Strategic Change and Innovation in Independent Colleges:
Nine Mission-Driven Campuses

James C. Hearn, Jarrett B. Warshaw, and Erin B. Ciarimboli
About the Project on the Future of Independent Higher Education

This report was prepared as a component of the Council of Independent Colleges’ Project on the Future of Independent Higher Education, a multi-year initiative to identify and examine the forces that are most likely to affect the future of independent colleges and universities and to help member institutions prepare for both new challenges and new opportunities. With the guidance of a steering committee of college and university presidents (see inside back cover), the project considers potentially disruptive changes to American society and education and explores fresh approaches to higher education and new college business models. The project also examines the distinctive characteristics and missions of independent colleges that have enabled them to offer a high-quality education for so many years. The project is supported by the Lumina Foundation for Education and the TIAA Institute.
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A Report for the Council of Independent Colleges
April 2016
The Council of Independent Colleges (CIC) is an association of 765 nonprofit independent colleges and universities and higher education affiliates and organizations that has worked since 1956 to support college and university leadership, advance institutional excellence, and enhance public understanding of private higher education’s contributions to society. CIC is the major national organization that focuses on providing services to leaders of independent colleges and universities as well as conferences, seminars, and other programs that help institutions improve educational quality, administrative and financial performance, and institutional visibility. CIC conducts the largest annual conferences of college and university presidents and of chief academic officers. CIC also provides support to state fundraising associations that organize programs and generate contributions for private colleges and universities. The Council is headquartered at One Dupont Circle in Washington, DC. For more information, visit www.cic.edu.

**About the Authors**

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The authors of this report provide compelling evidence that the leaders of America’s private liberal arts colleges have faced the future with optimism and willingness to try innovative approaches and implement promising new strategies for change while preserving the essential missions of their institutions. They have not, as some assume, spent the recent past “waiting passively for an inevitable tide of change to wash over” their institutions.

This report is a companion to Mission-Driven Innovation: An Empirical Study of Adaptation and Change among Independent Colleges, published by the Council of Independent Colleges in 2015 and prepared by James C. Hearn and Jarrett B. Warshaw at the University of Georgia’s Institute for Higher Education. The first report took a broad view of mission-driven innovation by presenting the results of a national survey of presidents of CIC member colleges. The results demonstrated impressive adaptability to the shifting landscape of American higher education, with more than 90 percent of presidents reporting new approaches to containing costs or diversifying revenues in the previous five years. (The report is available on the CIC website at www.cic.edu/ResearchFuture.)

Nine institutions are featured in this report. They exemplify the change efforts underway at dozens more independent colleges and universities. The case studies include examples of critical self-assessment and of institutions engaging with stakeholders, identifying new programs and revenue streams, introducing new organizational structures, clarifying institutional missions, and fostering cultures of innovation.

Both reports are part of CIC’s Project on the Future of Independent Higher Education. The project was launched in 2014 to explore the challenges facing higher education, to examine alternative college business models, and to highlight the characteristics of smaller private colleges and universities that have prepared so many generations of their students for lifelong success. The goal is to help CIC member colleges and universities prepare for the future by providing information needed to reconsider their institutional missions, pursue new financial models, and develop new strategic initiatives while retaining the student-centered nature of independent colleges that has been a key to their demonstrable success.

Richard Ekman
President
Council of Independent Colleges

April 2016
A s part of the Council of Independent Colleges’ Project on the Future of Independent Higher Education, this study advances understanding of four questions with answers that illuminate the path of this essential sector of American higher education:

1. What are the challenges independent colleges face as they seek to adapt and prosper?
2. What innovations are these colleges undertaking?
3. What factors are driving or are associated with innovation efforts on these campuses?
4. What are the effects of these innovations?

These same questions were addressed in an earlier survey analysis published by CIC in July 2015 as Mission-Driven Innovation: An Empirical Study of Adaptation and Change among Independent Colleges. This report follows up on that analysis, focusing now on innovative actions implemented at nine CIC member institutions especially active in adaptation and change. Each of these colleges was chosen for further analysis because of its high level of innovative activity in cost containment and reduction, in revenue enhancement and diversification, or in both arenas. Together the case analyses provide a rich resource with applicability for leaders of other colleges and universities seeking to align innovation and mission.

The nine distinctive institutions profiled here show substantial variation in the challenges they faced, in the ways they organized to address those challenges, and in their eventual substantive choices. Yet six overarching themes emerged that characterize change efforts across the cases. All of the colleges studied exhibited:

1. A Bias for Action. Each of the case-study institutions was selected for analysis based on its adoption of numerous innovations in recent years, relative to peer institutions.
2. A Drive to Connect Locally, Regionally, and Beyond. Each of the colleges assertively engaged with its external stakeholders, its campus constituencies, its supporters, and its current and potential markets.

3. Realistic Self-Assessment and Adaptation. In choosing innovations, each institution paid close attention to what was feasible and likely to prove successful.

4. Structuring for Innovation. Leaders at each of the colleges thoughtfully created organizational processes and forms fitting the particular changes being pursued.

5. Assertive Leadership within Shared Governance Traditions. Leaders of the institutions regularly cited their efforts to tie chosen innovations to their colleges’ historical roots and traditions.

6. Alignment of Mission and Innovation. Leaders uniformly emphasized the importance of preserving or expanding their colleges’ missions, rather than forsaking or compromising those missions.

Currently, the conventional wisdom for independent four-year colleges points toward a decline in coming years. That narrative, however, may presume heedless emulation of familiar models in those institutions. In the 1980s and 1990s, astute four-year colleges disrupted an earlier, widely accepted narrative of decline. They survived and, in fact, many institutions in the sector have subsequently prospered. Evolving contexts and emerging challenges do not necessarily compel mission abandonment or collapse. There is no reason for contemporary colleges to accept passively the dominant storyline today. The cases profiled here present useful examples of energetic, and in some cases bold, changes undertaken by independent colleges and universities to adapt and ensure future financial health and viability.
Many observers have recently characterized U.S. higher education as being in crisis, and perhaps no part of the enterprise has attracted more attention than the independent four-year college sector. From critics’ perspectives, these colleges feature dubious curricula, entrenched resistance to change, over-attention to climbing walls and coffee shops at the expense of educational fundamentals, and prices well out of the reach of most students and families. In short, the critics argue, these institutions employ broken business models that, without substantial disruption, may lead many to extinction (Biemiller 2015; Tierney 2015; Woodhouse 2015). The familiar example for these arguments is Sweet Briar College, an institution whose recent troubles are viewed by many as a harbinger for the sector as a whole. So go the arguments of the critics.

In reality, the conventional wisdom about these colleges and universities requires adjustment. There is no question that the challenges they face are substantial, or that closures and mergers could lie ahead for some institutions. Still, many four-year independent colleges are financially and academically healthy, and most others are in no imminent danger (Hearn and Belasco 2015). Also missing from some critics’ views is faith in the capacity for strategic change in this sector. Many of these institutions are survivors of several earlier waves of doom-saying regarding the sector, and they owe their ongoing survival to adroit adaptations to changing conditions.

One need only look to some familiar examples for evidence. Ruin was forecast for Washington and Lee University, when, in response to dire enrollment and financial forecasts, it moved to admit women in the 1980s. One disgruntled professor and alumnus spoke for many when he commented, “A break with what has built up in the course of 235 years amounts to an alteration of personality and a discarding of values, many of which I consider worthwhile” (Givens 1984, 29). But, in fact, much of the distinctive mission, culture, and character of Washington and Lee survived intact, while its enrollments and finances surged. Now, the college regularly appears in listings of the top liberal arts colleges. Similarly, in the early 1980s, Centre College in Kentucky faced extremely low faculty salaries, unprecedentedly low enrollment, and a rapidly mounting deficit (McMillen 1988). It fell directly in the demographic storm’s projected path, yet aggressive strategic action soon turned the college around. Currently, enrollment is almost double that of the early 1980s, selectivity level is high, and finances are robust. Centre annually competes successfully for students with some of the nation’s most esteemed colleges and universities. When they are willing to act thoughtfully and aggressively in response to challenges, institutions in the independent four-year sector have a long history of surprising their doubters (Pfnister 1984).

With this resilient history as background, the Council of Independent Colleges launched the Project on the Future of Independent Higher Education in 2014. The Project’s research initiative was designed to address four important questions:
1. What are the challenges independent colleges face as they seek to adapt and prosper?

2. What innovations are these colleges undertaking?

3. What factors are driving or are associated with innovation efforts on these campuses?

4. What are the perceived effects of these innovations?

To begin examining these questions, the first phase of this research effort explored the extent and nature of adaptation and innovation in small independent colleges. All CIC member institutions’ presidents were surveyed. The resulting report, Mission-Driven Innovation: An Empirical Study of Adaptation and Change among Independent Colleges, revealed frequent and varied innovative activity in the sector (see Hearn and Warshaw 2015).*

As indicated in that report, the survey was designed to examine the challenges and innovations associated with the academic, operational, and financial aspects of CIC member institutions. Two definitions lie behind properly understanding the survey design and the interpretation of the findings. “Innovation” was defined as an approach or effort new to the organization that adopted it (Rogers 1983). Thus, what we identified as an innovation was not necessarily new or unique in a broader sense (for example, to all CIC member institutions). Instead, an innovation was defined as a new initiative within the local setting of a specific institution. “Recent” was defined as an initiative or set of initiatives implemented in the past five years.

Nearly every responding CIC president reported that their institutions were pursuing some form of cost containment and reduction or some form of revenue enhancement and diversification—92 percent of respondents reported pursuing both. Notable majorities reported leaving faculty positions unfilled, freezing salaries, and restructuring academic programs. To be clear, these efforts may not necessarily be highly “innovative” in and of themselves, but they are change initiatives that can widen financial margins and allow for more distinctive moves toward revenue enhancement and diversification. For example, a striking 83 percent of institutions reported creating new undergraduate programs, 74 percent reported creating new graduate programs, and 64 percent reported creating new online programming. Substantial majorities also reported revamping their admission practices, financial aid policies, and fundraising approaches, as well as expanding athletic investments and international recruitment efforts. The typical small college president, at any one time, appears to oversee a wide variety of initiatives and innovations to lower costs and boost revenues.

Most presidents viewed innovations as congruent with their institutions’ existing missions and reported favorable acceptance of their change efforts among diverse constituencies. Clearly, the heightened marketplace vulnerability of many of these institutions is creating powerful incentives for change. Leaders are not merely waiting passively for an inevitable tide to wash over their colleges. Whether all will be able to steer clear of danger remains to be seen, but the first-phase findings suggest that few can be blamed for a lack of trying.

To address further the strategic changes and innovations taking place on these campuses, this second phase of the project focuses on case studies of selected CIC member institutions. Using the first-phase survey results, we identified a set of institutions reporting high levels of initiatives and innovations in cost containment and reduction, in revenue enhancement and diversification, or in both categories. Among those institutions, we next identified a set of colleges whose institutional characteristics reflected the educational and regional diversity of CIC membership and whose presidents had volunteered their campuses as potential case studies.

This report presents the results of those second-phase case studies. Specifically, we profile nine especially active CIC institutions and then draw some overarching themes from the actions and experiences of those colleges and universities. For further details on the design of this analysis, please see Appendices A and B.

* The report is available as a free download from the CIC website at www.cic.edu/Programs-and-Services/Programs/Documents/CIC-Hearn-Report-2015.pdf.
Mission: Benedictine University is dedicated to the education of undergraduate and graduate students from diverse ethnic, racial, and religious backgrounds. As an academic community committed to liberal arts and professional education distinguished and guided by our Roman Catholic tradition and Benedictine heritage, we prepare our students for a lifetime as active, informed, and responsible citizens and leaders in the world community.

Benedictine University, founded as a Roman Catholic institution by the monks of St. Procopius Abbey in 1887, is a doctoral/research university with a main campus in Lisle, Illinois (a suburb of Chicago), branch campuses in Springfield, Illinois, and Mesa, Arizona, and additional sites across Illinois, China, and Vietnam. The institution offers degrees in five colleges, including the College of Liberal Arts, College of Science, College of Business, College of Education and Health Services, and Moser College of Adult and Professional Studies. Just over 10,000 students enroll annually in Benedictine’s 55 undergraduate degrees (including eight adult undergraduate majors), 16 master’s-level programs, 34 graduate certificates, and four doctoral programs, including both online and face-to-face instruction, all of which have expanded significantly in recent years.
Benedictine is notable for *widespread innovation at a doctoral institution, both locally and globally, with particular emphasis on revenue diversification*. In summer 2015, we interviewed William Carroll, the institution’s president at that time, Maria de la Cámara, provost and vice president for academic affairs, and Charles Gregory, executive vice president. In addition to our interviews, Carroll provided us with two articles that he had written regarding the future of private liberal arts colleges. Both reflected his position that within the highly competitive higher education market, institutions must be change-oriented and distinct if they wish to survive, writing that “institutions that do not stand out from the herd will suffer.”

When Carroll arrived at Benedictine in 1995, the university’s enrollment was showing signs of a persistent downturn. Just two years later, he presented the board with a critical choice: “either close the place or vote on its future.” The board voted to keep the institution open, which led to the inevitable development of a new strategic path for Benedictine—a strategy housed in fear—and that is the fear of running out of students,” said Carroll. His first priority was to begin to run the institution more like a business, ensuring that income met expenses, endowment was not used to fund operating expenses, and the university’s books were closed four times a year. “We’re a business,” he stated. “At the end of the day, whether you’re nonprofit or for-profit, you’ve got to pay your bills, or you won’t be around. You don’t pay your bills by borrowing from your endowment or having a line of income from your endowment.” Another immediate focus was to begin modernizing the university’s facilities and infrastructure, which had been neglected for many years.

Carroll’s dynamic and entrepreneurial style was evident in his initial approach to institutional adaptation. While cognizant of the university’s faith-based tradition, he also leveraged its broad mission as what he termed a “warrant” for changes on campus. Thus, change and innovation quickly became the norm at Benedictine. Described by one of his colleagues as “a popcorn president, with an idea a minute,” Carroll’s entrepreneurial approach has been reflected in the institution’s extensive efforts to diversify revenue streams. This viewpoint was echoed by Gregory, who stated, “Philosophically, I don’t think any institution can be one-dimensional anymore. The marketplace is too competitive, and the demands of the marketplace are too requiring of certain things.”

Benedictine’s primary strategy has been to reach as many students as possible. Seeking to expand enrollment growth and increase tuition revenue, the institution’s leaders adopted a “go where they are” approach, embracing new and diverse student populations, building new campuses, developing adult education programs, and building innovative models for graduate education. “I’m a contrarian,” said Carroll. “Where I see a group of presidents or a group of colleges going, I go in the other direction. There are more and better populations of students that no one’s even discovered yet, and I’m going to go in this other direction and look for my own.”

As an example of this growth in population, the proportion of Muslim students has increased to as much as 30 percent of the traditional undergraduate population on the Lisle campus. Benedictine has added several master’s and doctoral programs, with options for online, face-to-face, and hybrid teaching approaches, including one of the highest ranked online master of public health programs in the country. They also have added a “$10K MBA,” which, according to Carroll, has
been tremendously successful at bringing in new revenue “because it’s reaching a price point that people can afford.” Other ongoing programs have aimed at enrolling community college students (via unique 3+1 bachelor degree programs), transfer students, and adult learners. “I’m not sure there is a traditional student anymore,” noted Gregory.

As part of their efforts to attract new students, Benedictine’s leaders have not been afraid to extend the physical boundaries of the institution. In 2013, they opened a campus in Mesa, Arizona, nearly 1,700 miles from Lisle. Capitalizing on the large Catholic and Hispanic populations in the area, 250 students already have enrolled at the location, which added a varsity athletics program to its offerings in 2015. “We see this as something that is really going to enhance the name and reputation of Benedictine University,” de la Cámara said of the Mesa campus, adding that in the past, graduates of Catholic high schools in the area often had to head out of state if they wanted to continue their Catholic education. The institution also has added programs in China and Vietnam, taught primarily by face-to-face methods using American faculty. Carroll sees this as part of an institutional response to the Catholic Church’s call for improved intercultural relations. “So our faith has actually fueled our development [and] our growth,” he noted.

Although Carroll stepped down from his position at the end of July 2015 after a 20-year tenure at Benedictine, the university’s pace of change does not look to be slowing anytime soon with Michael Brophy now at the helm. Benedictine was named the fastest growing private nonprofit doctoral institution in the country from 2002–2012 by the Chronicle of Higher Education. Though not every effort has achieved success, change is the norm. Reflecting on his time at the institution, Carroll observed:

Change is systemic at Benedictine now. It’s expected. It’s demanded. Change, by definition, is not staying still. And I think, over the last 20 years, that’s what has been significant here. Change is part of the lifeblood of this institution. It’s hard to get the balls rolling, but once they start rolling, they take on their own momentum. And that’s what change is about. It’s not a fear. We’re guided by the mission. We have a vision. Let’s go. Let’s get there before anybody else. Let’s differentiate ourselves. Let’s make this a significant institution in the world of higher education.
Bethany College is a small baccalaureate institution located in rural Lindsborg, Kansas. Founded in 1881 by Swedish Lutheran immigrants, Bethany remains a college of the Evangelical Lutheran Church of America. An institution devoted solely to undergraduate education, Bethany offers bachelor's degrees in 45 majors and programs of study, housed in 11 academic departments. It is one of the smallest institutions in our study, with a total enrollment hovering around 650 students. As with many of the very small colleges of its type and setting, Bethany has struggled to carve its niche within the higher education marketplace, balancing its religious mission with the need to diversify enrollment and increase revenues.

Bethany College exemplifies pervasive innovation for institutional survival at a Western baccalaureate
college, particularly remarkable for academic, financial, and cost-containment initiatives. In summer 2015, we spoke with Edward Leonard III, the institution’s former president (who left the college in July 2015 to become president of Birmingham Southern College), and Melody Steed, assistant academic dean, who provided us with documentary materials outlining the college’s “Core Experiences” and “Foundational Competencies.” Both of these documents show an alignment of goals and desired student learning outcomes of the college’s new academic and general education initiatives with the institution’s unique mission. Following a recent accreditation visit from the Higher Learning Commission, the college began a significant examination of its first-year experience program (Foundations of Excellence) and subsequently created a Core Integration Committee. The Core Experiences document provides a fitting statement of Bethany’s challenges for the present and future: “Bethany College is now at the crossroads, seeking to revise the curriculum so that it is aligned with the core values and mission of the college. At the same time, it is imperative that we distinguish ourselves among other small academic institutions in Kansas and find a compelling reason for outstanding students to attend Bethany College.” Thus, the institution has aimed to differentiate itself from peer institutions through tightly focused, innovative curricular changes.

Indeed, our interview with Leonard provided further details on the difficult challenges facing Bethany. When asked about his approach to adaptation and the overall strategy of the college, he was quite candid, replying:

Survival, to be blunt. If you go back to the 2009 time frame, with the Great Recession, the Chronicle of Higher Ed, Inside Higher Ed, everyone was publishing—and I’m going to use the banking terminology—sort of ‘stress tests’ for private colleges. If you had an enrollment below 1,000, if you’re in rural America, if you’re in small communities, small endowment…different entities had come out with different stress tests. You would go through that list, and it’s like, “Bethany, Bethany, Bethany.” And some of those things, you’re not going to change. Certainly we’re trying to grow enrollment and get enrollment out of the stress area, but we’re not going to change the fact that we’re in a community of 3,500, dead center in rural Kansas—those aren’t going to change. So I say survival seriously but also tongue-in-cheek, but it is who we are, so [the question is] what are we going to do about it? And so, it’s also survival in an evolutionary sort of way, in a Darwinian way. I don’t know who’s going to survive and who’s not going to survive. But we’ve got to do our best to be the college that does.

As a result, Leonard and other campus leaders engaged in significant efforts to position the institution in a way to attract more students, consisting primarily of academic innovations, cost-reduction measures, and enrollment-management practices. These approaches seemed to be much of a trial-and-error process embracing constant innovation, creativity, and failure. “We’ve been fairly innovative, really the past five to seven years,” noted Leonard. “So for us, it’s what’s sticking, what’s not sticking. If an innovation is working, we ask ‘How do we pick up the speed by which it’s working? How do we accelerate it? Where do we put on the brake, and where do we put on the accelerator?’”
The first target for institutional innovation was in the academic arena, focusing on both the general education curriculum and first-year experience. The college’s general education program focuses on seven core competencies, five of which can be achieved via coursework, with the overall goal of increasing student engagement in liberal studies. According to Steed, the initiative aims “to get students to look at their lives as a whole and to start breaking down their compartmentalization of it.”

Reflecting this commitment to a more broad-based approach to general education, faculty members embrace an interdisciplinary, team-taught classroom experience entailing four required courses in interdisciplinary studies. The first-year experience, Foundations of Excellence, lays the groundwork for this program, developing critical thinking skills and the ability for students to begin to understand multiple perspectives in the classroom. Leonard acknowledged that although these approaches may not be unique on a national scale, they set Bethany College apart from other colleges in the area:

Everybody with whom we compete, whether it’s the publics in Kansas or the other privates in Kansas and the Great Plains, all have the traditional, German, distributive education core curriculum. I take one English, I take one history…. What we ended up putting together is not unique in higher education, but the quilt we put together can’t be found in this part of the country.

These changes to the academic curriculum also relate to the college’s enrollment-management strategy, seeking to better integrate new students with the community over their first five semesters of enrollment, beyond new student orientation. Leonard suggested that these shifts were initiated with intended outcomes of both diversifying the student enrollment and increasing retention. “What all this is hoping to do is to attract more students, better quality students, but more specifically—like many of the Kansas schools—we are athletically driven,” he said. “How do we attract non-athletes so that we can begin to get a healthier balance of athletes and non-athletes?” There is evidence that some of the college’s efforts are working: In 2013, Bethany enrolled its largest student body in over 15 years—665 students.

Finally, cost-containment initiatives were prominent on Bethany’s agenda. When Leonard began his tenure in 2007, the college was running a 44 percent operating deficit. He describes fighting a “two-front war” of increasing revenue while also getting expenses in order and managing the bottom line. This entailed some reductions in the college’s workforce as well as a fearless approach to innovation and institutional change. “We had to embrace the cliché, ‘ready, fire, aim,’” he stated. “I knew we needed to get something out there, then we’d make it better.”

Bethany’s identity and mission remained at the forefront of Leonard’s planning efforts when he was at the college, and indeed, they are likely to remain central to the conversation as its new president Robert Vogel seeks to keep pace in a competitive higher education marketplace. During our conversation, Leonard noted:

Eight years ago, I would suggest that Bethany, like a lot of…small rural colleges, was trying to be all things to all people, and we were nothing to nobody. So enrollment reached a 40-year low. By focusing on identity and mission, we gained clarity as to who we are, and that then allowed us to grow enrollment by more than a third in over eight years.
**Mission:** Dillard University’s mission is to produce graduates who excel, become world leaders, are broadly educated, culturally aware, and concerned with improving the human condition. Through a highly personalized and learning-centered approach, Dillard’s students are able to meet the competitive demands of a diverse, global, and technologically advanced society.

With its picturesque campus in the historic Gentilly neighborhood of New Orleans, Louisiana, its reputation of strong pre-professional and liberal arts academic programs, and its healthy enrollment draw, Dillard University has long exemplified a successful historically black institution. Indeed, Dillard has received support over the years from two large Protestant denominations—the United Church of Christ and United Methodist Church—and, most notably, from its alumni and donors. In 2005, however, the university was dramatically shaken when Hurricane Katrina struck the city. The ensuing crisis threatened the very core of what Dillard had leveraged to distinguish itself: It temporarily shut down the campus, prompted reforms to core educational offerings and student services, and contributed to an enrollment crisis.
decline by about 1,000 students. Ten years later, Dillard continues its transition forward.

The Dillard story reflects aggressive cost-control in the face of crisis at a baccalaureate-level institution. In summer 2015, we conducted individual interviews with Walter Kimbrough, president, Yolanda Page, vice president for academic affairs, and Toya Barnes-Teamer, vice president for student success. In addition, a copy of Dillard's most recent strategic plan, “The Blueprint,” was provided for our research. The respondents and documentary material suggest several prominent developments over the years at Dillard with the intended outcomes of rebalancing both 1) academics, operations, and finances with student enrollment levels and 2) the campus's relationship with its external environment.

For a decade, Dillard has relied on intensive cost-control as part of its recovery strategy after Hurricane Katrina hit in late August 2005. Kimbrough, whose appointment began in 2012, explained that there are “very few models as to how to deal with that [type of crisis].” In the immediate aftermath of the storm, Dillard closed its campus until spring 2006. To keep operations going, it used facilities of nearby Tulane University and held some classes at a local hotel. As expected under such severe external conditions and the increasingly lean institutional operations, enrollment dropped from nearly 2,000 students to just over 1,000. Those we interviewed attributed this decline to dips in both incoming and returning students, and the shrinking enrollment numbers further tightened the campus's primary revenue stream of tuition and fees.

With the campus under repair, residence halls were temporarily closed, precluding Dillard from generating housing revenue. In addition, Dillard's role in the rebound of the city of New Orleans was costly to the institution. To bring people in the surrounding communities back to work, the campus increased its staff; however, that soon became unsustainable. As Kimbrough noted: “Dillard is an anchor institution for this community. [After Hurricane Katrina] there was a goal to bring people back to work, and we grew our workforce faster than our enrollment, which was hard to sustain. So you start to see these major deficits because you have more professionals than you need…. We had to get our workforce back in line with what our enrollment reality was.”

Prior to Kimbrough's appointment, Dillard underwent the tough move of reducing staff positions. Yet there were several other challenges—Katrina “penalties,” as Kimbrough described them—to confront in relation to costs. Before Katrina, the campus's property insurance cost about $300,000 per year, but after Katrina, it swelled to $2 million. “When you have a jump like that on a budget that's $40 million,” Kimbrough said, “that's huge.” Through negotiation, Dillard had its premium cut in half. The U.S. Department of Education extended the campus a loan to help finance the institution's recovery, but the department's repayment timeline and interest rate were points of ongoing negotiation. In addition, at the time of Katrina, Dillard leadership decided not to declare financial exigency, returning its full tenured faculty. Although not necessarily driven by Katrina, Dillard later faced a potential 30 to 40 percent increase in health care premiums for its workforce. As part of efforts to work with external groups, Kimbrough told the provider “no way” to the steep increases and continued to consider other options that were more financially viable for the institution.
While Dillard leaders had to manage external relationships, they also confronted campus-level factors in relation to rising institutional costs. Amid tightening financial margins, money from some student-service activities was redirected toward areas of higher need. For instance, Barnes-Teamer said that campus officials canceled all men’s and women’s sports for the 2005–2006 season but were then able to “reinvest dollars” in counseling services that targeted students’ mental, emotional, and social health. Ultimately, she added, the institution reinstated men’s basketball and women’s basketball and volleyball in 2006 and men’s and women’s cross-country and track programs in 2009.

Academically, in the wake of Katrina, campus leadership decided not to pursue reaccreditation of the College of Education. Although unpopular among some faculty, students, and alumni, the move was a cost-related decision based on low numbers of returning students. “That decision was honestly made purely from the data,” Barnes-Teamer said. At the same time, Dillard protected its nursing program despite the high costs of running it. In higher education, “nursing programs everywhere are quite expensive,” Page said. “But since historically the nursing program has played a fundamental part of Dillard’s history, there was a commitment to keep it, even though the cost to operate it is significantly more than the combined costs of our next top three programs in which students major.”

Despite limited financial margins around which Dillard has operated in recent years, the institution has shown a strong commitment to resilience and, increasingly, to innovation. When asked about Dillard’s strategy for adapting to changing circumstances, Kimbrough referred to it as “resilience, which is probably the best way to describe it. There’s a different kind of spirit at the institution, to say that we can handle these other major things as well because we handled Katrina.” Structurally, the administrative cabinet often makes and oversees implementation of key resource decisions, although the campus community also has taken active roles in strategic planning.

Under “The Bleuprint,” the campus strategic plan for 2015–2018, Dillard adopted the four cornerstones of “Reconnect, Renew, Realize, and Refresh,” which orient numerous strategic pillars and corresponding objectives. To elaborate, Reconnect includes redefining the campus’s core values and sharing stories externally; Renew involves recalibrating admissions and helping students, faculty members, and staff thrive at the institution; Realize involves strengthening the signature academic programs that form the core of Dillard’s reputation; and Refresh includes revitalizing facilities (internal efforts) as well as fundraising and alumni relations (external efforts). Overall, as Kimbrough said, strategic efforts will ultimately lead to a “refreshed mission statement” that should serve the campus well in light of whatever the external environment may yield next. He elaborated:

We initially had to innovate due to necessity. With our new strategic plan, we are starting to focus on innovation not only for operational efficiency, but to create a more dynamic learning experience for students and to be a stronger partner to address the needs of the city.

Hurricane Katrina clearly took its toll on Dillard. Implemented over a period of ten years, aggressive cost-control initiatives have helped campus leaders re-stabilize the institution. Now, enrollment has rebounded, Page said, and as part of Dillard’s admissions strategy the university is progressing toward its goal of enrolling 1,600 students by 2020. Academically, Dillard has shown some selected expansion. For example, its film program has worked hard to connect faculty and students more closely with New Orleans’ film industry. As of spring 2014, all of the residence halls on campus were fully operational, and there was a 96 percent occupancy rate for fall 2015. Reflecting on the recent momentum, Barnes-Teamer said, “I’ve seen a lot of transition, but I see us moving forward, and that’s the important thing.”
Mission: Houghton College provides an academically challenging, Christ-centered education in the liberal arts and sciences to students from diverse traditions and economic backgrounds and equips them to lead and labor as scholar-servants in a changing world.

Houghton College is located in the small town of Houghton in the hills of western New York. Affiliated with the Wesleyan Church, the college offers bachelor’s degrees in 48 fields. Although classified as a baccalaureate institution, a recent $15 million gift funded the creation of a master’s degree program in music. Approximately 1,000 students are enrolled at the college, which made the strategic switch in athletic affiliation from NAIA to NCAA Division III in 2012. This move inspired a $12 million gift from the Pegula family, resulting in a state-of-the-art field house and playing fields. Like many of its peers, this Christian college has faced enrollment challenges in recent years and is leaning on strategic, mission-based change as intrinsic to institutional sustainability and survival.
Houghton exemplifies mission-driven sustainability via cost containment and reduction efforts in the Mid-Atlantic region. In summer 2015, we spoke with Shirley Mullen, president of the college, David Smith, chief financial officer, and Robert Pool, vice president for student life. Mullen also provided us with copies of her “State of the College” addresses from the past two years. Her 2013 address cited changing economic circumstances, shifting student demographics, new technologies, and variable political conditions in shaping a “New Houghton for this new normal” over the next three to four years, while the 2014 address laid out some institutional progress in addressing these and other concerns directly. In this most recent address, Mullen also recommitted the college “to the outrageous idea that a Christian liberal arts education is truly more relevant than ever—and that a small Christian liberal arts college in rural western New York can actually beat the odds and come out of this educational revolution stronger than ever.”

Thus, while maintaining the core, traditional-aged, residential campus at Houghton, the college’s leaders have sought to increase the strategic pipeline of prospective Houghton enrollees. Our earlier survey results suggested that Houghton College’s efforts to contain and reduce costs were more intensive than most of its peers. In our interview, Mullen emphasized that the college’s unusually high level of cost-control innovation was part of a three-pronged strategy for institutional adaptation and change, all grounded in the idea of mission-driven sustainability. “Number one, we’ve tried to diversify the sources of enrollment,” she said. “We’ve also tried to add some new programs that we thought would increase the value proposition of a Houghton education to our constituency. And number three, we’ve tried to engage in controlling costs.” In terms of diversifying enrollment, she noted that a central part of Houghton’s historical mission has been providing a high-quality, faith-based liberal arts education to students who could otherwise not have access to it. This is reflected in the institution’s enrollment, she noted, which is typically composed of more than 40 percent Pell-eligible students and, as she reported, nearly 30 percent first-generation students. These students tend to be traditional 18–21 year olds; however, in looking toward the future, Houghton is attempting to identify other groups that might benefit from access to such an education, including ethnic minorities, adults, part-time students, and international students. Mullen emphasized the importance of expanding beyond the college’s target audiences to include these groups: “The mission of the college has really encouraged us to take a broader read of that mandate and to say, ‘Who are the students in the 21st century who need that high-quality, liberal-arts education?’”

On the residential campus, the institution has embraced significant tuition-discounting practices aimed at hitting specific enrollment targets, including attracting more students from families who already have the ability to afford college. Citing a decreased willingness of parents to cosign loans, and an increased desire among some students and families for the accolades that accompany large amounts of scholarships and financial aid, Houghton has dedicated increasing amounts of institutional resources to both need-based and merit-based financial aid. Smith explained the rationale for Houghton’s discounting strategy:
We’re doing all of this because the demand from our students and their parents is frankly for more economic aid. They’re looking for lower tuition, which you can get by either lowering your tuition or raising your discount rate. While we’ve got to focus on cost takeout and cost savings, a lot of that is being re-spent on internal financial aid, not counting federal aid or loans. Probably our largest expense line is student financial aid. We are having to give more aid to attract the students, even from the more well-to-do families, who have the capacity to pay more.

While the college’s trustees have considered cutting tuition and discussed alternatives to discounting, these approaches have had mixed success in other institutions; instead, the college’s discount rate has risen in recent years. “So we’ve seen our discount rate nudge up, in some cases, past 50 percent,” Smith added. “But we’re not alone. It’s a dynamic that is happening everywhere.”

The second part of the college’s strategy cites a desire to increase the value proposition of a Houghton education, particularly within the traditional undergraduate student market. This approach aims to better articulate the meaning of a liberal arts education, translating it into workplace readiness and market demands. For Smith, this requires Houghton “telling our story in terms of investment, internships, and real life experience…preparing students for the marketplace.” Thus, present efforts aim to link the practical side of the liberal arts with real-world employability. The college has added several new majors and revised others, including adding programs in music industry and data science and strengthening its applied physics program by transforming it into a certified engineering program.

Finally, cost containment and reduction efforts have been an important component of Houghton’s strategy. For several years, the college has engaged in reductions in its operating budget, and after missing its target for first-year enrollment in 2013, it was forced to lay off 5 percent of the staff. Other changes have included offering early retirement packages for senior tenured faculty and restructuring job responsibilities in other areas. For example, within the student life area, staff positions working with the Campus Activities Board have been consolidated, with job responsibilities for campus programming being redistributed among the five-member residence life staff. This resulted in about $100,000 in cost reductions; however, even further cuts became necessary. The dean of students, who had served in his role for seven years, had his position eliminated in 2015, with job responsibilities reallocated to Pool and the director of residence life. While these reductions have doubtlessly affected the small community of Houghton, Pool has remained optimistic about the workload, particularly with regard to the changes in campus activities: “In effect, we’ve gone from a very efficient office…to a ubiquitous presence of staff who will be working with our students in various different ways.”

-Smith characterizes the institution’s approach as “not just a focus on cost containment, or cost takeout, or cost reduction, but all as part of managing net tuition. As focused as we are on cost containment and cost control, I think everybody knows that the reality is, you can’t cut your way to success. You do need to grow your way to success.” Similarly, Mullen has aimed to increase faculty and stakeholder buy-in throughout the process, embracing shared governance and keeping the mission at the forefront when making these tough choices. When asked about maintaining support as these critical decisions are made, she replied, “The most important [thing] would be that whatever we do goes through the faculty process. We have not engaged in top-down activity that has not had faculty buy-in and key stakeholder buy-in.”
New England College (NEC) is located in the “quintessential New England town” of Henniker, New Hampshire, not far from the state capital in Concord. Classified as a master’s-level institution, the college offers a range of degree programs, from associate’s degrees to a recently added doctor of education (EdD) program and a certificate of advanced graduate studies. Leveraging its picturesque, easily idealized New England location among a multitude of postsecondary institutions in the area, NEC has attempted to broaden its pool of student applicants with the addition of multiple online degree programs at both the undergraduate and graduate levels, as well as a “CC2NEC” dual-acceptance program that guarantees automatic acceptance for any student accepted to and in good standing at a community college anywhere in the United States. The Henniker location, which provides residential housing...
for traditional undergraduates, remains the center of academic teaching and learning. At the same time, NEC has experienced significant growth in graduate and online programs in recent years, resulting in an enrollment of approximately 1,000 undergraduates, 975 online continuing education students, and 750 graduate students.

NEC represents substantial innovation and rapid change at a New England master’s-level institution. Among notable change efforts is a large increase in online degree programs, as well as a reduction in the number of full-time faculty. In summer 2015, we conducted interviews with Michele Perkins, president, and Mark Watman, provost. The college's strategic plan for 2011–2016 (available on the institution's website) cites three strategic directions that have fueled the ambitious pace of change at the institution. Among these are innovative pedagogy, including new approaches to content delivery and an expansion of "experiential and engaged learning experiences"; sustainable long-term viability via planned growth and expansion of facilities; and finally, development of image and reputation in order to gain more national recognition for the college's students, faculty members, and overall contributions to higher education. Plans are already underway for NEC's third strategic plan, which, according to Perkins, "accelerates our pace in terms of decision making, even for something like a strategic plan."

Reiteration and clarification of NEC's institutional mission and founding have been central to its rapid and diverse growth. Initially, some faculty members balked at the idea of transforming some of NEC's more traditional academic programs into hybrid (online and face-to-face) programs, arguing—quite incorrectly—that the college was founded as a traditional, residential, undergraduate college. A relatively young institution among historic institutions in New England, NEC was founded in 1946 in order to serve the needs of servicemen returning from World War II. Perkins sees this mission as foundational in guiding the college's current change efforts. "We were innovative from the moment of our founding," she said. "We were entrepreneurial from the get-go. You have to make sure people don't lose that memory."

Perkins arrived at NEC in late 2001 as vice president for enrollment to an institution that, she said, was "in a state of crisis." Some at the college were unaware of the dire state of finances at the time, she said, but to her "it was change or die." Thus, to enable the campus to become more change-oriented, one of her first goals as president was to be more transparent about operational finances. "Where there is shared information, there is shared responsibility," she stated. Moreover, the college faced a declining population of high school graduates in New England and stiff competition in the region from institutions with more than 30 other colleges and universities within 50 miles of Henniker, including a relatively new branch campus of the University of New Hampshire in nearby Manchester and the rapidly expanding Southern New Hampshire University. Leveraging its historical mission of serving unique groups of students, the college began efforts at strategic positioning and revenue growth. Watman underscored these aims, suggesting that there was a "strong belief that institutions like ours are in a fragile condition, and we really wanted to be proactive and position ourselves from a point of strength. We needed to differentiate ourselves from other institutions in a way that was 'organically true,' but at the same time would be distinct enough for us to achieve our revenue goals."

Thus, the highly tuition-dependent institution (with only $12 million in endowment resources in 2014) set a goal of developing institutional revenue growth at a swift yet calculated pace. Both Perkins and Watman cited thorough efforts to evaluate all current academic programs, ensuring that there were no courses or majors that were under-enrolled or that didn't align with institutional goals. For the traditional undergraduate program, this entailed the juxtaposition of the "uncompromising value of the liberal arts" against the acknowledgment that today's students also want to launch their careers. Thus, NEC's newly focused undergraduate residential academic program centers on three key areas: civic engagement, preservation of the environment, and engaged and experiential learning. The faculty voted to require engaged and experiential learning in every course offered on the campus, entailing a
shared pedagogical approach balanced with the requirements of academic freedom. Every student attending NEC now has short “study away” trips included in their tuition and fees, and on “Experiential Wednesdays,” classes are held outside the physical classroom as students head to the state capital, local waterways, and other sites in order to gain hands-on experience tied to the curriculum. The college’s emphasis on experiential learning has been reflected in their recruitment approaches as well. “Now we’re actively recruiting students who want to experience a small college in a rural area that offers activities that will, and do, happen in the woods, on our hiking trails, on our river, on our ski mountain. All of these are now becoming embedded into the actual learning experiences for students,” said Watman. There is evidence that the college’s efforts are working: In fall 2015, the college had an incoming class of 375, one of the largest classes of on-campus, first-year students in many years.

NEC’s greatest growth efforts have been in the online education arena, with nearly as many undergraduates enrolled online as on the residential campus this year. The college offers both hybrid and fully online programs at both the undergraduate and graduate level, serving a diverse group of students. According to Perkins, the average age of online learners is 35, with students enrolling from across the country, including notable growth in the southern states. “The name ’New England College’ still has cachet, with the idea of studying at a New England institution,” she said. The college has leveraged its regional reputation for programs such as teacher education (with a 100 percent graduate job placement rate) in the creation of different delivery modes for other programs, such as a hybrid master’s of education program and a low-residency doctor of education with concentrations in K–12 leadership and higher education administration. Perkins noted that the success of programs such as the EdD has led to increased exposure for other programs, as it “circles back and amplifies our reputation for undergrad teacher education.” Accentuating the intentionality and mission alignment of these efforts, Watman added, “Continuing the tradition of student transformation and the promise of a more personalized learning environment—even in the online world where, oftentimes, institutions seek to boost enrollment and have larger classes—we’ve kept those classes small and intimate.”

In part, Perkins attributes this institutional growth to a strong, entrepreneurial-minded, and change-oriented senior team. Watman credits his faculty members for their flexibility and willingness to completely reorganize the faculty governance system in a way that he sees as more holistic and collaborative in terms of integrated decision making. As a result, the entire faculty can meet with just one day’s notice, enabling a more rapid pace of institutional change, such as in curricular redesign. Such changes do not come without cost, however, as the college recently cut one-third of its full-time faculty in under-enrolled program areas, “redistributing faculty workloads across the existing curriculum, where we really celebrate the more generalist faculty instruction,” as well as eliminating several programs and moving other undergraduate programs fully online, according to Watman.

Without doubt, mission alignment has been key in guiding seemingly necessary and rapid change at New England College. “Mission absolutely has to align, or you can’t do it. That doesn’t mean you can’t be interpretive or creative, but there has to be that link to your founding mission and identity for it to really have the gravitas. To be able to market it, students want to know that it didn’t just appear out of thin air;” said Perkins. “It’s in my DNA as well to uphold what is timeless and essential. You can be very creative and change-oriented and still preserve that.”
Stetson University is a multi-campus master’s-level institution with its historic campus in DeLand, Florida, halfway between Orlando and Daytona Beach. A second campus is located in Gulfport, Florida, near St. Petersburg, and two other satellite locations operate out of Tampa and Celebration, near Orlando. All four locations are within 150 miles of one another. Stetson is one of the better resourced institutions in our study, with an endowment of over $207 million in 2014. The university also is one of the few institutions in this study with an NCAA Division I athletic program as well as one of the few with a professional school, the College of Law, located on the Gulfport campus. In 2014, undergraduate enrollment was just over 2,800 students, while graduate and law enrollments neared 1,300 students, making for a total enrollment of about 4,100 students.

Mission: Our mission at Stetson University is to provide an excellent education in a creative community where learning and values meet, and to foster in students the qualities of mind and heart that will prepare them to reach their full potential as informed citizens of local communities and the world.
Among our sample institutions, Stetson was notable for both the volume and the variety of its innovations. Its actions extended across academic, financial, and operational arenas and across both revenue and cost objectives. In summer 2015, we spoke with Wendy Libby, Stetson’s president, Beth Paul, the institution’s executive vice president and provost, and Robert Huth, executive vice president and chief financial officer. They also provided us with a summary of the university’s “Strategic Maps,” foundational documents providing direction for the university’s future growth. The first iteration of the Strategic Map, in place from 2011 to 2014, represented the university’s overarching goal of “focusing innovation to drive Stetson from success to significance.” The second map, approved in May 2014, shifted the goal to “establishing Stetson as a university of choice for innovative approaches to tackling complex challenges.”

When Libby took the helm as Stetson’s president in 2009, she found the institution as a whole was lacking clear identity and strategic direction. She created five “quick-turnaround committees” for the Deland campus, all chaired by faculty members, to evaluate areas such as enrollment, student life, facilities, and athletics. These committees reported back to her the following December, providing several recommendations leading to significant changes. The following year, leaders began a strategic planning process, resulting in the institution’s first Strategic Map. Libby suggests that this represented an important culture shift at Stetson. “Our overall strategy…was to begin to become strategic in how we made choices and not let the environment force us into things or surprise us; as best as we could, we were determined to avoid surprises,” she stated. Paul echoed this sentiment, responding, “There wasn’t a climate of thinking through [things] carefully, planning them carefully, and a plan to support them to be sustainable. So we thought it was very important to develop a strategic planning culture at the university.”

Thus, the first map focused on increasing the institution’s national prominence, recruitment and retention, academic quality, and Stetson’s developing reputation as “a great place to work.” It also included efforts to enable greater financial stability and to examine the university’s values more deeply. In 2014, Stetson’s second map refocused goals on “daring to be significant,” “inclusive excellence and diversity,” and a commitment to enabling partnerships with other organizations. The institutional leaders who we interviewed spoke of several strategic areas for meeting these goals, including unifying the university as “One Stetson” and increasing the quality and quantity of the undergraduate population in order to increase net resources for investments in human resources and facilities.

Uniting the four Stetson locations as “One Stetson” presented some opportunities and challenges. For instance, such a move could increase operational efficiencies, enhance collaboration, and promote interdisciplinary activities; but, inevitably, minimizing duplication and containing costs across four campuses might necessitate some cutbacks and thus promote a degree of resistance. With the senior leadership’s offices and the main undergraduate campus located in DeLand and the law school and several top administrators located in Gulfport, Stetson’s leaders have tried to exploit the geographic locations of each in order to make the university’s academic and administrative efforts stronger. Libby summarized her goals in this arena, stating, “I believe, down in my core, that we should operate as One Stetson, and that has brought us the opportunities to do some distinctive programming, as well as enhance the reputation of the entire university. Each college and school had its own cheering section. Now we can cheer for the whole university.”

Stetson’s leaders also have engaged in efforts to strategically shape their undergraduate population. After Libby arrived, budgetary challenges led to the critical decision of shrinking or expanding the institution. “Recognizing that the institution had excess capacity, and that excess capacity could be used to generate additional resources, a growth strategy was employed,” noted Huth. Thus, leaders focused efforts on increasing undergraduate enrollment from 2,100 students to 3,000 students but without sacrificing academic quality. As of fall 2015, undergraduate enrollment had reached 3,084 students.
Changes in recruitment strategy also aimed at increasing the geographic diversity of the campus in order to draw in more student revenue. These enrollment gains were made without increasing administrative staff, leaning on efficiencies gained through technology and internal workflow systems to increase capacity required for additional students. Stetson also has a Strategic Staffing Committee in place, which meets monthly to review requests for staffing vacancies that need to be filled and then determines whether a vacancy necessitates a new hire or whether responsibilities can be reallocated to another area or employee.

A second area of strategic focus has included shrinking the size of the College of Law, driven by both institutional cost and revenue management factors and the declining law student market. When Libby began at Stetson, the College of Law enrolled 1,100 students, stretching the college’s capacity to maintain quality. They immediately began planning for a smaller cohort size, which, quite fortuitously, coincided with a significant downturn in the number of LSAT takers on a national scale. Leaders maintain that the College of Law is not a source of significant revenue for the rest of the institution and that decreasing its size was a smart choice. “We could have stayed bigger to earn more net revenue; but we believe student learning is the focus of what we should be doing, not generating dollar bills,” said Libby.

Other efforts have focused on improvements in efficiency and quality of graduate and continuing education. The refocusing of Stetson’s vision and strategy as part of the Strategic Map resulted in the elimination of several programs that did not fit with the future of the university and “desired areas of distinctiveness,” as well as the addition and refining of others, such as a master’s degree in elementary education program with a focus on social justice. Connected to “One Stetson” efforts, the university also has increased its emphasis on interdisciplinary programs. One example is a new Institute for Water and Environmental Resilience, which takes advantage of Stetson’s geographical location, its specialized faculty expertise (including College of Law faculty), and Florida’s critical water and environmental research needs, bringing different perspectives together to tackle a highly complex and relevant issue. Paul is confident in the future success of the institute, due in no small part to strategic, integrated planning efforts in its creation. “There’s more security in moving forward with this, because we know that we’ve carefully planned it,” she said. “And the university is making a deliberate, positive commitment to it.”

Two of the intended outcomes of Stetson’s revenue expansion and cost-containment efforts have been to provide additional funding for faculty and staff compensation and to improve facilities that have been neglected in terms of long-term maintenance. Campus leaders connect higher institutional quality to the quality of student instruction; thus, they have made substantial progress in bringing compensation levels closer to the median market value of similar institutions. “For an institution with a higher price, there’s an expectation of high quality,” said Huth. “And to get high quality, you need to maintain a high-quality faculty.” He also has directed funds toward repair and replacement of campus buildings and infrastructure in order to make the campus more appealing to prospective students.

In contrast to some of the other institutions featured in this analysis, Stetson leveraged its location, resources, and academic reputation to increase both prestige and student enrollment. Libby summarized the institution’s overall approach to growth, noting:

It’s been our belief from the very beginning that unless there was an emphasis on the kind of challenging and quality education that Stetson has been known for, we would look like a whole bunch of other places and that would be a loss for us…. We would lose a way we can differentiate ourselves from other institutions, which in their quest to be financially stable, have had to compromise quality. And we just felt that leading with quality—every time—was the way to recapture the essence of the university and reestablish our strengths in the marketplace.
Valparaiso University: Mobilizing Organizational Capacity for Innovation

Mission: Valparaiso University, a community of learning dedicated to excellence and grounded in the Lutheran tradition of scholarship, freedom, and faith, prepares students to lead and serve in both church and society.

With a range of undergraduate and graduate academic programs, its strong relationship with Lutheran church bodies, and its expansive Valparaiso, Indiana, campus within an hour’s drive of Chicago, Illinois, Valparaiso University (Valpo) has successfully tapped into various student market segments. Over the years, the university has benefited from aggressive fund-raising that has further strengthened the institution’s financial base. On the heels of the market crash of 2008 and subsequent recession, however, Valpo’s enrollment and applicant pool declined and its endowment shrank rapidly. Amid uncertainty in the external environment and increasingly tight internal operating margins, Valpo pursued the ambitious plan of mobilizing its existing organizational capacity to boost enrollment, diversify student populations, increase quality, and enhance net revenues. The university has experienced some conflict
among its overlapping goals, but it has worked through that conflict and begun to show palpable institutional movement toward achieving its goals.

Valpo represents aggressiveness within a portfolio of innovations for revenue enhancement and diversification at a Midwestern, master's-level comprehensive institution. In summer 2015, we conducted individual interviews with Mark Heckler, president, Mark Biermann, provost and executive vice president for academic affairs, and John Palmucci, senior vice president for finance and administration. In addition, we reviewed the October 2014 board-approved strategic plan. The interviews and strategic plan reflect Valpo’s efforts to develop an integrated strategic approach to generate revenues, reframe the institutional mission, and implement a cultural-cognitive shift on campus to position for future viability.

As Heckler took office in 2008, he and the campus community faced unprecedented environmental challenges from the Great Recession. Like many institutions across the various sectors of higher education, Valpo’s enrollment was down. Seemingly overnight, the endowment had shrunk by about one-third. Heckler recalled, “In the first year as president, 2008–2009, the sky appeared to be falling. Because I couldn't really predict what was going to be happening in the external environment—nobody could predict it—rather than plan, campus conversations that year focused on the most desired future for the university.” Instead of focusing solely on containing and cutting costs, institutional leadership sought to leverage the university’s comprehensive nature to expand and open up revenue streams to strengthen financial health.

Through admissions recruitment efforts and expanded academic programs, undergraduate and graduate student populations increased and diversified. International students, particularly at the graduate level, provided “solid revenue for the institution,” Heckler explained. Tapping into international student markets also coincided with the opening of 2+2 programs abroad for international students to master English and gain a strong educational foundation before transferring to Valpo; the most recent 2+2 program is in mechanical engineering at Dalian University in northeastern China. Other recent programs have included partnerships in India and Ecuador, which according to Heckler both contributed positive net revenue.

In 2013, Valpo officially launched a Chicago satellite campus to deliver continuing education programs for employees of the University of Chicago Health Systems. Similar to Arizona State University’s online programs for employees of Starbucks, Valpo is considering an analogous arrangement for employees in a network of nonprofit health care and social service agencies. The university’s academic offerings in health care, including programs for undergraduates and graduate and continuing education students, respond to market opportunities and complement institutional mission. As Biermann suggested, new public health and physician assistant programs resonate with “who we are as an institution [and] they have strong student interest, there’s good demand for them going into the future, and they offer excellent career opportunities—opportunities for someone’s calling and vocation that can align very well in their careers and come together for them in a powerful way in their lives.” Beyond academics, other opportunities for revenues have come through campus housing and residential development.

Building discipline into the institution’s cost-structure helped widen the margins of revenue. As Heckler explained:

It’s far easier to get a campus to focus on how to grow things than it is on how to cut things. If you can get the campus to focus on what it can do to build momentum and people can begin to see progress, constituents are more likely to cut you some slack when making necessary cost reductions.

Recent efforts have included changes to procurement strategies, external contracts, and some reduction and attrition in staff that has reduced personnel costs. Yet
as Palmucci suggested, the rationale for focusing more on revenues than costs comes from wanting to improve organizational capacity: “So, you can cost-cut, but without additional revenues—taking a strong look at the revenues—it becomes difficult to find resources or to allocate resources for new initiatives or to expand existing initiatives.”

Momentum for change and innovation on campus comes from an ongoing strategic planning process. Each year under Heckler’s leadership, the President’s Council redrafts Valpo’s strategic plan to cover the next five years. Then the Strategic Planning Committee reviews it and provides a working document to the entire Valpo campus community. Faculty, staff, and students respond to the draft, and their comments are collated and shared publicly and with both the executive committee and board of trustees. At the annual October board meeting, a revised version, incorporating feedback from all constituents, is presented for approval. Afterward, implementation ensues and the cycle begins again.

The “obsessively transparent” process, as Heckler described it, tends to “take the sting out” of the disappointment that can come from not having all proposed initiatives approved or funded. Yet the experience of such inclusive and openly shared planning has influenced other organizational processes that, when fine-tuned, could help accelerate the pace of change on campus. For example, with the alignment of academic-administrative systems, faculty members could “take a new academic program from an idea they have while driving home from work,” Biermann said, “to a program with students enrolled in the fall of 2017.”

Valpo has featured a number of intriguing initiatives and innovations to enhance and diversify revenue streams. It also has exhibited a nuanced approach to ongoing strategic planning. Yet are such changes merely new activities or do they reveal a marked difference in the very nature and character of Valpo? As Heckler explained, and as indicated in the 2014 strategic planning document, there has been an intended, fundamental cognitive shift on campus.

Historically, Heckler noted, Valpo has been a university primarily for Lutherans but also non-Lutheran “guests” who may feel like they are dining at “someone else’s table.” While maintaining its core identity, Valpo now aims, as Heckler elaborated, to be a “Lutheran university” where people learn to live together amid irreconcilable differences in beliefs in the common pursuit of truth. Such a shift in the interpretation and articulation of mission does not necessarily erode the university’s denominational heritage; rather, it repositions the campus community to be more open and inclusive to increasingly diverse students, faculty members, and staff. Indeed, the reframing of mission could give Valpo latitude to continue to adapt to future circumstances, but it remains unclear, as is the case for many institutions, how best to structure for success. As Heckler observed:

There is not sufficient institutional capacity to actually seize all of the opportunity that’s there [in the external environment]. Everybody’s still trying to hold down their day jobs, managing the institution that we have today, while we’re trying to generate innovative ideas and move them forward.
Located in Takoma Park, Maryland, within the sprawling Washington–Baltimore metropolitan area, Washington Adventist University (W AU) faces a highly competitive student market. Threatened to the brink of nearly closing in 2005, the institution has since undergone an aggressive repositioning in order to differentiate itself in its region. As a religiously-affiliated master’s-granting institution, it targets a diverse array of students with associate, baccalaureate, and graduate degree programs. While W AU continues to offer its 1,000 students some traditional liberal arts programs, it has increasingly emphasized and expanded its pre-professional programs in the health sciences, business, and other areas. As a sign of improving institutional resources, a music building was constructed in 2010 that marked the first new building at W AU in 40 years.
WAU represents aggressive cost-control and revenue-focused innovation at a Mid-Atlantic master's-granting institution. In summer 2015, we conducted individual interviews with Weymouth Spence, president, and Janette Neufville, associate vice president for institutional research and effectiveness. Documentary materials collected for this report were the campus’s “Strategic Plan—Strategies and Imperatives” and “Balanced Scorecard and Key Performance Indicators.” Both documents illuminated further the core areas of emphasis for strategic change and the metrics and benchmarks employed to track and evaluate success. The respondents and documentary materials suggest efforts to ensure the university’s solvency while strengthening and demonstrating WAU’s institutional relevance.

In 2005, three years before Spence’s 2008 inauguration, the institution was on the verge of closing. Declining enrollment, exacerbated by the market crash of 2008 that led into the Great Recession, squeezed the financial margins around which WAU operated. As Spence recalled at the time of his appointment, “People were saying, ‘Sir, I don’t know if I should say condolences or congratulations,’ because the institution, with its current enrollment and financial conditions, was not sustainable.”

Yet, institutional data had suggested to Spence that there was an opportunity to restructure and reposition the university to match the regional climate and leverage its proximity to Baltimore and Washington, DC, to increase enrollment. The president developed six pillars for strategic change: Quality, People, Finance, Growth, Service, and Community. Initiatives within each of these areas aim to balance institutional mission and financial viability, for “though WAU is a faith-based institution,” Spence explained, “we must have a financial bottom line and consistently exceed the expectations of our students and the standards of our regulatory and accrediting agencies.”

Restructuring has entailed numerous cost-related and revenue-focused efforts to move WAU toward improved financial health. To control and reduce costs, institutional leaders closed under-enrolled programs and made some workforce reductions. Internal controls on operational spending were tightened. Tuition had increased over the years to generate needed revenues; however, these same tuition hikes dissuaded some students and families from considering WAU. In response, tuition levels were held relatively steady, with more modest increases, reducing some costs for students and families and contributing to efforts to increase enrollment—and ultimately tuition and fee revenue. As a group, these efforts aimed to stabilize then widen the campus’s financial margins.

Overlapping with such initiatives, certain academic programs became increasingly prominent on campus in order to attract students. For instance, the health sciences (e.g., nursing), business, and music programs were enhanced to tap into local and regional student, industry, and employer markets. Yet to improve student success—demonstrated through retention and graduation rates—WAU has pursued several creative approaches. Recently, WAU offered its students their eighth semester free, while working to reduce the number of credit hours needed for graduation from 128 to 120. This combination of efforts aims to increase the graduation rate. Supporting retention efforts, the WAU faculty made phone calls to all first-year students at the end of the academic year to encourage them to return. Neufville explained, “There’s been no ‘silver-bullet’ to achieving the improvements we’ve seen in these [retention and graduation] rates. It’s been a multi-faceted approach. We galvanized our community to come up with actions that move toward...
those goals, and all these actions together, collectively, have made the difference.”

Documentary materials examined for this case study revealed WAU’s ambitious goals for close measurement of progress and community-wide involvement. For instance, the “Strategic Plan—Strategies and Imperatives” describes seven core strategies, numerous related imperatives, and individual action items grouped by functional area (for example, athletics, provost, ministry, and academic units). As the “Balanced Scorecard and Key Performance Indicators” document reveals, institutional leaders have taken Spence’s six pillars—Quality, People, Finance, Growth, Service, and Community—and folded into each several metrics by which to track success. For example, Quality includes the key performance indicator of licensure/certification rates of graduates, and the target goal is a 100 percent pass rate. “If we don’t say 100 percent,” Spence said, “that means we’re telling our students that we expect some of them to fail.” These restructuring and assessment efforts, when strategically aligned, can foster student success. “We say [to students], ‘Look to your left, look to your right, it’s very likely that you’ll be graduating with that student next to you,” Spence said.

Without doubt, WAU has been actively aggressive in a number of fronts. Yet gaining the support of the campus community can be challenging. As Spence observed:

The biggest challenge that I get is from the faculty who say, “You’re a businessman; you’re not an academician.” Well, I’m trying to convince them that education is a business—some of them don’t quite understand that yet. Because, I point out to them, that the last time I checked, we have a product we have to market, we have people, we have infrastructure, we have everything that a business has; therefore, we are a business. And our product is knowledge and intellect. And therefore our focus must be to satisfy the goals of our students by getting them into a career-based program and/or into a graduate or professional program.

Indeed, the efforts under Spence’s leadership to measure and evaluate institutional effectiveness also prompted some resistance. “Virtually all institutions have underlying tensions between administration and faculty,” Neufville explained. “When you add corporate-type language like ‘Balanced Scorecard,’ ‘Key Performance Indicators,’ and ‘customers,’ this terminology can be like gasoline on a smoldering fire.” Yet the business mentality, coupled with assessment of institutional effectiveness, appears to be associated with some promising results. Enrollment is now the highest it has been in the institution’s 104-year history.

WAU structures its strategic planning and implementation to operate through two separate committees, each with particular leaders and sets of goals. The Strategic Planning Committee, which Spence leads, is forward-looking: It focuses on the future of the institution. The Institutional Effectiveness Committee, which Neufville leads, evaluates past actions. “You might think: Is that just a bunch of bureaucracy for doing the same thing?” Neufville said. “I think accountability is different from forward-thinking, and I think it’s allowed us periodically to sit back and say, ‘What’s working?... All of this activity, is it really moving the needle on these things?’”

With so many overlapping changes on campus, it may be difficult to pinpoint the precise cause of movement of the “needle” on outcomes such as enrollment, retention, and graduation rates. But the multifaceted plan, which calls for active implementation of many initiatives at once, seems to have helped WAU expand and solidify its financial base for the future. “The current higher education environment that we’re going through is not unique to Washington Adventist University,” Spence said. “We’re just one of many. Some [institutions] are closing, and we are progressing from survival to thriving. So, we have to continuously be proactive in addressing the issues impacting independent higher education institutions and solicit from experts, internally and externally, innovative solutions.”
William Jessup University (Jessup) is transforming itself from a small urban Bible college to a regional evangelical Christian university. Such an ambitious move has required strong efforts to increase and diversify the enrollment of traditional residential students, commuter students, and adult learners, expand academic programs at the undergraduate and graduate levels, and tap into new modes of educational delivery. But perhaps most striking, and indeed unusual in higher education, the institution has changed its geographical location for strategic advantage. Jessup originated in San José, California, where it retains a city campus; however, since 2004, the university operates a new, main campus—expansive, pristine, and suburban—in Rocklin, northeast of Sacramento. Jessup seeks to become entrepreneurial and, ultimately, indispensable to those within and beyond the region.
Overall Jessup represents aggressive academic and operational innovations at a Western baccalaureate institution. In summer 2015, we conducted an individual interview with John Jackson, president, and a follow-up, group interview with Dennis Jameson, provost and chief academic officer, and Todd Erickson, vice provost for enrollment and strategic initiatives. Documentary materials collected for this report were Jackson's public remarks at Jessup’s 75th anniversary gala celebration and a report on the institution’s core strategic vision for the future. The respondents and documentary materials suggest a deepening of organizational capacity at Jessup to ensure its viability.

As part of its plan to generate resources to develop from a college into a university, Jessup has undergone growth in both academic programs and student enrollment. While a number of institutions tend to narrow their focus on particular segments of academic and student markets, Jessup has sought expansion to enhance revenue flows. “We moved aggressively to broaden the populations that we served,” Jackson explained. “This meant that we were very aggressive toward serving commuter students, we would be aggressive toward strengthening our adult degree-completion offerings, and we would begin to work…on adding graduate degrees and eventually adding online programs.” Yet to boost revenues and temper the institution’s dependence on tuition and fees, the university has shifted its fundraising strategy, rented its facilities to community groups, and sought to generate income from the development of land adjacent to campus.

Several of Jessup’s initiatives may not necessarily be innovations per se, as Jackson noted; however, one approach to differentiate itself—and enter into new arenas for revenues—entails entrepreneurship. By investing in small businesses and helping to incubate and nourish them, Jessup sought to tap into consulting revenue streams that might enhance its financial capacity and its reputation within the region. Jackson explained that the university’s leadership has “gotten conceptual approval [from our trustees] that one of the things that Jessup can be known for is our commitment to the whole entrepreneurship framework.” In other initiatives, the university is working closely with area chambers of commerce and conducting leadership and training sessions for them.

William Jessup University has undergone growth in both academic programs and student enrollment. While a number of institutions tend to narrow their focus on particular segments of academic and student markets, Jessup has sought expansion to enhance revenue flows.

Like most colleges, Jessup is increasingly focused on student enrollment and success. Here, those objectives are positioned as critical elements in broader plans for the institution to demonstrate “value added” to its stakeholders—and to its region. Jackson observed:

The future for private universities is to be so value-added to their region—not just their local cities but their region—that the region can calculate...[how] the private university (whether it’s faith-based or simply just private) is adding to the economic, employment, and social fabric of the region. You’ve got to become not only distinctive, but indispensable to your region....

In addition to financial pressures in the macro environment of higher ed, in order for us to provide greater value to the broader community, if all we do is produce people who get bachelor’s and master’s and eventually doctoral degrees, we serve a much smaller slice of the community. If we expand into these other arenas of activity, like consulting and development and entrepreneurship, we end up having a much more substantive conversation with the broader community about the value of the university and the ability to influence both the direction of the area and to be in a positive relationship with the area.
The “entrepreneurship framework” becomes a telling metaphor for the ongoing development of Jessup as an organization. For instance, as Jameson recalled, the president has been known to refer to the university as a “75-year old start-up.” Increasing organizational capacity has entailed building and linking institutional systems to ensure adaptability to external influences and high-quality experiences for students. “We’re listening very, very carefully to what the marketplace is saying,” Jameson said, “and [we’re] messaging that to students from the time we first meet them all the way through to commencement and graduation. So, we think we’re doing a better job now of harmonizing our efforts.” In terms of academic administration, the university reduced the number of department chairs to five but increased their authority, and the university has added deans who help coordinate, streamline, and accelerate strategic efforts on campus.

Commenting on measures of initial successes, the respondents noted a number of milestones that Jessup would or could soon reach. In online education, for instance, the university launched 50 courses in fall 2015 and a new online master’s program was approved in January 2016. Yet the profitability of such endeavors will be tracked closely. “These are engines that help produce revenue for us,” Erickson explained, “and allow us to do other things that might not be profitable. The whole enterprise has to balance…we’re a liberal arts institution, everything can’t be [a moneymaker].” Jameson mentioned an oft-used phrase to describe the balance of mission and business: “There’s no missional success without business success.”

The message, as articulated publicly, is clear: Jessup is preparing for the future by ensuring its relevance to students and the community. Consider, for example, a concluding point in Jackson’s recent public presentation on Jessup and the future of the institution. It reads: “People ought to gasp at the thought of our absence….”
The institutions profiled here show variation in the challenges they faced, in the ways they organized to address those challenges, and in their eventual substantive choices of initiatives and innovations to pursue. Nonetheless, six common themes characterize the choices the nine studied colleges made: 1) a bias for action; 2) a drive to connect locally, regionally, and beyond; 3) a commitment to realistic self-assessment and adaptation; 4) attention to structuring for innovation as well as the content of innovation; 5) assertive leadership within shared governance traditions; and 6) alignment of mission and innovation. These linking themes are discussed below.

A Bias for Action. Each of the case-study institutions was selected for analysis based on its adoption of numerous strategic efforts and innovations in recent years, relative to peer institutions. At these institutions, senior academic leaders were unwilling to accept passively what difficult environments brought to their doorsteps. Houghton College Vice President for Finance and Administration David Smith put it succinctly:

People struggle with change. Even when the change is positive, it can be difficult. The idea of having to do things a different way or to think about it or to say, “We’ve always done this, but we’re not going to do it anymore, we’re going to do something else,” that brings with it a certain amount of personal angst that takes a while for some people to get over.

It should be emphasized that the bias for action in these nine institutions extends beyond their simply having high activity levels. Several leaders told us that their innovation efforts were fueled not so much by full knowledge of eventual outcomes as by a willingness to move ahead without always having comprehensive knowledge. More than once, leaders suggested that an experimental attitude and a willingness to fail
Several leaders told us that their innovation efforts were fueled not so much by full knowledge of eventual outcomes as by a willingness to move ahead without always having comprehensive knowledge. More than once, leaders suggested that an experimental attitude and a willingness to fail were necessary.

A Drive to Connect Locally, Regionally, and Beyond.

Each institution we studied assertively engaged its external stakeholders, its sponsors, its constituencies, and its current and potential markets. We found no evidence of resistance or retreat from surrounding environments toward an “island” vision of the institution. Each of the colleges studied made specific moves to learn from and engage with current and potential strategic partners beyond campus walls. For example, William Jessup University President John Jackson said that he aimed to have the institution become “indispensable” to its northern California locale:

The future for private universities is to be so value-added to their region—not just their local cities but their region—that the region can calculate [how] the private university (whether it’s faith-based or simply just private) is adding to the economic, employment, and social fabric of the region. You’ve got to become not only distinctive, but indispensable to your region.

Stetson University President Wendy Libby emphasized the favorable location of that institution along Florida’s I-4 corridor, while Washington Adventist University President Weymouth Spence urged his campus ministry members to go forth and ask the mayor of Baltimore: “What can we do for you in your city?” Indeed, Dillard University President Walter Kimbrough envisioned an opportunity, through strategic planning efforts, to deepen the campus’s relationship with New Orleans: “With our new strategic plan, we are starting to focus on innovation not only for operational efficiency, but to create a more dynamic learning experience for students and to be a stronger partner to address the needs of the city.” At Valparaiso, the emphasis on external connections extends overseas into international programming in China, Indonesia, Colombia, and Ecuador. President Mark Heckler told us, “We’re concentrating on every continent, identifying partners, building robust, multidimensional partnerships with those partners, and creating ongoing pipelines.”

Realistic Self-Assessment and Adaptation. In choosing its initiatives and innovations, each institution paid close attention to what was feasible and likely to prove successful. All of the case-study colleges expressed a strong resistance to having their choices defined by others. The U.S. News and World Report and Barron’s rankings can point colleges toward rather uniform choices, imposing de facto criteria for a competition that only a few can win. Each of our colleges has undertaken tough internal and external analysis and determined that playing in others’ games may not be a winning choice. Instead, they’ve moved toward having
their fate determined by their own distinctive choices, based not in the ideals of others but rather in their own colleges’ histories, missions, and contexts. As Jackson put it, institutions like William Jessup University need to move beyond pursuing revenues simply through enrollment initiatives:

My view is that having tuition-driven private universities that are 90-percent-plus tuition-driven—that’s really problematic for the future. So we have really tried to lay the pathway toward a future with more diverse revenue streams….

Benedictine University Vice President Charles Gregory also highlighted this point:

You can’t be everything to everybody—so we had to figure out what we do well, what we think transcends, and what separates us from other institutions. So we looked for things that make us different. Now, being Catholic and being Benedictine is different, but is that enough to attract the population that we need to do what we want to do to grow the institution?... I want to know how we are different, why we are different, and how much we are different from other institutions.

At Bethany College, Leonard fought hard against what he saw as a lack of pride and identity on that Kansas campus:

When I arrived eight years ago, I would say that Bethany was very much apologetic about what ultimately became our points of identity. Nobody wanted to talk about the Swedish heritage. Nobody wanted to talk about the Lutheran church. Nobody wanted to talk about Lindsborg. They referred to Lindsborg as being in the middle of nowhere…. Now, we are proud and unapologetic of our Swedish heritage, our Lutheran heritage, being in Lindsborg, and the others are focused on our students—that of discovery and engagement.

**Structuring for Innovation.** Leaders at each of the colleges thoughtfully created organizational processes and forms fitting the particular changes being pursued. There was evidence on each of our campuses of thoughtful attention not only to the goals of strategic shifts but also the ways institutions were to pursue those goals. In each case, leaders structured committees, task forces, individual assignments, rules, guidelines, and responsibilities with an emphasis on facilitating change rather blocking it.

Each institution paid close attention to what was feasible and likely to prove successful. All of the case-study colleges expressed a strong resistance to having their choices defined by others.

Associate Vice President Janet Neufville explained why Washington Adventist has the Strategic Planning Committee that looks toward the future and the Institutional Effectiveness Committee that evaluates past actions:

You might think, “Is that just a bunch of bureaucracy for doing the same thing?” I think accountability is different from forward-thinking, and I think it’s allowed us periodically to sit back and say, “What’s working?... All of this activity, is it really moving the needle on these things?”

At Valparaiso, Heckler has created an “obsessively transparent” strategic planning process, which includes the entire campus community: “I’ve got students here who want to talk to me about the strategic plan.” For Heckler, a key to successful structuring is dealing with organizational constraints on innovation. He analogized the difficulty to that of piloting an old airplane while simultaneously envisioning and constructing a new airplane.
Valparaiso Provost Mark Biermann echoes that emphasis, stressing that they work to make reform straightforward for those pursuing it:

We're trying to be more intentional about having a clear process so that when a faculty member has a good idea and wants to try to explore this, they have a clear process that they understand step by step what they need to do to take a new academic program from an idea they have while driving home from work to a program with students enrolled in the fall of 2017.

We've tried to have a big tent, we've tried to get as many people who want to be part of it, to be part of it. Obviously there's always going to be the naysayers and those who think they have the better idea. But at some point in time, it's like, “Look, we can be as collaborative as we want, but speed means we can't necessarily wait until everybody's on board.” At some point, you have to make the decision to move forward.

New England College President Michele Perkins highlighted the role of “culture change” and the importance of working with the community to establish the role of senior administrators in leading reform: “You're only going to accomplish that if there is that trust—that people will be included, they will be involved,” but the process will still move along quickly.

Similarly, Benedictine's Charles Gregory emphasized the importance of fitting change efforts into the existing campus culture:

The institution has to figure out where we fit in all this, given our mission, given what we're about, given our values, given whether we're Benedictine and Catholic or Catholic and Benedictine…or do we fit into any of these? And how do we want to deliver the product that we have, based on our mission, our identity, and our values?

Benedictine's former president, William Carroll, was blunt, however, regarding distinct roles for administrative leaders and the faculty: “You need to have administrators who have the guts to separate what traditional faculty do and then what other faculty do. You respect traditional faculty, but keep them in the ballpark of where they have the expertise.”
Similarly blunt was Spence of Washington Adventist University:

The biggest challenge that I get is from the faculty that say, “You’re a businessman; you’re not an academician.” Well, I’m trying to convince them that education is a business—some of them don’t quite understand that yet.

For Heckler of Valparaiso the critical ingredient was working to create and support a distinctive “cognitive mindset” on campus, “where community members of this university that is Lutheran in ethos and character live together in community and actively pursue dialogue across differences, even when those differences may be irreconcilable, in a common pursuit of truth.”

Alignment of Mission and Innovation. Leaders uniformly emphasized the importance of preserving or expanding their colleges’ missions, rather than forsaking or compromising those missions. At Dillard University, Kimbrough highlighted that under the new strategic plan the campus is looking to create a “refreshed mission statement.” At New England College, Perkins highlighted the central role of institutional mission in shaping her approach to strategic change. “Mission absolutely has to align, or you can’t do it,” she noted. “That doesn’t mean you can’t be interpretive or creative, but there has to be that link to your founding mission and identity for it to have gravitas…. It’s in my DNA as well, to uphold what is timeless and essential. You can be very creative and change-oriented and still preserve that.”

Similarly, other presidents emphasized that, while change was imperative, it could only be accomplished by working in concert with established goals and values. Illustrative of this perspective is a statement by Carroll of Benedictine University:

A mission has to be broad enough and wide enough, and it basically allows you to do anything you need to do for the university to be successful. It’s a warrant. It gives you permission to act in certain ways…. A closed mission is a dying institution. And there are a lot of closed missions out there.

The quotations and interpretations presented earlier in this report provide other examples of this “faithful but flexible” approach to institutional missions.
The initiatives and innovations at the colleges and universities profiled in this report are numerous and noteworthy. These are action-oriented, often entrepreneurial institutions moving ahead creatively on multiple fronts. The leaders of the nine colleges have chosen a variety of approaches that deepen and widen their institutions’ missions, without abandoning their core commitments and identities. We can provide no definitive evidence of the ultimate success of these choices, as it will take time to see the results of these recent initiatives. Nonetheless, it seems quite clear that there is no broadly effective “one-size-fits-all” recipe for change in this sector. Each college has followed a script appearing to fit its specific context and unique mission, and each is concurrently developing ways to evaluate and share evidence of outcomes and successes with its stakeholders.

That said, however, other leaders may gain insight into possible directions for their college or university by examining the approaches employed in these case studies. While our chosen case sites are not perfectly representative of CIC membership, they do reflect reasonably well the association’s institutional variation in missions, academic offerings, geography, size, student markets, and other characteristics.

Ideally, the case examples provided here can contribute not only to building leaders’ awareness of specific creative moves being made on similar campuses but also to developing more systematic and effective approaches to strategic change in the sector. The colleges profiled here were chosen for high levels of innovative activity. Our detailed interviews and document study revealed several characteristics associated with innovative profiles: a commitment to action rather than sustained deliberation, a drive to connect with key constituencies off campus, attention to pursuing realistic ambitions and goals, design of structures and processes that facilitate rather than stall change, assertive leadership, and a faithful but flexible approach to established campus missions.
It should be borne in mind that the bold changes by these colleges and universities are taking place within rather tight financial and normative margins. The histories and resources of most independent four-year institutions constrain the extent to which they can “step out” from their established ways of doing business. Further constraining dramatic change are the views held by many in the larger public—fueled by widely publicized college rankings—that colleges in this sector should do only certain things, and look only a certain way. Perhaps the most striking finding is the focus of our case colleges on realistic adaptation. Not all four-year colleges will succeed in emulating institutions at the top of national and regional rankings. By working to create distinct new paths and innovating on their own terms, in sync with their own campuses and regional milieus, opportunities for success in particular institutions are surely amplified.

The role of missions in these change processes is complex, but central. Academic leaders must always work within the deeply engrained traditions and values of their institutions, but they also must always work with an eye to adaptation, survival, and improving health and effectiveness. Written mission statements can provide guidance, as can informal stakeholder understandings of what sometimes abstract mission statements mean for day-to-day decisions. Those words and understandings can constrain choices on a campus, but considered creatively they also can buttress a leader’s case for re-envisioning and re-interpreting organizational identity to fit new conditions.

Currently, the conventional wisdom for independent four-year colleges points toward decline in the coming years. That narrative, however, may presume heedless emulation of familiar earlier models in those institutions. In the 1980s and 1990s, astute four-year colleges disrupted an earlier, widely accepted narrative of decline. They survived and, in fact, many institutions in the sector have subsequently prospered. Evolving contexts and emerging challenges do not necessarily compel mission abandonment or collapse. There is no reason for contemporary colleges to accept passively the currently dominant storyline. The cases profiled here present useful examples of potential paths forward.

We can provide no definitive evidence of the ultimate success of these choices, as it will take time to see the results of these recent initiatives. Nonetheless, it seems quite clear that there is no broadly effective “one-size-fits-all” recipe for change in this sector.
Overview

The study of innovation and change at small- and mid-sized private colleges and universities for CIC’s Project on the Future of Independent Higher Education has featured two phases. In the first phase, a survey was administered in October 2014 to the presidents of all CIC member colleges and universities (at the time, 632 presidents). The survey captured information about the (1) challenges facing independent colleges and universities, (2) innovations these institutions have undertaken, (3) factors associated with change and adaptation on campuses, and (4) perceived effects of innovations. At that time, 206 presidents—32.6 percent—responded.

In this second phase, case-study analyses of selected institutions from the survey were conducted in spring and summer 2015. As part of the 2014 survey, 96 presidents—46.6 percent of respondents—volunteered to have their institutions included in the follow-up research. From this group, we then sampled nine institutions that were especially active innovators. Table 1 below shows the number of initiatives and innovations by institution and domain-area. A description of the sampling procedure for this report is discussed in the next section of this appendix.

We use a few terms throughout this report that may have varied meanings. To clarify, we define each of the nine institutions in this report as a “case.” Consistent with the initial survey phase of the project, we define “innovation” as an approach or effort new to the institution (i.e., case) that adopts it (Rogers 1983). Thus, an innovation may not necessarily be new in a universal sense in relation to the population of CIC members and others, but it is new in relation to its local, campus context of a specific institution. Finally, we define “strategy” as the guiding vision and related changes and adaptations by which an institution’s leadership seeks to differentiate the campus to compete. The goal of this report has not been to determine what is and is not strategic; instead, it has been to highlight innovations and initiatives that institutional leaders view as strategic.

Sampling

From the 96 presidents who volunteered to participate in the case analysis, we narrowed down the group of institutions to those that were especially prominent innovators in revenue enhancement or diversification, in cost control or reduction, or in both of these domains. Then, from within that subsample, we chose our nine final case-study institutions on the basis of their representativeness of various aspects of the CIC membership in terms of enrollment, region, curricular focus, Carnegie Classification, and financing. These institutions may not necessarily generalize to all CIC members or other

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<tr>
<th>Institution</th>
<th>Cost Initiatives: Human-Resources</th>
<th>Cost Initiatives: Operations</th>
<th>Academic Innovations</th>
<th>Operational Innovations</th>
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Note: Academic, operational, financial, and other innovations are efforts to enhance and diversify institutional revenue streams. In the table, “--” indicates missing data. Source: CIC survey of member presidents, fall 2014.
colleges and universities but can, based on the sampling strategy, suggest some overlap and applicability.

In total, 24 interview respondents participated in this report: nine presidents and 15 other senior administrators. For our sampling process, each of the nine presidents first received an email invitation from CIC about the study. Then each president participated in a phone interview and recommended one to two other senior administrators at the institution whom we emailed about inclusion in a second round of interviews. This step ensured that those closest to particular innovations and changes on their campuses (for example, those within the administrative cabinet “network”) contributed to the research.

Of the nine institutions (i.e., cases) in this report, six had two second-round interview respondents each: Benedictine University, Dillard University, Houghton College, Stetson University, Valparaiso University, and William Jessup University. Three institutions had one second-round interview respondent each: Bethany College, New England College, and Washington Adventist University.

Data Collection

We conducted individual phone interviews in summer 2015 with the nine presidents and 15 other senior administrators.* The semi-structured interviews averaged 34 minutes in length and were audio-recorded. We then listened back to the recordings to write field notes for each institution and transcribe key supporting quotations. Appendix B provides the interview questions that we asked the presidents and other senior administrators.

After their interviews, the presidents emailed us documentary materials. These items included presidential speeches and addresses, strategic planning documents, and other written information about particular marquee programs. The documents helped to contextualize core themes that emerged in the interviews. In addition, we considered numeric, descriptive information about the sampled institutions from the fall 2014 survey.

Data Analysis

We used interview field notes, documentary materials, and fall 2014 survey results from the nine institutions to develop case profiles. To analyze these data, we “coded” selectively for references to particular initiatives and innovations and also rationales for why institutions had pursued those specific paths. For each of the cases in the report, this approach helped us identify themes. For example, we found numerous themes at Dillard University—such as rebalancing workforce with enrollment, restructuring programs, and renegotiating external contracts—which we distilled into a narrative, “Dillard University: Cutting Costs to Recover from Crisis.” Also, we identified core takeaways across the cases and folded them into the conclusion of this report.

Methodological Note

Two caveats are warranted regarding the design of this analysis. First, the cases examined here should not necessarily be read as examples of success per se. Rather, each is an example of aggressive and often creative organizational pursuits for long-term viability. Together, the institutions included in this report are highly active innovators, but the results of those choices remain to be seen in many cases. All of the institutions are working actively to discern what works most cost-effectively in their distinctive contexts.

Second, the original sample of institutions completing the Phase I survey was well balanced and reasonably representative of the full CIC population, suggesting that the case-study institutions examined here may be representative as well. Nonetheless, there was likely self-selection bias in the survey responders, and that bias was likely compounded in the subsequent volunteering of individual presidents for further analysis. These case studies highlight especially active institutions, but we cannot vouch for their representativeness of the full range of CIC membership.

* At William Jessup University, two second-round interview respondents participated together in a conference call.
Although no single interview proceeded exactly like others, we followed a semi-structured protocol aimed at eliciting leaders’ responses on several key issues. Below are the protocols we followed for presidents and for other senior leaders at the sample colleges.

### Interview Questions for Presidents

1. Over the past few years, what has been your institution’s overall strategy for adapting to changing circumstances?
   
   _Probe:_ How has your approach changed since the fall 2014 CIC survey?

2. From the fall survey, we observed that your institution stood out in the area of [state the cost control/innovation domain in which the school has excelled]. We would like to know more about that. Could you tell us why you’ve focused on this [cost control/innovation domain]—and how you’ve worked to make your school’s approach distinctively effective in this area?

3. What have been some of the key challenges you’ve encountered in moving toward such change(s)?
   
   _Probe:_ Could you provide us an example of how you’ve successfully navigated one of those particular challenges?

4. How did you build campus support for this and other innovations, and how was it maintained as critical decisions were made in that and other arenas?

5. In what ways do the reforms and adaptations you’ve undertaken on your campus relate to the college’s core mission?
   
   _Probe:_ To what extent do you frame the initiatives you pursue in relation to the campus’s mission, heritage, and values?

6. As we move forward with the case analysis, it can be helpful to have written material to support our analysis. Are there one or two particular documents that you could share that may illustrate for us your institution’s approach to strategic change (e.g., presidential speeches or articles, campus strategic planning documents, reform descriptions, etc.)?

7. It would also be helpful to speak with others associated with your most noteworthy strategic innovations. Could you suggest one or two other people on campus with whom we might conduct an interview? These could be other administrators, faculty closely involved with your innovations on campus, or others.
Interview Questions for Other Senior Administrators

1. Institutions often have a range of choices they can make about what to focus on strategically. Your institution has stood out for its [cost-control/revenue diversification area in which it has excelled]. Could you tell us why you and your colleagues have focused on this particular area?

   *Probe:* What have been some of the goals associated with change in this area (e.g., cost-control for resources for educational expansion, faculty raises, etc.)?

2. From a CIC survey the president completed in the fall, we’ve noticed that the campus has especially pursued [name 1–3 examples of cost-control or revenue diversification]. Why have these initiatives been so prominent—and how have you worked to make them distinctively effective?

3. What have been some of the key challenges and/or barriers you’ve encountered in moving toward such change(s)?

   *Probe:* Could you provide us an example of how you’ve successfully navigated one of those particular challenges?

   *Probe:* For example, have particular groups like faculty, alumni, or students been especially resistant, and how have you dealt with that resistance?

4. Could you characterize for us how successful these efforts have been thus far? Can you provide some specific indicators of success for us?

   *Probe:* How have you worked to measure/benchmark success?


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