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Accountability

The call comes from the chairman of the board, the CEO of the company, or the biggest contributor to a project. The question is always the same: "How are we doing?" At times in our careers we had a simple response. We pulled up a "dashboard" or set of metrics that were updated daily or weekly and launched into an answer. "Revenues yesterday were $20,000 and averaged $17,000 over the last week. We have $500,000 in the bank and we should be generating cash in three months. We made a key new hire and the acquisition we have been working on fell through." A few questions about the details on each point would follow, and then we would hang up and go back to work. Of course, these conversations relate to our activities outside the halls of academia.

If a department chair, a dean, or a university president is asked, "How are we doing?" what often follows is a long pause and then a set of questions: "How are we doing with regard to what?" "Who are you referring to when you say *we*?" "What timeframe are you talking about?" Next comes a long conversation about the importance of priorities, the need for a strategy, and the pressure for clearly defined metrics that answer stakeholders' questions. Ultimately, both parties need a way to measure performance against a plan and provide focus for an agreed-upon set of activities.

To someone outside the university, this sounds like a straightforward and relatively simple task. In reality, it is extraordinarily difficult for the research university to fos-

ter the kind of entrepreneurial environment that accomplishes this seemingly straightforward goal. Constructing a president's dashboard for research universities—a dashboard informed by countless other dashboards throughout the institution—is the subject of this chapter and serves as a tool for answering that most crucial question, "How are we doing?"

We need this *über*dashboard and the smaller ones that power it because "how the university is doing" is no longer merely a private conversation between a friendly board chair, a donor, and a university president with an eye toward making incremental improvements. Now the conversation is a public one involving state legislatures, federal agencies, private foundations, the U.S Congress, and the general public, all of whom fund, directly or indirectly, the activities of a research university. Their questions have to do with enrollment (Who gets in?); affordability (How much does it cost and is it worth it?); stewardship (Are those growing endowments that accumulate tax free being employed responsibly?); and impact (Do research universities, the most elite institutions in our society, really matter?). These public conversations are increasingly played out in the media and other public forums and are often framed in terms of mandatory performance measures, reduced funding, or changes in the tax code that enact new requirements in order to maintain tax-exempt status.

The conversation is now taking place inside the walls of research universities as well. A dramatic reduction in endowment and outside funding in 2009 has caused research universities to examine every aspect of their institutions. Similarly, donors of all sizes want to understand the impact of their contributions. Students and their parents are interested in the return on their tuition dollars; board members view themselves as fiduciaries and want to insure they are meeting their responsibilities; and, as a result, faculty and administrators are examining virtually all institutional activities to determine whether they make sense. Increasingly the question is, "Do these activities fit with the strategic direction of the institution?"

So where do you start? It would be tempting to review the rankings, determine which are most relevant to your own institution, develop a set of initiatives that will favorably impact your own ranking, and then create metrics that track your progress.

Relying on rankings to measure the performance of a university, however, is a bad idea for a host of reasons. It cedes to an external body, such as the editors of a magazine intent on increasing circulation, the most important questions facing the institution. It precludes

the development of a unique strategy consistent with the particular competencies, geography, history, and traditions of an individual institution. Most important, it forces the university into an execution trap where the only way to excel is to outperform its peers; this trap, more often than not, devolves into an arms race involving everything from the level of student aid to the quality of dormitories and athletic facilities. In the short run, continuous improvement initiatives can yield results that will be reflected in the rankings, but at some point they will produce diminishing returns. Ultimately, the only way to win this game is to continue to out-execute the competition, and that translates, more often than not, into a simple equation: whoever raises the most money wins.

There are variations on this formulaic approach that create equally bad results. Attempting to impress state legislatures or federal agencies by achieving high scores on externally mandated measures forces universities into the same kind of performance trap. Similarly, if the goal is to attract prospective students and their parents by building a new cafeteria or student center, the approach can divert resources from more important needs while providing a temporary competitive advantage, lasting only until peer institutions catch up. Relying solely on rankings to shape the dashboard by which a university is measured leads to a mentality and a culture antithetical to the engines of innovation universities can and must become.

An entrepreneur begins the process of defining success from the opposite direction, gravitating toward innovation, not emulation, as a way to achieve institutional excellence and sustainable competitive advantage. The entrepreneur defines success before attempting to measure it. After developing and articulating clear goals, an entrepreneur constructs a set of metrics that address the question, "How are we doing?"; the process begins by developing a strategy and a plan for implementing it. Most research universities have an overarching and compelling mission, often drafted decades or even centuries ago, that can easily be adapted to current realities. Similarly, many universities have identified a set of core values that shape their cultures (and, if not, that should be done). However it is in the area of strategy that entrepreneurial thinking can have the greatest impact. First, strategy is a plan for innovation, for being different. Without a strategy, universities are doomed to march in lockstep with their peers, engaging in a continuous contest for endowment and grants that allow them to outperform the competition and move up in the ratings. Second, strategy involves a set of concrete activities that, ideally, link with one

another. If these activities are all executed well, they become hard to copy, creating a difference that is sustainable over time and therefore an alternative to simply running faster or longer than last year or working harder than the competition. Third, strategic activities can be rationalized throughout the university without imposing a one-size-fits-all approach. The strategic plans for the Law School, the College of Arts and Sciences, and the Journalism School can be very different, but they can all contribute to the successful execution of a university-wide strategy. Fourth, a good strategy is easily articulated so that buy-in can be obtained from the various constituencies that must support it if success is to be achieved. Typically it involves no more than four or at most five major initiatives, and with hard work each initiative can be reduced to no more than eight to ten words. Fifth, the results of a strategic plan lend themselves to simple metrics. A strategy can ultimately be translated to a dashboard that answers the question, "How are we doing?" The last reason to adopt a strategy is that it will favorably impact the external measures and rankings if it is the right one. Real institutional improvement is typically reflected in at least some of the popular measures of university success, and articulating a clear and convincing strategy can actually influence some of the metrics used by external sources in measuring the success of the university.

Great idea, but can you ever do it at a university? The autonomy granted to schools, departments, and even professors precludes a uniform approach to anything. Embedded in this concern is the suspicion among some that strategy is really just another word for imposing a kind of commercial discipline on the academic enterprise, placing economic concerns ahead of academic aspirations and changing for the worse the essential nature of the academy.

In fact, strategy is nothing more than a set of activities that interrelate with one another but when executed well can transform an institution. There is nothing uniform about the activities undertaken by each university unit and by each member of that unit in furtherance of an overall strategy. They don't have to be imposed from above but can be developed from the bottom up, as we will describe later in this chapter. Although not uniform, the activities should interrelate because they are guided by overall institutional goals and a strategic plan for achieving them. The broad strategic initiatives that make up the university-wide plan must be formulated through community-wide dialogue that reflects the values, strengths, and weaknesses of the institution. They can also be broad enough to leave latitude for creativity and diversity in the activities of academic units of all sizes.

What values are reflected in the overall institutional strategy unit is up to those involved in the process. Creating a strategy is simply a method for successfully implementing a set of values in an effective and sustainable way. For a research university, the most radical activity of all is to actually formulate an institutional strategy. The dialogue such a process fosters and the questions it raises will have a far-reaching and, we predict, positive impact.

We willingly acknowledge that a university community is a difficult place to develop and implement a strategic plan. The concerns likely to arise will be different at every institution, and many will be ones we haven't thought of; but we suspect a few themes will be virtually universal. There is a resistance to any approach that is not developed by consensus, a tall order at an institution as large and complex as a research university. This problem is compounded if the ultimate result is a set of bold strategic activities—not something that is ever arrived at by super-majority vote. A related issue is the problem of dual allegiances. The careers of typical faculty members are influenced as much by their standing among peers in their discipline as by their activity within the university. This often leads to departments and schools operating as independent fiefdoms that view campus-wide administration as an annoyance that has to be placated.

Developing a strategic planning process that is inclusive and transparent is critical to any hope that whatever is decided upon will gain broad acceptance. A stipulation at the outset that the final result will not be arrived at by majority vote but that all points of view will be considered should also help. In fact, encouragement of a wide range of ideas and points of view is critical to making the process work; this is a place where task forces and committees are of great value. Not only does such a stance increase the likelihood of community acceptance, but it also makes for a better result. Remember, strategy is about being different, and it is unlikely that bold, high-impact initiatives will emerge if unconventional thinking is not welcomed and embraced. No matter what approach is adopted, it will not be without its critics, but an inclusive process will minimize the criticism.

The most difficult hurdle involved in developing a strategy is not endemic to the university. It involves the concept of trade-off, or, said another way, deciding what not to do. In discussing strategy with successful leaders they uniformly stress the importance of focusing on a limited number of objectives, no matter how large and complex the enterprise. Recently, the president of one of the largest private foundations in the world told us his organization had three objectives

and then explained he spent the preponderance of his time articulating them and maintaining internal focus. In any organization it is easier to try to do everything, and this is especially true in a university with an ethic built on consensus; but there is no hope for a successful strategy without trade-offs and making the choices that a strategic plan requires.

With a clear understanding that it won't be easy, we have some suggestions for developing a strategy and a plan for implementing it. The end result is clearly articulated, measurable university-wide goals together with measurable strategic initiatives that support the goals, a timeline, and, of course, a university-wide dashboard to answer the question, "How are we doing?" Similar goals and initiatives can be developed by the various components of the community, each with their own dashboard. Over time all members of the community would be part of a plan they could impact. With dashboards widely dispersed within schools, departments, and other initiatives, progress toward shared goals becomes transparent and all of the metrics roll up to the university-wide dashboard, which can also be widely disseminated as a regular report card. Admittedly, this vision is much too neat for a nonhierarchical community of highly educated individuals who chose academia, in part, so that others wouldn't tell them what to do. It does, however, have the advantage of being relatively clear and simple. The goals and aspirations of research universities are undoubtedly difficult to quantify, but we believe it is better for academics to develop reliable metrics than to have them imposed from the outside.

Using a university-wide dashboard as an end product, we want to walk through a hypothetical process we believe could achieve much of what we suggest.

The process begins with the appointment by the president of a relatively small planning body that reflects the seriousness of the undertaking and also the diverse groups that make up the university community. This group can have available to it the various studies, task force reports, and external reviews that are common in all research universities. The group then settles on a small number of university-wide goals and a limited number of strategic initiatives in support of each goal. The goals might address areas such as enrollment, teaching, institutional support, and research impact. The strategic initiatives would be activities that are institutionally specific and built upon unique university-wide strengths. Examples might include focused, merit-based recruitment programs or the encouragement of multidisciplinary teams that translate the most promising scientific

research into sustainable solutions to problems of worldwide importance. The planning group would also develop a university-wide dashboard with measures for each goal such as the number of undergraduate applications for admission or the amount of total outside support, including sponsored research, private contributions, and other external contributions.

The next step is for the president to begin articulating the mission, values, and strategy of the university and asking other units in the university to develop plans to help achieve them. In response, each college and school undertakes a similar exercise. With a university-wide strategy as a guide, including clearly articulated and measurable goals, the process would result in a set of initiatives and activities that interlock both within each school and among them, and the metrics arrived upon would all roll up to the university-wide dashboard.

The university-wide enrollment goal illustrates how the process might work. The enrollment goal would be expressed in broad terms: "To attract a diverse group of world-class students to every educational unit of the university." The metric might be the number of targeted students actually enrolled, with special weighting going to graduate students, merit finalists, and other categories that have impact on the community beyond their absolute numbers. Every unit within the university would then have the opportunity to develop its own strategy for achieving this goal. For undergraduate admissions, it could be to target outstanding math and science students nationwide and enlist outstanding faculty as recruiters and mentors for these students. For the graduate school it could be a special fellowship aimed at students who have applied to departments or schools where their presence would have a high impact. The medical school could build on its preeminence in cancer research to attract graduate students and postdoctoral candidates with special promise in this area; and public health might take a similar tack in building on its worldwide reputation in the study of childhood obesity.

Some of these initiatives will work and others will have to be revised or abandoned. All can be measured and all can roll up to the university-wide goal. These activities relate to one another and if executed well will result in a focused, measurable, university-wide approach to improving the quality of the student body. In some cases the process might go even deeper, with departments such as economics, history, or applied science developing their own plans through the same process. Such departmental plans can serve as the basis for school-wide discussions on strategic alignment and will facilitate conversations

on outputs and results because each plan will, by definition, include a dashboard.

Our hypothetical process takes at least two academic years: the first to develop and articulate a university strategy, and the second to develop the supporting strategic plans. Each plan should be dynamic and supported by an annual operating plan created as part of the budget process. Metrics are always a work in progress with new and more sophisticated measures growing out of the process. What doesn't change is the concept that every important enterprise in the community has a dashboard, and all of those doing the driving can answer the question, "How are we doing?"