Higher education is evolving

As the business model changes, the governance model must too
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Good governance means growing stakeholder value while at the same time defining stakeholder decision rights, ensuring strategic alignment of decisions and enforcing accountability at all levels. In actionable terms, good governance applies to processes for mitigating risks and escalating issues, tracking and reporting status and costs, and managing scope and change, to every aspect of an organization’s activities. Indeed, all successful organizations rely on good governance to support effective decision making, meet key objectives and realize maximum business value. Without it, critical initiatives may be plagued by inflated costs, unnecessary delays, added risks and scope variation.

While this technical synopsis may sound more descriptive of a corporation than an academic institution, changes in both economic and technological environments make the application of more traditional higher education governance models increasingly difficult and impractical. In fact, corporate business models are playing an expanding role in the way academic institutions run. This paper takes a closer look at these issues: examining the growing prominence of a hybrid public-private funding model, the ways current governance must adapt to provide effective oversight for this model, the resultant changing roles of academic decision-makers and institutional bodies, and steps institutions can take to build a strong, sustainable governance model going forward.
The emergence of a public-private sector funding hybrid

Continued downward pressure from government funding, constituents’ need for ready access to education information and services, and increased competition from international institutions all play a role in how the higher education industry is being influenced by the marketplace. These emerging trends require institutions to adapt quickly in an environment that demands a steady flow of unique educational offerings.

Over the past ten years, changes to funding, rising student and donor demands, and enhanced reporting requirements created a different breed of higher education institution. This new entity evolved from one that relied heavily on the public sector and government grants, to one that remains responsible to the public but is largely left to fund its own extensive operating costs. For example, operating subsidies – primarily funded by state, provincial and local governments – traditionally constitute the major part of higher education subsidies. In 1997, in the U.S., state and local governments provided $56.4 billion in subsidies to public institutions, which is considerably more than the total amount offered by federal grant and loan programs. However, today’s higher education model is far from its 90’s predecessor. State and local appropriations have fallen every year over the past decade, dropping from 70.7% in 2000 to 57.1% in 2011.

This emerging trend has changed the way higher education institutions are managed and operated, which in turn affects how they perform and are perceived. While institutions are still government regulated and accountable to both government and the public, they are forced to run more like a business, similar in some ways to the private sector. As a result, a new type of higher education institution – a public and private sector hybrid – has been created. However, while higher education privatization is marked by factors like decreased government funding and outsourcing of non-academic services such as bookstores and food services, it’s more importantly about selling a product and the growing corporate sponsorship of academic research. As a result, institutions are left trying to balance public and private interests and are faced with the growing dissemination of market values throughout their overall governance structures.

Within this new model, higher education institutions increasingly need to generate revenue like any for-profit corporation in the private sector. As such, they fall under the basic principles of supply and demand. In Canada, post-secondary institutions have seen an increase in enrollment over the last 30 years. Over the past 15 years specifically, there has been a 57% jump in the number of full-time students in Canadian universities. In the U.S., enrollment in degree-granting institutions increased by 11% between 1990 and 2000 and 37% – from 15.3 million to 21.0 million – between 2000 and 2010. This rising trend goes beyond degree-granting schools, as 43% of all college undergraduates were enrolled in community colleges as of January, 2011. Clearly, the demand for post-secondary education is on the rise on all fronts, and with increased demand comes increased competition – not just domestically, but internationally as well.

57% 11%

Over the past 15 years specifically, there has been a 57% jump in the number of full-time students in Canadian universities. In the U.S., enrollment in degree-granting institutions increased by 11% between 1990 and 2000.
Canada attracts more than 90,000 international students every year who contribute at least $6.5 billion to the domestic economy. The US claimed 20% of the world’s 3.4 million international students in 2009; however, due to increased competition and newly opened markets, that share is in fact down from 27% in 2002. Moreover, the top sources for international students in Canada – India and China – are stepping up their efforts to improve domestic and international enrollment in their own universities. In 2011, India increased higher education spending by 30% while the Chinese government recently set a goal of enrolling 500,000 international students (double the number it currently hosts and more than the total students it currently sends abroad) in their higher education system by 2020.

The U.S. is dealing with the same challenges as Canada when it comes to international students, but on top of that, community colleges and state schools face competition from many for-profit universities and colleges that have spawned over the last decade. Over 100 for-profits across the country operate as true private businesses and have seen steady increases in enrollment.
Higher education institutions are now under significant pressure to attract and retain students, and the stakes are much higher than before. In the new hybrid industry, students are true customers, and schools are forced to compete for both customers and funding. One community college in the U.S. already recognized the advantage technology provides in attracting students. For three consecutive years, Montgomery County Community College (MCCC) has been ranked among the top community colleges in the country for its use of technology to support and enhance teaching and learning:

With an increase in student enrollment of more than 35 percent over the past 10 years the demand for customized data outpaced the ability of Information Technology and Institutional Research to produce requested reports in a timely manner. The college deployed a new executive dashboard tool, the iStrategy HigherEd Analytics Student Module, that enabled end users to access data at the level they need, when they need it. MCCC has also implemented a new retention alert tool, Colleague Student Retention Alert, which has since significantly changed the way counselors, advisors, and faculty track and communicate with at-risk students with the goal of keeping them enrolled. The tool allows instructors to report students who are exhibiting at-risk behaviors, such as excessive absences, poor academic performance, and severe conduct issues. When an alert is initiated, a case is automatically generated and sent to a counselor in the Student Success Center. Lastly, the college rolled out a new scheduling system, SARS GRID, to improve the efficiency with which students make Student Success Center appointments. This web-based scheduling grid enables the center’s front desk staff to assign walk-in students to an available advisor or provide them with the length of time they must wait in the queue. Because they can view the schedules of multiple advisors and counselors on multiple dates on one screen, staff members can quickly and efficiently help students select appointments that best fit their schedules and areas of study, thus improving a student’s initial contact.
Despite the competitive leg up technology can provide, downward pressure on government funding drives the need to increase enrollment and balance traditional costs against the demand for more program options. In this environment, student revenue plays a more important role than ever in not only sustaining institutions, but in providing the program flexibility needed to attract an increasingly diverse student-customer base. For example, according to our research, the University of Waterloo brings in more money in tuition and student fees than it collects in provincial funding. Other Canadian institutions expect to reach that tipping point in a year or two, according to the latest budget forecasts. At Montreal’s McGill University, tuition and fees account for 27% of operating revenues, and at the University of Alberta in Edmonton, tuition and fees make up 24% of the operating budget. Public universities in the U.S. feel the pressure as well as California’s latest budget cut $650 million from the University of California’s funding. Michigan, which has experienced a decade of declining state funding to universities, cut a further 15% this year, dropping the proportion of education costs covered by the state to 22%, a record low. In comparison, the state supported 60% of costs in 1987.

Even U.S. private colleges and universities are not immune to these pressures. Although not reliant on government funding due to significantly higher tuition fees, they do count on private endowments and research grants. With increased competition, especially among the top private schools, it’s vital these institutions continue to formulate new and innovative programs and course offerings, as well as build state-of-the-art research facilities. Such initiatives are critical to attracting and retaining the best and brightest students and faculty – not just from North America, but from around the world – and to keeping those indispensable endowments coming in.

**Tuition and fees to operating budget**

<table>
<thead>
<tr>
<th>Institution</th>
<th>Proportion of education costs covered by the state</th>
</tr>
</thead>
<tbody>
<tr>
<td>McGill University</td>
<td>27%</td>
</tr>
<tr>
<td>University of Alberta</td>
<td>24%</td>
</tr>
<tr>
<td>University of Michigan</td>
<td>15%</td>
</tr>
<tr>
<td>Cost the state supported in 1987</td>
<td>60%</td>
</tr>
</tbody>
</table>
Private U.S. colleges and universities with the largest endowment per student

1. Princeton University
2. Yale University
3. Harvard University
4. Franklin W. Olin College of engineering
5. Pomona College
6. Stanford University
7. Swarthmore College
8. Mass. Institute of Technology MIT
9. Amherst College
10. Grinnell College

*Source: Institutional public information*
**Public U.S. universities with the largest endowment per student**

<table>
<thead>
<tr>
<th>Rank</th>
<th>University</th>
<th>Endowment (Billion $)</th>
<th>Endowment/Student (Million $)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>University of Virginia</td>
<td>4.7</td>
<td>0.20</td>
</tr>
<tr>
<td>2</td>
<td>University of Michigan</td>
<td>7.8</td>
<td>0.18</td>
</tr>
<tr>
<td>3</td>
<td>University of Pittsburgh</td>
<td>2.2</td>
<td>0.08</td>
</tr>
<tr>
<td>4</td>
<td>University of North Carolina – Chapel Hill</td>
<td>2.5</td>
<td>0.078</td>
</tr>
<tr>
<td>5</td>
<td>Purdue University</td>
<td>2.0</td>
<td>0.05B</td>
</tr>
<tr>
<td>6</td>
<td>University of Washington</td>
<td>2.5</td>
<td>0.058</td>
</tr>
<tr>
<td>7</td>
<td>University of Minnesota**</td>
<td>2.1</td>
<td>0.048</td>
</tr>
<tr>
<td>8</td>
<td>University of Wisconsin</td>
<td>1.8</td>
<td>0.048</td>
</tr>
<tr>
<td>9</td>
<td>University of California**</td>
<td>2.1</td>
<td>0.046</td>
</tr>
<tr>
<td>10</td>
<td>Ohio State University</td>
<td>0.3</td>
<td>0.038</td>
</tr>
</tbody>
</table>

*Total enrollment (in thousands)*

**Source: Institutional public information**

**System wide**
In comparison, Canadian publicly funded universities, although much smaller and on a different scale, are also under pressure to continue driving endowments while staying competitive.

<table>
<thead>
<tr>
<th>#</th>
<th>University Name</th>
<th>Endowment/Student (Million $)</th>
<th>Total Enrollment (Thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>McGill University</td>
<td>28.9 M</td>
<td>27K</td>
</tr>
<tr>
<td>2</td>
<td>Queen’s University</td>
<td>28.2 M</td>
<td>18K</td>
</tr>
<tr>
<td>3</td>
<td>University of British Columbia</td>
<td>26.5 M</td>
<td>38K</td>
</tr>
<tr>
<td>4</td>
<td>University of Toronto**</td>
<td>25.6 M</td>
<td>68K</td>
</tr>
<tr>
<td>5</td>
<td>University of Alberta</td>
<td>20.9 M</td>
<td>34K</td>
</tr>
<tr>
<td>6</td>
<td>McMaster University</td>
<td>19.8 M</td>
<td>23K</td>
</tr>
<tr>
<td>7</td>
<td>University of Calgary</td>
<td>16.8 M</td>
<td>26K</td>
</tr>
<tr>
<td>8</td>
<td>University of Manitoba</td>
<td>13.9 M</td>
<td>21K</td>
</tr>
<tr>
<td>9</td>
<td>Carleton University</td>
<td>10.8 M</td>
<td>19K</td>
</tr>
<tr>
<td>10</td>
<td>University of Guelph</td>
<td>8.6 M</td>
<td>22K</td>
</tr>
</tbody>
</table>

*Source: Institutional public information
**Not including colleges endowments
So where does this hybrid industry leave students? With a broad range of choices that provide what any capitalist consumer wants today: easy accessibility to services supported by the latest technology. If their school doesn’t offer them quick, simple, flexible and unique solutions, they will find them elsewhere. In fact, a significant percentage of graduating students do not receive their degree from the first institution they attend.¹⁴

Clearly, technology is a pivotal element in this new hybrid model, and it’s having a huge impact on current post-secondary governance structures. Now much more than an operational support mechanism, technology must be leveraged to enhance and drive the student-customer experience. As tuition fees rise (in the last 25 years, undergraduate tuition fees in Ontario outpaced inflation by 509% and graduate fees by 724%¹⁵), students expect more, and IT departments need to deliver.

It is imperative that governance frameworks embrace this evolving, competitive industry and adapt accordingly, regularly evaluating options and implementing cutting-edge technology as required. Governance structures need to emphasize how critical innovative technology has become, and IT leaders must ask how their current systems can be improved. Whether it’s upgrading network infrastructure to increase Internet bandwidth on campus; integrating social media into online lectures; incorporating high-tech simulator learning into M.D programs; or ensuring students and faculty have access to the best tools and facilities; schools must stay competitive. It’s a new order – one that IT leaders must stay on top of and governance structures must support.

Governance structures need to emphasize how critical innovative technology has become, and IT leaders must ask how their current systems can be improved.
The influence government can exert on higher education through funding policies has increased considerably. With it, institutions must be more accountable, resulting in more stringent government reporting requirements and significant institutional investment in reporting tools and processes. This has been compounded by increasing competition which requires institutions to adapt their intra- and inter-institutional operations while ensuring changes do not negatively affect their funding. One such change involves finding alternative ways to increase funding. For example, some inter-city institutions leverage public-private partnership models to provide facilities access and innovative programs that would not be feasible through government funding alone. While this provides some flexibility to manage and direct investments to support growth and innovation, an effective governance structure must be in place to ensure that decisions propel the institution operationally, while meeting external government funding and quality assessment regulations.

The fact is, institutions today face a more varied and less predictable funding environment, created by the shift in government funding from an itemized budget to a lump-sum basis. Lump-sum funding fluctuates as it can be input- or output-oriented. For example, it can depend on inputs such as the number of admitted students or outputs such as number of degrees granted by a certain program. Moreover, external bodies now perform quality assessment checks to ensure institutions run effectively from a funding – as well as an academic – perspective. As a result of this more rigorous environment, institutions should diversify their funding to rely less on government, thereby hedging capital risk. Other funding sources include third-party direct funding such as private organizations looking for partnerships, contract-based funding (selling teaching and research services) and traditional tuition fees.

Exploring funding diversification options can be challenging under current governance models, which are strongly collegial in nature and whose decentralized decision-making structure is suitable for academic decisions, but not always business decisions. As higher education becomes more a private sector business than a public sector academic institution, academic decision-making governance structures need to adapt to new challenges. Most important, higher education institutions must focus not only on academic growth, but on institutional survival.

This means ensuring close to 50% participation from external private-sector board members, as well as strengthening the power of executive authorities such as the provost or vice principle academic. External board members can provide practical experience and tie institutions more closely to the economy, helping them become more operationally efficient. They may also have experience around regional and alternative funding sources. With external and private-sector members in place, executive authorities can make better decisions and leverage the support needed to drive institutional performance. Building effective private partner relationships enables a range of key benefits that can help institutions navigate the new hybrid higher education industry.

Higher education institutions are now responsible not only for academic growth but institutional survival.
### Sample of Board Representation at North American institutions

<table>
<thead>
<tr>
<th>Higher education institution</th>
<th>Seneca College of Arts and Technology</th>
<th>Ryerson University</th>
<th>Nova Scotia Community College</th>
<th>Missouri State University</th>
<th>Harvard University</th>
<th>Princeton University</th>
</tr>
</thead>
<tbody>
<tr>
<td>Board representation</td>
<td>Public Sector – 11; Private Sector – 10</td>
<td>Public Sector – 11; Private Sector – 13</td>
<td>Public Sector – 6; Private Sector – 14</td>
<td>Public Sector – 4; Private Sector – 6</td>
<td>Public Sector – 11; Private Sector – 21</td>
<td>Public Sector – 10; Private Sector – 29</td>
</tr>
</tbody>
</table>

| Private | 48% | 54% | 70% | 60% | 66% | 74% |

*Source: Based on institution’s website information*

This shift in decision-making and influence towards executives and external board members and away from traditional academic faculties can lead to institutional tensions. To mitigate such situations, the executive (either the provost or VP Academic) selected to oversee academic and institutional decision making must be able to relate to both the traditional academic world and the business world. This executive should have a respected academic background, as well as the leadership, managerial and business skills to understand the institution’s changing needs within the new hybrid industry. This position is critical to help institutions balance academic needs with increasingly complex and relevant business requirements.

Higher education institutions are now responsible not only for academic growth but institutional survival. A new, adaptive governance structure is the key to effectively driving both mandates. Ultimately, an executive position that is itself an academic-business hybrid will provide the leadership institutions need.
Who’s who

Effective relationships within higher education institutions are defined by a collegial environment designed to foster sound governance and continual improvement: “Central to effective and efficient university governance is open consultation, communication, and participation in decisions and decision-making bodies, and understanding of the responsibilities and limitations of authority by all members of the university community. Success of the university depends on collegial relationships and mutual respect among the faculty, professional and support staff, students, administrative officers, and representatives of external entities.”¹⁶ This point must be stressed. All stakeholders within and around the institutional community must be aware of their individual and collective responsibilities. They must understand their role in establishing the policies, procedures, rules and regulations needed to manage day-day operations, drive effective strategy and protect the institution from reputational, financial and intellectual loss. This alone, however, is not good governance. The governance structure itself must provide support by outlining a clear process and role-based criteria for making decisions.
Role of the registrar

The registrar “knows everything and is capable of anything” and, hence, has a highly influential role in promoting good governance. Registrars certainly play a role in managing and influencing academic policies, but their broad connection to the institution’s most important stakeholder group, the students, expands their role beyond academics.

To begin with, the registrar must be intimately knowledgeable of the IT systems that control and manage student information. Many institutions are upgrading to complex phone systems managed by IT departments or complex enterprise resource planning (ERP) systems managed by functional groups. The registrar’s office should be keenly aware of IT’s role in maintaining these systems, and its staff should know what will happen if the system goes down or has problems.

University IT systems are fraught with complexity. Unfortunately, not every campus department understands—or has the ability or will to understand—the complexity of these systems. Some may not understand the technological pre-requisites or compatibility requirements that enable, or prohibit, desired IT purchases or upgrades. In such cases, departments may see IT as a roadblock, sometimes even implementing new systems without being clear on their capabilities or compatibility. The Registrar’s Office, given its esteemed position and significant clout, should be able to translate IT issues, act as a solutions mediator and drive change to embrace those solutions. The registrar should also provide governing oversight on safeguards that define the university’s security and control standards.

Role of the CIO

Demands from stakeholders including students, faculty, alumni, donors and government have made the CIO’s role more important than ever. These stakeholders rely heavily on the institution’s technology and cast a critical eye on its effectiveness and impact. The CIO must be aware of these demands and look for opportunities to enhance stakeholder experiences and adapt service offerings as needed.

According to former president and founder of the IT consulting firm Edutech International, Linda Fleit, there are seven key requirements for higher education CIOs: These include:

- A clear vision for IT’s role in higher education
- The ability to make and back hard decisions
- Excellent oral and written communication and listening skills
- The ability to form alliances and relationships with key campus constituents
- The ability to work collaboratively and effectively
- The ability to manage resources judiciously
- Deep expertise and knowledge in at least one aspect of technology

Having said that, however, the higher education CIO occupies the dual role common to CIOs in any industry. The CIO is, first and foremost, the leader of information systems, but secondly—and equally importantly—a member of the President’s/VP’s/Provost’s executive management team. Higher education CIOs today often see themselves engaged in campus-wide discussions and decisions that have little to do with technology. As such, the CIO must be keenly aware of perceptions, politics, public relations, finance and funding challenges as well as, to some extent, the institution’s marketing direction.
Interestingly, technology is often perceived as playing a supporting role in higher education. When this is the case, the CIO’s role may be more challenging, as technological change will involve a lot more coaxing and explaining of value propositions. Academics, generally speaking, are used to “tried and tested” methods and are often skeptical of new technologies and their implications. Students, on the other hand, are more open to technological innovation and are, becoming increasingly vocal advocates for change on campuses across Canada. With this valuable tool at hand, CIO’s should explore ways to channel it to further advance the IT agenda.

The CIO also has the opportunity to develop key relationships across the institution, but understanding the pain points of a dean, registrar or academician requires a keen perspective. For example, some institutions’ research capabilities and achievements are of profound importance and a source of great pride. CIOs in such organizations should be perceived as a technology champion for research and researchers.

More importantly, the CIO must be keenly aware of current, impactful technology trends and their potential. For instance, as of late 2012, the adoption of potentially paradigm-altering technologies such as massive open online course (MOOC) platforms has been scarce, especially in Canada. However, technologies that could identify new revenue streams should be carefully analyzed for cost-benefit and ROI potential. Such initiatives may also provide the CIO with opportunities to build strategic alignment with key executives and stakeholders.

An educational institution’s ability to keep pace with technological advancement will not only define market perceptions, it will also be a critical lever for attracting top student talent, landing research endowments and increasing revenue from non-traditional sources such as online education. It’s important that higher education CIOs provide a vision for change through technology – and they need to see themselves as catalysts for such change, offering key input and insight around the potential value of all technological decisions.

→ Role of the dean
Academic deans have a wider range of responsibilities than in past, with focus shifting subtly from students to faculty, and the required skill set continues to change. One constant, however, is the need for the dean to be seen as a leader. Deans of the future must be prepared to deal with situations that affect the student body as well as faculty if they are to help define and drive key governance measures.

→ Role of the VP academic/provost
The vice president academic’s/provost’s central responsibility is to make sure the institution is clear on and stays true to its mission. A second-in-command will sometimes be called on to speak to the institution’s core values, vision and commitments, and as such must be a respected member of the campus intellectual community. However, the position also requires a pragmatic manager who can effectively oversee operational tasks.

→ Role of student associations
Student associations usually have their own internal decision-making structure as well as an elected president. Activities include operating service businesses (print/copy shops, pubs and restaurants), publishing student/campus newspapers, organizing social activities, funding student groups and providing students with academic services. Evolving roles include influencing university policies, monitoring institutional policies and helping students through institutional processes. Student association participation in institutional governance includes formal student representation on governing boards and university senates, membership on advisory committees and task forces and regular interaction with institution administrators.
Who is on the board, what their experiences are, what relationships they have and potential influences are critical to the governance of an institution. Depending on this group, the approved direction of the institution can change for the better or for the worse.

→ Role of alumni
Alumni association leaders are sometimes represented on institution governing boards, and alumni who are industry leaders can often influence key public and private sector funding decisions. Alumni may also leverage their networks and community contacts to further support fund raising campaigns.

→ Role of the board
Fundamental to every governance model in any organization is the role of the board. In higher education institutions the board is responsible for setting the governance structure for overseeing the institutional, approving strategic direction within the context of public policy and laws, and assessing the performance of the institution through that of the principal or president. A study performed on governance in Australian higher education institutions also noted that the academic boards have an important mandate to maintain quality of academic standards and provide market and industry credibility to the higher education institution. This importance of the board to the institution makes the selection and election of the board members extremely important to define its strategic direction, achieve marketplace success, monitor performance measures, and ensure election of the right principal or president. Similar to the education industry, the composition of the board has transformed itself, to be diverse and deep across various business, academic and community expertise. Board members from this diversity group allow an institution to not only develop local and global business and community relationships they would not otherwise be able to, but provides a representative group to ascertain the future direction of the institution. Who is on the board, what their experiences are, what relationships they have and potential influences are critical to the governance of an institution. Depending on this group, the approved direction of the institution can change for the better or for the worse.
Can current institutional governance address these key issues?

As noted earlier, higher education institutions must increasingly be run like private sector companies, achieving the same efficiencies, effectiveness, competitiveness, flexibility and agility. Like businesses, they need to respond faster, minimize overhead, improve coordination and change direction as markets, trends and opportunities dictate. What is holding institutions back from achieving the governance structure necessary to effect positive change and improve student offerings? A number of issues need to be addressed:

→ **Lack of agility**
Current higher education governance practices, specifically in the fields of technology and business processes, are not designed for changing market conditions and tend to be risk-averse. Governance usually focuses on aligning with business strategies and implementing changes based on business requirements. When it comes to enabling technology to support business process decisions, governance is perceived as slow and cumbersome. The desire to build consensus and foster inclusion across multiple departments – even institution-wide – is understandable, but when everyone has veto power, any change can be a long, expensive undertaking. In some cases, existing collective agreements and associated change processes can be real change barriers.

Instead, institutions need a customer-centric shift that enables rapid response to changing market conditions. For example, rather than drafting a business strategy, implementing governance policies to enable it and then throwing the requirements “over the wall” to IT, technology should be an integral part of the business strategy from the outset. In the social media age, business stakeholders often drive technology-related decisions without even asking for IT involvement. In particular, for organizations using customer-focused technology strategies to drive differentiation, governance becomes a strategic decision-making process that is driven from the top of the organization. 

→ **Relying on the wrong decision makers**
According to business research firm Gartner, academic stakeholders are not typically prepared to spend enough time on the IT decision-making process. Academic critics argue the process demands too much time that should be devoted to primary work (teaching, research, support). An effective governance structure overcomes this by enabling clear and rapid decisions. In a well-functioning framework, accountability initially resides with managers. If an issue cannot be resolved or a decision cannot be made at this level, an escalation process is initiated. Depending on the level of impact and criticality, the issue can be escalated to directors or directly to the executive committee. This structure enables most decisions to be made at the team level, while providing a fast and efficient mechanism for escalating and resolving major issues and conflicts. It also ensures decision makers are engaged and well-versed in the level of detail they need to know.

Like businesses, they need to respond faster, minimize overhead, improve coordination and change direction as markets, trends and opportunities dictate.
Departments are autonomous, lacking a clear vision

In many institutions, departments are highly autonomous and make decisions that lack a holistic, institution-wide view. They operate "largely ignorant of what those in other parts of the institution are doing." This happens because departments want to make decisions without the perceived hassle or restrictions imposed by institutional governance. This can lead, however, to shadow-technology solutions and a variety of applications not supported by a central IT organization.

Ideally, the institution and the central IT group have an overview of what various departmental users/owners need and want so they can execute an IT strategy that optimizes core IT resources. For some institutions, however, coming up with a complete application inventory is nearly impossible and can take months. Others will go through the process only to discover multiple applications providing redundant functionality. In extreme cases, the same software can actually be licensed by multiple departments. For governance to be effective, institutions must have a full picture of existing and required IT components and must conduct ongoing assessments to keep the application portfolio simple and non-redundant.

Lack of business intelligence (BI) data

Institutions need to re-examine missions and streamline system-wide processes for reallocating IT resources. To develop specific operational and programmatic solutions, however, institutional decision makers need data about the costs and benefits of specific programs – data they now generally lack. Many institutions struggle to provide stakeholders with the current, timely BI and analytical data they need. Setting up key performance indicators (KPIs) that align with strategic goals and user satisfaction can help prioritize governance areas within the institution.

Current skilled resources

As governance gets more agile and institutions look to quickly adopt emerging technologies, changing management processes and innovative service delivery models, related implementation resources will need to update their skills and carefully define their roles. It's a major challenge to keep up with consumerization trends, "bring-your-own-device" policies and student-customers who expect state-of-the-art applications with high availability.

The issue is broader than teaching a developer a new programming language. Given the existing dynamic environment of continuous IT change, the resources who manage and deliver IT services and change initiatives must themselves be highly flexible and adaptable. As new tools and applications are considered, increasing emphasis must be put on product/vendor-vetting, reviewing contracts and business process redesign. This includes getting the right IT management team in place to support these activities. Additionally, as social media quickly becomes the main support and service channel, communication and customer service skills – so-called soft skills – will become significantly more valuable.

To meet these challenges, higher education institutions must develop a clear resource plan tailored to the organization’s needs. Questions to ask are:

- What technical and non-technical skills are required?
- Which long-term technical positions should be filled by in-house resources?
- Which short-term positions could better be filled by contractors or consultants?

Effective workforce and succession planning will allow institutions to recruit and train with clear goals in mind and according to a strategic vision that specifies the ideal long-term resource mix.
Sustaining a governance model that works

Institutional governance should be a process of continuous improvement. Based on stakeholder consensus on priorities, it should be supported by sustained communication and feedback from all levels of the organization. To sustain effective governance, an institution must:

- **Review and monitor the governance model**
  Governance frameworks must be monitored and periodically reviewed against defined metrics to ensure the framework continues to meet objectives. This process includes scorecard reviews and updates, and remediation of any identified non-compliance issues.

- **Track industry trends**
  Institutions need to adjust and react to changes that may affect their governance model. They need to be proactive rather than reactive, minimizing the time it takes to evaluate and modify the current IT governance structure. Industry trends can be tracked through various public and private sources. Market analysts identify trends through studies and industry research, providing additional insight into other industries that higher education institutions can potentially draw on and implement. Community sources such as Educause also provide higher education-specific data points that can be incorporated into any change initiatives.

- **Incorporate new institutional business process changes/requirements**
  A successful governance model focuses on business process outcomes. As the institution continues to grow and mature, business processes will change as well. To ensure sustainability, new or updated processes must be incorporated into the governance model – not always a straightforward activity. In some cases, business process documentation does not exist, making it more challenging to get stakeholder approval for change. From a continuous improvement perspective, this presents an excellent opportunity to update existing documentation and develop and populate any that may be missing.

- **Validate and test changes to the governance model**
  Institutions must be sure that any new governance structure performs as intended. Any modifications must be validated and tested to identify issues, errors and risks, and stakeholder feedback must be incorporated into the process to ensure buy-in. It is critical for the institution to analyze any decisions made immediately following changes to the governance model. This will help determine whether the changes were effective or whether further revisions must be made.

With a continuous improvement model and the tools to enable it in place, support from the institution’s executive is the final step. While ownership will belong to one executive instead of being distributed across the institution, all stakeholders should contribute to sustainability processes and be held accountable for the ongoing success of the new governance model.
Effective governance is a competitive imperative

A governance structure that supports and sustains effective decision making is a must if institutions are to establish and maintain their competitive edge in an increasingly global market. Agility and innovation are critical to success, and governance must enable institutions to offer the flexible services today’s student-customers demand. A structure that unites business and technology leaders behind a common business and academic plan is the most effective way to support this vision.

Everyone has a role to play in effective governance. Understanding those roles and the decision rights that go with them is key to the decision-making process. To achieve long-term success, institutional leaders must take responsibility for influencing change and driving business strategy. To this end, executive ownership of the governance model – with a process in place for continuous improvement – allows institutions to respond to stakeholder demands while staying competitive and, where possible, taking the lead in the higher education marketplace.

Agility and innovation are critical to success, and governance must enable institutions to offer the flexible services today’s student-customers demand.
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Endnotes

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