

# Think Private, act Public: Positioning the Faculty for the 21<sup>st</sup> Century

*Philip Pogson & Nigel Wild*

April 2005

The purpose of this article is twofold: firstly to provide food for thought and secondly, to stimulate appropriate action amongst those who lead, manage and work within academic faculties. Our perspective is that of consulting professionals who work in the commercial sector but maintain an interesting and challenging higher education practice. As we are not academics our comments go primarily to the management and organisational aspects of faculty life: our area of competence. Our intent is to see faculties thrive as the primary business unit underpinning contemporary University life. We do not, however, believe that the future of the faculty can be left to chance, the auspices of Governments or even senior University management. Leadership at the academic coalface is essential.

We use the term “faculty” throughout by which we mean an organisational unit focussed around an area of academic activity such as engineering, science, law, music or agriculture. Our observations and advice are directed towards Faculty leaders and other interested parties who wish to improve their performance, reflect on their own experience, and take from our thoughts that which is useful.

There are six key areas that we believe underpin the implementation of the 21<sup>st</sup> century academic mission:

- 1. The new mindset**
- 2. Purpose and value proposition**
- 3. Financial management**
- 4. Income generation**
- 5. Relationship and communications management; and:**
- 6. Professional Development**

### ***A short history of change***

The fifteen years since the Dawkins higher education reforms of the late 80s and early 90s have been revolutionary for the Australian higher education sector. It is a simplification to observe that the previous 800 years of Western University education were relatively stable in comparison to the post 1990 waves of change, but as a thesis the observation has merit. In a few short years Universities have dealt with massive institutional amalgamations, the introduction of central quality assurance audits, the quantification of research and teaching productivity, the emergence of full fee paying local students, a boom in overseas student enrolments, the “IT in Teaching” revolution, Y2K, growing inter-institutional competitiveness, a huge rise in the total number of students enrolled, a doubling and even trebling of annual institutional financial turnover, several crises in institutional governance, and real cuts to government funding. We do not believe the pace of change will slow over the next decade.

In the wake of these immense changes, and in the shadow of yet another wave of reform, deep questions remain for both the sector and individual faculties: What is the purpose of a University, a faculty, an academic discipline? Why is it important that they exist and who should care? What is the tangible and intangible value

we add to the communities we serve? What are our values? The three-pronged academic mission of teaching, research and community service may remain broadly valid at a conceptual level, but pressure is mounting. The environs within which this broad mission is enacted has changed profoundly, fundamentally and forever. This scenario creates the potential for debilitating clashes amongst competing belief structures. For example, the free market values of competition, customer service and value for money are seen by many academics as inappropriate in a collegiate context where individual and team excellence, personal accountability, critique, peer review and the global sharing of research data are paramount. Our view is that future success will demand a new level of professionalism which operates in tandem – not in conflict with – so-called traditional academic values. The remainder of this article outlines some observations and advice for faculties who wish to genuinely grapple with their desired future. We make no claim to comprehensiveness and the reader is free to add or subtract from our reflections as she sees fit.

### ***Think private: act public***

Mindset is important. Our over-arching advice to faculties is to embrace the reality that with the exception of a hand full of business schools, most Australia public universities will continue for some time yet as a species of the public-private hybrid. Governments will demand public-sector transparency and accountability and private sector-like income generation activities. At the same time a significant proportion of Australians will continue to expect Universities to exist primarily for the benefit of the broader community. As noted, these tensions create a dilemma for those academic staff motivated to join and continue in academia by a belief that thereby they are contributing to the greater public good.

Leading and managing effectively in such a contested environment is not easy. Careful consultation and clear direction are both required. As a way ahead we assert that the 21<sup>st</sup> century faculty must actively manage itself like a business on the one hand, and continue to embrace and evolve academic values on the other. Trade-offs are inevitable. Some faculties are already living out this uncomfortable paradox, many more will follow.

### ***Implications of the public-private mindset***

There are several implications of adopting the public-private mindset. Our key observations are below.

#### **Clear Purpose & Unique Value Proposition**

Firstly, each faculty needs to develop a clearly articulated purpose and “value proposition” that resonates with, and even motivates, its many stakeholders. This is not just a matter of scheduling a planning retreat and returning with a vision statement. Too often the implied “purpose” of a faculty – particularly amongst those faculties that are struggling – is simply to survive. On many occasions we have heard versions of the following: “the government should support us because we’ve been around a long time and society needs our graduates”. This rationale rarely resonates outside Faculty boundaries as society now seeks out its graduates from diverse sources including importing them from other countries.

Faculties that wish to survive in the longer term must be prepared to examine themselves in a deeper, more sustained fashion and actively seek input and feedback from a broad range of internal and external sources. They must ask themselves questions as to why they exist, what impact(s) they wish to make, how, and on whom? These are not easy issues to debate due to the fact that as individuals many of us operate unconsciously from an informal, implicit set of assumptions. Similarly, professionals including academics tend to take their value to the community for granted and do not build the necessary level of reciprocal understanding between the profession they practice and the community and/or market they seek to serve. When productive dialogue between a profession or institution and the broader community is absent, public understanding, support and government policy can shift unpredictably.

There are many definitions of a value proposition. In operational terms a value proposition lays out the benefits or promises an organisation offers to users, customers & key stakeholders, along with the services and underpinning capabilities that must be in place in order to deliver on those promises.

A powerful faculty value proposition articulates individual and societal needs - both lofty and everyday – and how the faculty delivers benefits to its stakeholders. This should not involve reducing faculty operations to that of customer-client as many of the benefits of higher education are intangible but nevertheless valuable. Purpose and value-proposition cannot be developed in isolation. The more stakeholders a faculty involves in charting its purpose and value proposition the more likely it is that those other than faculty members will support the outcomes.

## **Financial Management**

Alongside the highly developed university culture of academic meritocracy we would like to see a new culture of *organisational meritocracy* which rewards those that choose to manage themselves effectively academically and financially. Faculties need to get their finances and financial models “right”. Everything from the real cost of teaching, to research strategy and marketing plans need to be costed accurately and based on appropriate business cases. The knowledge and use of basic financial tools such as rigorous cash flow estimates, balance sheets and risk management plans are no longer optional, nor is hiring the level of talented faculty managers (we abhor the term “administrator”) required to run operations smoothly. To some our emphasis on financial matters might seem beside the point, but strong financial accountability is a badge of honour which grants institutions permission to “trade”, launch new activities and build a viable future. Financial discipline should not, however, be equated with a culture of poverty and penny pinching that sees staff enjoined to bring their own tea bags to work or buy their own photocopy paper. Faculties in such a financial state are probably technically insolvent.

Many of our faculty clients are over-stretched and under-resourced already and often spread too thinly over too broad a range of activities. Clarity of purpose or mission, and the adoption of a financial discipline regime, imply that a faculty cannot and will not be all things to all people, run all the courses it would like to run, support

any research that looks interesting or offer scholarships to every deserving student. A faculty that has not clearly and unambiguously articulated its purpose and value proposition - and communicated the resultant trade-offs to stakeholders - will be under constant pressure to say “yes” to the many valuable and worthy yet unsustainable or ill-thought through ventures that might come its way. We would go as far as to say that the successful faculty of the 21<sup>st</sup> century will be as much defined by what it *declines* to do as much as by its new and innovative offerings.

In addition, it is apparent that some faculties are operating under central administration-driven financial distribution models that were formulated for a different age and often seem to reward the wrong behaviours. For example, “punishing” those faculties that work hard to earn extra income and improve their performance through “taxing” their revenue and reallocating income to non-performing entities. Although there will always be a need to fund central services and redistribute revenue from those who can more easily earn it to those who cannot, the basic premise of taxing achievement is wrong in our view. We are already aware of one University that is planning to allow Faculties to seek alternate providers to central University services; it will be interesting to see if others follow.

## **Income Generation**

All faculties we have worked with need more money. Many can make a rational case that they are under funded by international or even local standards – a position we often agree with. But even given this fact we believe that there is little chance of substantial extra government funds being allocated at faculty level. Some professional faculties have what their competitors might see as special funding deals harking back to the days when they were the only education provider of their kind, a few others we are aware of have negotiated advantageous funding enhancements with State Governments. However those benefiting from one-off deals are in a diminishing minority. The vast majority of faculties must face up to the fact that they need to get better at income generation and plan appropriately to manage a portfolio of activities that together raise the funds necessary to fulfil their purpose at the level of excellence they aspire to. The cloth must be cut to fit or enlarged. The only other option is insolvency.

We have carefully chosen the term income generation over fundraising as it encompasses the broad range of revenue-raising activities available to faculties. These include:

1. Undergraduate HECs positions
2. Undergraduate overseas full-fee paying students
3. Undergraduate full-fee paying local students
4. Post-graduate HECs positions
5. Post-graduate full fee paying positions
6. Post-graduate research student completion grants
7. Research grants/fees of various kinds

8. Competitive and other capital equipment grants
9. Consulting income – both individual and through University, faculty or other consortia
10. Non-accredited (short course) course fees and conferences
11. Fundraising and donations
12. Product sales including IP and patents
13. Grants from local and international Foundations, NGOs and Charities
14. Bequests: tied and untied

It may be difficult to manage the complexity inherent in the contemporary mix of revenue sources but on a positive note, there are at least 14 ways to generate funds. In addition, each faculty does not have an equal chance of success in each of these 14 activities, but there are options. On the negative side, it is clear that many of these activities generate “at risk income”. That is, revenue the continuity of which cannot be guaranteed or that comes in the form of a once-off windfall such as a bequest. This makes it all the more important that faculties develop their overall income generation capability.

We are not professional fundraisers but several observations may assist faculties to think through a response to their income generation needs. Firstly, income generation/fundraising and underpinning capabilities such as marketing and communications, require specific expertise and a robust, clear strategy. Targets must be set, accountability for results agreed, and adequate support resources supplied. One must invest money and resources to generate a return. Income generation must be coordinated across the faculty and carefully managed so that activities do not cut across or undermine each other.

Secondly, as outlined in our section on purpose and value propositions, vision – and a positive attitude – is essential to engaging external stakeholders in any income generation activities be they commercial or philanthropic. Attempts to raise support through regaling potential contributors as to how bad things are in higher education are unlikely to be successful and can be inappropriate and embarrassing for all concerned. As one Dean told us, people are interested in solutions, not problems. Faculties should not present themselves as “businesses”, but they do need to appear business-like in their operations and negotiations as successful people are typically careful with their time and personal brand. Commercial leaders in particular have generally succeeded by taking a large degree of responsibility for their own and/or their company’s performance. They are used to making things happen in the face of resistance or disinterest and admire this characteristic in others whether fellow business people or academic researchers. When Kerry Packer got tired of dealing with the then Australian cricketing authorities he created his own cricket competition; like it or not, he just made change happen. This is all the more reason why faculties must take care in choosing their partners and ensure mutual expectations are met.

Increasing the capital base must in our view be a major goal of any faculty income generation strategy. Whether capital funds are managed centrally and the interest returned to the faculty to support research,

prizes or academic positions, or held directly through a faculty owned or controlled foundation, programs aimed at growing the amount of funds under management are essential. However we continue to be frustrated by the lack of progress many Australian higher education institutions are making on this front. Even newer Universities have the opportunity to attract bequests and donations from their Babyboomer graduates as they come up to retirement in the next two decades.

Finally, implementing successful income generation strategies take time. Five to ten years is not an unreasonable timescale in which to establish a sustainable portfolio of income generation activities. Faculties that embrace the “think private, act public” rationale will see a growing focus on effective income generation as part of a fundamental shift in the way they understand and operate in the world and allocate scarce resources accordingly.

## **Relationship & Communication Management**

Relationship management and communications are aspects of faculty management that we believe requires substantial re-thinking. The external representation of any organisation is time consuming, distracting and never-ending. It is often the last thing a Dean or Head of Program gets to at the end of an already over-loaded week. Yet few organisations can succeed in today’s competitive environment unless they take a proactive approach to managing the complex web of relationships they are engaged in. And our notion of competition includes competition for “head space” from busy people for whom faculty issues are not necessarily a priority. At the centre of the strategic communication questions lies a tension or “duality” that requires articulation. The carefully crafted process of “speaking with one voice” which underpins corporate relationship and communications strategy is an anathema to academics who place great value on the freedom to express their views and engage in vigorous debate. The issue is further complexified by the existence of numerous stakeholder groups from academic colleagues to students, corporate donors to university central management, alumni to industry. The sheer number of relationships to manage is of itself a drain on the typical medium sized faculty of 60-100 academic staff.

There are several issues that we believe require attention. Firstly, in the absence of a clear relationship management and communications strategy – and a clear message - there is a tendency to focus on the means to the end rather than the end itself. It is one thing to run a once-off mail out campaign and quite another to develop a growing database of long term donors motivated by your particular cause. Secondly, it is not apparent to us where the quantum leap in management time and attention will come from without re-thinking the focus and skill-sets of Deans and senior faculty leaders. This leads to the question of whether to engage or retain external relationship management and communications expertise and how and where to deploy such resources. Finally, there is the challenge of maintaining alignment between the messages a faculty is trying to convey and the underlying purpose/mission: the faculty’s actual reason for being.

The first step in getting relationship and communication issues under control is to invest in better understanding the breadth of the challenges involved and the tradeoffs required in order to manage the situation more effectively. Even clarifying the boundaries between central university communications and marketing departments and local faculty responsibilities brings benefits and synergies to both parties.

## Professional development

Unconscious competence is the enemy of effective leadership and management. By unconscious competence we refer to a *learned way of operating as a leader* which is intuitive rather than reflective, and often based on a set of assumptions held uncritically or drawn from past areas of expertise and life experience. Harvard educationalist Chris Argyris notes:

“Those members of the organization that many assume to be the best at learning are, in fact, not very good at it. I am talking about the well-educated, high-powered, high-commitment professionals who occupy key positions in the modern corporation.”<sup>1</sup>

This observation applies even in a higher education context as learning to lead and manage presents a different set of challenges to mastering a technical discipline. Howard Gardner in his book “Leading Minds”<sup>2</sup> refers to the distinction between direct and in-direct leadership. “Indirect” leaders exercise influence through their mastery of a particular domain or discipline. A lawyer, for example, may become well known for his or her understanding of a particular aspect of industrial law. In contrast, direct leadership involves relating to, engaging and inspiring a more general population such as a town, business, a religious group or even a nation. If our lawyer wishes to move from an industrial relations expert to becoming a political leader or even the CEO of a law firm, they will have to face the challenge of transcending their technical domain and relating directly to a broader population. Those who make the transition from technical expert to broader leadership roles learn over time to consciously develop and apply the professional skills and personal disciplines required to succeed.

Faculty leadership in the 21<sup>st</sup> century is not for the faint-hearted or those unwilling to address their own professional development needs as leaders and managers. Academia shares the conundrum so clearly elucidated by Gardner in that professional success in a particular discipline provides only one aspect of the range of competencies required to lead a complex 21<sup>st</sup> century organisation. In addition, the time needed to complete a PhD and build a reputation is such that few individuals obtain a significant faculty management position at under 40 years of age at which point the elite of their commercial colleagues are already well ensconced in their first or even second CEO role. Academics are typically of above average IQ, but raw intellectual power lessens as a predictor of management success the further one goes up the institutional ladder.

Although we see some improvements in the professional development offerings available to, and taken up by, higher education leaders, we sense that for many the “real game” remains that of individual academic excellence; management competence is of lesser importance. There is often at play a subtle, deep-seated institutional, collegiate and individual ambivalence towards treating management as a profession in and of itself. While we recognise the implications of giving up or suspending academic practice and the difficulty individuals face in getting back into their discipline after 5 or 10 years as a Dean, any underlying ambivalence will be evident. Yet the fundamental responsibility will not be avoided: it is up to the individual to hone the leadership and technical skills required to enable their faculty to survive and thrive.

It is not our role to recommend particular programs or approaches to management and leadership development except to point out that the aim is to both develop oneself as a person and a leader, and to round out technical competencies such as marketing, finance and human resources management. The old furphy that articulates a sharp line between leaders and managers is just that, a furphy. One’s natural orientation or style may tend to one or the other but the skill sets overlap.

In closing, our encouragement to faculty leaders is general and specific. Firstly, choose to treat management learning as one would treat any other form of professional learning, with care and diligence. And secondly, invest resources and step out boldly. Adults learn from experimentation so we encourage faculty leaders to join a CEO’s group, try out a management coach, develop a reading list, attend a challenging course, or experiment with personality profiling and management feedback mechanisms. One or even all of the above will not make a leader successful, but evading the professional development responsibilities of a leadership role results in a faculty going into battle with one hand tied behind its back.

## **Conclusion**

As with all advisors we have our own predilections and biases and we have made no attempt to disguise either our perspective or our intent. The primary concern of this article is not to garner agreement but to prompt action. Our desire is to see faculties increasingly well resourced, successful and making a positive impact on the world around them. The challenges are many and complex but the attraction of substantially improved outcomes should predispose us all to the necessary effort.

---

## **Notes**

1. “Teaching Smart People How to Learn” by Chris Argyris; Harvard Business Review, May-June 1991
2. “Leading Minds: An Anatomy of Leadership” by Howard Gardner; Harper Collins, 1995

## **Summary: Keys to Successfully Positioning the Faculty**

### **1. “Think private & act public”**

Faculties must find ways to both broaden their revenue base while maintaining accountability to stakeholders including staff, students, the community, and to the greater public good.

- Invest in building capability and depth where you have existing strengths - avoid the pitfall of trying to do everything, or offer something for everyone
- Position yourselves both by what you focus on and what you choose not to do. In times of intense competition in maturing markets - where competition for funds, talent, and research opportunities is tough - you must develop a distinctive reputation and offering, not “follow the pack”

### **2. Lead & Invest in Leadership**

The challenge is to build a cohort of faculty leaders and managers who have the capacity and motivation to lead both academically and commercially. It is essential that faculties:

- Face up to the actual challenges - “the good old days” will not magically return. Higher education now operates in a complex, global context and mature leadership is required
- Develop a clear purpose and value proposition which engages your key stakeholders
- Define roles, goals, structures and processes to underpin greater accountability
- Set high standards for teaching, research and for managing/leading the faculty enterprise
- Unconscious competence is the enemy. Make professional development (including financial literacy) a priority for the faculty leadership team and their likely successors

### **3. Invest in building networks of Relationships with key stakeholders**

Spanning the Private-Public divide means that faculties must build a network of connections across multiple constituencies. This involves a long term focus on building relationships which enhance the effective delivery of the faculty’s purpose and value proposition.

- Relationships are a key asset. Careful strategy and ongoing management are essential
- Invest for the long term especially with alumni, industry, government and the community
- Learn to compete and collaborate simultaneously when necessary
- Brand and reputation are your key assets: professionalism is a must, not an option

### **Suggested Reading List**

- “Leading Minds” & “Creating Minds” by Howard Gardner
- “Designing Organizations” by Jay R. Galbraith
- “Organizational Culture & Leadership” by Edgar H. Schein
- “The Essential Drucker” (the best of Peter Drucker’s management writings) by Peter Drucker
- “Dee Hock on Leadership” (see our WWW site for an overview summary)
- “Four Obsessions of an Extraordinary Executive” by Patrick Lencioni
- “Synchronicity” by Joseph Jaworski
- “Good to Great” by James (Jim) Collins