



# Strategic Leadership and Innovation in Transformational Times

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# Strategic Leadership and Innovation in Transformational Times

## Executive Brief

Leaders in higher education face a profoundly challenging and uncertain future. Less than a year ago, few would have predicted the draconian losses in state funding and endowment income. With academic leaders in mind, the Academy of Academic Leadership (AAL) has produced a model to assist in understanding the current environment and for developing strategies to transform successfully with minimal upheaval for the institution.

The Strategic Innovation and Implementation Model™ (SIIM) describes the AAL approach not only to manage the present crisis but to make effective and innovative change.

The objectives for SIIM include:

1. Reducing operating expenses;
2. Improving productivity;
3. Increasing revenues and funding opportunities; and
4. Developing a more effective, responsive institution.

The core of the methodology for SIIM utilizes six specific phases, beginning with the existing strategic plan and concluding with an implementation process focused on cost savings and increased revenue. The six phases are as follows:

- ⇒ Reaffirmation of the Strategic Plan
- ⇒ Project Organization
- ⇒ Determine the Investigative Process
- ⇒ Conduct the Investigation
- ⇒ Benchmark Results
- ⇒ Implementation

Fiscal exigency does not mean the abandonment of the mission and values of the institution. Rather, it is the proper time to nurture and mentor faculty and staff and seek their help as the institution works through this difficult period. It is also the time to ensure the institution is addressing the needs of all stakeholders. Doing nothing, or doing the same traditional things, are no longer options. Every academic leader must craft a plan that ensures survival and provides the foundation for renewed future growth.

**How does an institution focus dwindling resources quickly and effectively to...**

- ⇒ reduce expenses
- ⇒ improve productivity
- ⇒ increase revenues and funding
- ⇒ become a more effective and responsive institution



## Introduction

Less than a year ago, few would have predicted the potential nationalization of financial systems, dysfunctional credit markets, government bailouts of major industries, the mortgage crisis and plummeting home values, a weak global economy infected by recession and a giant federal stimulus package. Still fewer in higher education, especially those among the faculty ranks, anticipated the draconian losses in state funding and endowment income. Leaders in higher education face a profoundly challenging and uncertain future.

Some might call the current economic situation a crisis for higher education, while others see it as a time of turbulence. We at the Academy for Academic Leadership think of it as a time of *transformation*. The challenges must be met head on in such a way that the solution will become a part of a longer term transformation, a transformation that could well change the face of higher education forever.

Calls for a structural change in higher education have grown louder from the public, legislators, and from within academe.

mia. In an address at the annual American Council on Education (ACE) conference, Dr. E. Gordon Gee, President of The Ohio State University, advised against the impulse “to hunker down, hide out, take refuge in the fox hole, and wait for the storm to pass.” Gee observed that the present situation for higher education is dire and that higher education must reconfigure itself rather than simply attempting to restore lost funding (*Inside Higher Education*, February 10, 2009). U.S. Senator Lamar Alexander warned the ACE audience to “use this time of retrenchment to try something new.” That, Alexander observed, will be the test of whether “you’re listening better than Detroit did in the ‘60s” (*Inside Higher Education*, February 11, 2009). While one might argue that higher education has made changes, the structure of education—the content, delivery, and relevance to the community and society—are little changed in half a century. In a time of severe fiscal restraints, most institutions find themselves managing reduced budgets and dwindling resources.

During economic downturns, innovation is not only more important, but actually is easier to manage and more cost-effective. Thus, the question is not whether to innovate, but how to do it and how to introduce change during such times. Moreover, how does an institution focus dwindling resources quickly and effectively to reduce expenses, improve productivity and increase revenues and funding?

With academic leaders in mind, the Academy of Academic Leadership has produced this paper to provide suggestions, including a methodology, to assist in understanding the current environment and for developing strategies to address the challenge successfully with a minimum amount of upheaval for the institution.

The Academy for Academic Leadership assembled its team of educational and professional executives and brainstormed the needs and approaches over a period of several days. The result was a model we call the *Strategic Innovation and Implementation Model™ (SIIM)*. SIIM is rooted in the institution’s strategic plan. The Academy believes that the institution’s strategic plan is the primary road-map for navigating through turbulent

times. In fact, the first phase of the SIIM is a reaffirmation of the institution’s strategic vision, mission and longer range plan. The intent is to ensure that all actions are appropriate and consistent with the long range vision and goals of the institution.

### Strategic Innovation and Implementation Model™ (SIIM)

For those institutions without a strategic plan (or without a viable, up-to-date plan), the SIIM strongly implies the need to initiate a preliminary phase that updates the strategic plan or provides an interim vision and strategic goals. Without the vision and strategic goals, the investigative and implementation teams lack direction and purpose.

While these assumptions are basic to any effective strategy, the economic crisis places most leaders in uncharted waters. In today’s whirlpool of financial uncertainty, the strategic planning process itself must be made more nimble and include contingencies—both favorable and unfavorable—and tactical execution of plans. Academic leaders must be equipped with the tools to make evidence-based, strategic decisions at all times but particularly during difficult and turbulent periods.

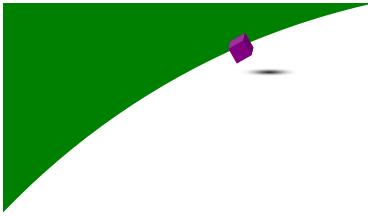
Table 1 below provides some guidelines on the leadership style and approach that is suggested during these transformational times.

<p><b>Table 1. Leadership and Strategic Decision Guidelines in Transformational Times</b></p> <p>Academic leaders must:</p> <ul style="list-style-type: none"> <li>⇒ clearly and consistently articulate the vision, mission and goals of the institution.</li> <li>⇒ use the strategic plan to define the institution’s priorities.</li> <li>⇒ communicate up and down the administrative ladder to engage senior administrators, faculty, students, and staff in developing creative solutions and tactical execution to address emerging challenges.</li> </ul> <p>(Table 1 continued on next page)</p>
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### Transformational Times in Higher Education

- ⇒ Anticipated state budget shortfalls are expected in excess of \$200 billion. - National Governors Association, January 27, 2009
- ⇒ Some governors are asking public colleges to prepare for budget reductions as much as 25%. - *Chronicle of Higher Education*, January 9, 2009
- ⇒ The cumulative fiscal 2009 state budget gap stands at \$47.4 billion. This is in addition to the \$40.3 billion gap already closed for fiscal 2008. The 2010 state budget imbalance is projected to be \$84.3 billion. - National Conference of State Legislatures, February 3, 2009
- ⇒ Endowment investment returns fell about 23 percent between June and November of 2008. - National Association of College and University Business Officers, January 27, 2009
- ⇒ The current recession points toward further decline, with the long-term trend for public higher education to become even more expensive for students and their families. - Paul E. Lingenfelter, President, State Higher Education Executive officers. *Chronicle of Higher Education*, February 10, 2009



**SIIM has three objectives:**

1. Identify opportunities to reduce operating expense
2. Improve productivity of all existing human and physical resources
3. Increase revenues and funding opportunities

**Table 1. Leadership and Strategic Decision Guidelines in Turbulent Times (cont.)**

Academic leaders must:

- ⇒ be visible.
- ⇒ consider all stakeholders, including the politics of critical decisions.
- ⇒ make the case that their schools are central to the mission of the university and integrated with other components of the parent institution.
- ⇒ solicit support from the community.
- ⇒ lead with integrity, courage and confidence.
- ⇒ think BIG and creatively in order to tackle problems that may seem insurmountable.

**SIIM Rationale**—the current financial crisis calls out for immediate actions that deal with the crux of the crisis; namely, how to reduce the impact of having less revenues and funding. The reality is that there is less money available to operate all functions and activities of the school at the pre-crisis levels. The difficulty is in trying to decide what to cut, what to save and how to operate the institution to achieve the education, research, and outreach goals.

Schools of higher education are generally reluctant to focus too heavily on a “profit and loss” mentality, similar to the mandate in the corporate world. But during these difficult economic times, most schools would be wise to develop a more “corporate” focus when it comes to cutting costs and managing budgets. The financial goal of a corporation is to make a profit; the financial goal of a school of higher education is to have enough money to fulfill the mission of education, research, and outreach. When a corporation is confronted with a profit shortfall, they reduce operating expense in proportion to the anticipated loss. When schools are confronted with a financial shortfall, they are less likely and less prepared to slash budgets and eliminate programs.

Although it is likely that most school budgets contain some degree of “fat,” the

management mentality of many academic leaders is to find ways to survive as long as possible without making major reductions in operating expenses that would affect programs. The only ways out of the crisis are to reduce expenses and increase funding.

The SIIM calls for proactive, innovative approach to evaluating how to align the reduced funding needs with obligations to fulfill the mission of the institution. The key principle is centered on the need to be innovative and a willingness to make changes.

**SIIM Innovation Options**—the SIIM suggests that an academic institution, much like a for-profit corporation, has three options for saving money or finding additional funding. Although these options are basic, it is important to stress them into order to bring about focus and purpose.

1. The first option is to identify opportunities to reduce operating expense.
2. The second option is to improve productivity of all existing human and physical resources.
3. The third option is to find new and innovative ways to increase revenues and funding opportunities.

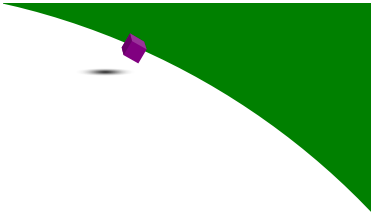
Doing nothing is not a viable option in the current environment.

The first option of reducing operating expense is given. The challenge is to be objective about reviewing all significant expense categories. The analogy used in the corporate world suggests the analogy of three layers of expense reduction: fat, muscle and bone.

All institutions have some degree of fat that could be identified and eliminated without significant impact on day-to-day operations. The job is to identify and distinguish between unnecessary and necessary categories of expense. The concept of innovation comes into play in both identifying the possible expense reduction opportunity as well as finding ways to do things differently and more effectively.

The second option of improving productivity of all assets is an area of tremendous opportunity because many schools have not been challenged to improve pro-





ductivity. For instance, in a manufacturing plant or distribution business, there is a recognition that a facility is not operating at its maximum capacity until it is functioning 24/7. If a plant needs to increase production, a natural alternative is to open a second, then third shift of production. We are not suggesting that a school operate 24/7, but it illustrates the point that an asset is never fully productive until it is used 100 percent of the time. Once again, there is a need for innovation as each human and physical asset is evaluated to determine its current level of productivity in relation to a possible future goal. The third option of increasing revenues and/or new areas of funding is both a challenge as well as an opportunity. Many institutions are triggered to search for more funding from the traditional sources; the objective is to look into new and innovative sources of funding.

If an institution adopts the SIIM approach to reducing expenses, improving productivity, and increasing revenue/funding opportunities, the leader will have a tool to use in aggressively addressing the challenge. However, there is another, secondary objective or result that would accrue to the institution: at the conclusion of the crisis, the school would be a more effective, responsive institution that is capable of facing future challenges and opportunities head-on.

**SIIM Approach and Methodology**—the core of the methodology for the Strategic Innovation and Implementation Model™ utilizes five key investigative and analytical phases and an implementation phase:

**Phase I: Reaffirmation of the Strategic Plan**

The place to start the SIIM is to review the key components of the institution’s strategic plan; namely, the vision, mission, core values and long range strategic objectives. The purpose is to validate the components, to update the content, and to affirm the strategic objectives.

The intent is not to engage in a prolonged dialog with all stakeholders about the semantics of the strategic components; rather the intent is to make sure that the strategic plan can be used as is, or with reasonable updates, to serve as a foundation for developing and implementing a

SIIM program.

We recommend that the validation be conducted by the senior leader and the senior leadership team. If the institution does not have a strategic plan, or the plan is significantly out of date, then it is recommended that the first step in the transformation process be temporarily delayed until an interim plan can be developed and put in place.

**Phase II: Project Organization**

Phase II has four purposes; first, to identify the key players who will conduct or manage the investigation; second, develop roles and responsibilities; and third, to agree on the scope of the investigation; and finally, to determine the process or how the investigation will be conducted.

We recommend that the team have no more than five individuals. These individuals should be selected on the basis of expertise, experience, influence with faculty and staff, and expressed values that indicate a tolerance for risk and change. The team’s responsibilities include conducting preliminary meetings with key leaders to communicate goals, methodology, and requirements. The team is also expected to communicate with other key stakeholders about the SIIM process and to determine ways for two-way communication throughout the process.

The team will schedule initial investigations and times for interim reviews. While the senior academic leader of the institution is not a formal member of the team, the senior leader must assume complete and sole responsibility for all phases of the program.

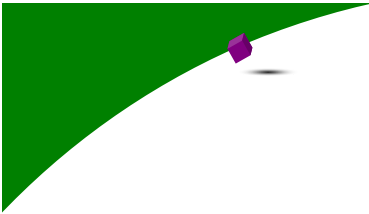
The scope of the investigation includes the review of the key functional activities of the institution, ideally ranked by operating expense or income/revenue generation. The process for the investigation involves a detailed assessment of activity to identify potential opportunities to reduce expenses and increase revenues.

**Phase III: Determine the Investigative Process**

The investigation or functional analysis phase starts with a review the current organizational chart to identify each function or activity by area of responsibility. It is helpful to develop a master organization



We recommend that the project team have no more than five individuals. These individuals should be selected on the basis of expertise, experience, influence with faculty and staff, and expressed values that indicate a tolerance for risk and change.



The *Strategic Innovation and Implementation Model™* ensures that all areas of the institution are investigated and evaluated to determine opportunities to save money, increase productivity of existing resource, or find ways to increase revenues and funding.

chart that shows the reporting structure, the functions and responsibilities of each senior administrator, and the numbers of people involved in each function. A further sort is made to categorize the departments and functions on a scale of relative importance; then ranked by level of expense, highest to lowest; and also by revenues or funding generated.

The purpose of this process is to isolate the activities, one by one, for a closer level of investigation and scrutiny. The finer sort permits a more introspective look at how things are currently done. The process involves both a financial assessment as well as a visual inspection.

The financial assessment determines the current level of staffing and operational expense so that each activity is prioritized by financial impact. A similar assessment is made for all income-producing activities.

The visual assessment involves a review of each activity to understand how the activity is currently being conducted. In both the financial and visual assessment, the investigator uses experience and expertise to identify perceived opportunities or changes that might represent opportunities to reduce expenses, improve productivity and increase income.

For instance, if an activity is staffed by two full-time people year round but the workload varies greatly by day, week, or month, it is possible that a new part-time staffing plan could save hours during slack periods. The result of the investigative phase is a list of improvement opportunities that is then reviewed in more detail in the analytical phase.

**Phase IV: Conduct the Investigation**

The actual investigation involves a detailed review of each critical function and activity to identify the current level of performance. The key requirement for the investigator is experience and familiarity with the various functions and activities that are being investigated. For instance, a tremendous source of experience is retired school executives or professors emeriti who might have available time and a strong motivation to be of help. It is important that the investigator be free of prejudice or pre-conceived notions about

how things could or should be done. The academic leader might also want to consider using independent consultants or executives from other, nearby, institutions.

The investigator personally reviews each activity and ranks their relative importance using three criteria: level of operating expense, potential for productivity improvement, and income/funding generated. The purpose is to identify areas of opportunity based on experience and financial performance.

At this stage, the investigator gathers the facts about the cost, productivity and revenues/funding for each activity. The investigator summarizes the findings into a report that specifies the areas of possible opportunity, ranked by cost and/or income for each activity. The last step in the investigation is to identify the most significant opportunities.

**Phase V: Benchmark Results**

This step is the most beneficial as well as the most difficult to conduct. The purpose of benchmarking the most significant opportunities from the investigative phase is to further narrow in on the degree or size of the opportunity. The process involves sorting through of opportunities to identify the really exciting initiatives.

There are two types of benchmarks that can be used: expense or productivity benchmarks (from comparable educational institutions) and experiential benchmarks (those intuitive revelations that come from having been there). There are numerous existing benchmarks for operational expenses and income/funding available from state and federal sources. In addition, many institutions belong to organizations that house and exchange data.

Experiential benchmarking is the ability to identify something that does not look or feel right and then compare the performance against some form of financial benchmark for validation. The experience factor helps to identify the opportunity and the financial benchmark confirms the opportunity.

The intent of both benchmarking techniques is to further identify opportunities to reduce expense, improve productivity,



and increase income. The benchmark provides a measure to classify the level of opportunity. The final report of the investigation is a summary of all potential improvements ranked by dollar improvement.

### Phase VI: Implementation

The conclusion of the benchmarking phase results in a summary report that is presented to the academic leader and senior administrative team. The initial requirement is to review the findings and identify the opportunities that are practical and possible to implement.

The academic leader must lead the process and remind the team of the need for action to ensure that every possible opportunity is addressed quickly and effectively. The senior team further sorts the opportunities by category: highest dollar potential, fastest to implement, least disruptive to implement, and opportunities that need to be considered in the future. Each institution can identify the priority of potential improvements based on their specific needs and situation.

Next, the academic leader develops an implementation plan that identifies a schedule, budget and responsible person or department, and review dates. The senior leader assumes the overall responsibility to manage the implementation plan.

The implementation plan is communicated to all stakeholders with the request for full participation and commitment. The implementation plan is reviewed as part of the management process and formally reviewed on a monthly basis until all improvements are implemented and tracked for the actual outcomes.

### SIIM Summary

This model ensures that all areas of the institution are investigated and evaluated to determine opportunities to save money, increase productivity of existing resource, and increase revenues and funding.

The critical difference in the methodology is the relevant experience of the people who conduct the investigation. The skills require experience and knowledge of how institutions of higher education operate as well as the ability to identify the types of opportunities that are practical and possi-

ble to implement. In order for academic leaders to think creatively and “big,” they will need to use new approaches that are practical and possible within the scope of operations of the institution. The model provides the process to identify the opportunities and a methodology to apply a set of possible solutions, all based on real world experience. The intent is to provide a “right now” program to get started in managing more effectively and efficiently.

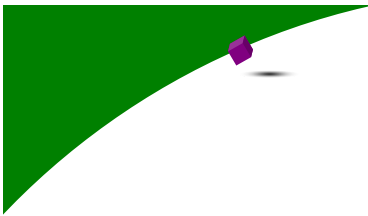
The SIIM team should assist the institution in carefully considering the pros and cons of a variety of other income expansion possibilities. These might include:

- ⇒ Tuition increases
- ⇒ Student fee increases
- ⇒ Entering into contracts with state or federal agencies to meet the needs of special and underserved populations
- ⇒ Increased research grants and contracts
- ⇒ Improved fundraising and changes in the management of endowments
- ⇒ Local and national foundation support
- ⇒ Industry support
- ⇒ Globalization of programs
- ⇒ Increased revenues from ancillary services like bookstore, parking and student housing
- ⇒ Clinic income increase; opportunity to restructure clinics for those schools and colleges associated with health professions education
- ⇒ Borrowing funds with low interest rate from the university
- ⇒ Other non-traditional sources such as federal earmarks

Table 2 is an overview of the SIIM used in preparing a program to address the economic crisis.



Perhaps the most important consideration in engaging the SIIM is not the format or approach, or the experience of the people conducting the investigation; rather it is the commitment to follow an organized approach to address the need for fast action and the need for innovation and change.



**Table 2. Overview of the Strategic Innovation and Implementation Model™**

**Phase I: Review of the Strategic Plan**

- ⇒ Revisit vision, mission, core values and objectives
- ⇒ Update strategic plan

**Phase II: Project Organization**

- ⇒ Identify the investigative and analytical teams
- ⇒ Conduct preliminary meetings with key leaders to communicate goals, methodology and expectations/requirements
- ⇒ Communicate program to all stakeholders
- ⇒ Schedule initial investigations and interim reviews

**Phase III: Determine the Investigative Process**

- ⇒ Identify and chart the current organizational structure
- ⇒ Specify the functions or activities within each department
- ⇒ Separate the critical from the ancillary activities

**Phase IV: Conduct the Investigation**

- ⇒ Investigate each critical function or activity to identify current level of results or performance:
  - ◆ Operating expenses
  - ◆ Revenues generated
  - ◆ Funding generated
- ⇒ Determine human resource requirements and expenses
- ⇒ Identify the significant opportunities
- ⇒ Prepare a listing for further analysis and evaluation

**Phase V: Benchmark Results**

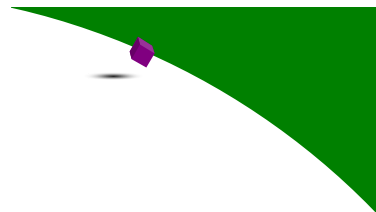
- ⇒ Identify potential opportunities using measures of productivity, benchmarks and/or experiential criteria.
- ⇒ Identify new sources of funding

**Phase VI: Implementation**

- ⇒ Summarize opportunities by function and rank them in categories:
  - ◆ Highest dollar potential
  - ◆ Fastest to implement
  - ◆ Least disruptive to implement
- ⇒ Determine the prime opportunities
- ⇒ Develop an implementation process with specific outcomes measures, budgets and accountabilities

While SIIM includes five phases leading to implementation, some initial areas of expense reduction and revenue generation are likely to emerge from the investigation in Phase II. *The entire SIIM process leading to Phase VI: Implementation should be completed quickly, within four to six weeks of initiating the model.*





## Impact of the American Economic Recovery and Reinvestment Act, 2009

All schools of higher education have been severely impacted by the budgetary reductions at the federal and state level. When this paper was first drafted, the Congress had not yet passed the American Economic Recovery and Reinvestment Act of 2009. In spite of the current funding crisis, there are sudden, new opportunities to participate in funding from the new legislation that was signed into law on Feb. 17, 2009 by President Barack Obama. The law designates \$787 billion to help stimulate the U.S. economy and includes many items that can benefit higher education institutions, researchers, and students.

The bill is different from past funding opportunities in part because of the speed with which it was enacted. Many details that normally would be spelled out more clearly by Congress are missing from the legislation. Federal agencies have unusual discretion with regard to how funds are to be disbursed. The President and Congress want as much as 75 percent of all funding distributed within the first 18 months. There are extensive procedures, reporting mechanisms, and data collection for federal agencies to account for spending, presenting unique challenges for the two federal agencies (the Departments of Education and Health and Human Services) that mostly fund academic institutions. Academic institutions should:

- ⇒ **Determine the funding mechanisms**—will they require action on the part of the institution or will they be determined by automatic formula increases.
- ⇒ **Monitor federal agency websites**—particularly with regard to grant notices and other funding opportunities. There are two other federal websites that may also be helpful to monitor. The first, [www.grants.gov](http://www.grants.gov), consolidates information from agencies about available grants. The second is a newly created website, [www.recovery.gov](http://www.recovery.gov), specifically for reporting information about agency spending under the economic stimu-

lus bill.

- ⇒ **Communicate your need for information about funding opportunities to elected officials** at local, state, and federal levels who can be helpful in gathering information such as the schedule for notices.

On March 16, 2009, the NIH issued additional notices about Recovery Act supplements. These supplemental funds are designated for:

- ⇒ **Administrative Supplements** ([grants.nih.gov/grants/notice-files/NOT-OD-09-056.html](http://grants.nih.gov/grants/notice-files/NOT-OD-09-056.html)) for the purpose accelerating the tempo of scientific research on active grants and for comparative effectiveness research.
- ⇒ **Competitive Revision Applications** ([grants.nih.gov/grants/guide/notice-files/NOT-OD-09-058.html](http://grants.nih.gov/grants/guide/notice-files/NOT-OD-09-058.html)) to support expansion of the scope or research protocol of approved and funded projects.
- ⇒ **Administrative Supplements Providing Summer Research Experiences for Students and Science Educators** ([grants.nih.gov/grants/guide/notice-files/NOT-OD-09-060.html](http://grants.nih.gov/grants/guide/notice-files/NOT-OD-09-060.html)) for the purpose of promoting job creation, economic development, accelerating the pace and achievement of scientific research, encouraging students to pursue research careers in the health related sciences, and providing K-12 teachers, community college faculty, and faculty from non-research intensive institutions with short term research experiences in NIH-funded labs.

Table 3 below summarizes the various funding provisions of the new stimulus package that represent a potential source of new funds for higher education. It is imperative that institutions explore and take advantage of this new opportunity. If the review process has not already started, it would be wise to assign the task to a senior executive with a very short target date for completion. The funds will be dispersed, in most instances, on a first come, first serve basis.



### Recovery Act Timeline:

- ⇒ May 3, 2009: Federal agencies make Performance Plans publicly available
- ⇒ May 15, 2009: Detailed agency financial reports become publicly available
- ⇒ May 20, 2009: Federal agencies begin reporting their competitive grants and contracts
- ⇒ July 15, 2009: Recipients of federal funding begin reporting on their use of funds



### Principles for approaching budgeting in tough times:

⇒ Acknowledge the fiscal realities and anxieties stakeholders feel.

⇒ Educate people about the realities of competition in higher education.

⇒ Articulate priorities boldly and strategically.

⇒ Make decisive, candid, and quick budget cuts, and do it right the first time.

⇒ Support real priorities by avoiding across-the-board cuts.

⇒ Consult with people throughout the institution, but don't try to forge a consensus or take a vote.

⇒ Make periodic presentations about the institution's financial situation to key stakeholders.

⇒ Protect your major revenue stream: you must preserve students and the people who educate them.

⇒ Be realistic regarding fundraising and the pursuit of research or training grants to solve your problems.

- Peter A. Facione, "A Straight-Talk Survival Guide for Colleges," *Chronicle of Higher Education*, March 20, 2009



**Table 3. Potential New Funding Sources: 2009 American Economic Recovery and Reinvestment Act**

#### Biomedical Research

National Institutes of Health (NIH)—provides \$10.4 billion

National Science Foundation (NSF)--\$3 billion

National Institute of Standards and Technology (NIST)--\$580 million

Agency for Health Research Quality (AHRQ)--\$1.1 billion

#### Higher Education

**Pell Grants**—provides \$17.1 billion over the next two years to close the shortfall in the Pell grant program

**American Opportunity Tax Credit**—provides \$14 billion for a new, more generous tax credit that temporarily replaces the "Hope Scholarship Credit" for tax years 2009 and 2010

**Federal Work-Study Program**—adds \$200 million to the federally funded, needs-based Federal Work-Study Program over the next two years

**Other Higher Education Items**—expands the definition of qualified educational expenses under Section 529 education savings plans to include computer technology and equipment (cost of \$6 million), adds \$100 million to the higher education account, and provides \$60 million to help the Department of Education administer student aid programs. The bill includes \$2.5 billion for broadband and wireless service grants that could be used for distance learning and telemedicine

**Workforce Investment Act**—provides \$3.95 billion for "training and employment services" under the Workforce Investment Act, including \$2.9 billion in formula grants and \$250 million in competitive grants for worker training and placement to prepare workers for careers in the health care sector.

**Trade Adjustment Assistance Program**—provides \$718 million through 2010 for the Trade Adjustment Assistance Program to retrain displaced workers at institutes of higher education and other training facilities and another \$90 million through 2010 for a Community College and Career Training Grant to fund two-year education programs

**State Assistance**—includes \$140.6 billion to states for education and health care. It establishes a State Fiscal Stabilization Fund that provides \$53.6 billion to help states avoid budget cuts to primary, secondary, and postsecondary education programs and to perform modernization and renovation of educational facilities. Another \$87 billion is provided to states through an enhanced federal match for the Medicaid program (FMAP) to stave off cuts in health care services.

**State Fiscal Stabilization Fund**—two block grants to states: (1) \$39.3 billion earmarked for K-12 and higher education through fiscal year 2011; and (2) \$8.7 billion to fund other critical state services which may include assistance for institutions of higher education (public or private) for modernization, renovation, or repair of facilities. There is \$5 billion for state incentive grants and other purposes. Federal funds for the block grants will be distributed by a formula based upon population and age. Institutions of higher education that receive funding under this program must use the funds for: Education and general expenditures in such a manner as to mitigate the need to raise tuition and fees for in-state students, or Modernization, renovation, or repair of facilities that are primarily used for instruction, research, or student housing.

In closing this white paper, below in Table 4 are some suggestions about how to think BIG, creatively and innovatively during these turbulent, transformational times.

**Table 4. Thinking BIG and Creatively During Transformational Times**

- ⇒ The sure path to failure during this turbulent era is to have a retrenchment mentality and to try to do either the same or more with less. This is the time to rethink and reorder the school priorities and make decisions to eliminate non-performing programs and initiatives and redeploy resources to both support and enhance critical programs.
- ⇒ Great resources make great academics. This mantra is important to keep in mind when dealing with budgetary reductions in this turbulent era. Fewer dollars for good programs will surely lead to their demise and to frustration on the part of the faculty. This is time to be selective about resource allocation.
- ⇒ The largest impact on the ability of the institution to “weather the storm” and to emerge even stronger is to use the strategic plan as the roadmap to expand revenue streams and reduce costs. The inclination to cut, cut, and cut before thinking creatively about increasing revenues, funding and reducing overall costs.
- ⇒ It is possible to use best practices to create some novel approaches to increase revenue. Explore each revenue stream and talk to the “customers” to identify possible ways to provide new services/products or expand existing service lines.
- ⇒ Think differently about expenses. For example, the school could explore cost sharing of the operational or “backroom” expenses that are common to other components of the university; including purchasing, HR, IT, accounting, payroll, billing, regulatory compliance and other fairly significant cost centers.
- ⇒ The institution could also move the academic enterprise forward by sharing faculty with other components of the university; tradeoffs with full time personnel and space are possible resulting in net reduction of faculty expenditures, while at the same time, creating a situation where the school is more integrated into the academic milieu of the institution.
- ⇒ This may also be the appropriate moment to explore the possibility of “regionalizing” programs to share faculty and other resources with other schools.
- ⇒ The turbulent era is also the time to review the necessity of some programs and to ensure that all programs are central to the mission of the school and the university. It is the perfect time to make those judgments based on the strategic plan and eliminate or reduce some programs. The cost reductions here could be substantial.
- ⇒ This era could also provide incentive for the institution to consider merging and/or transferring programs with other entities.
- ⇒ Institutions should consider the use of technology to develop learning programs that are not only consistent with how the current millennial students learn but could result in cost reductions.
- ⇒ The current environment should foster rethinking or eliminating costly governance and organizational structures.
- ⇒ Is this a time to rethink the tenure process?



“In a global economy where the most valuable skill you can sell is your knowledge, a good education is no longer just a pathway to opportunity—it is a pre-requisite. The countries that out-teach us today will out-compete us tomorrow.”

- President Barack Obama,  
Feb. 24, 2009

## Summary

The leadership and management of schools of higher education in this incredibly turbulent era pose many challenges. It is precisely during these times that it is important to lead with confidence and courage with specific goals and strategies to realize the school mission and vision.

The criteria for surviving and thriving in this crisis are leadership with integrity, commitment, caring, effective communication, insightful analysis of the situation, and a bias for action and innovation. The communication with faculty, students, staff, central administration, alumni and stakeholders regularly and routinely will create improved stakeholder involvement and continued support for the school.

It is imperative to keep in mind that fiscal exigency does not mean the abandonment of the mission and values of the institution. Rather, it is the precise time to nurture and mentor faculty and staff and seek their help as the school works through this difficult period. It is also the time to think beyond the walls of the school and ensure that the institution is adequately addressing the needs and concerns of all stakeholders. Lastly, doing nothing, or doing the same traditional things, are no longer options. Every academic leader must craft a plan that ensures the survival and provides the foundation for renewed future growth.

### About the Authors



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Dr. Haden is the founder and President of the Academy for Academic Leadership. Dr. Haden's consultation and faculty development activities have included clients from dentistry, pharmacy, veterinary medicine, allied health, and medicine. His areas of expertise include strategic planning, organizational change, leadership development, team building, curriculum development and the scholarship of teaching and learning.



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Dr. DePaola has held positions as dean of three of the nation's dental schools and has served for 10 years as president and CEO of a leading research institution. Throughout his 35 year career, he has provided

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#### **William L. Clarke, M.B.A.**

William L. (Bill) Clarke has three decades of experience in entrepreneurial management and management consulting. As an executive at Ernst & Young, he focused on business planning, strategy development, organiza-

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George Weinstein has over a decade of experience in administration, project management, and marketing, in high-tech industries and healthcare. He has managed numerous international and multicultural

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### About the Academy for Academic Leadership:

Since its founding in 2005, the Academy for Academic Leadership (AAL) has been a valuable resource to higher education institutions. We have worked with over 150 universities and colleges through our consulting services and professional development programs. With its home office in Atlanta, AAL is a collaborative of scholars, educational specialists, and consultants. Collectively, we have over three centuries of real experience in higher education—including leadership roles as presidents, deans, and other senior college and university administrators—along with more than 500 peer-reviewed publications and a track record of funded research.

**What We Do**—AAL provides services that help academic leaders pursue educational excellence, the application of knowledge, the discovery of ideas, and the quest of lifelong learning. The AAL team strives to build long-term relationships based on superior service, mutual trust, and intellectual inspiration. AAL focuses on **professional development and consulting services.**

