibel asks, "If a crystal ball could somehow show that the next five years don't look much different from today, would you navigate your business decisions differently right now?" Clearly, it's a rhetorical question. All the same, he predicts that some private colleges will not be around in five years.

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"Is there a crisis? Yes. Are some institutions past the point of no return? Some are," Teibel opines. Pointing to "massive consolidation" by banks after the meltdown, he predicts a similar implosion in private higher education.

"How much more can tuition go up? Endowment returns will take 10 years to come back." The bottom line according to Teibel: "A lot of schools are in danger of not being viable. Some are at the tipping point."

Is there no hope, Mr. Teibel? "Even the strong schools are taking this seriously. Five years down the road, these

only for awareness. Cut them out of the process and send them a periodic report."

"Lean" also means using front-line supervisors to identify potential changes and present them to upper management. She explains, "The mission is to make the classroom experience great for faculty and students." The job of the back office is to eliminate unnecessary "hoops" for both key constituencies.

Kusler's emphasis on mission-focus is underlined by Charlie Moran of Moran Technology Consulting, who spent twenty years with IBM before embarking

result from failing to take full advantage of the IT resources available. "At most schools people are working their butts off. Twenty years ago, the ratio was typically 75 percent faculty and 25 percent staff. Now staff is 15 percent on a lot of campuses. More work is done by fewer people, often working harder, but not smarter."

Teibel chimes in, "We favor clustered business services versus reinventing the wheel. We work at raising the bar on doing things correctly. Enterprise Resource Planning (ERP) systems, such as Banner, are a lot more complex than their predecessors and, so, people sometimes do things wrong." Echoing Kusler's maxim about allowing fewer fingers to touch a document, he recommends, "Decrease the number of people who touch these systems." A good analogy, he adds, "is the increasingly common practice of providing students with one-stop shopping, i.e., locating the registrar, the bursar and financial aid all in one suite."

Teibel probably speaks for all three consultants, when he quips "A crisis is a terrible thing to waste." He means, don't view the current crunch as a temporary bump in the road. Instead turn it into an opportunity to drive long-term improvements in the way campus business is done.

Kusler and Moran agree that front line staff must execute such long-term changes. It's ideal, says Kusler, when the ideas percolate up from them. Moran adds that lots of communication and training is required to execute new efficiencies.

"If I interpret the AAUP's Gary Rhoades correctly," says Teibel, "he is expressing skepticism about whether administrators will recognize and make the best choices. To do so, we need to bring enough constituencies to the table so that we view the pool of available choices. Then, we need to set clear goals from above. Those who do so," he concludes, "will survive and prosper." **T**



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schools will be better positioned." They will reposition themselves by bringing business skills into the same room with traditional academic know-how.

Business skills and academic skills share the room

Karen Kusler, director of Lean University at the University of Central Oklahoma, agrees. "Lean," she explains, is a process-improvement method with roots in William Edwards Deming's theories for streamlining manufacturing processes. "Deming streamlined machines that weren't working at capacity," Kusler explains. "Obviously, people aren't machines. But we've taken this concept and adapted it to cut out waste."

Kusler identifies four key components of a "Lean" operation:

- Clear expectations
- Standardized procedures
- Appropriate sequencing, and
- Fewer hands touching the end product

Exemplifying the last of these, she explains, "Every time you add a signature, you dilute ownership of a document. Sometimes people are required to sign off

on his own business. "In IBM, the whole decision process got down to one unifying thing called profit. So what's the unifying theme in a non-profit organization? We try to distill what our clients tell us down to two or three things that are really core. Then we use those goals as the yardstick against which we measure all the organization's services."

Kusler, Teibel and Moran would all agree that problems and solutions on campus primarily involve people. Listen to Charlie Moran: "Ten years ago our firm was pulled into several runaway IT projects characterized by cost overruns. Typically, two-thirds of the problem was technical while one-third was people. Today, people are usually 90 percent of the problem."

Myths and legends

People are the problem in part because "schools operate on myths and legends," Moran asserts. "When someone tells me, 'We have to do it this way because of the law' or a policy, I say, 'What law? Show me the policy.' As often as not, some administrator in the dim past said, 'I don't want this to happen again.' A practice grew up around that order."

Sometimes, he adds, ingrown practices