BOARD OF GOVERNORS
May 30-June 1, 2018
C Lazy U Ranch, Granby

WEDNESDAY, MAY 30, 2018
Reception and Dinner in the Main Lodge *(social event)* 5:30 p.m.

THURSDAY, MAY 31, 2018
CSU System Board of Governors Breakfast, *Main Lodge* 7:30 a.m.– 9:00 a.m.

COMMENCE BOARD RETREAT, *Latigo Room* 9:00 a.m.

1. **PUBLIC COMMENT** 9:00 a.m. – 9:15 a.m.

2. **DISCUSSION OF BOARD RESERVES** 9:15 a.m. – 12:15 p.m.
   - History and Projections
   - Existing Policy and Guidelines
   - Discussion: Expenditure Philosophy
   - Goals and Board Direction

LUNCH, *the Patio House* 12:30 – 1:30 p.m.

3. **REVIEW AND DISCUSSION OF HIGHER EDUCATION SYSTEMS** 1:45 p.m. – 4:30 p.m.
   - Context
   - Systems at the National Level
     - History
     - Models
   - Colorado State University System
     - History
     - Current Status
   - Future Opportunities
   - Perspectives on System Value
     - Presidents
     - Staff
   - Open Discussion
   - Goal: Board Alignment Around Systems as They Apply to the CSU System

4. **EXECUTIVE SESSION** 4:30 p.m. – 5:00 p.m.

Reception and Dinner, *the Patio House (social event)* 5:30 p.m.

FRIDAY, JUNE 1, 2018
Board of Governors Breakfast, *Main Lodge* 7:30 a.m. – 9:00 a.m.

RECONVENE BOARD RETREAT, *Latigo Room* 9:00 a.m.

5. **EVALUATION COMMITTEE** *(Executive Session)* 9:00 a.m. – 11:00 a.m.

ADJOURNMENT 11:00 a.m.

Next Board of Governors Board Meeting: August 8-9, 2018, CSU-Global Campus

BOARD OF GOVERNORS RETREAT

THURSDAY, MAY 31 & FRIDAY, JUNE 1, 2018

COLORADO STATE UNIVERSITY SYSTEM

COLORADO STATE UNIVERSITY
COLORADO STATE UNIVERSITY - PUEBLO
CSU - GLOBAL CAMPUS

AGENDA

THURSDAY MORNING: Reserves

THURSDAY AFTERNOON: Systems

FRIDAY MORNING: Evaluation Committee

RESERVES

- History & Projections
- Existing Policy & Guidelines
- Discussion: Expenditure Philosophy
- Goal: sense of shared Board direction

HISTORY OF RESERVES

- Institutional
- Unit level/ carry forward
- "Putting Resources to Work"
- Composite Financial Index/ Rating Agencies
- CSU Global Campus
- Reserve Risk & Opportunity

ANNUAL RESERVES REPORT

COLORADO STATE UNIVERSITY SYSTEM RESERVES REPORT FY 2017 | FY17 ACTUAL RESULTS | FY 18 APPROVED BUDGET

	CSU	CSU-PUEBLO	CSU-GLOBAL	CSU-SYSTEM	TOTAL
MAXIMUM AVAILABLE UNRESTRICTED NET ASSETS:					
Unrestricted Net Assets 6/30/17	$ (379,517,148)	(31,049,654)	74,942,060	24,504,705	$ (311,120,037)
Add:					
GASB 68 Adjustment	638,687,674	46,951,825	4,800,899	3,154,836	693,595,234
Less:					
Non E&G Fund Balances	(150,017,649)	(14,097,601)	-	-	(164,115,250)
System Reserve	-	-	-	(27,396,829)	(27,396,829)
Maximum Available Unrestricted Net Assets (MAUNA)	$ 109,152,877	1,804,570	79,742,959	262,712	$ 190,963,118
BOARD RESERVE FLOOR:					
FY 17 Actual General Fund Expenditures[1]	$ 500,411,983	50,855,834	70,894,036	7,840,833	$630,002,686
Board Reserve Floor (20% for CSU, CSU-P and 40% for CSU-G)	**$100,082,397**	**10,171,167**	**28,357,614**	**1,568,167**	**$ 140,179,344**
Primary Reserve Calculation:	**$142,369,944**	**13,923,378**	**79,742,959**	**262,712**	**$236,298,993**
MAUNA	109,152,877	1,804,570	79,742,959	262,712	190,963,118
Non E&G Allocated Reserves	33,217,066	12,118,808	-	-	45,335,874
Reserve Level Maintained[2]	Yes	Yes	Yes	No	Yes
E&G BOARD RESERVES AVAILABLE FOR DEPLOYMENT:					
Maximum Available Unrestricted Net Assets	109,152,877	1,804,570	79,742,959	262,712	
Less:					
Board Reserve Floor-Global 250 DCOH[3]	-	-	(58,511,865)	-	
Board Reserve Floor CSU, CSUP, CSUS @20%	(100,082,397)	(10,171,167)	-	(1,568,167)	
10% Institutional Reserves-10% (CSU-Global included in 250 DCOH)	(10,915,288)	(180,457)	-	(26,271)	
Incremental E&G board Reserves Available for Strategic Deployment >$0	**$ -**	**-**	**21,231,094**	**-**	**$ 21,231,094**

(1) Actual figures for FY17 are a subset of the audited financial statements for the respective year relating to the General Fund only, as reported within the Budget Data Book for CSU and CSU-P, and per the CSU-G Annual Audited Financial Statements less depreciation.

(2) 20% Primary Reserve Calculation (a figure including all funds that could be spent if needed at the specific point in time) exceeds the 20% Reserve Floor.

(3) CSU Global's 250 DCOH is calculated by utilizing their budgeted expenditures less depreciation for the following fiscal year as approved by the Board of Governors. For FY 17 this would be the approved Budget for FY18. FY18 budgeted expenditures of $84,602,519

HISTORY OF PAST DRAWS

COLORADO STATE UNIVERSITY SYSTEM, JUNE 30

	2017	% of total	2018	% of total	Estimated 2019	% of total
Beginning Balance July 1	$ -		$ 27, 396,829		$ 44,599,809	
Initial Deposits 1/1/17	30,283,035		-		-	
Annual Incremental Increase	-		21,231,094		20,000,000	
Total Available Reserves	$ 30,283,035		$ 48,627,923		$ 64,599,809	
2017 Withdrawals:						
CSU System Shared IT Systems Initiative	$ (125,000)		$ (153,000)		$ (139,000)	
CSU-Pueblo Housing Assistance	(1,415,000)		(1,346,312)		(1,071,000)	
CSU-Pueblo Repayment of CSU-Global Loan	(1,320,713)		-		-	
CSU-Pueblo Academic Program Support	(50,000)		(308,100)		(354,600)	
CSU-Pueblo Jumbo Tron Relocation/Sound System	-		(637,155)		-	
CSU-Pueblo Enrollment Deficit Backfill	-		(700,000)		-	
CSU-Pueblo Presidential Start-Up	-		(83,005)		(166,010)	
CSU System Magazine	-		(100,542)		-	
CSU System Denver Initiative	-		(250,000)		-	
CSU System Marketing Initiative	-		(450,000)		-	
Total Investments	$ (2,910,713)	9.61%	$ (4,028,114)	8.28%	$ (1,730,610)	2.68%
Return of Unused CSU-Pueblo Academic Support Funds	$ 24,507		$ -		-	
Reserve Balance June 30	**$ 27,396,829**		**$ 44,599,809**		**$ 62,869,199**	

POTENTIAL DECEMBER 2018

WITHDRAWALS

CSU-P Academic Programs	$354K	($131K final installment due 2020)
CSU-P Housing Debt Service	$1.2M	(on-going)
CSU-P Presidential Startup	$166K	($166K FY 20, Final $85K FY 21)
CSUS IT (Kuali)	$139K	(final installment)
CSUS Off-Campus	$620K	(Hubs, Todos Santos; transitional)
CSUS Student Success	$800K	(1X with ROI)
CSU-CU Medical Start-Up	$550K	(on-going start-up expenses TBD)
Sub-Total:	**$3.8M**	
AAU: NAS Recruitments	$3M	(annually for 5 years)
TOTAL:	**$6.8M**	**(10.5%; $58M residual)**
National Western Center		TBD

National Western Center

Preliminary Annual Budget Estimates

WATER RESOURCES CENTER

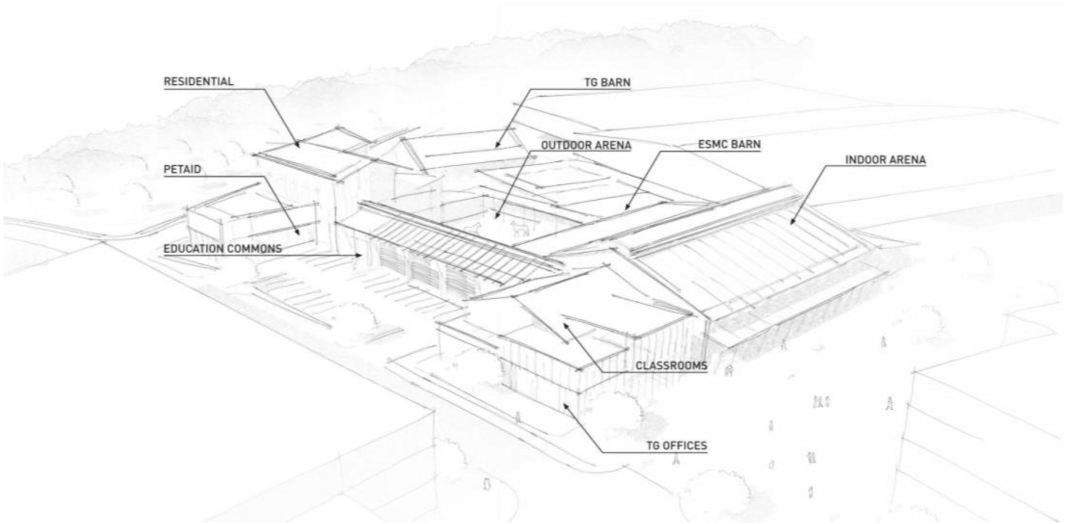
Preliminary Estimated ROM Annual Budgets

WRC Budget Preliminary Estimate	Startup Year 2021	Fully Operational
Incremental Revenue	$ 1,200,000	$ 2,200,000
O&M Expense	$ 675,000	$ 700,000
Incremental Personnel Expense	$ 950,000	$ 1,400,000
Materials, Other	$ 300,000	$ 160,000
	$ (725,000)	$ (60,000)

ANIMAL HEATH BUILDING

Preliminary Estimated ROM Annual Budgets

AHB Preliminary Budget Estimate	Startup Year 2021	Fully Operational
Revenue	$ 850,000	$ 1,600,000
O&M Expense	$ 1,000,000	$ 1,100,000
Incremental Personnel Expense	$ 1,000,000	$ 1,200,000
Materials, Other	$ 500,000	$ 450,000
	$ (1,650,000)	$ (1,150,000)



CSU CENTER

Preliminary Estimated ROM Annual Budgets

CSU Center Preliminary Budget Estimate	Startup Year	Fully Operational
Revenue	$ 2,200,000	$ 2,900,000
O&M Expense	$ 1,250,000	$ 1,300,000
Incremental Personnel Expense	$ 1,400,000	$ 1,450,000
Materials, Other	$ 110,000	$ 100,000
	$ (560,000)	$ 50,000

SUMMARY OF NWC PRELIMINARY RESOURCE REQUIREMENTS

Water Resources Center: $750,000-$1.1M

Animal Health Building: $1.5M-$1.8M

CSU Center: $350,000-$700,000

COLORADO STATE UNIVERSITY SYSTEM

Policy and Procedures Manual

SUBJECT: BUDGET AND FINANCE

Policy 205: CSUS Board Reserves Policy

Board Policy

Pursuant to Colorado law, the Board has exclusive control over all funds of and appropriated to any institution that it governs (Colorado Constitution, Article VIII, Section 5; C.R.S. § 23-30-106). This policy sets forth the process, method of calculation, and potential use of certain reserves by the Board, the CSUS and its institutions.

BOARD RESERVES – PURPOSE

- PROVIDE OPERATIONAL FLEXIBILITY
  - Provide support in the event of a sudden shortfall in revenue
  - Cover unanticipated Expenditures
  - Fund unexpected opportunities
  - Provide for extraordinary one-time investments

- ITEMS TO AVOID
  - Backfill of expected shortfalls in revenue unless a plan to remedy exists
  - Provide for on-going base related expenditures

BLANK SLATE

- Fiscal & Fiduciary Responsibility
- Fiscal Alchemy
  - 1X to base
  - Investments (start-ups – research & programs; seed capital)
  - Debt Service
- Game Changers
  - AAU
  - Signature Programs
- Matching
- System

FOR EXAMPLE . . .

- FISCAL & FIDUCIARY RESPONSIBILITY
- FISCAL ALCHEMY
  - 1X to base
  - Investments (start-ups research & programs; seed capital)
  - Debt Service
- GAME CHANGERS
  - AAU
  - Signature Programs
- MATCHING
- SYSTEM

- RESERVE LEVEL
- AAU START-UP'S
- STUDENT SUCCESS
- CSUP HOUSING
- MEDICAL SCHOOL
- RURAL COLORADO INITIATIVE
- MIDDLE CLASS INITIATIVE
- SYSTEM-WIDE PRESENCE
  - National Western
  - Hubs
  - Todos Santos
- RFP
- SYSTEM

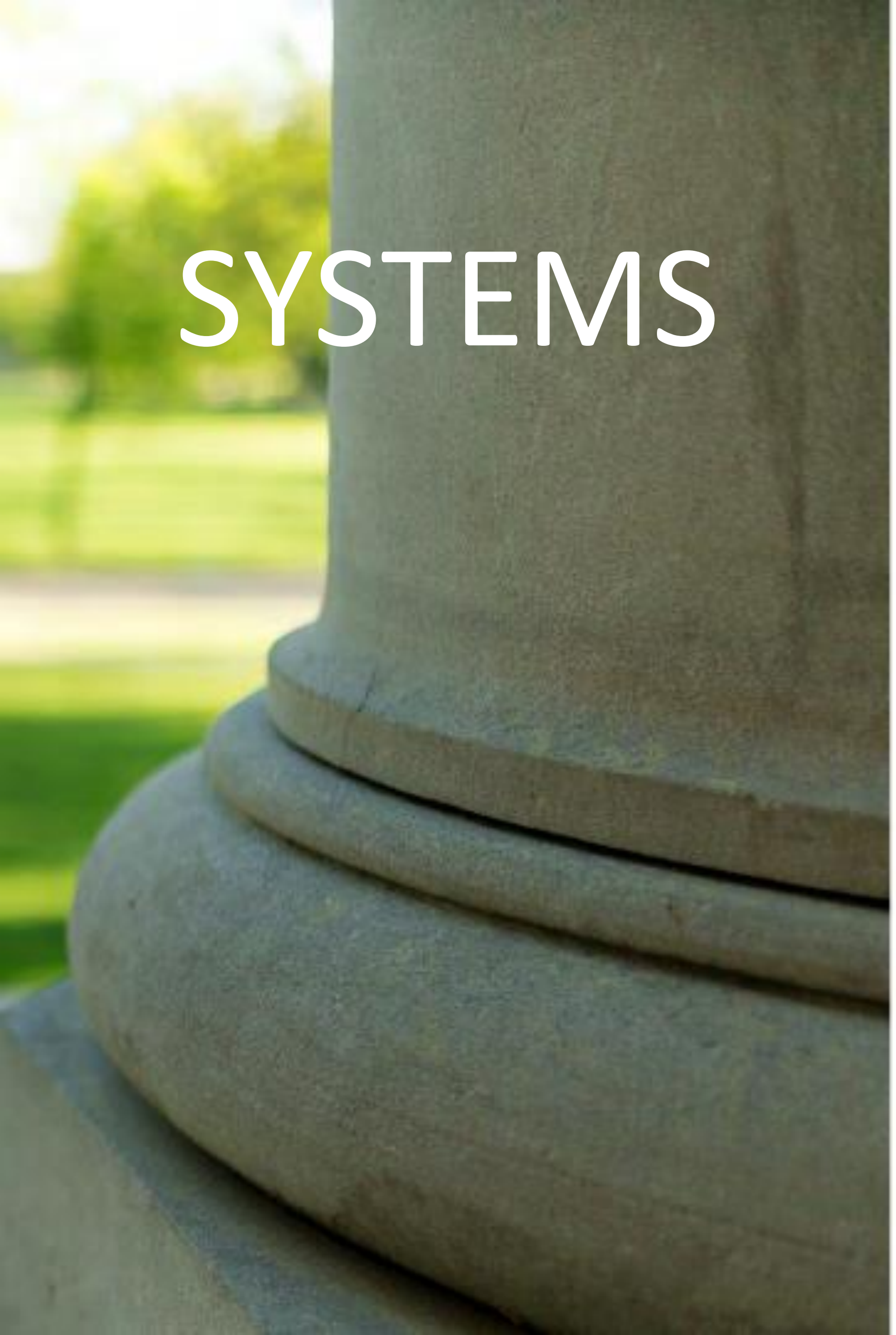
Prioritization . . .

- PUEBLO SUSTAINABILITY 2.0
- MIDDLE CLASS INITIATIVE
- STUDENT SUCCESS
- INFRASTRUCTURE
  - HUMAN, IT ETC
- MEDICAL SCHOOL
- RURAL COLORADO INITIATIVE
- SYSTEM-WIDE PRESENCE
  - NATIONAL WESTERN
  - HUBS
  - TODOS SANTOS
- AAU START-UP'S
- DEBT REDUCTION
- NEW PROGRAMS
- EXISTING PROGRAM ENHANCEMENTS

DISCUSSION

GOAL: sense of shared Board direction

CURRENT THINKING ON SYSTEMS AT THE NATIONAL LEVEL



SYSTEMS

- Context
- National
  - History
  - Models
- CSUS
  - History
  - Status
- Future Opportunities
- Perspectives on System Value
  - Presidents
  - Staff
- Open Discussion
- Goal: sense of Board alignment around systems as they apply to CSUS

CONTEXT

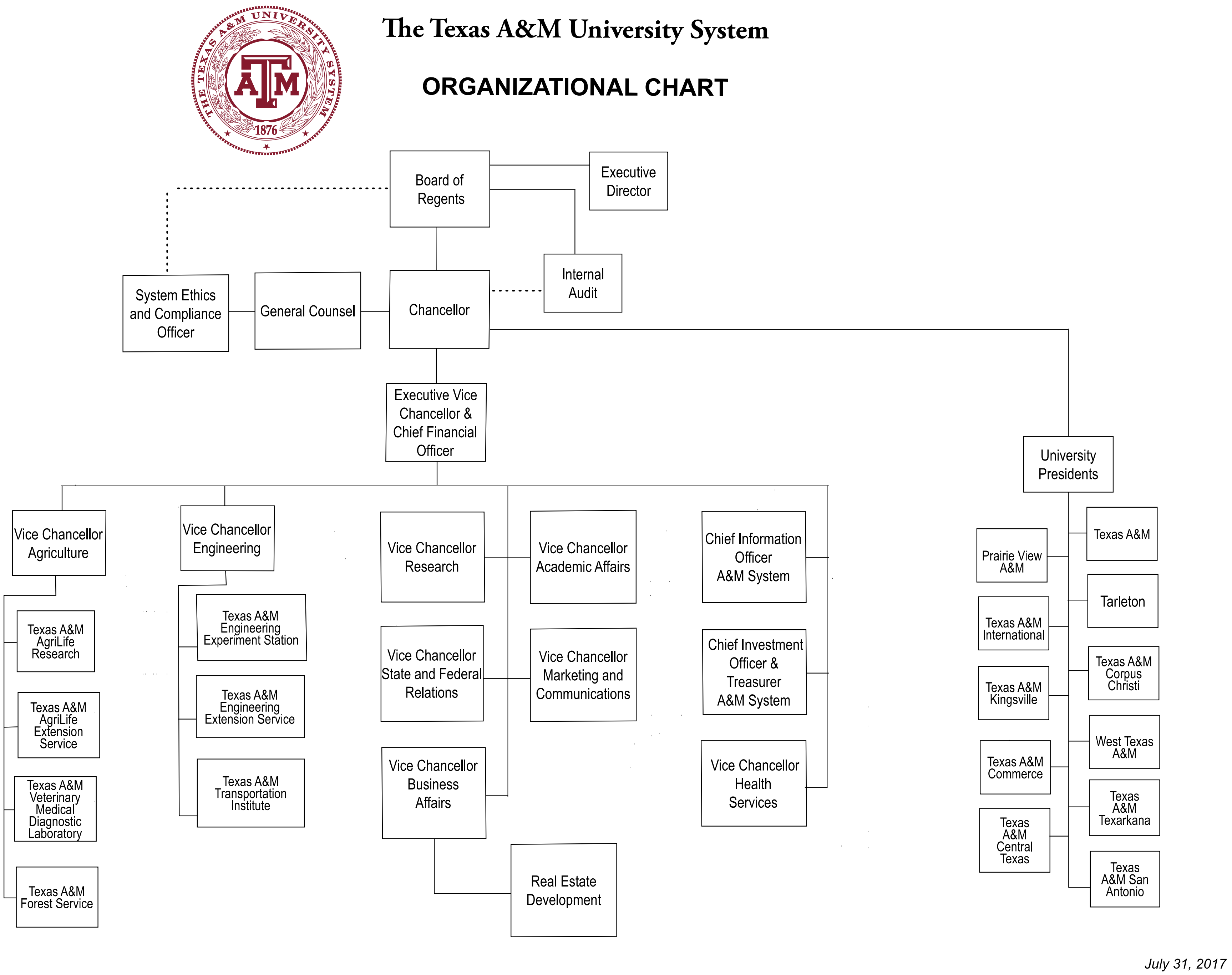
- Adams State University Conversations
- FY19 Budget regarding Rural-Serving Institutions
- Costs – role of the State; role of the institution(s)
- Our Fundamental Assumptions
    - No closures
    - No substantive new long term funding
    - Potential Value Proposition

SYSTEMS AT THE NATIONAL LEVEL - STRUCTURE

- California Master Plan for Higher Education
  - 1960, Clark Kerr
  - 3 valued systems with distinct roles and missions
  - "Competition"
  - Funding
  - President and Chancellors
- SUNY
  - 1948; largest single system in the USA
  - 64 campuses; 700K students; everything public except CUNY
  - Chancellor and Presidents
  - Cornell; Buffalo
- University of Wisconsin System
  - 1971 (passed by a single vote)
  - 13 universities, 13 colleges, extension; 180K students
  - WTCS
  - Funding (Stevens Point)
  - President and Chancellors
- Penn State University System
  - 24 campuses and extension; 100K students (>70% at the flagship)
  - Single President with a VP at the flagship and a CEO at each campus

TEXAS A&M SYSTEM

- 11 campuses, 7 agencies, 150K students
- Built over time; on-going



COLORADO STATE UNIVERSITY SYSTEM

CREATED IN 1985 BY SBA

CSU, FLC, USC | Joint Chancellor & President;
1 executive VC as the only employee

2002 | FLC & CSU-Pueblo

2007 | CSU Global Campus

2009 | First distinct Chancellor

2015 | Re-Combined the Chancellor role

FUTURE OPPORTUNITIES

- “Back room operations”
- Extending programs (e.g. engineering, agriculture)
- Transferability – course and location?
- System hiring of contingent faculty?
- Role of CSUGC to fill in program gaps?
- Hubs?
- Rural health-care initiative?
- Rural initiative?

PERSPECTIVES ON VALUE . . . AND COST

Presidents | CAO | CFO | Other senior staff

OPEN DISCUSSION

GOAL: sense of Board alignment around systems as they apply to CSUS

Policy and Procedures Manual

SUBJECT: BUDGET AND FINANCE

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Purpose of the Reserves

The purpose of maintaining reserves is to ensure the financial health and stability of each institution within the CSUS, as well as the CSUS as a whole, and to provide an additional measurement of the fiscal condition of the CSUS and its institutions. Generally, there are four primary uses for reserves:

1. To provide support in the event of a sudden shortfall in revenue (e.g., unforeseen drop in enrollment or a reduction in state appropriation);

2. To cover unanticipated expenditures (e.g., unanticipated increases in utility costs, deferred maintenance item that requires immediate attention, legal fees, etc.);

3. To fund unexpected opportunities; and

4. To provide for extraordinary one-time investments.

Reserves should not be utilized to backfill expected shortfalls in revenue unless a plan exists to either increase the respective revenue stream or reduce related expenses. The use of reserves is appropriate to assist with timing issues, but should not be relied upon for the support of on-going expenditures. The reserves also provide operational flexibility to allow for strategic-related risks and to respond to changes within the environment. Through these reserves, the CSUS will be able to better manage financial challenges and remain focused on strategic initiatives.

Definitions

1. ***Maximum Available Unrestricted Nets Assets (MAUNA)****.* Unrestricted Net Assets as reported within the annual audited financial statements, limited to the General Fund (E&G) for CSU and CSU-Pueblo, adjusted for GASB 68 accruals.

2. ***Board Reserve Floor***. The minimum balance that the summation of MAUNA and the Non-E&G Allocated Reserves should not go below.

The Board Reserve Floor (Floor) will be calculated each year following the compilation of the annual audited financial statements for the CSUS. For CSU and CSU-Pueblo, the Floor will be equal to 20% of the actual expenditures reported within the Budget Data Book each September. For CSU-Global, the Floor will be equal 40% of their annual actual expenditures adjusted for depreciation.

3. ***Non E&G Allocated Reserves.*** Reserves recorded within other fund group types that are internally uncommitted and unrestricted but allocated for specific purposes. These resources could be utilized to support E&G related expenditures if needed. This includes items such as our internal loan fund, academic enrichment program funds, and other related fund balances**.**

4. ***E&G Board Reserves Available for Strategic Deployment (Board Reserves)***. Those reserve funds held on behalf of the Board at the System level. The E&G Board Reserves will be recorded in, and transferred to, a separate general ledger account within the CSU financial accounting system that is labeled as the Board Designated Reserve.

   The Board Reserves will be set at an amount equal to MAUNA less Global's 250 DCOH, the 10% Institutional Reserves for CSU, CSU–Pueblo and the CSUS along with Prior Commitments Not Yet Met. Prior Commitments Not Yet Met include items such as faculty start-up and multi-year capital lease commitments.

5. ***Institutional Reserve***. Those reserve funds that an institution may retain each year to support its operations.

   The initial Institutional Reserve (CSU, CSU-Pueblo, and the CSUS), will be set at an amount equal to ten percent (10%) of MAUNA as of June 30, 2015. The maximum annual increase to the Institutional Reserve will be equal to ten percent (10%) of the change in MAUNA for each respective fiscal year thereafter for each institution, unless otherwise approved by the Board (example – reserve replenishment), respectively. For CSU-Global, the Institutional Reserve will be set as 250 DCOH. In the event budgeted expenses decline from one year to the next, CSU-Global will be allowed to retain the reserve balance established at the beginning of year (less any amounts utilized), to support future institutional needs as opposed to a lower "reset" of the above due to the lower DCOH calculation. In the event MAUNA is an amount equal to our less than $0, no Institutional Reserve will be available.

6. ***Days Cash on Hand (DCOH).*** This represents the number of days of budgeted operating expenses, excluding non-cash expenses, such as depreciation, that could be paid by an institution with its current available cash.

Procedures

1. Within the financial accounting system, each institution may designate internal restrictions on the use of some or all of its Institutional Reserve. For example, an institution may designate internal restrictions for debt service or controlled

maintenance, and other such related items. Any such internal restriction may be determined by the President of the institution.

2. On an annual basis, funds will be transferred to the Board Reserves as indicated by the annual calculation noted above.

3. Transfers to or from the Institutional Reserve accounts at the institutions and the Board Reserves account will occur following the issuance of the annual audited financial statements each year.

4. The funds held within the Board Reserves may be segregated by institution. Any Board Reserves that are not internally restricted are designated as unrestricted Board Reserves.

5. The E&G Board Reserve Available for Strategic Deployment may be utilized to support the educational mission of the System and its institutions. It is the Board's policy that it will not utilize the Board Reserves except in the event of compelling and unique circumstances. Any expenditure from the Board Reserves shall be made in consultation with the Chancellor and must be approved by action of the Board.
6. Any utilization of Institutional Reserves shall be determined by the President of the institution in consultation with the Chancellor, and will require notification to the Board, but not Board approval.

7. Information about the Board Reserves and each Institutional Reserve, including the amounts held in those accounts, will be reported to the Board annually at its February meeting.

History: Policy and Procedures Manual effective October 4, 2013 by Board Resolution
Amended May 6, 2016 by Board Resolution
Amended October 6, 2016 by Board Resolution
Amended August 2, 2017 by Board Resolution

Growth and Transformation: A New Era for Mergers

By Jeff A. Weiss
January/February
2018

Mergers in higher education were once considered last-ditch efforts to survive, often involving a simple acquisition of assets resulting in the acquired college disappearing into the purchasing institution. Now, however, a growing number of institutions are considering mergers as a true strategic choice for effecting growth, innovation, and financial sustainability at a time of ever-increasing challenges in the higher education sector. Rather than a simple acquisition of assets, today's mergers entail a far more complex combination where capabilities and assets—along with challenges and liabilities—are brought together to form something new. Success depends on true collaboration and integration.

That can be easier said than done. The success of these types of mergers requires a disciplined approach by the university president and leadership team, with equal rigor applied to the university board's oversight role throughout the exploratory, negotiation, and integration processes. The board should continually test and expand senior management's thinking, asking critical questions at each step along the way. This is particularly important during the exploratory phase where the reason for potentially merging is clarified, other forms of partnership are considered, and potential partners are identified, assessed, and engaged.

During this phase, the board should be asking five key questions of senior management:

1. What are the capability gaps we are trying to fill?
2. Is a merger the best structure for filling those gaps?
3. How well do these potential partners fit with us and our needs?
4. What is the mutual value proposition for this potential merger?
5. How do we plan to measure success over time?

WHAT ARE THE CAPABILITY GAPS WE ARE TRYING TO FILL?

Mergers are a means to an end, not an end in and of themselves. Falling in love with the idea of merging and forgetting the purposes for potentially doing so is, unfortunately, not uncommon. Far too often, organizations chase the biggest or most prestigious potential partner. Or, in the alternative, they pursue the one they know best and is seemingly the most expedient choice. This is a recipe for disaster.

Before considering any potential partner, it is critical that senior management in conjunction with the board clearly define the purposes for a potential merger—in other words, what they are specifically trying to achieve and believe they cannot achieve on their own. This, however, is just a first step. Translating this more specifically into the capability gaps they are seeking to fill is the next one. If they are aiming to improve enrollment, for example, are they searching for a partner that has better technology, analytics, marketing, recruiting, program types, or student support services? If they are aiming to develop new sources of revenue, are they looking for a partner that has better fundraising, alumni relations, grant writing, or entrepreneurial capabilities, just to name a few? Before moving ahead, board members should ask the senior team to discuss the reasons for a potential merger, and how this translates into specific goals, necessary capabilities to achieve those goals, and the current and emerging gaps they believe they face.

The board should not only test these answers and help the team refine them, but also align around a set of answers to these questions.

IS A MERGER THE BEST STRUCTURE FOR FILLING THOSE GAPS?

Based on the definition of the gaps, senior management should then assess and discuss with the board the best structure for filling these gaps. In simple form, there are three choices, each with advantages for particular needs, and each with attendant risks:

1. Build the capabilities internally. The simplest choice—if it can be accomplished quickly and the financial resources, people, and expertise are available—is to develop the capabilities internally.
2. Establish partnerships. If the bulk of the desired capabilities are ones that may not be needed for the long-term, may be based on needs that change rapidly, or are ones where the risk-reward ratio favors borrowing rather than owning them over time, a partnership—or even a set of partnerships—may make more sense. Making partnerships really work, of course, requires a willingness to share risk and reward, deep collaboration and active relationship management skill, and patience. It also runs the risk of creating dependencies on another organization that, over time, might become a competitor or enter into another partnership with an existing competitor.
3. Enter into a merger with another university that readily has the capabilities. If gaining and having control over the capabilities is critical, if owning them is required for long-term success and is less risky and expensive than building them internally, if there is a willingness to give up autonomy, and if one can clearly forecast the added power and value of permanently combining one's capabilities with another organization, a merger might be in order.

Given the strategic nature of this choice, the board must engage in this discussion, with its appropriate subcommittees considering potential financial implications, legal complexity, and the academic and operational opportunities and limitations of each path.

HOW WELL DO THESE POTENTIAL PARTNERS FIT WITH US AND OUR NEEDS?

Assuming the choice is to explore a merger, the senior team should begin targeting potential partners who have the desired capabilities. Once they have developed that list, the board should expect senior management to provide three main analyses to narrow the playing field. The first goes right to the core of how well potential partners might be able to fill the need capability gap(s) defined earlier in the process. For each potential partner identified, senior management should be able to answer the following:

- Does the potential partner have the desired capabilities?
- How strong are these capabilities? Are they sustainable? Are they likely to strengthen over time?
- Will we be able to gain access to these capabilities? To what degree? Who else is competing for use of these capabilities?
- Do we believe the potential partner likewise will see advantages in combining its capabilities with ours?
- What data indicate our answers to the above are true?

Unless the board is satisfied with the answers to these questions, any given potential partner should not be pursued. If the board is satisfied, it then should expect senior management to answer a set of questions that focuses on partner fit. Employing a four-part framework, senior management should be able to present a summary assessment of strategic, financial, operational, and relational fit with each potential partner. While institutions can make this assessment by engaging in some basic due diligence with potential partners, they often can use publicly available information.

Strategic—How well the potential partner's both stated (what you read) and practiced (what you can see in action) strategy fits with yours is a good place to begin. Is the organization aiming to achieve similar, or at least complementary, objectives to ours; does its mission fit with ours; does it have similar stated and funded goals and priorities; does its core initiatives fit with ours; and so on? The strategies and priorities of each partner do not need to be the same, but it is critical to know how well they are likely to fit together or how effectively coming together might lead to an even more powerful new strategy.

Financial—This is usually the area that gets the most attention, and while it is absolutely critical to assess, it is just one of four equally important areas for inquiry. Understanding the merger partner's financial health is critical, and examining it on multiple levels is key—enrollment, net tuition revenue, operational expense, capital expense, the endowment, debt and borrowing power, non-tuition-based sources of revenue, etc. Exploring both current health, past trends, and expected future trends in each area is essential, as is asking what all this might mean for both the challenges and opportunities this potential partner will bring to you.

Operational—A careful assessment of operational fit is also critical, as you dig into the strength and workings of the potential partner's faculty, schools, functions, processes, services, budgeting methods, technologies, linkages among schools and functions, decision-making methods, and governance structures, to name a few of the key areas. Digging beyond the surface to understand the potential partner's true competencies (what they know how to do really well) and deep "know how" (what it understands really well) is also important. Again, the goal here is not to find a perfect fit, but to understand similarities, complementary capabilities, areas for possible learning and improvement, and others of potential conflict, as you assess the level of both benefit and risk of a combination.

Relational—This is often seen as "soft" and therefore approached in the least serious or disciplined way, and yet it is absolutelyas important as—and sometimes more important than—the other three areas. While this certainly involves developing an understanding of the partner's values, culture, and ways of both thinking and operating, it also involves taking a deep look at the organization's experience in partnering with others (through mergers, alliances, and even customer-vendor relationships). Understanding how often the organization has partnered, the purpose for it, its level of success, what was learned over time from these experiences, and how much skill and process was developed in managing these partnerships is allimportantinformation. Encourage senior management to add to their assessment some conversations with the potential partner's current and past partners. Teasing out what worked, what did not, what they learned about your potential partner, and what they believe the critical success factors were for their partnership with them makes things very real and is almost always very illuminating.

As a board, ask senior management to produce a summary report of the degree of fit in each of these areas—looking not so much at the fit with your institution, but with what you think the institution needs. A summary for each potential partner using a pie chart depiction of a one to four rating of fit in each of the four areas, with a few sentences about particular strengths and areas of concerns, is often an excellent tool for facilitating efficient information sharing and conversation with the board.

The final question of this stage involves assessing the merger from the perspective of the parties you are considering approaching, with the senior management and the board discussing why the potential partners might be interested in merging, what their objectives and concerns might be, and what they might want as part of a deal. While these are questions to ask directly to a short list of potential partners in the next phase of the assessment, it is useful to do some thinking and reality testing beforehand about how each potential partner is likely to view this opportunity. At the very least, this often helps to hone the list of potential partners. But, even more so, this can help the team that will meet with each potential partner to refine how they present the opportunity to each one, arm themselves with well-informed questions, and effectively manage what can turn into "sales pitches" from overly enthusiastic potential partners.

Ideally, strong research, systematic thinking, and engaged conversation between senior management and the board around each of the areas will lead to alignment around a small set of potential partners for exploratory conversations.

WHAT IS THE MUTUAL VALUE PROPOSITION FOR THIS POTENTIAL MERGER?

Based on the work above, the team that will meet with each of the potential partners on the short list should have three objectives: a) test with each potential partner any areas of uncertainty regarding the capability assessment and four-part framework outlined above; b) work to share and tease out each university's core underlying objectives for and any key concerns about a possible merger; and c) jointly brainstorm and discuss possible options for what a combination might involve, including its scope, structure, and value proposition. They will need to work hard to focus on objectives (not positions, demands, or solutions) and possibilities (not one particular scope and value proposition, but a range of ideas developed together).

Of course, some of this work with potential counterparts will involve document requests, questionnaires, and interviews, but the focus should be joint exploration. Help the team remember that this is not an RFP process to secure product or services. Instead, they should work side by side with potential counterparts to conduct basic due diligence, explore fit, imagine the possibilities, and explore possible structures and arrangements. Keep the university groups that are talking directly to each other small, and generally reserve meetings between board members until a first choice (or sometimes a first and second choice) selection has been made.

Based on these conversations with potential counterparts, the senior team should be able to report to the board:

- The possible scope and focus of a merged university—what the institutions would do together, in what areas, and in what ways
- How the merger would meet key interests of each partner—why, at a level of specific objectives to be achieved by each partner, the merger makes sense
- One or more compelling joint value propositions for the merged entity— what forms of new value, to whom and in what quantity, the institutions would expect to produce
- The competitive advantage to be produced—what outside parties are likely to believe makes the merged entity truly distinct
- The possible structure of the merger— what the merged university might look like and what the key terms of the deal might be

Senior management should bring to the board a range of possible options for answers to these questions for each potential partner, so that they can consider together which are most compelling. This discussion should pressure-test the coherence among the answers (scope, value proposition, structure, etc.). While it may lead to some specific requests for additional work with certain potential partners, in the end, it should yield an informed decision on the primary partner to pursue. Keep in mind that at this point, it is critical to ensure that you do not dismiss your second- and thirdchoice partners, since negotiations with your primary choice will not always work out. It is also important to note that after carefully reviewing the playing field, going it alone or pursuing an alliance rather than a merger may actually be your best choice.

HOW DO WE PLAN TO MEASURE SUCCESS OVER TIME?

If you do decide to move ahead with the first-choice partner, it is advisable to take one additional step to ensure basic alignment in vision among the board, between the board and the senior team, and between the two universities. One useful way to do this is to engage in a discussion about what success would look like in the short term and in the longer term. Of course, this is a discussion that has already occurred in many other forms above, but asking it directly at this point is important. As you do so, keep in mind that goals are best described through defining both “means metrics” (shorter-term accomplishments that are not the aim of the merger, but are accomplishments that suggest the merger is heading in the right direction) and “ends metrics” (longer-term accomplishments that are the aim of the merger). For example, the latter might involve considerably strengthening or growing a given set of programs or a school, developing new disciplines or areas for deep research, or substantially improving systems and infrastructure. The former might include the number and quality of jointly refined or newly developed courses or research projects over the course of the first couple of years, the successful integration of a number of core functions, or developed efficiency in joint planning, governing, and decision making.

The work here should not be aimed at negotiating an answer, but simply at determining whether all parties are generally in agreement about what they are seeking to achieve. There will be plenty of time to work on a more detailed set of objectives and measures as you move into negotiation and beyond. Sustaining alignment, particularly among board members, can be quite challenging as you move ahead, and being able to refer back to this conversation and its outputs often proves to be extremely helpful.

ADDITIONAL FOCUS

The next phases of work will include due diligence, negotiation, and post-merger integration. How best to approach each of these would require a series of related articles. However, to help ensure the phases are performed successfully, the board should coach and hold the senior team accountable for three other areas during the exploratory phase.

First, from the beginning of the process, the board needs to ensure the senior team is asking itself, “Are we setting the right context for future success in working together?” The aim is to create the history you want to have with your counterparts when challenges emerge and big opportunities arise. How they engage counterparts, how they speak to them, how they work with them, and to what degree they engage in collaborative exploration, imagining, analysis, and planning are critical. Done well, these steps set the stage not only for a successful negotiation and beyond, but also for the long-term future. Done poorly, these interactions are remembered forever, undermining trust even after two organizations are fully merged into one.

Second, the board should ensure senior management has an external communications plan that is both active (information the institution will share about what it is and is not doing) and reactive (how the institution will quickly and skillfully respond and manage the message if the word gets out before desired). Planning very deliberately about what to communicate and how to communicate to alumni, prospective students and faculty, regulators, neighbors, partners, and funders is critical.

Third, while managing external constituents through careful communications is essential, working closely with internal constituents is even more important. Treating faculty, administrators, staff, and students respectfully, tapping into critical expertise and perspective when most needed, and ensuring the buy-in and appropriate involvement of key leaders at the right times and in the right ways are critical as the steps above unfold, and should be done deliberately, systematically, and strategically. Clearly, managing information flow carefully in this early stage is critical; however, the success of the stages that follow—and the necessary ongoing collaboration—depends on bringing along university leadership at all levels.

The prospect of more universities using mergers as a vehicle for growth and transformation is exciting, but it requires taking a truly disciplined approach to assessing the goals, fit, and value of a potential combination. While this work is challenging, the questions are clear. It is incumbent upon the university board to pose them, seek rigorous analysis from the senior team, and work with them to test and refine their responses. Done well, this process will yield carefully considered and very well-informed decisions, and it will facilitate real alignment among the board members and between the board and senior management. Additionally, it will position the team to move forward in a way that most effectively and persuasively engages their desired partner. Whether the institution decides to pursue a merger or not, a byproduct of doing this work carefully and systematically is that the board inevitably will uncover important new strategic questions to pose, insights from which to learn, and pathways to consider.

Takeaways

1. A growing number of institutions are considering mergers as a true strategic choice for effecting growth, innovation, and financial sustainability at a time of ever-increasing challenges in the higher education sector.
2. Success requires a disciplined approach by the university president and leadership team, with equal rigor applied to the university board’s oversight role through the exploratory, negotiation, and integration processes.
3. While the prospect of more universities using mergers as a vehicle for growth and transformation is exciting, it requires assessing the goals, fit, and value of a potential combination.

INSIDE HIGHER ED
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Small colleges in financial distress should consider mergers sooner than later (opinion)

Submitted by David Chard and Mary Churchill on April 17, 2018 - 3:00am
Higher Education Mergers

The recent announcement by Mount Ida College that it would be closing its doors and selling its Newton, Mass., campus to the University of Massachusetts was met with harsh criticism -- not only from Mount Ida's students, faculty and staff members but also from the University of Massachusetts community, other institutions of higher education, politicians and the general public.

While Mount Ida's approach to a tough decision was clearly less than ideal, their problems are not distinct, nor are they easily solvable. Given the realities for many small colleges today, and the decisions others will likely have to make in the coming months and years, it's important to realize the myriad factors that need to be considered to avoid the kind of backlash Mount Ida is facing.

[1]A 2016 report [2] from Parthenon-EY predicts that nearly 800 private institutions with 1,000 or fewer enrolled students will close or merge in the next 10 to 15 years. The 18- to 22-year-old college-going population in the United States is declining [3], and New England is one of the first regions that will experience this demographic trend -- one not expected to change until 2033. College presidents and boards should consider these facts a call to action. The earlier an institution in financial jeopardy takes the necessary steps to facilitate a smooth transition, either through a merger or a closing, the better the outcome for its students, faculty and staff members. *(Disclosure: Parthenon-EY is a sponsor of* Inside Higher Ed*'s upcoming event "Joining Forces: Merger and Collaboration Strategies.")*

Last fall, working with Parthenon-EY and facing many of the same realities as Mount Ida and others, we made the very difficult decision to merge Wheelock College with Boston University. While financial and enrollment trends at our institution were declining, they were not yet at crisis level. Recognizing the inevitabilities earlier, though not easy, did provide us time and resources to find the best possible outcomes for our students. It also gave us the opportunity to ensure teaching positions for many of our faculty members, and it provided staff members whose jobs duplicated roles already occupied at BU many months of time and career resources to find new jobs elsewhere.

Still, it has been a difficult year for the Wheelock community. We knew that leading such a significant change would not be easy, but we also recognized that we needed to muster the courage and humility to steward our students, faculty and staff, and, ultimately, Wheelock's mission through this transition. We have had the privilege of working with a team of talented faculty and staff members to build the new Wheelock College of Education and Human Development at BU while simultaneously developing transition plans for our community. While the necessary layoffs and ultimate transition have been extremely challenging for many of us, the work we've done to build a new college has been creative and generative, and it gives us hope for the future of Wheelock's legacy.

With guidance from our board, we made the decision that we felt would best serve our community and preserve the important historical mission of our institution. We searched nationally for an institutional partner that demonstrated that it valued that mission, and we found such a partner in BU. With our partnership, we are keeping Lucy Wheelock's name and our campus alive for future students and our community. BU has also committed to provide financial support to our students, keeping their tuition and fees at Wheelock levels throughout the transition period.

In addition, we have the privilege of working with deeply committed faculty, staff, alumni and community partners from the two institutions to create a new college of education and human development. The new college's goal is to have a greater impact on the lives of the children and families in Boston and beyond than the BU School of Education or Wheelock College have had separately. Our hope is that in working collaboratively with Boston Public Schools, our community partners and the City of Boston, we will continue to play our part in helping to identify solutions to the education and human development challenges we now face in Massachusetts and beyond.

What did we learn in the process of merging? If you lead a vulnerable institution, search for an institutional partner when you still have enterprise value and bargaining power. Formalize your decision when you have the time and the financial assets to plan for a successful closure, one that allows for a supportive teach-out for your students and severance packages for your staff and faculty members.

Higher education leaders should make their difficult choices when those choices remain theirs to make and when they can find a partner that shares their institutional values. Hard decisions are easier to make when you know you are doing the right thing for students and preserving the long-term legacy of a beloved institution.

David Chard is president and Mary Churchill is vice president for academic affairs at Wheelock College. Both Chard and Churchill are featured speakers at Inside Higher Ed*'s event "Joining Forces: Merger and Collaboration Strategies [4]," Thursday, April 19, in Washington.*

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University Merger
Processes and Challenges

Custom Research Brief

Academic Affairs Forum

Jess Jong
Research Associate

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Research Manager

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1) Executive Overview

Key Observations

Prioritize consolidations that affect services for students (e.g., major requirements, IT systems, financial aid). To ensure students could view course catalogs and register for the correct classes after the merger, faculty in departments requiring consolidation at **Institution C** met to create new program curriculums consistent across campuses. Administrators must also merge IT systems to consolidate student records and often requires the re-entry of student data at institutions with Banner systems. Delayed or incorrect system mergers lead to blocked class registration, housing errors, and the distribution of incorrect financial aid and scholarship information to students.

Institution presidents establish faculty and staff committees to review existing structures and policies and recommend changes to take effect in the merged institution. Although the president makes the final decisions, over 100 faculty and staff contribute to the assessment and development of new curriculums, department organization, and systems integration. One work group of faculty and administrators chosen by the presidents of both institutions oversees the day-to-day activities of all committees and approves plans before sending them to the president. This ensures the president receives thorough and comprehensive information.

Web sites and dialogue sessions that inform the community and explain upcoming changes build trust and support for the merger among students, faculty, and staff. Forums for community discussions and the announcement of decisions immediately after presidential approval quells rumors that stem from misinformation. Contacts at **Institution A** realized that much animosity towards the merger and subsequent changes resulted from misunderstandings and a sentiment that the administration hid information from the community. Therefore, the consolidation action team created a Web site to post merger updates, answer community members' questions, request feedback on proposed policies, and announce meetings.

Increase the community's sense of involvement in the cultural integration process through the solicitation of input on the name, mascot, and colors of the merged institution. At **Institution C,** survey results from students at the merging institutions determined the mascot. At **Institution A**, administrators assumed the inclusion of faculty and staff from both institutions in consolidation work groups translated into a sense of inclusion for **Institution E** community members. However, administrators underestimated the impact of cultural differences on the merger process and unintentionally isolated Institution E's community. Contacts recommend holding joint athletic and awards events and town hall meetings for the entire community early in the merger process.

2) Pre-merger Planning

Motivation for Mergers

Balance Legislative Motives to Merge with Academic Opportunities

Legislative motivations for university mergers often include cost reductions or increased statewide employment opportunities. In contrast, institutional motivations focus on improved educational opportunities and greater name recognition. Administrators must ensure the desires of the legislature to save costs do not interfere with the reallocation of savings to develop interdisciplinary programs.[1]

Legislative Priorities

- Reduce costs through the elimination of duplicative positions
- Increase funding opportunities
- Elevate university status
- Increase job opportunities for constituents through university expansion

Institutional Priorities

- Increase academic positions due to reduced administrative costs
- Increase research grant opportunities
- Attract high-caliber students due to increased university ranking and name recognition
- Increase opportunities for interdisciplinary research and programs
- Improve faculty recruitment and retention

Acquire Medical Schools to Increase Funding and University Standing

The majority of top-ranking universities in the *U.S. News and World Report* contain medical schools. The **Institution D** and **Institution A** mergers both aimed to increase funding and university rank through the creation of large research universities with medical or health sciences facilities. Institution B administrators hope to obtain a research university designation from the Carnegie Commission on Higher Education from their acquisition.

1) Local newspaper article from Institution F's community. Accessed July 2013.

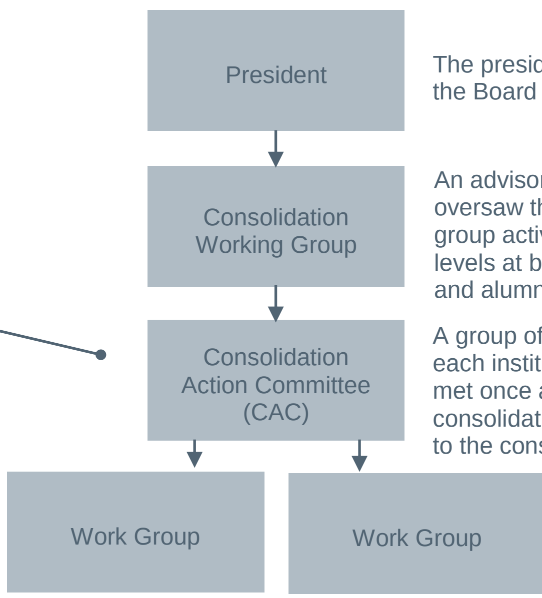
Presidents Retain Sole Authority over All Decisions

As the board of trustees holds the president accountable for merger outcomes, the president must approve or dictate all final merger decisions. No issue receives unanimous agreement; leaders must remain strong, authoritative figures who are unafraid to approve unpopular decisions if best for the combined university. Because faculty and staff will strongly oppose some decisions, contacts at **Institution A** stress the importance of the board's support and confidence in the president's actions.

> **Presidents Remain on Campus throughout the Merger Process**
>
> The president of **Institution D** stresses the importance of presidential oversight and availability throughout the merger to finalize decisions. Therefore, presidents must minimize travel for several years as they prioritize merger activities over travel and speaking engagements.

To distribute the workload, establish a consolidation team to lead day-to-day merger activities, create work groups, and consolidate recommendations for presidential review. Primary consolidation leaders include the president, members of the day-to-day consolidation oversight team, and work group co-chairs.

Reporting Structure for Merger Consolidation Decisions at *Institution A*



The president makes all final decisions with support from the Board of Regents.

An advisory group appointed by the Board of Regents that oversaw the overall consolidation, but did not influence work group activities. The group included faculty and staff of all levels at both institutions, community members, students, and alumni.

A group of eight faculty and staff appointed by the presidents of each institution oversee day-to-day consolidation activities. CAC met once a week for at least two hours through the consolidation period and escalated concerns or final decisions to the consolidation working group.

CAC members equally represented each institution and included members from major function areas (e.g., facilities, communications, institutional effectiveness).

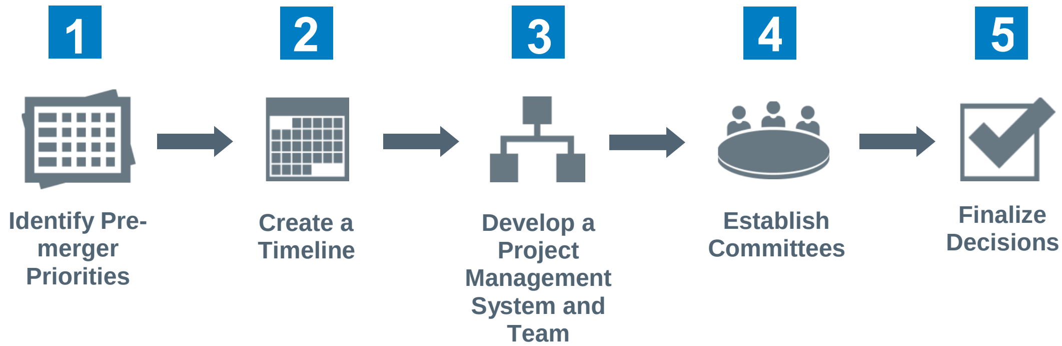
Members from each institution co-chaired work groups and presented monthly progress updates to CAC. Work groups also escalated concerns to CAC.

Merger Process

Determine Merger Priorities, Timeline, and Responsibilities

Presidents and consolidation leaders establish priorities and timelines prior to consolidations to minimize interference with day-to-day student activities (e.g., course registration, financial aid, email, professor attention) during the merger process.

Merger Processes and Responsibilities



1 **Identify top priorities to complete before the merger.** Administrators determine projects to complete prior to the merger to maintain university operations and student and faculty services. Priorities at profiled institutions include:

- Accreditation
- No disruption to patient care (for mergers with medical schools)
- Strategic plan and mission statement
- Consolidation of:
  - Human resource policies (e.g., leave policy, attendance, tenure, benefits)
  - IT systems
  - Payroll systems
  - Student services (e.g., admissions, financial aid, course catalog, tuition)

2 **Create a timeline that includes operational consolidations and plans to promote a community culture.** Most profiled institutions merged approximately a year after approval by the university board or passing of merger legislation; however, all contacts agree that consolidation efforts extend three to five years after the merger. Five years after the merger at **Institution D,** the majority of projects were completed, leaving some smaller concerns such as library fines and parking policies. Contacts also stress the importance completing the majority of consolidation projects within six months to a year after the merger while the momentum exists to implement changes. Include town hall and community-building events early in the timeline to increase community support.

Originally the Board of Trustees offered the president at **Institution D** a three-year contract for the merger project, but he turned down the offer and insisted that he needed at least five years to complete it.

3 **Project management systems and teams track and organize merger processes and committees/work groups.** Project management systems ensure everyone involved in the merger understands their steps and responsibilities and adhere to the timeline. These systems include reporting lines and responsibilities for consolidation leaders and work groups, timelines and protocols for progress reports and project completion, and progress tracking. **Institution A's** enterprise project management office tracked the progress of the work groups in Excel spreadsheets and educated work group members about the steps required to complete their tasks. Because many members of work groups lacked project management experience, particularly faculty, project managers conducted orientations about effective meeting and facilitation styles and provided templates for situational analysis.

Contacts at **Institution C** note that presidents must prioritize fair representation in each committee instead of equal representation from each institution, especially in committees that involve programs only present at one of the institutions. Otherwise, non-involved members become disinterested and frustrated, which delays progress.

4 **Establish committees to consolidate academic and administrative divisions and present recommendations to the leadership team.** Presidents or executive committees assign faculty and staff to merger committees according to areas of expertise and experience. Representatives from each of the merging institutions co-chaired committees to ensure equal consideration for concerns from each university. The number of committees differed by institution; **Institution B** established 12 committees and **Institution A** established 75 committees in 12 main areas (e.g., academic affairs, administrative services, institutional effectiveness, information technology, student affairs, government affairs). The number of committees dedicated to each division depended on the complexity of the consolidation process (e.g., one committee to communications, nine committees to administrative services).

5 **Create a reporting structure to finalize decisions.** The president finalizes policies and implementation, although all committees contribute to decisions and make recommendations. Levels of committees and subcommittees exist to support the president so that he or she can base decisions on thoroughly reviewed and revised information and action plans.

Transition Resources

Institution A consolidation teams dedicated two to three personnel to urgent issues (e.g., accreditation) for short periods during the merger.

Acquire Funding for Dedicated Merger Personnel

During the **Institution A** merger, the Board of Regents declined to provide additional funding for consolidation tasks. Contacts note they should have insisted on funds to hire dedicated merger staff because of the time and resources required. The faculty and staff who serve on committees retain full-time teaching and administrative responsibilities in addition to consolidation efforts. Some committees overlooked items such as policy procedures because of competing priorities from primary job functions and merger assignments. Contacts at **Institution B** advise universities without leadership experienced with mergers to consider hiring external consultants to assist with merger project management and operational efficiency if budgets and timelines allow.

Faculty and Staff Transitions

Faculty and staff stressed Transitioning Forward meetings would only prove beneficial if leadership teams visibly reviewed and acted on the recommendations and questions posed during the discussions.

Educate Faculty and Staff About the Reasons for Change to Gain Support for Organizational and Policy Changes

To ease the transition to a unified university and to garner support for necessary changes, consolidation leaders at **Institution A** hosted a "Transitioning Forward" event attended by 126 faculty and staff from both institutions. The event occurred three months before the merger (i.e., more than halfway through the process), but contacts recommend organizing this discussion earlier to promote involvement before mistrust arises. Faculty and staff divided into 12 groups to discuss concerns regarding communication about changes, cultural differences, and the lack of information and understanding about the merger process. After the event, 73 percent of attendees submitted evaluations and of those 97 percent indicated the session proved valuable because of the peer discussions and the improved awareness about why and how changes due to the merger occurred. These discussions also determined top areas of anxiety for faculty and staff, including:[2]

- Low morale, uncertainty, and fear
- Merger of two different cultures and missions
- Lack of information and misinformation
- Mistrust of leadership

Identifying these areas of concern allowed consolidation leaders to directly address elements to increase support for merger efforts. After the Transitioning Forward event, CAC members developed an action plan based on discussions to:

- Add information to the Web site (e.g., milestones tab, frequent updates, contact information for work group chairs)
- Ensure consistent information flow to deans and department chairs to pass on to faculty
- Increase the number of dialogue sessions

Although open forums can provide opportunities for honest and productive discussions, they can also become a platform for unconstructive criticism and accusations. For communities prone to these outbursts, contacts recommend heavily moderated sessions (e.g., pre-screened questions, moderator, clear behavioral expectations).

If Faculty and Staff Refuse to Cooperate, Ask for their Resignation

Consolidation leaders expect faculty and staff attrition due to dissatisfaction with merger changes (e.g., restructuring, personnel changes, culture). Faculty and staff who staunchly refuse change delay progress through excessive opposition to new ideas and negatively influence other community members working to create solutions. All contacts agree that those individuals who attempt to stop resolutions by threatening to resign should not remain at the institution because presidents must avoid a precedent of being bullied into decisions.

2) Institution website.

Academic Organization

Consolidate Duplicate Academic Departments

Mergers of undergraduate campuses with medical schools result in few duplicate departments. In the **Institution A** and **Institution D** mergers, only one program existed at both combining institutions prior to the integration. Program directors from both institutions developed a new curriculum for incoming students and a separate track for current students to align their previous coursework with the new requirements.

At **Institution C,** multiple programs overlapped and faculty from the duplicate departments met to develop new degree requirements and course curricula before the school year began.

Establish Trust within Faculty Senates

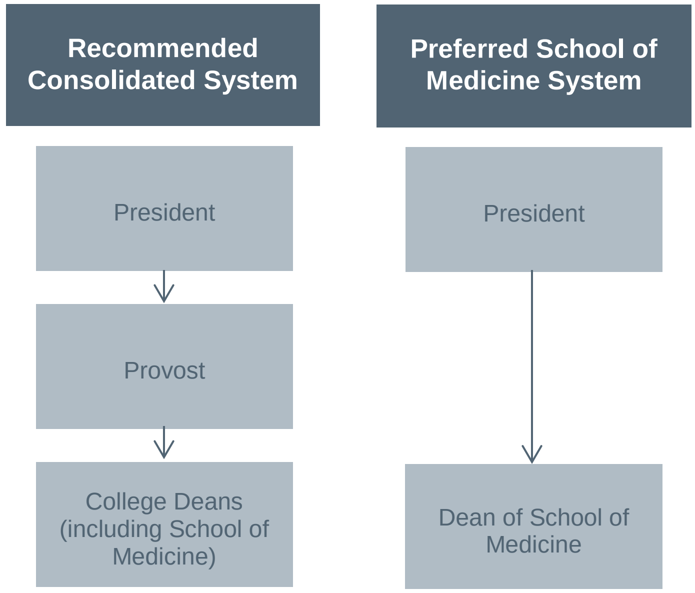
Contacts at **Institution D** note that merging the faculty senate proved difficult because faculty members from each institution wanted to prioritize their own concerns and showed disinterest in other topics. To reduce friction with the faculty senate, senate leaders emphasized interdisciplinary research and funding opportunities, established a new joint senate constitution and structure, and began with small compromises such as committee and officer names and meeting logistics before the larger curriculum and faculty affairs issues.[3]

Create a Single Reporting Line for All Academic Departments

Enforce the same reporting structure (i.e., all deans report to the provost) for academic programs in medical schools and those within schools of arts and science to increase efficiency and emphasize equal treatment of both institutions. Contacts at **Institution B** caution that medical school deans prefer to report directly to the president as the deans do not think the provost will understand medical school-specific issues.

3) Institution website.

Reporting Structures for Academic Departments Post-merger at *Institution B*

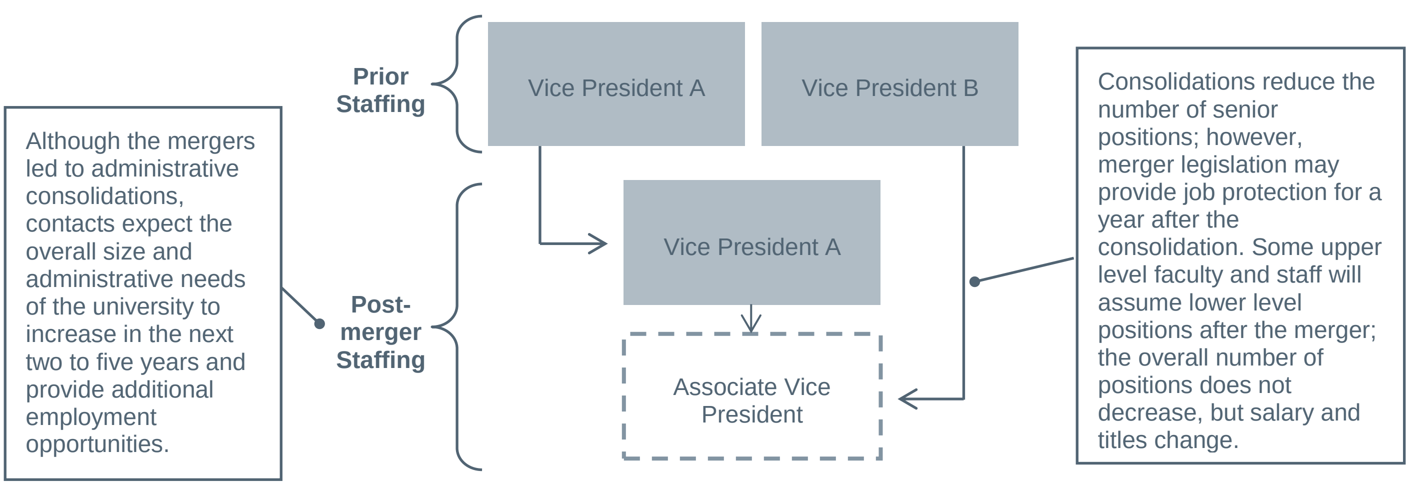


Non-Academic Consolidations

Reassign Administrators to New Positions to Retain Valued Employees

Because the president of **Institution D** could easily identify upper level duplicate positions created by the merger, he eliminated those positions at the start of the consolidation. He considered the qualifications and experience of both candidates to determine which administrator to demote or terminate. Staff will disagree with the promotions and demotions prompted by the merger. Contacts at **Institution C** note that several staff members resigned due to leadership restructuring; however, if new upper level staff solicit employee feedback, involve employees in consolidation projects, and prove competent, then most staff will adjust to the new structure.

Elimination of Duplicate Positions at *Institution C*



Associate Vice Presidents and Department Directors Assume Greater Responsibilities if Distance between Campuses Exceeds Two Miles

At **Institution C**, the average distance between the four campuses is 20 miles. Because administrators cannot expect students to travel extensively between campuses, the student services staff must resolve the majority of student problems on-site. Directors or associate vice presidents of these services (e.g., financial aid, admissions, registrar) must assume responsibility for these functions on their own campuses and hire front desk employees trained as generalists to answer questions and navigate student records due to the limited support staff at non-central offices.

Complete IT Consolidations Before the Merger to Reduce Interference with Student Services

Although several institutions merged information from existing Banner systems, the customized fields from each institution required re-entry of student data. At **Institution C**, IT employees could not transition systems until the new fiscal year, which required staff to operate both Banner systems from the merger date in January through the end of June. During this time, their workload doubled. Because the Board of Regents did not provide additional funding for the transition, errors occurred due to limited staff and led to blocked classes, un-posted scholarships, and dissatisfied parents and students.

Policy Changes

Establish New Policies Designed for the Combined Institution

Mergers provide an opportunity to redesign and simplify university policies and systems. Committees should not blend together policies from the two merging institutions, but instead analyze current guidelines and develop new policies that best serve the combined institution.

Policy Development Structure

Function	Committee	Responsibilities
Policy Development	Work Group	Conduct side-by-side situational analysis of current functions and policies within their assigned scope at each institution, identify pros and cons, and develop new policies to best serve the combined institution.
Policy Management	Policy Committee	Ensure work groups develop policies and include guidelines for implementation and changes.
Policy Approval	Consolidation Leaders	Review, revise, and approve policy recommendations provided by work groups.

Contacts at **Institution A** note that their lack of a policy committee resulted in some work groups neglecting policy development and led to confusion for faculty and staff when implementing changes.

Despite Compromises, Changes to Tenure, Leave, and Benefits Remain Sensitive

Faculty and staff often oppose changes to policies regarding tenure, leave, and benefits. For example, at **Institution A**, promotions and tenure policies differed at each institution: at one they required college-level approval and the other required approval from central administrators. As a compromise, the new system requires approval at a college and central level. However, none of the faculty approve of the new system because it adds a step in the promotion process.

Cultural Integration

Train Faculty and Staff to Coach Community Members through Cultural Transitions

Contacts identify cultural differences as the most difficult factor in mergers due to university loyalty, familiarity, and historical mission statements and recommend the promotion of a new combined culture as quickly as possible. At **Institution A**, human resources staff trained CAC members on transition management to address the emotional difficulties mergers invoke. For many community members attached to their institution's culture, changes lead to phases similar to the five stages of grief. Before consolidation leaders can achieve progress towards change, they must overcome emotional barriers associated with culture change and help others do the same.

"Goodbye Cards" at **Institution A** provided an opportunity for community members to write down what they must relinquish (e.g., idea, behavior, person, image of the organization) to be excited about and involved in the changes.

Strategies to Progress Community Members through the Cultural Transition[4]:

- Identify which policies, procedures, and cultural attributes will and will not end
- Acknowledge the endings and losses and hold ceremonies to honor the past and allow the community to say goodbye (e.g., removal of old university sign, retirement of the strategic plan, department goodbye visit to a building they moved out of)
- Tell people *what* will occur when possible, otherwise tell them *how* consolidation leaders will determine what will occur and *when* they will decide
- Emphasize new opportunities and focus on quick successes (e.g., interdisciplinary research, new program name, setting up new office space)

4) Institution website.

Acknowledge and Integrate University History into the Combined Culture

When universities merge, administrators must acknowledge the unique history and culture of each institution so the community does not feel rejected and oppose change. Administrators do retain some historical elements when they add value to the new culture. For example, the **Institution C** retained Institution G's founding date, and the new **Institution A** seal contains elements from the old logos of the combining institutions.[5]

Institution D's marketing campaign promoted the advantages of the merger and established community pride through posters, billboards, and print and TV advertisements.

Emphasize New Strategic Plan and Mission Statement at University Events

Repetition of the mission statement helps the community internalize the new university identity, especially if community members contributed to the content and wording. The president of **Institution D** repeated the first sentences of the mission statement at the beginning of every speech for months, so frequently that many people could recite it with him. The president began to develop a strategic plan within six weeks of the merger to identify the goals and priorities of the combined institution and provide the community with a vision to support and work towards.

Request Community Feedback on the Mission Statement

If students, faculty, and staff understand the goals and advantages of the institution and provide input in the institutional mission, they will more easily embrace and identify with the unified culture. The consolidation teams at **Institution A** posted the proposed combined mission statement on the merger Web site for the community to review and comment on. Over 800 students, faculty, staff, and alumni responded to the posts and CAC members considered and incorporated suggestions before sending the revised statement to the consolidation working group for approval.

5) Institution website.

Involve Students, Faculty, and Staff in Cultural Decisions and Events to Establish a Sense of Unity

Contacts at **Institution B** caution that medical schools prefer to retain their autonomy in culture and structure after mergers because of the differences in missions; however, to avoid special treatment and embrace interdisciplinary opportunities, medical schools must engage in cultural integration efforts.

Institution A administrators distributed a survey to students, alumni, faculty, and staff to choose the logo, seal, and colors designed by a local advertising agency for the combined university. Over 6,000 people responded to the survey.[6] At **Institution C**, the students voted for the mascot from a selection chosen by the mascot work group. These small inclusions allow the community to contribute to and connect with their new identity.

Host Institution-wide Events to Foster a Sense of Community

The academic honors committee at **Institution D** implemented joint award ceremonies for faculty, staff, and students to provide a sense of unity and combined achievement, while consolidation leaders at other institutions promoted the new culture through school spirit and community service events.

4) Outcomes and Assessments

Costs

Institutions Do Not Experience Immediate Cost Savings

Although many institutions identify cost savings as a motive for mergers, savings do not occur within the first several years due to the cost of the merger. Administrators reallocate immediate savings, such as the elimination of administrative positions, to pay for costs incurred by merger efforts (e.g., signage, IT system consolidation, department relocation, marketing and branding). The development of new programs due to increased interdisciplinary opportunities also requires additional funding.

Signage Costs at *Institution C*

$250,000

Replacing all signs with the new school name, logo, color, seal, and mascot at the four campuses cost over a quarter million dollars.

Distant Campuses Incur Additional Travel and Facility Costs

Merging universities with campuses beyond walking distance increases operational costs due to travel expenses and the limited shared physical resources and staff to support them (e.g., student services, event locations, sports and art facilities, athletics teams). The cost of travel reimbursement for faculty and staff increases, as most staff prefer in-person meetings and faculty teach at multiple campuses. Faculty complain that a previous five-minute commute now takes 45 minutes because they drive to a different campus. Time management also becomes more difficult when senior administrators must drive 20 miles between campuses for meetings. Although solutions to these problems exist, the majority require additional funds (e.g., to build facilities, reimburse travel, create bus systems) that the university cannot afford before recouping existing merger costs.

6) Institution website.

Increased Costs and Challenges for Driving Distance Campuses

Challenges		Solutions
Decentralized administrative offices that all require comprehensive student information	→	Increase electronic information sharing and processes to ensure access to information at all campuses (e.g., registration, student records, financial aid)
Distance between campuses not walkable	→	Establish bus routes between campuses
Separate facilities for unique functions (e.g., events, arts, athletics, dining)	→	Staff multiple existing offices or create plans to build facilities over the next several years
Added time and travel costs for upper level administrative face-to-face meetings	→	Invest in video technology and conference lines
Division of presidential presence on each campus	→	Establish an office of the president on main campuses and split time (does not need to be equal)
Increased faculty commute time and travel costs	→	Increase incentives (e.g., reimbursement, leave, class load) for multi-campus travel

Academic Outcomes

After the merger at **Institution D** elevated the status and name recognition of the university, undergraduate and graduate enrollment increased for eight semesters.

Institutions Benefit from Collaborative Programs and Research

None of the profiled institutions employ metrics to evaluate the success of the merger, although several contacts express interest in doing so in the future (e.g., cost savings, research funding awarded, interdisciplinary programs). However, **Institution D** experienced a 129 percent increase in funded collaborative research projects from the four years before the merger to the four years after the merger.

Institution D also developed interdisciplinary programs and committees such as:

- Biomedical Engineering PhD
- Committee on law-medicine interdisciplinary education
- MD/MBA program through the college of business and education and college of medicine and life sciences

5) Research Methodology

Project Challenge

Leadership at a member institution approached the Forum with the following questions:

- What motivated the decision for profiled institutions to merge with another institution?
- What was the timeline to implement the merger?
- How did the merger change the organization of academic colleges and departments?
- What was the process by which contacts adopted new policies during the transition to alter the organizational structure of college and departments (e.g., faculty vote, committee approval)?
- How did profiled institutions combine resources (e.g., staff, information technology) from two institutions into one?
- What strategies do contacts recommend to build faculty and staff support for new policies and organizational structures?
- How does physical distance impact mergers between institutions?
- Who oversaw the transition process? Why were those individuals responsible for supervising the merger? What percentage of their time was dedicated to the transition process?
- How many staff members were dedicated to the transition process? How did contacts assign staff to the transition process? What were their responsibilities?
- What costs did profiled institutions incur during the merger process?
- How do contacts assess the effectiveness of their institution's merger?
- How have mergers reduced costs and what changes in process or organization led to the greatest amount of cost savings?

Project Sources

The Forum consulted the following sources for this report:

- Education Advisory Board's internal and online research libraries. http://www.eab.com.
- Kiley, Kevin. "Get Me a Med School! Stat!." Inside Higher Ed. Accessed July 2013. http://www.insidehighered.com/news/2012/09/20/med-schools-are-target-universities-seeking-prestige-and-new-revenues.
- National Center for Education Statistics (NCES). http://nces.ed.gov.
- Local newspaper from Institution F's community. Accessed July 2013.
- Institution websites.

Research Parameters

The Forum interviewed presidents, vice presidents, and project management directors involved in university mergers.

A Guide to Institutions Profiled in this Brief

Institution	Location	Approximate Institutional Enrollment (Undergraduate/Total)	Classification
Institution A	South	6,000 / 9,500	Research Universities (high research activity)
Institution B	Mid-Atlantic	10,500 / 12,000	Master's Colleges and Universities (larger programs)
Institution C	South	14,500 / 15,000	Not Available
Institution D	Midwest	18,000 / 22,500	Research Universities (high research activity)

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Ratings

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Colorado SB 18-200 Outlines A Path Toward Pension Funding; Is It Enough?

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DALLAS (S&P Global Ratings) May 21, 2018--On May 9, Colorado's legislature passed Senate Bill 18-200, which outlines adopted changes to the state's pension system to restore to full funding within 30 years. The governor has not yet signed the law. While we may view some of the changes as improvements to the pension system's funding, our determination of whether the reforms are adequate to improve long-term funding or change our view on the state's rating and outlook will be based on our analysis of the final enacted measures as signed into law by the governor.

Our negative outlook on Colorado ('AA' ICR) reflects the state's long trend of annually contributing less than its actuarially determined contribution (ADC) to its retirement systems and its decreasing pension funded ratios that have fallen well below those of similarly rated states. We calculate that under GAAP, and based on a 5.26% GASB single discount rate, the state's combined pension funded ratio had fallen to 43% as of Dec. 31, 2016. Our state rating methodology provides for a one-notch negative rating adjustment to our indicative rating if we believe a state's pension funded ratio will fall below 40% with no credible plan to reverse these trends. Although some of the decrease in the funded ratio is the result of the use of the single discount rate under GASB standards and the state's adoption of more-conservative assumptions, which we view favorably, Colorado continues to annually fund less than its ADC. We will review provisions in the final bill, which address the low funded status as well as future funding levels. In our view, a credible plan will include implementing adopted reforms in a timely manner to prevent further declines in funded status, as well as measures substantial enough to improve funding levels while maintaining the state's structural balance. Should the changes lead us to believe the state's combined pension funded ratios will continue to decline during our two-year outlook horizon, we could lower our state ICR. Should the state enact credible measures that will sustainably improve funded ratios over the long term, we could revise the outlook back to stable.

Some of the changes from SB 18-200 are expected to reduce the unfunded liability--$50.8 billion as of Dec. 31, 2016--and pay it off sooner than envisioned in the most recent valuation report. These changes include a 2% increase in contribution rates for most employees, a 0.25% increase in non-local government employer's contribution rates, and a direct annual allocation of $225 million from the general fund to PERA beginning fiscal 2019. However, increases to employee and employer contributions are limited to 0.5% annually or a cumulative 2% above statutory rates. These changes and additional changes in the bills are expected to reduce the expected amortization of the system's unfunded liabilities to at most 30 years.

The bill, in an effort to control the growth of liabilities in the long-term, includes but is not limited to:

- The suspension of cost of living adjustment for retirees through 2019 and limiting future adjustments to 1.5% from 2%,
- An increase in retirement eligibility ages and increase to the number of years of salary used in the benefit calculation, and
- An expansion of the choice of the state's defined contribution plans to new employees, although the defined benefit plan remains the default enrollment.

The 2016 employee contribution was $95 million below ADC. The bill contains a provision to adjust employee and employer contributions as well as allocations from the state's budget to keep the system fully funded within a closed 30-year amortization for all its divisions. We understand that PERA will determine the annual contribution required to keep the system funded based on its adopted actuarial assumptions. These contribution increases, if needed (and subject to a statutory limit of 0.5% per year), are expected to be absorbed equally by employers, employees and the state. However, if increases subject to the statutory limitation are inadequate to meet the 30-year amortization target, the state could call a legislative session to specifically address the potential underfunding of the system. While we consider this provision a positive divergence from the state's current funding practice, the state's funding system emphasizes fixed contribution levels which may be below the actuarial recommendation, leaving it susceptible to underfunding when investment returns are below projections or other actuarial assumptions fall short of experience. This provision also poses some implementation risk as its efficacy relies on the commitment of the legislature to call a session promptly when needed and prioritize full funding of the system even when competing needs are present.

The bill may also provide some positive direction, in our view, to local governments, schools and other employers in the system. Although the employer contribution increases (with an exception for local governments exempted from adopted contribution increases) may pressure some budgets that already have relatively high fixed costs, the statutory cap on future increases generally provides a clearer framework for planning for pension costs in future budgets. However, we note that if adopted funding rates prove to be insufficient and the automatic adjustment provision is triggered, the employers may be faced with larger than anticipated pension costs.

The state may see a reduction in reported unfunded liabilities and higher funded ratios from this reform. However if it does not adequately fund its pensions on an actuarial basis using prudent assumptions and methods we will expect to see regression of unfunded liabilities over time and continued long-term pressures on the pension system. The 2018 contribution amounts are not yet available and actuarial analysis of this bill is needed to measure projected changes in liability as well as ongoing annual cost.

College and University Merger Articles Summary

A. Reasons for Merger

Previously, mergers were sought to consolidate adjoining single-sex institutions, reduce financial difficulties, manage decline, and reduce duplicative operations. More recently, institutions work to plan for the future, increase their offerings, and strengthen their missions with the aid of mergers.

B. Merger Options

A *pure merger* is when one institution relinquishes its degree granting authority and is dissolved into another institution. There are two types, an *entrepreneurial planned merger* which allows multiple schools to build on a shared vision and a *mutual growth merger* tries to redesign the nature of the institution itself.

There are several merger alternatives. A *consolidation* is where two or more schools join to form a distinctly new unit. A *program transfer* model is where one school transfers the title, rights, and interest of one or more programs. A *consortium/federation/association* model often involves a handful of schools that have a statement of mutual obligations and a system for resource-sharing. An *affiliation/strategic partnership* model is the most common, where each institution retains their own identity, mission, and governance but collectively they establish a level of resource sharing that allow them to grow collectively

Martin and Samels have three additional tips for getting around a pure merger. *Merge without merging* by creating a joint venture with asset transfer and resource sharing. This method is good for accommodating separate governance systems and cultures. *Bridge the public divide* to form partnerships with public institutions to meet collective goals such as meeting the project needs of the state's workforce. *Think like a non-academic* by establishing consortiums that allow for planning and collaboration between deans, directors, and managers to strengthen infrastructures and conserve resources.

C. Benefits/Challenges

Mergers and partnerships can be means to improve quality overall, pursue similar or complimentary missions, benefit from economy of scale, and preserve strength, competitiveness, enhanced worth. Mergers can be "a new strategy for the different electronically-connected, regional and international, and financially strapped context in which all American campuses now live."

The challenges of mergers are that they can sometimes prove to be more cost-prohibitive than cost efficient, that limiting fiscal autonomy can limit future growth and prestige, and that there are political, economic and workforce development considerations such as job distribution, attrition, and retrenchment.

Advantages of strategic alliances include: preserving educational missions, strengthening and enriching fundamental objectives, maintaining academic-governance systems, creating new income streams, saving resources and cutting costs, and providing new opportunities for teaching and research.

Services that consortiums can offer include joint purchasing of office supplies, property insurance, travel arrangements, business-management software, health insurance, and library and cross-registration. Other benefits include shared risk management practices, internal audits, sustainability coordinators, and guidance counselors. With consortiums there are also flexible pricing options, institutions can be charged flat-rate dues, a fee for each service they utilize, and/or a portion of their revenues.

Disadvantages with consortiums are that savings are difficult to calculate especially because they involve the cost of other alternatives, what the college was spending in prior years, and what deals vendors cut with institutions not in the consortium. Unfortunately sometimes consortiums can be inadequate ways to save colleges at risk of failing. Samels states that often there are too few students and too many colleges so lagging programs must also be consolidated or cut to really reap the benefits of collaboration

D. Merger Considerations

Some considerations when approaching a merger are faculty tenure, rank, and promotions; credit hours and accreditation; collegial governance; confidentiality of records; financial-aid commitments; long-term financial health; near-term enrollment conversion yield; endowment growth; return on investment; and alumni relations.

E. Best Practices

Successful mergers have occurred when there were complimentary educational partners, clearly defined campus-sensitive guidelines prior to final commitments (such as comprehensive and strategic plans), and responsible communication with those impacted by the change. Institutional goals, curriculum, scholarship focus, and aspirations of students and faculty should be similar if not the same for a successful merger.

Martin and Samels claim there are five steps to a successful merger: an institutional self-assessment that includes thorough consideration of strengths and weaknesses, premerger strategic planning done by a Merger Taskforce with representatives from all stakeholder groups, premerger negotiation (that involves preservation of tenure), merger implementation, post-merger consolidation and community building.

F. Trends

Mergers, especially pure mergers are common in the business realm, in healthcare providing and training institutions, and in higher education in England. In regards to higher education in the United States mergers are most common with small, private liberal-arts colleges, two year colleges, and vocational schools.

When Martin and Samels wrote the book “Merging Colleges for Mutual Growth…” in 1994, they projected that mergers would be increasingly more common in the coming decades and that the result of these mergers would be ever-growing mega-institutions. Instead, they discovered that mergers were somewhat uncommon (less than 10 a year in the nation) and institutions were instead favoring strategic alliances.

College Merger Articles

*The majority of these articles are written by James Martin and James E. Samels

College mergers have become creative, effective means of achieving excellence and articulating new missions
The Chronicle of Higher Education; 11/1/1989
Despite the fact that college mergers are often characterized by financial debt, closings, layoffs, and cancelled offerings, most mergers that happened between 1979 and 1989 have proven to be effective and innovative ways to achieve academic excellence. Some such mergers have resulted in doubled faculty and student population and tripled alumni populations like Mount Ida in Massachusetts. It is important to think of mergers as a means to improve quality overall, pursue similar or complimentary missions, and preserve strength and competitiveness—not simply to keep doors open. Some considerations when approaching a merger are faculty tenure, rank, and promotions; credit hours and accreditation; collegial governance; confidentiality of records; financial-aid commitments; and alumni relations. Successful mergers have occurred when there were complimentary educational partners, clearly defined campus-sensitive guidelines prior to final commitments (such as comprehensive and strategic plans), and responsible communication with those impacted by the change.

The new kind of college mergers
Planning for Higher Education; Winter 1993-94

Prior to the 1980s motivations for mergers have been to consolidate adjoining single-sex institutions, reduce financial difficulties, manage decline, and reduce duplicative operations. Since the 1980s, private and public institutions have begun planning for their futures with the aid of mergers. Types of mergers include entrepreneurial-planned mergers, that allow multiple schools to build on a shared vision, and mutual-growth mergers, which try to redesign the nature of the institution itself. Though mergers for the sake of financial bailout can create feelings of abandonment, mergers with shared goals (entrepreneurial-planned and mutual-growth mergers) can give schools a sense of enhanced worth. The five most helpful planning steps for smooth mergers are: institutional self-assessment that includes thorough consideration of strengths and weaknesses, premerger strategic planning done by a Merger Taskforce with representatives from all stakeholder groups, premerger negotiation (that involves preservation of tenure), merger implementation, post-merger consolidation and community building.

Though a large percentage of the top business firms were born from a merger, only a handful of the top American Universities have been created by a merger. In contrast, the University of London has gone through 15 mergers and enrolls one-fifth of all university students in Great

Britain. Mergers can be "a new strategy for the different electronically-connected, regional and international, and financially strapped context in which all American campuses now live."

Colleges that join forces will have a future

Christian Science Monitor; 12/5/96

Five institutions in Boston have formed an alliance as the "College of Fenway" in order to provide more enhanced educational services and professional development opportunities for students and staff. The economy of scale that has resulted from the alliance allows these schools to provide the resources of larger institutions but still keep their own identities and maintain a small college experience. Since the 1950s colleges and universities have had been required to compete to provide the latest technologies and amenities to students but these objectives can no longer be met by old-fashioned campuses; thus, the future demands collaboration as demonstrated by the College of Fenway.

The pitfalls of higher ed merger

The Star-Ledger; 11/1/02

It is the responsibility of policy-makers to evaluate alternatives, give weight to potential implications and provide compelling explanations for their decisions. Three potential pitfalls loom over the decision-makers weighing the decision to merge Rutgers University, New Jersey Institute of Technology and the University of Medicine and Dentistry of New Jersey. These potential pitfalls are: (1) Mergers can sometimes prove to be more cost-prohibitive than cost efficient, as was the deciding factor that prevented a merger between a health science university and a land-grant state university in Texas (2) Limiting fiscal autonomy can limit future growth and prestige, which is why health science schools sometimes seek to internalize governance, plenary fiscal, personnel, and legal powers (3) Economic and workforce development considerations such as job distribution, attrition, and retrenchment. The author argues that in this case the policymakers should also consider a rechartering that initiates a partnership rather than a merger of these three schools.

Win-win partnerships; consolidations make more sense than mergers

University Business; February 2016

Strategic partnerships can be favorable to mergers because they are transaction-based and help to leverage each institution's market advantages. Some examples include Concordia University Wisconsin and Concordia University Ann Arbor, where each institution kept their own name and distinctive identities but combined administrative services; as well as the Claremont College System which is a "resource sharing consortium" comprised of seven institutions that maintain their own degree programs, admissions, and administration departments but combine resources for infrastructure, technology, and other services. Before these mergers occur, "fragile" schools should thoroughly consider long-term financial health, near-term enrollment conversion yield, endowment growth, return on investment, and institutional stability.

*Merger pros find easy acceptance at area colleges

Boston Business Journal; 1/27/92

James Samels and James Martin have founded a successful higher education merger consultancy, The Samels Group. They have helped clients with all degrees of mergers, from acquisitions and program transfers, to degree elevation and blended strategic planning. There has been an increasing need for these kinds of services especially in the health-care industry, as small hospitals struggle to maintain degree programs as well as health care services. The article names and identifies the cost of several successful mergers in addition to recognizing other more contentious mergers that had difficulties in regards to faculty tenure and seniority disputes.

Necessary alliances in higher ed

Boston Sunday Globe; 10/31/93

The primary goal of Martin and Samel's book "Merging Colleges for Mutual Growth: A New Strategy for Academic Mergers" is to serve as a guide for an active planning process to manage the mission of institutions. To prevent a merger from being a hostile takeover, each institution must be truthful about their identity, explore different merger and partnership scenarios, find their best-choice partner, wait until they can incorporate all stakeholder groups in the stages of the planning process, and pursue three-to-five years of post-merger community building.

A closer look at mergers

AGB: Trusteeship; March-April 1994

Pure mergers are not common but consolidation, consortia and affiliations are more typical and more adaptable to colleges of all sizes, missions, and reputations. A *pure merger* model is where one institution relinquishes its degree granting authority and is dissolved into another institution. A *consolidation* is where two or more schools join to form a distinctly new unit. A *program transfer* model is where one school transfers the title, rights, and interest of one or more programs. A *consortium/federation/association* model often involves a handful of schools that have a statement of mutual obligations and a system for resource-sharing. An *affiliation* model is the most common, where each institution retains their own identity, mission, and governance but collectively they establish a level of resource sharing that allow them to grow collectively. The article outlines the five phases of successful mergers as previously discussed in article summary for "The new kind of college mergers".

*This article is the best broad-stroke view of some terminology and common best-practices.

Why we were wrong; try partnerships, not mergers

The Chronicle of Higher Education; 5/17/2002

When Martin and Samels wrote the book "Merging Colleges for Mutual Growth…" in 1994, they projected that mergers would be increasingly more common in the coming decades and that the result of these mergers would be ever-growing mega-institutions. Instead, they discovered that mergers were somewhat uncommon (less than 10 mergers a year in the US) and institutions were favoring strategic alliances. Strategic alliances (see "affiliation" definition in A Closer Look at Mergers, above) serve as a temporary partnerships for the period of time that an educational program is effective and in high demand. As trends shift, these partnerships can be dissolved. Advantages of strategic alliances include: preserving educational missions, strengthening and enriching fundamental objectives, maintaining academic-governance systems, creating new income streams, saving resources and cutting costs, and providing new opportunities for teaching and research. Martin and Samels predict that because of a merger's demand for control and permanence, mergers will be outnumbered by strategic alliances by at least 20 to one over the next few decades.

Partnerships, mergers, and the consolidation of American higher education
HigherEdJobs; 9/11/15
Partnerships are important for long-term growth and stability. As fragile colleges are faced with unprecedented challenges they turn to merging as a way out, without realizing the spectrum of other alternatives. Three alternatives are: (1) Merge without Merging: create joint venture with asset transfer and resource sharing. This method is good for accommodating separate governance systems and cultures. (2) Bridge the Public Divide: utilize partnerships with public institutions to meet collective goals such as meeting the project needs of the state's workforce. (3). Think like a Non-Academic:form consortiums that allow for planning and collaboration between deans, directors, and managers to strengthen infrastructures and conserve resources.

Mores small colleges merge with larger ones, but some find the process can be painful
The Chronicle of Higher Education; 09/18/91
Mergers are most common with small, private liberal-arts colleges, two year colleges, and vocational schools. Mergers can be contentious but are rarely hostile as they are often viewed as a practical and strategic moves that that offer even the most stable institutions an opportunity to grow. Schools should have in common, if not share, the same institutional goals, curriculum, scholarship focus, and aspirations of students and faculty to facilitate successful mergers.

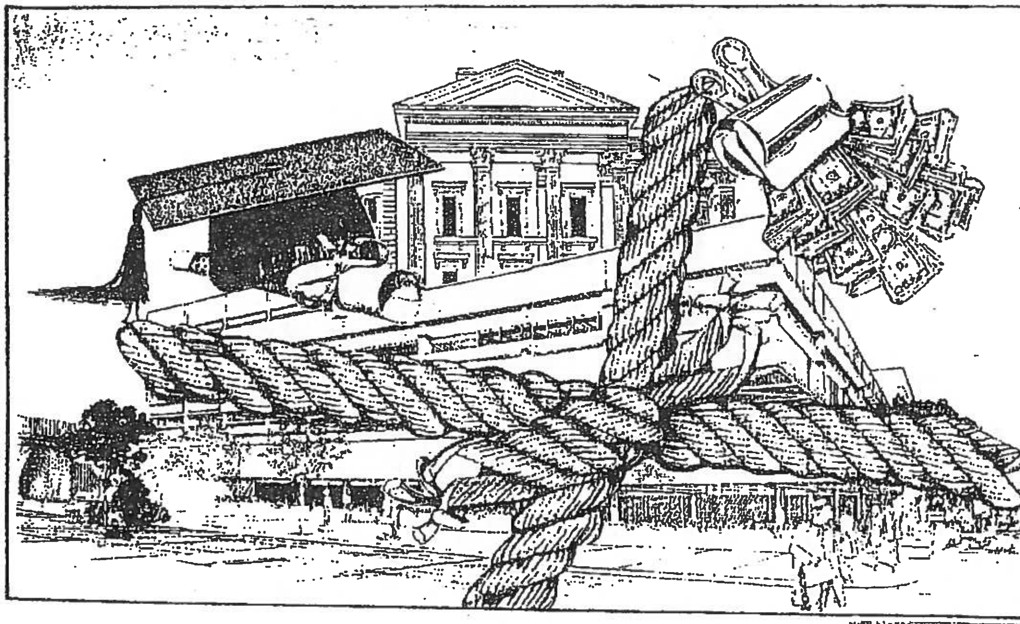
*How colleges cut costs by embracing collaboration
The Chronicle of Higher Education; 3/26/17

In an effort to reduce administrative costs that are tied to the rising cost of college, some schools such as Haverford College are entering a number of consortiums. Services that consortiums can offer include joint purchasing of office supplies, property insurance, travel arrangements, business-management software, health insurance, and cross-registration. Other benefits include shared risk management practices, library systems, internal audits, sustainability coordinators, and guidance counselors. Institutions can be charged flat-rate dues, a fee for each service they utilize, and/or a portion of their revenues. Savings are difficult to calculate especially because they involve a consideration of the cost of other alternatives, what the college was spending in prior years, and what deals vendors cut with institutions not in the consortium. Sometimes consortiums can be inadequate ways to save colleges that are at risk of failing. Samels states that there are too few students and too many colleges, so lagging programs must still be consolidated or cut.

Misc. Notes: The Higher Education Directory is a database that records mergers

College Mergers Have Become Creative, Effective Means of Achieving Excellence and Articulating New Missions

By James Martin and James E. Samels



SUZY PARKER, FOR THE CHRONICLE

ACADEMIC MERGERS are on the rise in American higher education, yet mention of mergers often provokes negative reactions.

Indeed, academic mergers in the past often were characterized by involuntary closings, financial insolvencies, forced reorganizations, and massive retrenchment of staff and programs. Managing decline, rather than seizing an educational advantage, was the usual focus.

However, driven by negative demographic trends and projected shifts in student enrollment, and attracted by lasting economies of scale, some colleges and universities have begun to see merging as a practical vehicle to attain complementary institutional visions and to raise the quality of faculties and students.

College and university mergers, in fact, have become one of the most creative, effective means that academic planners now have to achieve academic excellence, to articulate new missions, and to solidify the strategic position of the surviving institution locally and regionally. A growing number of faculty members and administrators are learning that if planning from its onset is strategic and sensitive and includes faculty members and students as well as administrators—an open and collegial merger process can be achieved. Such a process can produce improved quality, expanded curricula and course offerings, and stronger assessment of educational outcomes. Thinking of mergers as a positive way to improve quality—rather than as a means to avoid bankruptcy—adds a new perspective to thinking about the future of higher education.

College mergers are not automatically successful, however; certain faculty members will face reassignments and both current and prospective students may experience dislocations stemming from divergent student cultures and governance structures. For example, only one of the campuses may have allowed students a voice at faculty senate meetings or encouraged an aggressive student press. Even in the most sensitively planned mergers, student and faculty leaders may become anxious. How will tenure, rank, and promotion be addressed and preserved? Will students lose credits earned at the institution being taken over? Will the administrative staffs be combined or reduced? Colleges are finally people and the educational experiences connecting them. How can those elements ever be "merged"?

> "Even in the most sensitively planned mergers, student and faculty leaders may become anxious."

We have consulted on, or been directly involved in, a broad range of college and university mergers during the past 10 years, three of them involving Mount Ida College, an independent college in Massachusetts. We have experienced firsthand the need to learn and respect the human considerations involved in joining two institutions. We have learned that it is imperative to approach the first merger discussions with clearly stated organizational principles, and with implementation procedures that spell out the proposed merger process in enough detail so that everyone concerned can understand it. Many issues must be tackled before the merger is completed, including integration of curricula and faculties, accreditation, collegial governance, student credits, confidentiality of records, financial-aid commitments to students, and relationships with alumni.

In the public sector, state legislators, chief executive officers, and system-wide coordinating boards have recently explored the desirability of merging universities, state colleges, and community colleges in California, Georgia, Massachusetts, Minnesota, and Texas. While in a public system the impetus for merging may result from fiscal constraints or the desire to consolidate duplicative educational programs, that has not been the case recently in private higher education.

Much of the recent merger activity in the independent sector has been impelled by the recognition that colleges are pursuing similar or complementary missions, and by institutions' needs to preserve strength and competitiveness. Examples are occurring in every geographic region. Through much of this decade, Widener University in Pennsylvania has been completing a merger with two Delaware institutions, the Delaware Law School and Brandywine College. In this unusual venture, a law school, a junior college, and a small university have been integrated into one full-service regional university with an enrollment that has increased from 1,600 to 7,800 and a budget that has risen from $7-million to $46-million.

In 1985, Tift College in Forsyth, Ga., approached Mercer University in Macon concerning a potential consolidation. At the time, Tift had no debts and an endowment of approximately $6-million. However, the faculty and administration both feared a possible erosion in the quality of students being admitted since Tift, like so many other quality institutions in the region, faced a shrinking number of females seeking a single-sex college. By the end of 1987, Tift had completed a merger with Mercer, and one element of the agreement was that Mercer would preserve Tift's focus through a heightened emphasis on the special traditions of women's education.

> "It is imperative to approach the first merger discussions with clearly stated organizational principles."

IN JULY, *The Chronicle* reported that the trustees of Marygrove College, Mercy College, and the University of Detroit were considering joining to form a new institution under Roman Catholic auspices that would "enhance the present mission of each and thus better serve the special needs of Detroit." Leaders said the merged institution could offer programs and activities that each institution operating alone would not be able to provide.

Mount Ida College has adopted many aspects of this philosophy in its strategic planning over the past three years in merging with Chamberlayne Junior College, an institution with a reputation for the quality of its design programs; with the Coyne School of Electricity, one of Massachusetts' largest colleges offering technical electronics; with the New England Institute of Funeral Service Education; and with the Canine and Veterinary Science programs of Newbury College. In each instance, a comprehensive plan was developed jointly by the institutions' faculty members and administrators reflecting the personnel, curricular, and financial strengths to be consolidated. Each step in the merger process showed that both colleges had approached the merger willingly, with growth, rather than simply survival, as the primary goal.

IN OUR EXPERIENCE, mergers have become an effective, innovative way to achieve academic excellence. By carefully choosing complementary educational partners, by developing clearly defined and campus-sensitive guidelines before making a final commitment, and by responsibly communicating critical information to affected students, faculty members, and administrators at each stage of the process, Mount Ida, for example, doubled its student enrollment, more than doubled the size of its faculty, and tripled the size of its alumni base in three years. More importantly, in an era of decline for some private colleges, Mount Ida and others have taken the initiative to evaluate their present missions and potential, and in doing so assured themselves of a stronger, more significant future.

James Martin is vice-president for academic affairs at Mount Ida College. James E. Samels, a partner in the law firm Samels Associates, is assistant professor in the College of Management Science at the University of Lowell.

Are mergers and acquisitions the next big planning initiative?

The New Kind of College Mergers

James Martin and James Samels

Something new is behind the most recent mergers taking place in American higher education. And entrepreneurial strategists and campus planners are often the ones who have initiated the change.

Mergers, acquisitions, and consolidations have been much more frequent in university history than most people realize. Think of Ohio's Case-Western Reserve University, or New York's Hobart and William Smith Colleges, or the University of Missouri–Kansas City, a merger of the University of Missouri and the University of Kansas City. Think of the mergers of single-sex institutions such as Radcliffe College and Harvard College or Tennessee's Carson-Newman College. Or the merger of Peabody College for Teachers with Vanderbilt University, or Parsons School of Design with the New School for Social Research, or of a medical center and undergraduate school to form the University of Illinois–Chicago.

But until the 1980s nearly all these mergers came about either to merge adjoining single-sex institutions, to reduce the extreme financial difficulties of one of the institutions, or to consolidate two institutions for a more economical and less duplicative operation. As John Millett wrote in 1976, as Gail Chambers found in the early 1980s, and as speakers at a 1987 national conference at Wingspread, Wisconsin concurred, financial necessity by one or both of the merging colleges was the overwhelming reason that institutions decided to unite in the past. Managing decline rather than seizing an educational advantage has been the focus of traditional college and university mergers.

That so many new combinations in higher education in the past have been what we call bankruptcy – bailout mergers is a bit strange. After all, in the world of American business, mergers and acquisi-

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tions are usually initiated for the purposes of growth and diversity, not to prevent bankruptcy. As Joseph O'Neill said at the Wingspread conference:

> Of the 100 top American universities, you can count on the fingers of one hand those that have been created by merger. In contrast, you would need several pairs of hands to total up the number of top 100 business firms... born from merger. (*Mergers*, p. 11-12)

But in higher education such has been the case.

The new outlook

During the past 15 years or so, however, a growing number of colleges and universities have been employing mergers and acquisitions to advance their quality and breadth of services and to, yes, provide a strengthened financial base. Without a planning model to follow, dozens of institutions have been attempting to use mergers or acquisitions strategically to enlarge their scope, deepen faculty resources, expand student opportunities, and achieve new levels of academic excellence. They are planning with the aid of mergers.

These proactive, entrepreneurial—planned—mergers begin with a distinctly different perspective. For one thing, the planners seek colleges that have roughly the same mission. They hope to complement what they are already doing and build a shared vision with their new partner. For another, the colleges that are now practicing what we call mutual-growth mergers, are often trying to move beyond strategic planning, which tries to reposition the existing institution. Instead, they hope to redesign the nature of the institution itself through an acquisition or merger. For still another, mutual-growth mergers are not primarily financially-oriented agreements but principally unions driven by mutual desires to enrich academic quality and improve student life. Both public and private universities are involved in this new kind of merger activity.

Among public institutions, for example, Macomb Community College in 1991 opened a 70,000-square-foot building called the University Center and began offering 16 bachelor's degree programs in partnerships with Wayne State University, Walsh College, Oakland and Central Michigan Universities, and the University of Detroit Mercy. In 1990 the Kansas legislative approved the merger of Kansas College of Technology in Salina and Kansas State University, with the smaller college becoming Kansas State College of Technology, using Kansas State faculty.

In Great Britain there have been mergers at the University of Wales, the University of Ulster in Northern Ireland, and at the University of London. The University of London, which has implemented an aggressive plan of the late 1970s, has effected 15 mergers; it now enrolls roughly one-fifth of all university students in Great Britain.

As for private higher education, Pennsylvania's Widener University merged with two Delaware institution, Delaware

You can count on one hand those created by merger.

Law School and Brandywine College, forming a more comprehensive regional university where enrollment increased from 5,000 to 9,000 students. Also in Pennsylvania, Gannon University, a coeducational 2,400-student university in Erie merged in 1989 with Villa Marie College, a 600-student Catholic women's college, hoping to strengthen each other. Two other Catholic institutions, the University of Detroit and Mercy College of Detroit, merged in 1990 to form the University of Detroit Mercy.

Mount Ida College in Boston over the past five years has implemented a strategy to broaden its array of vocational and career education offerings by merging with three other Boston colleges and a division of a fourth: Chamberlayne Junior College, noted for its design programs; Coyne School of Electricity, one of the state's two largest colleges in the field; the New England Institute of Funeral Service Education; and Newbury College's division of veterinary science.

Advantages of a merger

If the merger is driven by a growth strategy rather than an attempt to forestall bankruptcy, the advantages can be considerable. The curriculum and program offerings can be refined, and course redundancies can be stripped. Faculty resources in a department or division can be strengthened to a depth not available in the separate colleges. No merger can guarantee job security for the entire staffs of both institutions, but the mutual-growth approach tends to preserve faculty positions to an extent not possible in bankruptcy-bailout mergers.

The new mergers tend to stabilize or even increase enrollments in a time of declining demographics. We have observed that overall enrollments may often drop in the first year or two of the merger, but they tend to rise after three or four years. There are, of course, administrative efficiencies: one librarian or dean of students instead of two, a single business office, perhaps one computer center. And there are economies of scale that a larger, merged institution permits.

A mutual-growth merger presents an opportunity too for a major public relations and marketing effort, as the university tells the public about the "new" institution. The occasion presents a fine moment to redefine the university's identity and enhance its reputation. The merger, which increases the institution's alumni base, also allows the newly combined institution to launch a fund-raising effort. While a bankruptcy-bailout merger can produce a sense of abandonment among graduates, a complementary mutual-growth merger can give graduates a sense of enhanced worth of their degree and their alma mater.

They are planning with the aid of mergers.

Mergers present difficulties too. Battles can rage as the two institutions negotiate over such items as which programs will be reduced and which enlarged, the size of faculty and administrator severance packages, the disposition of surplus revenues, the use of the two endowments, the ranks and tenure situations of all faculty, the need for new buildings, the size and composition of the new board of trustees, new promotion criteria, and combined academic governance mechanisms. If both institutions have faculty or staff unions with collective bargaining agreements, that complicates matters also. It is easy to see how even the most carefully planned partnerships may end instead in protracted legal entanglements.

Nonetheless, with careful merger planning a good deal of the possible friction, turf protection, and abrasive behavior can be prevented. This is especially possible if the presidents and trustees of both institutions display a powerful institutional will to unite so that both colleges can benefit.

What kind of planning?

Some critics have charged, "What's so new about this higher education growth strategy? You've simply packaged corporate takeovers and mergers for the university world." There is some truth in the charge. But there is no reason colleges cannot grow by acquisitions and mergers also; and, unlike the business world, there is no stripping of assets in higher education mergers. The new mutual-growth mergers should be viewed not as the disappearance of one college into another but as a new strategy for the different electronically-connected, regional and international, and financially strapped context in which all American campuses now live.

From our research and experience, the planning steps that will most likely help effect a relatively smooth merger are five in number:

1. Institution self-assessment
2. Premerger strategic planning
3. Premerger negotiation
4. Merger implementation
5. Postmerger consolidation and community building.

Both partners should begin with a rigorous self-assessment, focusing on both internal strengths and weaknesses and internal ambitions, and on external enrollment trends, evolving conditions, and competitive challenges. After this assessment, a college can begin to reach consensus on the list of institutions that might serve as mission-complementary merger partners, and then make overtures to those best suited for merger.

Still within the premerger period, we recommend the creation of a Merger Task Force, composed of trustees, faculty, administrators, students, and alumni of the two prospective merger campuses to propose a structure for both the new post-merger institution and the process by which it might be achieved.

Then the hard merger negotiations can begin. This is the thorniest of the five stages. At this point the mutual-growth blueprint is implemented by various subcommittees of the Merger Task Force, which struggle to reach agreement on the new mission, programs, and curriculum of the united colleges; faculty staffing, rank, and promotions; compensation levels; integration of student cultures; collective bargaining agreements; and new administrative leadership arrangements. This stage typically requires an unprecedented combination of good will, delicacy, and perseverance by the members of both the Merger Task Force and the leaders of both colleges, particularly if one of the to-be merged institutions is smaller and weaker. For instance, it is wise to preserve tenure. As Gannon University officials said, "Villa Marie tenure means Gannon tenure." This eased a lot of minds.

Battles can rage as the institutions negotiate.

Last, there is the actual consolidation process and new community morale-building, which usually takes three to five years.

In our view strategic, financial, and facilities planners will need to add mergers and acquisition to their portfolio of possibilities for change. A collection of forces—computers and telecommunications, new urban-suburban, regional, and international ties, and the runaway costs of a good college education—will draw more colleges and universities into multi-campus consortia, federations, affiliations, and mergers. In the future academic quality may increasingly depend on an institution's linkages or newly federated structures. ■

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Five schools in Boston's Fenway area have formed a strategic alliance that could set a pattern for higher education countrywide

Colleges That Join Forces Will Have a Future

By James Martin and James E. Samels

HOW does starting the academic year by serving turkey dogs to 1,000 students next to a hospital parking lot in Boston represent the future of higher education?

If you're from New England, you may have read about the new "Colleges of Fenway," an innovative alliance of five venerable institutions nestled in Boston's Fenway neighborhood, not far from the famous ballpark. The grouping of colleges – Emmanuel, Simmons, Wheelock, Wentworth Institute of Technology, and the Massachusetts College of Pharmacy and Allied Health – represents a striking departure from traditional methods of delivering higher education to demanding student consumers.

These institutions are on the cutting edge of a trend to affiliate colleges, even across several states, to eliminate duplication of costly programs, achieve economies of scale, and, most important, provide enhanced educational services and professional development opportunities for students and faculty.

Sister Janet Eisner, president of Emmanuel, a Roman Catholic women's college, notes, "The colleges in our group had been working together for 25 years on traditional cross-registration and a library consortium, and it seemed to all of us the right moment to achieve a new vision for a 'university.'"

The presidents decided against naming it the "University of Fenway" because they believed it would send the wrong message to students – and to contributing alumni. Instead of force-fitting their faculties and programs into a shapeless campus conglomerate, they designed this alliance to provide the "creative academic resources that small colleges are going to have more difficulty providing to their students and faculty in the future," according to Marjorie Bakken, Wheelock's president. Put simply, these colleges have gone against the grain and designed a strategic institution that ends duplication and provides a small college experience backed by the resources of a large university.

Some have countered that these affiliations may work in Boston, America's most "college rich" city, but will they work for the rest of the nation's 3,500 colleges and universities? The answer is emphatically yes, since strategic alliances, consortia, coventures, and even formal mergers have begun to transform not only traditional liberal arts colleges, but also religiously affiliated schools, community and technical colleges, and even major research and land grant universities. Imaginative campus executives, activist trustees, and consumer-oriented students have joined a movement that has already restructured the country's banking, insurance, and health care industries in little more than five years.

In 1950, only 2 percent of the American population over 25 held bachelor degrees; by 1990, that figure had risen to 21 percent. Colleges and universities are being forced without maps into new areas of competition, challenged to conquer cyberspace while breaking ground for environmentally complex underground parking garages and hotel-quality residence halls. This year, many schools are hearing the call for 24-hour libraries and class schedules that *start* at midnight. These goals simply can't be achieved on old-fashioned campuses, already carrying millions of dollars of deferred maintenance. The future demands combined forces.

Consider the recent merger between little Lees College, a historically Presbyterian institution in one of Kentucky's poorer counties, and Hazard Community College. This represents an unusual blend of public and private resources. In the western part of that same state, citizens are looking into combining public and private institutions in a "Kentucky Higher Education Consortium."

In New York, one plan being weighed by State University of New York leaders involves a major alliance among most of the SUNY system's agricultural and technology institutions via televised curricula and services. In Connecticut and New Hampshire, state legislatures have voted to regionalize their community and technical college systems. Here in Massachusetts, the "Fenway Five" joins the "Worcester Ten," "Five Colleges, Inc." in Amherst, and new consortia emerging in the Merrimack Valley, the North Shore, and other parts of the state.

These alliances allow both urban and rural higher education institutions to enhance their libraries, computer centers, teacher training programs, and student support services. The latter are increasingly important. Many students now need an orientation course simply on how to "go to college" if no one in their extended family has ever experienced campus life. Alliances provide the diversity of personnel to accomplish these initiatives.

To sum up, if serving hundreds of students turkey dogs next to a parking lot saves five institutional budgets thousands of dollars each, and those savings can be directly applied to purchasing new connections to the Internet; building a shared, state-of-the-art physics laboratory; or lowering the cost of commuter parking, then more education leaders should spend a few days this fall calling on their neighbors – and bringing their own lunch.

■ *James Martin, vice president for academic affairs at Mount Ida College, and James E. Samels, president of The Samels Group Higher Education Consultants, are authors of "Merging Colleges for Mutual Growth," (Johns Hopkins University Press).*

The pitfalls of a higher ed merger

BY JAMES E. SAMELS

As a higher education consultant, I am regularly reminded that the "man on the street" is not familiar with the complexities of higher education reorganizations, much less the potential impact of the recent recommendations issued by the Governor's Commission on Health Science, Education and Training.

Nor should he be. Indeed, the responsibility to provide compelling explanations for such far-reaching initiatives properly lies with policy-makers. This is important to remember as state executives and lawmakers consider the pros and cons of the proposed restructuring of New Jersey higher education. After all, the average New Jerseyan wants to catch the highlights reading The Star-Ledger over a latte on his way to work.

To the public, the commission's deliberations moved quickly from a commissioned evaluation of health sciences education to an across-the-board reinvention of such venerable institutions as Rutgers University, New Jersey Institute of Technology and the University of Medicine and Dentistry of New Jersey. (The panel's report calls for merging the three institutions into a new system that would have universities in Newark, New Brunswick and Camden.)

The pace of the proposed changes alone could cause panic.

The architects and implementers of this new vision of New Jersey higher education must recognize that major change is not without risk. Special consideration must be given to "big picture" items that could scuttle the whole scheme.

Now it is essential for those state officials to step back, think and offer carefully studied opinions on the "hows" and "whys" of this ambitious undertaking. In the court of public opinion, decision makers have every right to make informed, probing inquiries — tough questions not meant to derail or detract but to focus and refine the process.

What follows, therefore, is a layman's guide to several possible pitfalls that must be considered and may be avoided before the proposed reorganization is implemented.

Pitfall 1: Replacing three bureaucracies with one larger one often generates significant costs.

Most folks think that consolidating three bureaucracies into one would be a more efficient, cost-effective system. After all, mergers of banks, hospitals and insurance corporations generally boost stock prices and investor confidence.

Unhappily, in the near term, the public needs to know that mergers and consolidations cost money and, in some cases, are cost prohibitive. That's what experts in Texas concluded months ago, when considering a similar restructuring through the merger of a stand-alone health sciences university and traditional land-grant state university. Recently, Texas concluded that a statutory reorganization would hurt both institutions, hindering their ability to attract external funding while sapping precious resources.

However you measure excellence and affordability, profound costs could result if the proposed reorganization is not carefully planned and flawlessly executed.

Pitfall 2: Governance that limits fiscal autonomy limits future growth and prestige.

Increasingly, public higher education systems nationwide are considering — in fact, encouraging — the entrepreneurial zeal and fiscal autonomy of their health sciences institutions. Even medical schools attached to traditional land-grant institutions and large multi-campus, statewide systems function as quasi-autonomous organizations that are able to set and achieve their own agendas without bureaucratic constraints.

Take Oregon Health Sciences University. Twenty-one years after the institution's original charter, the Oregon Legislature increased the university's autonomy, transforming the institution from a state agency into a public corporation with streamlined governance and plenary fiscal, personnel and legal powers.

Since then, the university has enjoyed a spectacular track record for attracting external funding. In the coming days of level funding at best — worse yet, revenue shortfalls — any opportunity to reduce, rather than increase, institutional reliance on state-appropriated funds should be encouraged.

Pitfall 3: Economic and work force development implications.

With power go jobs — the power to hire, fire, allocate and reallocate the higher education and allied work force. It is not unreasonable for the communities that host Rutgers, NJIT, and UMDNJ to ask pointedly self-interested questions about job distribution, attrition and possible retrenchments.

State officials should ask whether the possible benefits of the proposed consolidation are worth the risk of stunting the growth of the existing institutions. And whether New Jersey would be better off if it simply launched a coordinated economic and work force development initiative that draws on the unique missions and resources of Rutgers, NJIT and UMDNJ.

Better still, how about reinventing the statewide higher education system by rechartering the missions and interre lationships of these institutions (and possibly others) as "the Colleges and Universities of New Jersey" — a new public higher education charter that pre serves the unique mission, independenc and ingenuity of each while expanding their shared vision — a vision of pursuin partnerships that create jobs, foster growth and capture big-time research dollars?

Despite the shift in focus from health sciences to a system-wide shake-up, the thoughtful and creative contributions of the commission were far from a waste of time. Instead, the commission's recommendations signal the need for state lawmakers to spend time and thought carefully evaluating available options and assessing their implications for future generations.

New Jersey deserves nothing less.

James E. Samels is the chief executive officer of the Education Alliance, a higher education consulting firm specializing in mergers and reorganizations. Samels is also the co-author of "Merging Colleges for Mutual Growth" (Johns Hopkins University Press; 1994) and "First Among Equals: The Role of the Chief Academic Officer" (Johns Hopkins, 1997).

University Business

Win-Win Partnerships: Consolidations Make More Sense than Mergers by: James Martin and James E. Samels February 2016

Thirty years ago, we knew that larger institutions would consume smaller, more fragile schools - *pure mergers* as they came to be known. Yet, during the early higher ed merger mania era, many found that *consolidations* of venerable institutions offered a creative and more equitable non-merger alternative – read as, Azusa Pacific University, Birmingham-Southern College, Carnegie Mellon University, Carson-Newman University, Case Western Reserve University, Clark Atlanta University, University of Detroit Mercy, and William and Hobart Smith Colleges.

While pure mergers once reigned supreme, nowadays, strategic partnership choices include administrative and academic consolidations; joint ventures; program and asset transfers; joint degree and certificate completion programs; co-branding and co-marketing; rotating semesters; collaborative grantsmanship; cross-registration, dual, and concurrent enrollment programs; early college credit recognition; library and online networking; transfer articulations; and student and faculty exchange.

Unlike intrusive mergers, non-merger options can make an organization more nimble, and importantly, bring about shared costs and services; expense reductions and future cost avoidance; and make underperforming assets more profitable. Rather than self-inflicted, irreparable harm, these *transaction-based* mutual growth partnership models leverage respective competitive market advantages. Inevitably, these several ventures share both risk and return on investment.

Time will tell whether Sweet Briar's *reversal of fortune* will lead to sustainable institutional self-reliance. For now, Sweet Briar sends a clarion call to arms. Already, higher education thought leaders and commentators have argued both sides of the closure case study. That being said, every trustee should recognize their fiduciary responsibility to protect the mission, purpose, and perpetuity of their institution even if that means first exhausting all options – i.e. rightsizing, streamlining, and flattening the table of organization.

One sterling example comes from the consolidation between **Concordia University Wisconsin** and Concordia University Ann Arbor. Sharing the same venerable faith inspired heritage and mission; both institutions are committed to creating a sustainable, indeed prominent presence across the Midwest. Concordia President Dr. Patrick Ferry believes that this opportunity "can bring the financial strength and experience of CUW and help change the experience in Ann Arbor". Concordia Senior Vice President of Academics, Dr. William Cario adds that the University is "excited to pursue Concordia's mission in this new way with a new campus and the additional combined resources of two excellent faculties".

Through all of this, Ann Arbor has preserved its name, identity, distinctive campus culture, and student body - while streamlining administrative services, and achieving the same economies of scale, efficiencies in operations, and non-duplication of efforts that are expected to come with pure mergers.

What we actually learned from the lessons of Concordia is that a unified and coherent vision for future mutual growth and leveraging unique programmatic and economic synergies is way more important than the short-term hostile takeover targets.

On the West Coast, we are reminded of the Claremont College System – a best practice resource sharing consortium of seven institutions that share facilities, resources, and programs, yet remain largely autonomous. Each school in the System gives their own degree and houses their own administration and admissions departments – while pooling resources for infrastructure, technology, and other shared services for students.

In Chicago, DePaul University and the Rosalind Franklin University of Medicine and Science established a strategic collaboration to help address the exponentially expanding need for health care professionals. This somewhat unique partnership established new health profession pathways for DePaul students to obtain health science graduate degrees at Rosalind Franklin. This collaboration includes a Pharmacy School joint venture as well.

These innovative consolidations send a clear message to fragile schools that they should be proactive in honestly evaluating and predicting long-term financial health, near-term enrollment conversion yield, endowment growth, return on investment, and institutional sustainability.

At the end of the day, successful strategic partnerships are built on trust and respect, mutual risk and rewards, and shared expectations. Though the traditional collegial governance process may seem tangential in early consolidation conversations, these campus stakeholders have their own anxieties about engagement in the strategic partnering process. So, execution, implementation, and post-consolidation planning must err on the side of inclusiveness to inspire champions of the new post-consolidation order.

James Martin and James E. Samels are authors of The Provost's Handbook: The Role of the Chief Academic Officer (Johns Hopkins University Press, 2015). Martin is a professor of English at Mount Ida College (Mass.) and Samels is president and CEO of The Education Alliance.

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Merger pros find easy acceptance at area colleges

by JULIE LANZA
JOURNAL STAFF

Take a stroll across any small Massachusetts college campus or sit in on a lecture and you're not likely to hear much about internal financial planning, quality control or outcomes assessment.

But beneath the traditional academic debates and more recent clashes over multiculturalism, there is an entrepreneurial spirit awakening in higher education, according to college-merger gurus James Samels and James Martin.

The two consultants have been introducing this corporate-like lexicon to campuses since 1989, when they founded their firm, The Samels Group. They cut their teeth on the merger of Mount Ida College in Newton with three smaller schools—mergers they now say illustrate higher education's proactive response to a new marketplace.

Samels has almost 20 years' experience in higher education, including work on the merger of Boston State College with the University of Massachusetts at Boston in 1981. Martin, an ordained minister, is also the vice president for academic affairs at Mount Ida, and met Samels through their work on the college's acquisition deals.

The first of these deals came in 1985, when Mount Ida picked up an animal science program from Newbury College in Brookline. Between then and 1989, under the leadership of its president, Bryan Carlson, Mount Ida acquired a commercial arts and design college, Chamberlayne Junior College (which brought with it another technical institute it had recently acquired), and the New England Institute of Funeral Service Education, both formerly based in Boston.

According to Carlson, Mount Ida did not have to actually purchase the schools, and the liquidation of some of their resources helped fund the building of new facilities on the Newton campus, where all programs are now based. Martin said that Mount Ida had about 850 full-time students in 1985; today it has nearly 1,600.

Exploring the possibilities

Carlson agreed the moves have been successful and added, "We continue to explore other possibilities of this type."

John H. Duffy, a partner in charge of higher-education consulting at the Boston office of accounting firm Coopers & Lybrand, called mergers and acquisitions part of an "economic shakeout process" at some small colleges with narrow program offerings.

Duffy does not see any substantial increase in the activity, however. His firm is one of the few others toiling in this vineyard, and he says Coopers' higher-education clients in the area number "a handful, not dozens."

Since 1989, The Samels Group has brokered five college mergers and coordinated 10 other projects involving program transfers, affiliations or resource-sharing arrangements between institutions.

Business is growing at a rate of 20 percent a year, according to Samels. Only about one-third of clients talk mergers, acquisitions or program transfers; the rest, said Samels, are seeking advice on degree elevation and strategic planning that blends academic missions with financial realities.

Client charges, said Samels, can range anywhere from $50,000 to $100,000 for a merger, and up to $25,000 for academic master planning.

James Samels and James Martin introduce corporate lexicon to small campuses.

Health-care mergers

There are no exact figures available, but Martin said a conservative estimate would put the number of college mergers nationwide at 10 per year during the past five years. There have been "thousands" of smaller program transfers, he added.

Recent program acquisitions in the Boston area have focused on health-care fields, where an increasing demand for associate's and bachelor's degrees has forced small hospitals out of their traditional diploma-granting roles.

Three years ago a nursing program at Malden Hospital, which had been granting diplomas for nearly 100 years, found itself nearly obsolete. Beverly-based Endicott College came to the rescue.

The ensuing acquisition satisfied both parties. Endicott, according to president Richard Wylie, positioned itself well in a new and growing market. Meanwhile, Malden Hospital—and nearby Beverly

Hospital, which 12 years earlier had terminated its own nursing program—gained a pool from which to choose future staff without having to conduct costly professional recruiting.

The three cooperated on the actual costs of transfer and start-up, evenly splitting the $300,000 annual bill for the first two years. The nursing program, which began accepting new students for the fall 1990 semester, is now self-supporting (on a $500,000 budget) and filled to capacity, with 40 participants.

The partnership was so successful, said Wylie, that the three, joined by Addison-Gilbert Hospital in Gloucester, will jointly fund Endicott's launch of associate's degree programs in three related health fields.

BU and Northeastern

Similar successes are reported by Northeastern University, which four years ago took over Boston University's graduate nursing program. Today, with growing applications, the program is one of the bright spots in Northeastern's otherwise gloomy enrollment landscape.

Northeastern brought seven tenured nurses with doctoral degrees over from the BU program and paid $100,000 for the transfer of equipment, according to president John Curry. BU opted to give up its graduate and undergraduate programs after enrollments declined and UMass/Boston began to offer classes toward a nursing degree, said BU spokesman Kevin Carleton.

Part of the agreement between BU and Northeastern also specified that BU not return to graduate nursing for 10 years.

Not all mergers are smooth. Most often, especially with takeovers in the public sector, seniority disputes arise when staff or tenured faculty are brought over from the acquired campus. The intense wrangling associated with the folding of Boston State into UMass/Boston a decade ago is a prime example.

Another acquisition involving two state schools—the Blue Hills Technical Institute in Canton by Massasoit Community College in nearby Brockton in 1985—was spared a similar mess by the mere fact that Massasoit and Blue Hills didn't offer similar programs.

Martin and Samels said the obvious way to avoid difficulties is through early involvement of students and faculty in efforts that are usually led by trustees and administrators. But they also insist that the dreaded death-knell acquisitions are a thing of the past.

Driven by demographics

While Martin agreed that many consolidations are driven by volatile student demographics, troubled programs or campus downsizing, he insisted today's client is not frantic but focused on "preserving financial stability."

And that's a new twist to an older phenomenon. "You would never [in the past] get a phone call from a president or a board of trustees saying to you, 'We want to sit down and think about the next 10 years,' " Samels said.

To that end, Samels and Martin try to get campus communities to think of students as consumers. "Success" is measured more by the number of students employed in their chosen fields upon graduation than by grade point averages.

With 116 colleges and universities, Massachusetts is the logical place for his business, but Samels expects the Natick-based group to attract more clients from the West and South.

The two are working on a book on the subject, a sort of merger history and planning guide for higher education, and will be bringing their analysis of the American marketplace to a British audience when they speak to the Conference of University Administrators in Manchester, England, in April. □

LEARNING

THE BOSTON SUNDAY GLOBE • OCTOBER 31, 1993

Commentary

Alliances necessary in higher ed

By James Martin
and James E. Samels

There are new ground rules shaping New England higher education, an industry in which institutional reputations can jet up or down with speed and frequency.

Many of the familiar benchmarks by which elite colleges once earned their prominence – extensive humanities electives or language courses from a half-dozen cultures – have been overshadowed by new measures of effectiveness such as programs leading to full-time jobs.

Increasingly, schools are experimenting with strategies such as merger, consolidation, acquisition and affiliation with other schools. These innovations accomplish new economies of scale and shared resources and, most signficantly, provide the courage to compete for more money and students.

One goal of our forthcoming book, "Merging Colleges for Mutual Growth: A New Strategy for Academic Managers," is to outline a more active approach to managing the mission of colleges and universities. Without implementing at least some of these "strategic alliances," many New England colleges and universities will soon face daunting competition from those that do.

Earlier in this century, college mergers were designed essentially as hostile takeovers, hence the suspicions and distrust of many in higher education at the prospect of merging, whether for growth or other purposes.

Over the past decade, however, several New England campuses have constructed a powerful array of joint ventures, ranging from complex consolidations to more subtle forms of affiliation. In these new partnerships, a basic difference has been the planning each institution undertakes before and after the agreement. They have:

- told the truth about their school's educational identity;
- explored merger, acquisition and affiliation scenarios to determine the best, worst and most likely outcomes from each model;
- courted, with one initiating a focused conversation with its best-choice partner;
- waited until after several well-defined stages, involving everyone from board chairman to student government president, before executing a merger;
- undertaken post-merger community-building. This five-year process must be skillfully planned and managed for the joint agreement to succeed.

Massachusetts examples include the mergers of Mount Ida College with Chamberlayne Junior College, the Coyne School of Electricity and the New England Institute of Funeral Service Education; the consolidation of Becker and Leicester Junior Colleges into the new Becker College; and the transfer of Boston University's graduate program in nursing to Northeastern University.

With the uncertainties of a new century hardly more than a baccalaureate away, campus leaders must consider the new definitions "merger" has assumed in New England higher education. Joint venture and strategic alliance can strengthen their reputations, enrich their programs and produce the competitiveness necessary to survive in a more aggressive higher education market.

James Martin, vice president for academic affairs at Mount Ida College, and James E. Samels, a higher education attorney, are co-founders of The Samels Group, a higher education consulting firm. Their book, "Merging Colleges For Mutual Growth: A New Strategy For Academic Managers," is to be published by The Johns Hopkins University Press in December.

A CLOSER LOOK AT MERGERS

A trend toward institutional mergers does not necessarily mean the collapse and closure of more colleges. For some institutions, "mutual growth" mergers are practical, strategic options.

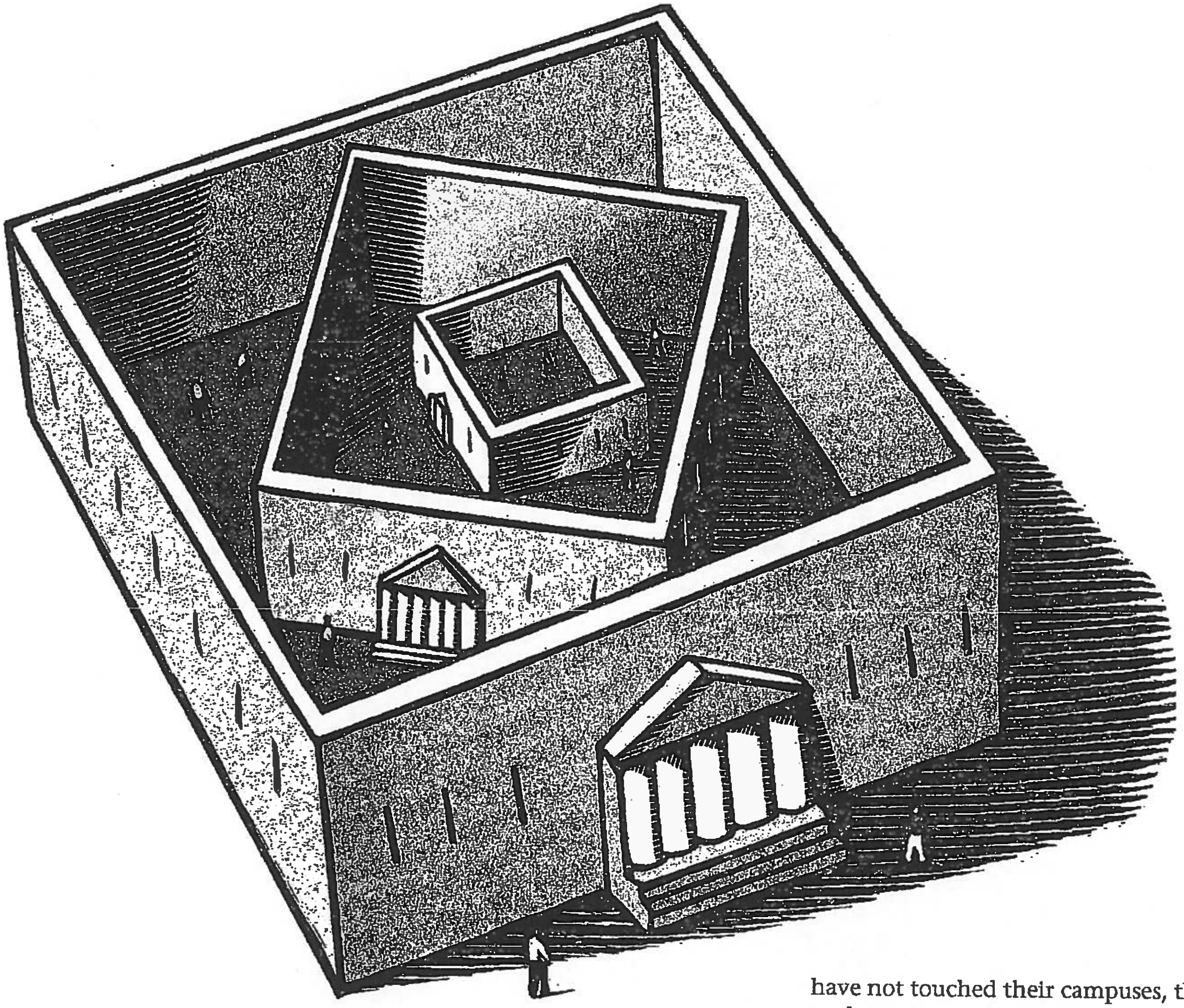
BY JAMES MARTIN AND JAMES E. SAMELS

IF YOU WANT TO PROVOKE resistance and suspicion among board members and chief executives, just whisper the word "merger."

In our research on higher education mergers during the last five years, institutional leaders invariably challenged us with one of two questions. Some asked skeptically: "If this trend is as significant as you say, how many colleges and universities will disappear by the year 2000 because of mergers?" Others confronted us even more negatively: "Aren't mergers simply corporate takeovers brought to the campus? They sound like just a clever form of asset stripping."

Despite this cynicism and a rock-solid streak of independence, an increasing number of boards and senior leadership teams are realizing that a union with a mission-complementary partner might significantly augment their institution's revenues and resources—and they have begun to see such a "mutual growth" merger as a practical, strategic option. In fact, the mutual-growth merger concept is one of the most aggressive strategies available to governing boards that want to diversify revenues while enhancing the quality of teaching and learning at their institution.

What is a Merger? Most of us now working on American and European campuses have never seen a "pure" higher education merger. Indeed, most never will. The *Higher Education Directory* reports that only 37 mergers occurred from 1988-92. This rate suggests that out of more than 3,400 institutions of postsecondary education in the United States, approximately 100 college and university mergers took place in the past ten years. (We believe these figures are extremely conservative; depending on how the term is defined, there may have been at least twice that many or more.)



But while there may have been only 100-200 *pure* mergers in the past decade, a surprising number of institutions have developed other structures that promote the objectives commonly associated with mergers: joint venture, resource sharing, and the enhancement of academic vision. While outside the classic definition of merger, such structures constitute a similar model of academic management adaptable to many campuses regardless of their size, mission, or reputation.

These institutional *consolidations*, *consortia*, and *affiliations* easily number in the thousands, possibly in the tens of thousands. Thus, even as many board members and chief executives can honestly say that mergers have not touched their campuses, they may at the same time recall a beneficial teacher-exchange program, a collaborative software-development agreement, a consortial purchase arrangement for laboratory equipment, or a joint admissions plan with a local community college or graduate school.

In other words, a trend toward merging does not necessarily mean the collapse and closure of more colleges. Rather, the definition of "merger" in higher education has broadened to include many types of arrangements. Examples of the following variations on the merger theme may be found in perhaps half the 50 states, as well as in such countries as Australia, England, Wales, Japan, and the United Arab Emirates.

1. Pure merger. In this model, one institution relinquishes its degree-granting authority and is dissolved into another with

Illustration by Randy Lyhus

the second (often larger) institution remaining as the sole surviving entity. Pure mergers, as noted, do not occur as often as the other forms of organizational agreement that often are mistaken for them.

Recent examples of pure mergers are the 1986 joining of St. Mary's College in Minneapolis with the College of Saint Catherine in St. Paul and that of Villa Maria College with Gannon University in Erie, Pa., in the same year.

2. Consolidation. In this arrangement, two or more institutions join to form a distinctly new unit, often with a mission and operating scope beyond the sum of the individual partners, as well as a new name. A classic consolidation in American higher education is the multiyear plan under which Case Institute of Technology and Western Reserve University combined to form Case Western Reserve University.

More recent examples include the formation of the University of Massachusetts at Lowell from Lowell State Teachers College and Lowell Technological Institute and that of the new Widener University from Widener College, Brandywine Junior College, Delaware Law School, and the Hahnemann Hospital Program in Clinical Psychology.

3. Program transfer. In this structure, one institution transfers the title, rights, and interest of one or more programs, which may or may not hold degree-granting authority, to a second institution. As an example, Boston University recently transferred its graduate degree program in nursing to Northeastern University.

4. Consortium. A consortium, sometimes called a *federation* or *association*, may involve five, ten, or an even greater number of institutional members. Typically, the agreement is multipurpose and involves a statement of mutual obligations and resource-sharing. For example, 12 colleges formed the Great Lakes College Association in 1963 to support and facilitate faculty and student exchanges, joint programming, and innovative curriculum development. The GLCA has since developed into a national model for consortia. The Council for Inter-Institutional Leadership, a national clearinghouse for higher education consortia in Kansas City, lists nearly 200 multipurpose college and university consortial agreements in its national database.

5. Affiliation. This is the most flexible and prevalent of all the merger agreements. In this model, two or more colleges retain their identities, missions, and governance structures while they identify and develop a specific collaboration for complementary growth and administrative and financial efficiencies. Affiliations are harder to record on a national scale than consortia, but the Council for Inter-Institutional Leadership estimates they could easily number in the thousands.

As examples, most faculty members and administrators today can point to such affiliations as an interlibrary access program, a cable television resource collaboration, a junior-senior college articulation agreement, or a student internship arrangement with a local school system.

Merging for Growth. In all these structures, we see evidence of a new entrepreneurialism in higher education management. Increasingly, governing boards and chief executive officers are seeking to accomplish academic and financial objectives more efficiently, accountably, and economically.

On many campuses, the drive for quality and accountability is taking the form of a "rightsizing" effort, accompanied by retrenchments and tightened budgets. Numerous colleges also have embraced current management strategies, such as Total Quality Management, in their "Year 2000" master plans. Yet the movement toward mutual-growth mergers predates these approaches in its mandate to improve efficiency in program planning and budgeting, staff development, institutional governance, and curriculum enhancement.

We can identify five phases as integral to well-planned mutual-growth higher education mergers.

Phase I: Institutional self-assessment. Before an institution begins any merger-related strategic planning, it completes a rigorous institutional self-assessment. Administrators analyze such factors as demographics, enrollment, and competition; they also poll students and alumni, and they survey the employer market. The chief financial officers implement extensive economic-impact analyses. Only after this process will board members, administrative leadership teams, and key faculty members have enough information to determine whether their campuses will benefit—significantly and verifiably—from a growth merger.

Phase II: Premerger strategic planning. Faculty and administrative leaders, with guidance from the governing board, reach consensus on the list of institutions that might serve as mission-complementary merger partners. Institutional leaders then make initial overtures to the finalist institution or institutions and extend invitations to consider entering into a mutual-growth merger.

Phase III: Premerger collaboration and negotiation. The partner institutions assemble a "merger task force," including key members of each board, administration, and faculty leadership. It should also involve officers from each student government and alumni association and possibly local business and community leaders. This group should immediately be charged to shape the mission and structure of the postmerger institution as well as the merging process. At this stage, leaders can address any issues unique to either institution or to the specific merger plan.

Part IV: Merger implementation. Only at this stage does "merging" actually occur. In this phase, interlocking subcommittees of the task force implement the mutual-growth blueprint. Subcommittees will oversee such areas as curriculum revision, faculty and staff integration, financial and facilities planning, departmental consolidation, accreditation self-study preparation, and design of an instrument for assessing merger outcomes.

In some instances, the most effective vehicle for beginning the actual merging of two institutions is the work of the joint-faculty subcommittee on curriculum revision. Elevating the authority of curriculum to the center of the merger's purpose and process challenges the combined faculties to design the structure, staff, and resources of the new institution by exercising skill and judgment in their areas of expertise.

Phase V: Postmerger consolidation and community building. This final phase, unique to the mutual-growth model, extends for a minimum of three to five years. People outside of the process often view this step as the actual "merger." In fact, the institutions already have successfully implemented four phases of highly structured planning and negotiation. During this stage, the task force concludes its work, and members of the new institutional leadership team shift their focus to emerging issues such as endowment development, space utilization, and public-relations opportunities.

From the collaboration and planning involved in these steps, it is obvious that the higher education mutual-growth merger is a far cry from the "asset stripping" of a profit-driven, adversarial corporate takeover. Not only do all partners agree to the merger and the merging process, but the result, if all goes well, builds on the advantages and identities of all institutions that joined in the merger.

We would propose that the variety in mutual-growth merger structures, and the orderly, strategic process, serve to put to rest many of the lingering myths associated with college and university mergers. The mutual-growth merger movement is more than a trend; it constitutes a powerful, proven higher education management strategy worthy of consideration by governing boards. ◈

James Martin is vice president for academic affairs at Mount Ida College in Newton Centre, Mass., an institution that has completed five institutional or program mergers since 1985. He and James E. Samels, a higher education attorney, are founders of The Samels Group, a higher education consulting firm in Natick, Mass. This article is adapted from their book, Merging Colleges For Mutual Growth: A New Strategy For Academic Managers (Johns Hopkins University Press, 1994).

We Were Wrong; Try Partnerships, Not Mergers

By James Martin and James E. Samels

THROUGHOUT the recent economic downturn, people both within and outside higher education have predicted that more mergers between institutions will occur. *The Chronicle*, in fact, published a cover story (March 23, 2001) projecting an acceleration in mergers across the nation.

But while such prognostications are understandable, they are misguided. Certainly, many small colleges and a significant number of larger universities will talk the talk of merger, but few will walk the walk. Instead, they will engage in what we call "partnering without tears," or strategic alliances.

We base that conclusion on more than 20 years of studying and consulting on college and university mergers. In 1994, we wrote a book on the topic, *Merging Colleges for Mutual Growth: A New Strategy for Academic Managers* (Johns Hopkins University Press). At that point, we, too, believed that college after college would merge with others to save money, share resources, and enhance their educational missions—and that we were well on the way to a universe of mega-institutions.

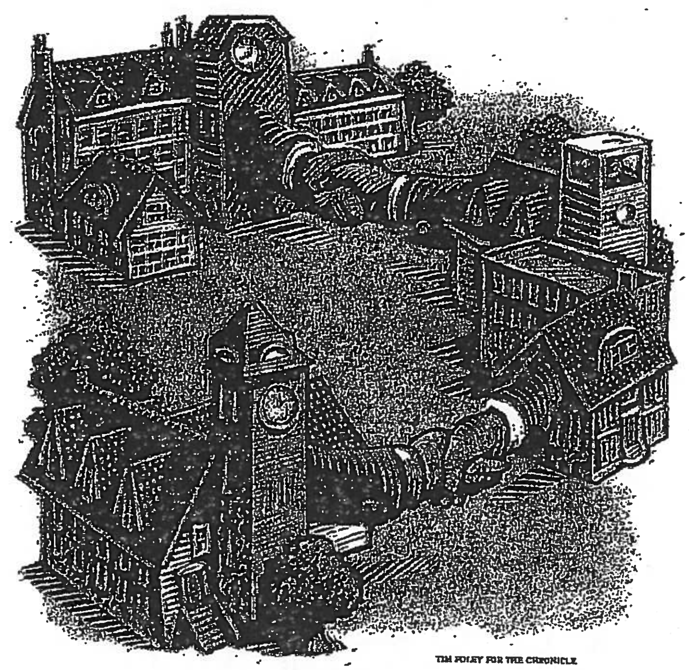
But what actually happened? Few mergers occurred. National and regional databases, such as the annual *Higher Education Directory*, recorded only about six or eight mergers each year. Otherwise, it appeared as if we had planned a party and no one was coming. We continued to consult and write about the new and interesting relationships emerging between pair after pair of colleges; the book continued to sell and was reprinted in 2001. But the signs were clear: We had to dig deeper.

We listened politely to yet another hopeful college administrator talk about how he or she wanted to find a partner and "build something new that we could never build by ourselves"—but, no, "our Board would never let us actually merge with them." Then the shock of recognition took hold: American higher education is not moving toward more mergers. Rather, we predict that, over the coming decade, strategic alliances will outnumber mergers by at least 20 to 1.

WHAT is a strategic alliance? Unlike a merger, which is static and irreversible, a strategic alliance is a fluid, temporary, focused set of understandings and covenants between two or more complementary learning institutions or organizations, or a learning institution and a business organization.

Such agreements and affiliations can preserve the distinct missions and identities of both institutions while combining their respective strengths to take advantage of market opportunities. Instead of merging permanently with another college or university, a higher-education institution needs only to form such a partnership for the period that an educational program is effective and in high demand. When student preferences and employer demand shift, the alliance can be dissolved or reshaped.

In fact, strategic alliances offer multiple benefits. Through such affiliations, institutions can:



TIM FOLEY FOR THE CHRONICLE

Preserve educational missions. Alliances have no need to grow outside the parameters of each partner's mission. In January, Northwestern University's Kellogg School of Management opened a joint executive M.B.A. program, for an inaugural class of 43 students, with the Schulich School of Business at Toronto's York University.

Schulich already manages strategic alliances with more than 30 business schools internationally, but its leadership viewed the partnership as an unprecedented opportunity to move beyond a simple student- and faculty-exchange model to a complete joint-degree program with an American university. André deCarufel, Schulich's director of the joint program, says the alliance allows both institutions to extend their brands "through a newly developed curriculum in which all course content is internationally focused."

Strengthen and enrich fundamental objectives. Fifteen years ago, Johnson & Wales University was a small junior college, barely surviving in cramped quarters in Providence, R.I. Through a set of strategic alliances with name-brand corporations like Marriott Corporation and Legal Seafoods Inc., the university has been transformed into "America's Career University." While the institution has still not deviated from its initial focus, it is now internationally recognized for its hospitality-management and culinary-arts degrees, with half a dozen campuses in the United States and Europe.

Maintain academic-governance systems. By their nature, mergers can create significant governance problems. From differing academic cultures over all to more specific concerns—such as conflicting models of faculty rights or rules of progression for rank and seniority—governance issues can bog down a merger process from the outset.

Strategic alliances typically steer clear of such concerns. For example, for-profit Jones Knowledge, in Englewood, Colo., has formed an alliance with Sacred Heart University, in Fairfield, Conn., to provide e-learning platforms for future degree and certificate programs. There has been no confusion regarding the role of Jones Knowledge in Sacred Heart's governance: It has and wants none.

Create new income streams. With surplus funds made available through partnership revenues, strategic alliances can have an immediate impact on the institutional bottom line. The Joseph L. Rotman School of Management, in Toronto, has formed an alliance with Microsoft Canada through which the Rotman school is scheduled to receive $500,000 in sponsorship, half in cash and half in software. It marks the first time that Microsoft has formed a partnership with a Canadian business school, and the funds have helped enhance Rotman's Web portal, among other initiatives.

In another instance, the Johns Hopkins University needed a way to turn a program that allows individuals to document lifelong knowledge and career growth into a system of projects that could be sold to communities to help them prepare citizens to compete in the new economy. The university created an alliance with THINQ Learning Solutions, a software company that works with business and government, to obtain the technology necessary to make the projects workable.

Save resources and cut costs. Endowment restrictions and other complex legal concerns can encumber even the earliest merger discussions. For example, in some cases, covenants can place restrictions on specific scholarships and require tracking systems to ensure student eligibility—in fact, costing the institution money.

Strategic alliances can avoid all that and still enhance financial stability. For instance, over the past two years, the Association of Independent Colleges and Universities of Pennsylvania coordinated a two-year contract for about 50 member institutions to purchase their electricity, achieving a combined savings of more than $3.5-million annually. Participating colleges can leave the arrangement at any point, without entangling regulations or legal ramifications. Similarly, three Chicago institutions—Columbia College, DePaul University, and Roosevelt University—will jointly own a residence hall to meet student demand yet keep costs down.

Provide new opportunities for teaching and research. The Iowa Coordinating Council for Post High School Education, a voluntary alliance of colleges and universities throughout the state, has developed an online-education partnership that lists the courses available at many of the participating institutions. As well as expanding access for students, the effort is expected to increase professional-development opportunities for faculty members.

DESPITE the outdated stereotype that "two weak links make one weak chain," mergers can, and will, still play a role in American higher education. Yet for their sometimes impressive ability to preserve and distinguish—rather than extinguish—otherwise fragile institutions, they will never dominate our increasingly fluid higher-education landscape because of their demands for control and permanence.

Meanwhile, alliances will continue to proliferate. Many different individuals—an alumni entrepreneur with a savvy, surviving, dot-com company; a trustee bank president; or even a student on a field study—can introduce a college or university to untapped opportunities. Higher-education institutions should carefully and creatively nurture those opportunities or they will flow easily and immediately to some other institution or organization—perhaps a competitor.

In Europe, "soft harmonization" is a phrase currently used to describe how different member states in the European Union have begun to adopt complementary approaches to various aspects of policy making, while maintaining distinctive national and cultural characteristics. Soft harmonization also captures the spirit of strategic alliances. Colleges and universities stand to benefit greatly if they remain open and alert to such affiliations.

James Martin is a professor of English at Mount Ida College. James E. Samels is president of the Education Alliance, a higher-education consulting firm specializing in strategic alliances and mergers. They are working on a book on presidential transition to be published by Johns Hopkins University Press.

HigherEdJobs

Partnerships, Mergers, and the Consolidation of American Higher Education
*By James Martin and James E. Samels - **Author in Residence***
Friday, September 11, 2015

Having written books on merging colleges and turning around fragile institutions, we have felt some dejà vu over the past several months as we complete a new work on consolidating American higher education institutions.

Institutions in every category are choosing to leverage their resources through partnerships rather than face the future alone. Consolidation can mean everything from the closure, and reopening, of Sweet Briar to the practical, durable joint-enrollment programs between hundreds of state universities and local community colleges.

More than a few presidents, provosts, and faculty members are sensing the earth moving under their campuses. The focus on Sweet Briar, while intensifying general concerns about small college fragility, has, for the moment, drawn attention away from a growing group of institutions, some stressed, some simply entrepreneurial, seeking new forms of alliance, co-venture, and security. Whether in the closure of Marian Court College, or in merger deliberations now underway between Union Graduate College and Clarkson University; The Boston Conservatory and Berklee College of Music; or Georgia State University and Georgia Perimeter College, as some of the most recent examples, there is a recalibration occurring in the higher education marketplace and partnering is becoming a clear path to long-term growth and stability.

While some cling to the belief that it is still very difficult to 'kill' a college or university, this misses the larger point that no matter how hard it may be to kill an educational institution, it is less hard than it used to be, and this marks a critical difference. As some presidents and trustees confront unprecedented challenges, they default to considerations of merger or an unexamined 'death with dignity' closure plan without an awareness of creative alternatives. Most do not realize the significant, sometimes overwhelming, financial and goodwill costs in eliminating a college or university. In our experience, there are several ways to overcome these uncertain circumstances through joint planning and effort. In the following, we offer three strategies for current leadership teams:

1. **Merge without merging.** Although we believe the number will gradually increase, full mergers are complex, daunting, and occur less frequently in higher education than many assume. This is often because a full merger results in one board, one provost, one CFO, and, finally, one president. While this may, in fact, be the wisest path forward, it is often a shock to both communities and their leadership teams. Having said this, it is also important for those same leadership teams to be candid with each other. If the merger moment passes, what is left may be fewer, harsher choices.

   When we have consulted in the past on the feasibility of a merger, one of the most frequent questions asked by presidents and attorneys is, "If this doesn't work, can we change our minds and back out?" To eliminate the need for this question, we would suggest a different, more streamlined, structure for partnering: Joint venture with asset transfer and resource sharing. This model, currently being considered as a pro-active, strategic growth option by some institutions such as University of the Pacific, as an example, involves the pooling of resources with shared risk and reward. However, it does not require as significant an upfront investment as a merger while still reducing potentially problematic differences in culture, perspective, and operations.

This approach can accommodate separate governance and boards of trustees, as needed, while still achieving economies of scale and efficiencies in operation through shared services. There will be the need for crossover representation on both boards, and, yes, a single president or chancellor usually leads the new enterprise. While it can be an intricate, patience-trying agreement to execute, it can also create an entity that leverages state and federal resources while harmonizing comparable academic programs and service delivery systems as early dividends.

2. **Bridge the public-private divide.** Public institutional leaders are also beginning to consider the benefits in partnering with private colleges and universities. Planners are discovering that traditional barriers have sometimes been in perception as much as reality and can be overcome with timely programs that anticipate long-range student needs. As one recent example, the College of Idaho and Idaho State University have collaborated on a Physician Assistant Studies Program on the College of Idaho's campus in Caldwell.

   The state of Idaho's Department of Labor has projected a 40% increase in the need for Physician Assistants by 2018, and while one of the University's planners admitted they had begun their work in "uncharted territory," the final result is viewed as a significant benefit to the students at both institutions and the state's workforce.
3. **Think like a non-academic.** By non-academic, we mean consider forming an organization like The Boston Consortium. Created more than twenty years ago, the sixteen-member TBC is not a classroom-focused enterprise. Rather, it serves as an external resource for deans, directors, and managers to collaborate, as its website notes, in "the development and practical implementation of cost-saving and quality improvement ideas." Through more than twenty, ongoing "communities of practice" in areas such as purchasing, benefits, human resources, internal audit, and risk management, institutional leaders have been able to simultaneously strengthen infrastructures and conserve resources for two decades.

One or all of these options might prove useful for leaders working to control the future of their institutions this fall amid pressures to grow and innovate within a challenging marketplace.

James Martin is a professor of English and Humanities at Mount Ida College. James E. Samels is president and CEO of The Education Alliance, a national higher education consulting firm. Their most recent book is ***The Provost's Handbook: The Role of the Chief Academic Officer*** *(Johns Hopkins, 2015).*

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More Small Colleges Merge With Larger Ones, but Some Find the Process Can Be Painful

By KAREN GRASSMUCK

For one college it brought an end to 50 years of "running on a shoestring." For another, it meant adding a small downtown campus to its sprawling suburban location and offering for the first time academic programs in art, design, and even funeral management. At a third, it so enraged some alumnae that they waged a bitter two-year legal battle against the board of trustees.

Those wildly varying results have all been achieved through college mergers, a phenomenon that is on the rise. Many colleges, swerving between the Scylla of dwindling enrollments and the Charybdis of rising operating costs, are finding what appears to be safe harbor by merging their operations with larger institutions.

Cutting Administrative Costs

Interest in mergers is especially strong at small, private liberal-arts colleges, particularly those in New England, the Mid-Atlantic states, and parts of the Midwest. Two-year colleges and vocational schools are also part of the trend.

By merging and sharing operations with other institutions, colleges can cut a variety of administrative costs, ranging from maintenance to recruiting. Mergers in the past few years have included Mundelein College and Mallinckrodt College with Loyola University; Mercy College with the University of Detroit; Hartford College for Women with the University of Hartford; and Mannes College of Music into the New School for Social Research.

Vocational institutions, too, have merged in the last few years, including the Cooper Institute into Knoxville Business College and Massasoit Community College and Blue Hills Technical Institute. Last year, the trade-school ranks had dwindled to 7,071, from 8,469 in 1989, according to Department of Education data.

Some observers have sought to draw a parallel between academic mergers in the 1990's and the corporate mergers and take-

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overs that occurred in the last decade. College mergers are very different, however, from the storied efforts of corporate predators to feast on one another's remains. Academic mergers, while occasionally contentious, are rarely hostile. Although controversial among alumni and students, merging is increasingly being viewed by small colleges as a practical means of gaining the financial stability to afford them a future. Often, as with Mundelein College and Loyola University of Chicago, a failing small college initiates merger discussions with a larger institution.

In many cases, colleges merge to stay afloat and out of bankruptcy proceedings. In others, colleges are finding that even if their financial picture is relatively rosy, mergers offer a way to grow.

Current methods of counting the number of institutions that have merged are imprecise, relying largely on anecdotal information and news accounts. But one measure of the trend is provided by the editors of the Higher Education Directory. According to the directory's publisher, Frederick F. Hafner, 11 mergers occurred in 1988-89, 10 in 1989-90, and 6 in 1990-91. In the current academic year, 10 mergers are expected to be completed, Mr. Hafner says.

Some Plans Are Abandoned

Although mergers are happening regularly, the concept makes some in academe uncomfortable. Since growth has been the goal for most institutions over the past 40 years, many strain against the impulse to merge. Some attempts, such as a planned merger in 1983 between the Universities of New Haven and Bridgeport, are ultimately abandoned. Officials of each university say the other gave up on pursuing the arrangement.

Colleges that do merge often shun the use of the term to avoid the negative connotations associated with it in the corporate milieu. Academic institutions often prefer to use such terms as "association" or "joint affiliation," instead.

"The whole concept of merger is virtually unknown in higher education," says James Martin, vice-president for academic affairs at Mount Ida College. "The business department on campus often says, 'Hey, let's get cookin' on this thing,' while humanists are saying, 'This doesn't sound

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appropriate for a college.' " Mr. Martin could be considered something of an expert on academic mergers. He co-founded a profitable consulting company specializing in the activity and has assisted several institutions with mergers.

Among those is a recent series of acquisitions of two-year colleges by his own institution. Mount Ida acquired Chamberlayne Junior College in 1986, Coyne School of Technical Electricity in 1987, and the New England Institute of Funeral Service Education in 1989.

Although the merger movement raises eyebrows in some circles, a growing number of higher-education experts think college mergers are not only appropriate but desirable.

'Trend Should Be Encouraged'

Arthur Levine, chairman of Harvard University's Institute for Educational Management and a professor in that institution's Graduate School of Education, predicts that shrinking enrollments will make the next three to four years "very hard" on colleges. Mr. Levine notes that the colleges most at risk are small and private, with small endowments and open-admissions policies. Of that group, especially institutions based in New England, the Mid-Atlantic states and the Midwest, many are "limping along," he observes. "I think the trend toward mergers should be encouraged," he adds.

Mergers are a risky business. They can alienate alumni and other long-time friends and supporters of a college.

Wide Interest in Mergers Among Colleges Providing Brisk Business for Consultants

As more colleges seek to merge or to establish affiliations with other institutions, higher-education consulting companies report that they are doing a brisk trade in institutional match making.

The marriages take a variety of forms, ranging from mergers of two or more institutions to affiliations among several institutions that retain their own independence. Consulting companies provide legal advice to colleges and even help come up with a new name for the merged institutions.

In addition, new businesses are springing up to fill the need for expert legal, managerial, and financial help as four-year and two-year colleges, as well as vocational and technical institutions, seek the right academic partners.

"Business is excellent," says James E. Samels, a Boston lawyer who created the Samels Group, a firm that specializes in arranging "academic marriages."

Mr. Samels and his partner in the business, James Martin, a vice-president for academic affairs at Mount Ida College, could be described as academic deal makers. As such, they approach their work with entrepreneurial verve.

Their company started in 1989 with one client, Mount Ida College. In the next 18 months, business grew five-fold, Mr. Samels says. Today, the firm represents as many as 40 colleges and universities, which pay fees ranging from $15,000 to $50,000 for its services. Most of them are candidates for mergers or affiliations, says Mr. Martin.

More Students, More Alumni

Proof of the zeal with which they approach their work is abundant at Mount Ida College: Thanks to the Samels Group, Mount Ida has doubled its enrollment, more than doubled the size of its faculty, and tripled the size of its alumni base in three years.

The secret was mergers. Through

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Consultants Doing Excellent Business in College Mergers

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successive mergers with three separate institutions, Mount Ida has become an academic success story, they say.

Chamberlayne Junior College sought out Mount Ida, seeking to join with a college that offered the potential for four-year programs. Chamberlayne brought with it the Coyne School of Technical Electricity, which had merged with Chamberlayne about five years previously. Mount Ida found in the New England Institute another school seeking growth, and those two institutions joined forces in 1988, Mr. Martin says.

Improving Quality

Mr. Martin and Mr. Samels emphasize mergers as a positive means to improve quality and achieve academic excellence. Mergers, they say, have suffered too long under the stereotype that they are a last-ditch effort to avoid bankruptcy.

Instead, they believe colleges can embrace mergers as opportunities to grow and excel—something they call an "entrepreneurial, educational management strategy."

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James E. Samels, right, with his partner, James Martin: Merging colleges must focus on "long-term growth, not near-term savings."

The key to successful matches, Mr. Samels says, is "mission complementarity to insure long-term mutual growth and not just near-term cost savings."

At merging colleges, he says, "the institutional goals, the curriculum, the scholarship focus, and aspirations of the students and the faculty need to be, if not on a par, compatible."

Mr. Samels views mergers as "collegial courtships" in which members of the faculties and the administrations "can have honest disagreements about everything from 'our students are better than yours to our reputation is better than yours,' " he says.

Mr. Martin and Mr. Samels hav written a book, tentatively calle *Merging Colleges Through Mutu Growth*, in which they mainta mergers are an "appropriat means for institutional change higher education."

Fears and Doubts

In the manuscript, which is bei reviewed for publication, Mr. Ma tin and Mr. Samels emphasize th mergers between colleges do happen overnight; they take thr to five years to be completed. Th also don't come easily, since t very concept of a merger arous many fears and doubts among st dents, faculty members, and alu ni, who mourn the possibility losing their alma mater. Among t many concerns of those groups:

- Will students lose credi earned at the institution being ta en over?
- How will faculty tenure, ra and promotion be addressed a preserved?
- Will administrators' jobs eliminated or reduced?

Those concerns are very re Mr. Martin says, adding that me ers often result in the need for st reductions to eliminate redunda positions. "You don't need two brary directors," he observes.

To assuage fears as much as p sible, Mr. Martin notes that c leges contemplating a merg should "overkill with informatio on the subject to students, facu members, alumni, and even re dents of the surrounding commu ty.

Members of all those grou need to be included in a merger b fore it has begun, then involved e ery step of the way, says Mr. M tin, who adds: "One student wit sandwich board that says 'The a ministration doesn't care' can s you back two or three years in t process." —KAREN GRASSMU

How Colleges Cut Costs by Embracing Collaboration

By Ben Gose March 26, 2017

Jazz-dance students at Simmons College, one of six members of the Colleges of the Fenway, rehearse for a show. A consortiumwide performing-arts program offers music, theater, and dance.

When Kimberly W. Benston runs through the list of institutions that Haverford College collaborates with, he pauses a few times, trying to recall which counterpart fits where.

Mr. Benston, Haverford's president, has steered his college into an alphabet soup of collaboration. There's Bi-Co, the college's long-running partnership with nearby Bryn Mawr College; Tri-Co, which adds Swarthmore College to that mix; the Quaker Consortium, an academic collaboration among those three and the University of Pennsylvania; the Pennsylvania Consortium for the Liberal Arts, a group of 11 colleges looking to reduce administrative costs; and the Liberal Arts Consortium for Online Learning, known as Lacol, a national group of nine liberal-arts colleges exploring new models for learning.

Working Together Better

More private colleges want to collaborate to share costs and administrative responsibilities. But such coordination isn't easy.

"Consortiums are growing out like mushrooms," Mr. Benston says. "We've joined more in the last five years than in the 50 years before that."

Collaboration is an enticing idea for private colleges at time when many experts — including some college presidents — are questioning whether such an expensive residential education is sustainable. Colleges are teaming up to save money on administrative costs by sharing programs, services, or purchases, and are learning how to operate more efficiently by picking up tips from their partners.

The arrangements are also a way for colleges to show the public that they've found religion on restraining costs. Administrative bloat has long been blamed for contributing to the rising cost of college. A 2014 analysis by the New England Center for Investigative Reporting and the American Institutes for Research found that private colleges had added 12 nonacademic administrative and professional employees per 1,000 students since 1987.

If it doesn't affect the mission, 'you've got to ask yourself the question, Why not do it together?'

Good results can take a few years, but working together saves real money, experts say. The Wisconsin Association of Independent Colleges and Universities, known as Waicu, estimates that its nearly 40 programs — such as the joint purchasing of office supplies, property insurance, and business-management software — have saved the group's 24 members a total of $115 million since 2002.

Collaborations aren't new. Members of the Claremont Colleges, five undergraduate liberal-arts colleges and two graduate institutions all located within a mile of one another, began working together more than 90 years ago, as did the historically black institutions of the Atlanta University Center.

Many collaborations sprang up in the 1980s and '90s, to save on health insurance, or to share a library or to allow academic cross-registration for students. Some consortia charge flat dues to their members, while others charge a fee for each service a college participates in.

The Association for Collaborative Leadership, which has about 50 consortia among its members, holds an annual meeting to share ideas. But there is no turnkey system for college collaboration. "If you've seen one consortium," says Amanda Adolph Fore, the group's communications manager, "you've seen one consortium."

Collaborations vary widely in the size of their staffs and in the services they provide. The Claremont University Consortium, whose 34 shared services include the library, campus safety, student health, and construction management, now has 325 employees.

"If it isn't directly impacting the educational mission and the research mission," says Stig Lanesskog, the consortium's chief executive, "you've got to ask yourself the question, Why not do it together?"

The Boston Consortium for Higher Education, a group founded by several chief financial officers in 1995 that now includes 17 Boston-area institutions, has created at least four "business units," which focus on internal audits, purchasing travel, risk management, and health insurance for employees.

One staff member of the Colleges of the Fenway, also in Boston, runs all intramural sports for its six member colleges, and a consortiumwide performing-arts program offers music, theater, and dance. More than 140 students recently tried out for *Grease,* the consortium's first musical.

Ray Fahrner, a conductor and composer, directs the Office of Performing Arts of the Colleges of the Fenway. More than 140 students from its six institutions recently tried out for "Grease," the consortium's first musical production.

The six institutions in the Lehigh Valley Association of Independent Colleges collaborate on health insurance and purchasing and look for opportunities in which a single employee can handle services for multiple institutions.

"If it's a competitive or proprietary function, we wouldn't do it," says Diane Dimitroff, the executive director. "If it's not, then it might be a good opportunity."

Several colleges in the consortium share a sustainability director. A few years ago, several member institutions shared a coordinator for Title IX, the gender-equity law, but the colleges recently moved to hire their own coordinators, considering increased enforcement of the law as it applies to campus sexual violence. Each spring, five of the colleges also split the cost of a three-day tour for guidance counselors and educational consultants; the counselors spend half a day on each campus.

Haverford's experience suggests that an opportunistic approach to collaborations might be best. Its partnership with Bryn Mawr, just a 15-minute walk away, emerged organically over several decades. Bryn Mawr oversees dining services for the two campuses, and Haverford administers campus security for both. The lead partner in each effort receives financial support from the other.

Haverford is also part of the Pennsylvania Consortium for the Liberal Arts, which takes a more deliberate approach, with a two-person staff finding ways that member colleges can save money by collaborating in areas such as regulatory compliance and staff training.

"You model each situation according to the particular needs that that area presents," Mr. Benston says. "A nonrigid approach allow you to explore into more areas."

The liberal-arts consortium was formed in 2014, but it has already struggled to remain top-of-mind on some campuses experiencing rapid turnover, says Irene Burgess, its executive director. It's the relationships among members that lead to deeper collaborations, she says. After member colleges were pleased with conflict-management workshops that the consortium coordinated, they decided to have it provide workshops for new department chairs, too. "That's what you have to do as a new consortium — become part of the operating fabric of each of your campuses," Ms. Burgess says.

Haverford's Mr. Benston thinks that the liberal-arts consortium will prove fruitful, but he notes that over time the members will need to get a sufficient return to offset the cost of the employees charged with running it.

"It's a paradox," he says. "You're trying to save resources, so you have to be careful about creating an administrative drag on what you're trying to accomplish."

The 24 members of the Wisconsin Association of Independent Colleges and Universities shared the cost of business-management software and training campus officials in its use.

Whether the payoff from collaborations can be accurately measured is a subject of debate. The Wisconsin association works harder than most collaborations to pin down a precise number. Waicu saved its 24 members a total of $20.8 million in 2015 — an average savings of $867,000 per member, according to Rolf Wegenke, the consortium's president.

"We don't just look at the high-priced alternative," he says. "We look at what the college spent in prior years. We make sure it's truly comparable."

Some consortium leaders say there's too much opacity in contracts to calculate exact savings. Claude O. Pressnell Jr., president of the Tennessee Independent Colleges and Universities Association, which has 35 members, says he has had vendors promise him savings of 70 percent, only to find that he could walk in off the street and get a price just 10 percent higher than that "deal."

Now he makes sure he's getting bargains for his smaller institutions by telling that companies he's not interested in dealing with them unless they can match or beat the price they're giving Vanderbilt University, the association's largest member.

Mr. Pressnell judges the effectiveness of the joint purchasing program by how heavily it is used. In 2015 members purchased services worth nearly $39 million, he says.

"It takes a little more effort to go through our system," he says. "Campuses would not be making these purchases if they could get a better price otherwise."

One expert on partnerships says administrative collaborations are a first step but are unlikely to save private colleges that are most at risk of failing. James E. Samels, a longtime higher-education consultant and a co-author of *Consolidating Colleges and Merging Universities: New Strategies for Higher Education Leaders,* says many private colleges should be looking to bring their best academic programs into partnerships with colleges willing to do the same — and then jettison their lagging programs.

"There are too few students and too many colleges," he says. "Why not acknowledge that? We've been buying rock salt and office supplies together for years. When you get into the academic programs, now you're talking 80 percent of the budget."

Few colleges have undertaken the kind of academic consolidation Mr. Samels envisions. And even in administrative collaborations, private colleges rarely take steps that might significantly improve their finances, like reducing staff and teaming up with other colleges for finance, marketing, human resources, and other nonacademic functions.

Institutions that have taken such steps have generally done so only when facing financial pressures. TCS Education System, comprising five colleges around the country, offers a form of partnership that its president, Michael Horowitz, dubs "radical cooperation." Institutions that join the system can tap the expertise of 150 employees in its Chicago headquarters, in areas that include information technology, financial aid, and marketing. TCS has even sent staff members, including Mr. Horowitz, to temporarily lead two of its member institutions, Pacific Oaks College and the Dallas Nursing Institute.

Saybrook University, which offers graduate degrees in humanistic psychology, among other disciplines, had been losing about $1 million per year when it joined TCS in 2014, says Nathan Long, who became the university's president a few months later. An accreditation team that visited Saybrook, in Oakland, Calif., six months after it joined the system found that 12 positions — more than a quarter of its administrative staff — had been eliminated as the university began to rely on TCS professionals. Saybrook is now projecting a surplus for the current year.

"I'd be surprised if we don't see this approach explode within the next 10 years," Mr. Long says. "The concept is right."

In exchange of the consortium's services, member colleges share a substantial portion of their revenues with TCS, which earned management fees from the colleges worth nearly $33 million during the 2015 fiscal year, according to its tax return. TCS is organized as a nonprofit group, but its executives are well paid. Mr. Horowitz earned total compensation of $1.26 million in the 2015 fiscal year — or about $200 for each of the 6,500 students at TCS's five institutions.

Michael B. Goldstein, a lawyer specializing in higher education for the law firm Cooley LLP, says Mr. Horowitz has developed an innovative model.

"If you're a struggling institution and someone comes to you and says, 'I can take away your overhead costs, you can focus on academics, and we'll share the value,' " it's worth considering, Mr. Goldstein says. "For the right institution, that's a very attractive model."

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Complementarity merger as a driver of change and growth in higher education

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Complementarity merger as a driver of change and growth in higher education

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Abstract

Purpose – Mergers in higher education seem to be more common as academic institutions work to control costs and avoid program duplications in challenging economic times and adopt the more common cost saving measures often espoused from business mergers. The purpose of this paper is to highlight successes from a complementarity-based merger of two institutions in the University System of Georgia (USG) and present results over time.

Design/methodology/approach – A case study methodology was employed to explain why a particular merger resulted in greater growth compared to other system-wide academic mergers. This research focuses on a single merger of two institutions in Georgia, one of seven such mergers in the USG institutions to date, involving Gainesville State College and North Georgia College and State University to become the University of North Georgia. Observations are made and complimented by secondary data to rank growth among the seven USG consolidations.

Findings – The case findings highlight the success from the complementarity of these institutions. While the two were unique institutions, the success of the merger was linked to the underlying complementarity issues.

Originality/value – Using the strategic issues inherent in mergers from the business literature, the merger of the two institutions is profiled and discussion and recommendations are provided along with areas for future research.

Keywords Higher education, Merger, Complementarity, Educational institutions, Programmes

Paper type Research paper

Introduction

While the mergers and acquisitions (M&A) literature focuses largely on corporate combinations, environmental and economic forces have made the strategy more common in non-profit and higher education arenas. This paper considers mergers within a higher educational system and examines a successful case as an example for other combinations of educational institutions.

M&A are an important consideration in corporate strategy. Although M&A transactions continue to be prevalent, general success has been elusive with more than 70 percent of M&A transactions reported to have been unsuccessful in creating value (Bauer and Matzler, 2014; Christensen and Eyring, 2011). The lack of consistency in successful M&A transactions has been linked to ill-conceived reasons for the combination including over aggressive performance targets (Lee and Prekopa, 2015), conflicting cultures (Cartwright and Cooper, 2014), misaligned strategic intents, and inadequate integration plans among others (Dyer *et al.*, 2004; Ferreira *et al.*, 2014; Epstein, 2005). Mergers, commonly described as a combination of equals, can be especially sensitive to many of these challenges. Mergers may face more integration issues than acquisitions due to greater top leadership confusion, cultural and operational conflicts, and potential market disruptions (Bauer and Matzler, 2014).

Mergers in the public sector are also common and have goals similar to business mergers and that is to reduce administrative expenditures. However, Blesse and Baskaran (2016) in

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their study of mergers of municipalities in the German federal state of Brandenburg found voluntary mergers do not affect expenditures, but compulsory mergers do show significant reductions in expenses. Luoma-aho and Makikangas (2014) note that the public sector worldwide is under pressure to downsize and the results are an increased number of mergers. Their content analysis of public sector organizations in Finland focused on changes in the organizational reputation. Postma and Roos (2016) found that mergers of Dutch healthcare providers are due to increasing pressure from competitors as well as municipalities and insurers, all related to changes in health policies.

The study of mergers as a strategic option for growth and value has experienced mixed results. Understanding and comparing the results are more difficult due to a wide variation in the emphasis of the studies. In addition, differing emphases of pre-merger or post-merger contexts have added to diverse and conflicting results. Although the most common reason for a business combination remains economic at the core, the primary publicized and justifiable motive for corporate mergers is to gain a competitive advantage from synergies, resulting in an increased value of the combined firms (Bruner, 2002). The anticipated increase in value from the synergistic combination is commonly assumed to be obtained through cost savings from economies of scale and organizational efficiencies, revenue enhancements from expanded and strengthened market position, and/or increased innovation and product development through shared intellectual capital (Mukherjee *et al.*, 2004). Chatain and Zemsky (2007) agree that merger objectives have consistently included the creation of more cost-effective operations, extension of the firm's geographic coverage, expansion into new categories of products or services, access to new technologies or complementarity capabilities and resources, or solution to changing and innovative technologies.

Furthermore, Bauer and Matzler (2014) categorize merger research into four distinct areas including studies focusing on: financial performance and wealth effects of the combinations; performance based on the effect of pre-merger relatedness, perceived similarity, or complementarity; organizational behavior with attention to effects on organizational culture, individuals, and organizations; and the effectiveness and efficiency of the merger process. Although each of these objectives provide compelling strategic rationale for a merger, this paper considers complementarity as a primary merger strategy for gaining a competitive advantage and presents a case within the higher education context as an example.

Background and theoretical framework

Mergers and competitive advantages

Firms pursue competitive advantages with various proactive or reactive merger strategies to reduce cost by increased economies of scale, reduced competition, stronger market competitiveness, broader economies of scope, or increased market size resulting from geographic expansion. Firms engaged in a primary strategy of consolidating administrative functions, markets, and operations, thus eliminating overlapping resources, processes and markets, may gain a competitive advantage by reduced costs and lower pricing and elimination of competition in existing markets. However, such a quest might limit the innovation necessary to build growth in new products and markets by reinforcing an existing path dependency, or an organizational condition in which the feedback mechanism of an organization continually reinforces the current path an organization is pursuing. In a merger, the controlling firm may influence the elimination of processes or resources from the merger that do not support the firm's current strategy and thus inhibits consideration of new approaches or ideas (Liebowitz and Margolis, 1995). Mergers targeted at developing or strengthening a firm's competitive advantage, by reinforcing expansion and innovation, may allow the organization to break its path dependency and to provide an environment allowed positive changes to occur. Firms pursuing a complimentarity merger strategy have the opportunity to break the firm's entrenched path dependency by gaining synergies that produce economies through overlapping synergies, as well as economies of scope and expanded markets through complementarity resources and capabilities (Karim and Mitchell, 2000).

Kim and Finkelstein (2009, p. 619) define complementarity as "occurring when merging firms have different resources, capabilities, and/or strategies that can potentially be combined or reconfigured to create value that did not exist in either firm before the acquisition." A complementarity merger might contribute to the combined firm achieving a stronger and increasingly dynamic core competency that provides a competitive advantage across existing and emerging markets. Having different resources or capabilities alone does not expand an organization's core competency. Prahalad and Hamel (1990) stated that a core competency is:

> "[…] the collective learning in the organization, especially how to coordinate diverse production skills and integrate multiple streams of technologies;" "is communication, involvement, and a deep commitment to working across organizational boundaries;" and "does not diminish with use. Unlike physical assets, which do deteriorate over time, competencies are enhanced as they are applied and shared" (p. 82).

To realize potential competitive gains from dynamic core competencies from a complementarity merger, the different resources, processes, and markets must indeed be complementary, expansive, and effectively developed and implemented. In summary, effective long-term core competencies are continually developed and changed as opportunities present themselves. A complementarity merger provides a firm the opportunity to build and maintain an evolving competitive advantage resulting in higher performance (Kim and Finkelstein, 2009).

Mergers in higher education

Mergers in higher education are a current trend, and Czarniawska (2015) proposes that the future of colleges and universities within larger society, like that of fashion are going through cycles of waxing and waning. She compared the merging and ranking process currently in vogue in higher education today to that of fashion which is continually changing. Czarniawska's (2015) contribution to the book, *Universities in the Flux of Time: An Exploration of Time and Temporality in University Life* (Gibbs *et al.*, 2015), examines how changes in higher education are perceived within their own communities as well as among those constituents they serve. She compares universities including Gothenburg University's reorganization as well as other universities including those in Sweden (Linnaeus University) and Finland (Aalto University in Helsinki).

Czarniawska (2015) notes universities begin a process of mergers or internal centralization because it is the current trend. She notes (p. 34) "in this sense, fashion helps managers come to grips with the present while simultaneously serving to loosen the hold of the past on the present and introducing an appearance of order and predictability into preparations for the future." This cyclical process of merging, she notes, regularly follows a tendency to decentralize. Czarniawska (2015) further argues that mergers also support the current trend of university ranking where larger colleges and universities, some of which are made possible through mergers, are typically ranked higher among external stakeholders. Centralization is in vogue and also helps improve rankings and rankings legitimize and explain the fashion of centralization. Both "fashions" support and enable each other (see also Czarniawska 2005; Czarniawska and Genell, 2002; Czarniawska and Joerges, 1995).

Regardless of reasons for mergers in higher education, the competitive environment in higher education has experienced significant change over the last few years and has pressured academic organizations to adapt. The growth of online courses, massive open online courses, and other non-traditional education delivery methods are changing the traditional higher education model. In addition, funding reductions are forcing universities to cut costs while providing a more competitive product for students (Adams and Shannon, 2006). Pressures on colleges and universities have been the impetus for mergers that included mandates to cut operational costs, provide more student services, and lower tuition, as well as offer services for parents and future employers (McBain, 2012).

Fielden and Markham's (1997) study of London University mergers and 30 other mergers in the UK found that university mergers were commonly driven by strategic or academic objectives rather than direct financial benefits. They found the primary reasons for higher education mergers included: taking advantage of a good fit in compatibility and complementarity of a smaller institution with a larger one; providing the larger institution an enhanced portfolio or academic profile; assisting in long-term strategic plan for change; providing a way for an institution to enter new markets; and allowing the merged units to be an area's main higher education provider (p. 2).

Kyvik and Stensaker (2013) agree that most research on higher education mergers focuses on the structural and cultural issues and even the economic implications. Most research agrees that higher education mergers often stem from political pressure to reduce the sheer number of institutions (Drowley *et al.*, 2013). Furthermore, mergers within higher education that desired scale economies from mergers seldom realized them and results show that teaching and research results may not improve (Ripoll-Soler and de-Miguel-Molina, 2014). Possible barriers to success include the poor quality of the target institution's faculty or offerings, disruption for staff and students who are often relocated, attempts to merge differing educational philosophies, and overall cultural differences between the merging institutions (Fielden and Markham, 1997). In addition, demands for greater efficiency and higher quality in higher education have stimulated structural reforms.

Mergers in Australia, the USA, and several western European countries have resulted in the elimination of program duplication, increase in academic integration or collaboration with new interdisciplinary fields, and stronger positions in the market from merging institutions that complimented each other. Moreover, voluntary mergers were more successful than forced mergers, and mergers worked best when the institutions were not physically distant from each other or where large cultural and academic differences did not exist (Skodvin, 1999).

Harman (2002) examined the sociocultural issues of merging divergent college campuses and found evidence that expert leadership kept cultural conflict minimized, with a focus on developing new loyalties, fostering morale, and creating a sense of community within the newly merged institution. Findings show that higher education mergers are relatively rare, tend to have no clear financial or quality metrics to assess success, and the level of success depends largely on the stakeholders (Etschmaier, 2010). Mergers in the University System of Georgia (USG) provide an interesting case study of recent higher education mergers.

Methodology

When studying mergers or other change processes, methodologies rely largely on qualitative research or a mix of qualitative and quantitative research and are largely structured in a case study approach, often reviewing the individual organizations or entities before, during and after the merger processes. Dasborough *et al.* (2015) in their study of employees' during a merger of higher education departments used phenomenography to better understand change in their interpretative study. Other qualitative methodologies used in change research include using content analysis to examine roles of individuals using social identity theory, in a pre-merger and post-merger series of semi-structured interviews (Jay, 2014).

Lupina-Wegener (2013) in her study of the integration in subsidiary mergers in corporations also recommended a qualitative method research design combining both semi-structured as well as informal interviews combined with participant observation and the analysis of secondary/primary data analysis to investigate central themes in human resource (HR) integration. In a study of HRs in organizational change in higher education institutions, study objectives were achieved using a case study methodology of the HR department at a British University (Edgley-Pyshorn and Huisman, 2011).

Dasborough *et al.* (2015) agreed phenomenography is an appropriate methodology to understand change and the phenomena of change, especially during a structural change like a merger within the higher education sector. He and Baruch (2009), in their investigation of organizational identity's evolution during institutional change, employed an inductive case study methodology which they claimed was most appropriate for examining change processes because it is based on grounded theory and also considered useful in explanatory research.

Payne (1996) agreed in early stages of organizational change, multiparadigmatic qualitative research can aid in understanding of faculty assumptions, particularly for social inquiry. Landau and Drori (2008) conducted an ethnographic field study for their three-year analysis of change and crisis for organizational members. Using principles of qualitative research they collected data including participant observation and used induction as well as interpretation. Given their close proximity and relationships with the subjects they investigated, Landau and Drori (2008) found the use of the ethnographic methodology allowed collection of rich data essential for studying and viewing the organization's context, particularly from the members' perspectives.

This study uses a single case approach for the purpose of identifying reasons the University of North Georgia (UNG) experienced higher growth after its merger as compared with other consolidated institutions in the USG during the same period. Although a single case study presents some limitations, the circumstances provided a unique opportunity to learn through close and engaged observations. In this case study, the authors were participants in the activities under review as well as researchers, similar to the methodology used by Landau and Drori (2008). The researchers and authors were part of the target study and were able to both study and learn through observation of the organizations involved in the merger as well as employees impacted by the merger. This type of ethnographic research allows for immersion into the merging environment to better identify and understand challenges, strategies and results. The ethnographic methodology is derived from cultural anthropology, and rather than relying simply on coded interviews or questionnaires, the researchers experience the environment as a participant, an observer, or both. This embedded design helps to promote sensemaking (Landau and Drori, 2008).

In addition, this study of mergers of the two North Georgia institutions is a longitudinal case study. In her study of an Australian College of Advanced Education Lewis (1994) suggests when colleges are undergoing a major transformation, a longitudinal study is necessary to observe both espoused as well as observed reactions. One of the members of this research team was dean of a professional school and actively engaged in the merger process. This participation in clinical inquiry was accomplished through observation as well as eliciting and reporting of data in a methodology similar to Coghlan (2002).

Context and participants

Mergers in the USG

The state of Georgia has experienced tremendous growth in economic development with new businesses locating in Georgia at increasing rates. The Board of Regents at the University System of Georgia (BOR/USG) is focused on increasing the number and quality of graduates from USG universities and colleges to meet demands for highly qualified workers to support this growth. The BOR/USG implemented the consolidation of colleges and universities in 2012 with the following objective:

> The University System of Georgia is preparing students for the 21st century economy and citizenship. Today the System must look internally to ensure that it has a 21st century structure, providing a network of institutions offering the proper range of degrees and opportunities in research and service to students and faculty. The purpose of campus consolidation is to increase the system's overall effectiveness in creating a more educated Georgia (Board of Regents, University System of Georgia, 2012, available at: www.usg.edu/docs/consolidations.pdf).

In addition, the BOR/USG presented the guiding principles for their merger decisions to:

(1) increase opportunities to raise education attainment levels;

(2) improve accessibility, regional identity, and compatibility;

(3) avoid duplication of academic programs while optimizing access to instruction;

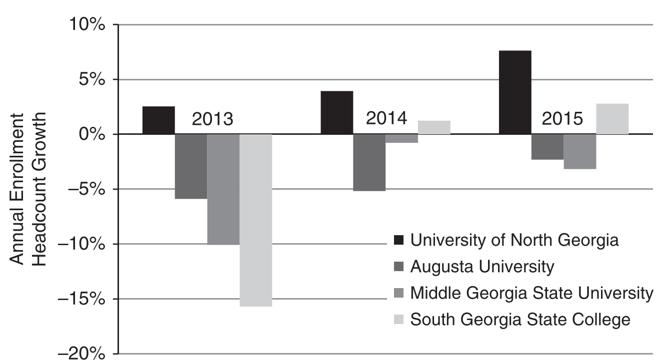
(4) create significant potential for economies of scale and scope;

(5) enhance regional economic development; and

(6) streamline administrative services while maintaining or improving service level and quality (Board of Regents, University System of Georgia, 2012).

The first consolidation phase included eight institutions merged into four: Waycross College and South Georgia College became South Georgia State College; Macon State College and Middle Georgia College became Middle Georgia State College (later renamed Middle Georgia State University); Augusta State University and Georgia Health Sciences University became Georgia Regents University (later renamed Augusta University); and Gainesville State College and North Georgia College and State University became UNG (Board of Regents, University System of Georgia, 2012, available at: www.usg.edu/docs/consolidations.pdf).

While the job market and the economy could be a potential driver of mergers, challenges that led to the mergers are clear and include rising tuitions and student debt, enrollment declines, low graduation rates, decreases in state appropriations, loss of faculty, and financial pressures. There have been positive outcomes within the four BOR/USG mergers, but the level of overall success has been mixed. Areas of concern have included name changes, which are sacred to universities, students, alumni and donors, mascots, and loss of national or international reputation (Grantham, 2015). Three of the four merged institutions experienced from 6 to 16 percent enrollment declines. Only one institution, the UNG, has realized significant enrollment growth each year post-merger (see Figure 1).



Source: USG website

Figure 1.
USG Mergers headcount growth comparison

The case of the UNG

When the UNG merger was announced many of the North Georgia College and State University (North Georgia) and Gainesville State College (Gainesville) stakeholders expressed concerns about the merger. Each institution had a strong culture and each believed that their institution was the better school and their students were the better students. The two institutions were relatively well known to each other, but the main stakeholders' concerns focused on the extent to which merging the two would dilute the quality of their respective schools.

However, their concerns and protests did not change the direction of the merger. The USG/BOR had set deadlines and parameters for the changes. The USG/BOR included in their reasoning for the merger many of the complementarity components that would eventually provide a sustainable strategic advantage for the newly combined institution. The USG/BOR presented the following strategic and operational objectives for the merger of North Georgia and Gainesville:

- Creates an institution of nearly 15,000 students that provides a strategic approach to meeting the higher education needs of students in the northeast Georgia region.
- Provides a broad spectrum of academic programs from associate to graduate degrees in a student-friendly, seamless system.
- Students from both institutions already share a similar geographic origin and transfer between both institutions.
- Increases access to educational attainment and enrollment opportunities in significant growth and population area of the state.
- Efficiently expands baccalaureate and graduate offerings in Gainesville while allowing for increased enrollment, e.g., teacher education, foreign languages.
- Capacity for on-campus growth is limited at North Georgia. The consolidation provides additional capacity in Gainesville.
- Builds on a strong foundation of collaboration and partnership that already exists as reflected in North Georgia's and Gainesville's program offerings of both Cumming and Gainesville.
- Increases opportunities to hire for specialized needs. Through economies of scale, there is the capacity for needed higher education enterprise professionals with appropriate expertise and experience levels.
- Combines resources to enhance responsiveness to regional economic and community development needs (Board of Regents, University System of Georgia, 2013).

The two higher education institutions had similar characteristics such as geographic territory and partnerships in several programs and locations. Yet, the two were complementary in their academic purposes and operating philosophies. For example, Gainesville was an access institution, and students were not required to meet rigorous admission standards for acceptance as long as they completed the required remedial courses. In addition, degrees at Gainesville consisted primarily of associate degrees or certificates. Conversely, North Georgia had very competitive admission standards, and the academic profile of their students consistently ranked near the top among institutions in the USG. North Georgia offered a range of Bachelor, Master and Doctoral degrees.

This merger was touted in the press to save costs, but the USG objectives appeared to be primarily focused on leveraging strategic complementarity. This study considers how strategic complementarity was essential to the success of the merger of North Georgia College and State University with Gainesville State College into the new UNG.

Analysis

Pre-merger

North Georgia College and State University. North Georgia was founded in 1873 as a result of the US Mint Property in Dahlonega, GA being granted to the state of Georgia for educational purposes, making North Georgia the second-oldest public institution of higher education the state of Georgia. North Georgia was the state of Georgia's first co-educational university through the inclusion of military education at its inception. North Georgia is currently recognized as one of six senior military institutions. The Corps of Cadets remains a signature element on the Dahlonega campus of the UNG. The original institution was named North Georgia Agricultural College and was designed as a school of agriculture and mechanical arts, with a mining engineering focus.

As gold mining diminished in the area and other higher education institutions in the state adopted agriculture degree programs, North Georgia began to emphasize arts and sciences. In 1929, the North Georgia Agricultural College was renamed North Georgia College, and in 1996, due to the much wider scope of academic programs, the USG reclassified the college as a state university and renamed it North Georgia College and State University (North Georgia). Fall 2012 was the last semester when North Georgia was officially in operation. At that time the university was located on two campuses, Dahlonega and Cumming, and student enrollment was approximately 6,500 as shown in Table I.

The culture at North Georgia included the presence of the Corps of Cadets and tradition, a teaching focus with a research component, close ties with the regional communities, residential and commuter campus, athletics, and standard support services for students. North Georgia stakeholders including its graduates shared a close connection and endearment with the university. This strong organization identity helped build and strengthen a sense of ownership that was both an advantage and disadvantage. There was a great sense of pride and tradition and as the university grew over time, necessary changes to support the growth were sometimes resisted by major stakeholder groups. However, all were interested in making the university the best it could be.

North Georgia's primary campus was located in Dahlonega, GA, but immediately prior to the consolidation the university had joined with Gainesville to build an extension location at Cumming, GA, some 30 miles from the main campus. The Cumming campus serves primarily as an instructional and feeder location with limited Bachelor degree offerings. The MBA program was also located on the Cumming campus. Because of its newness the Cumming campus did not enjoy the same sense of pride and tradition as the North Georgia and Gainesville campuses.

Gainesville State College. Gainesville Junior College (Gainesville) was founded in March 1964, and initially classes were held at the Gainesville Civic Center and First Baptist Church. In 1966, Gainesville moved to its permanent campus with a student population drawn from a 50 mile region around Gainesville in Northeast Georgia. Although initially Gainesville offered an educational experience that included academics, athletics, student activities, and public service. Intercollegiate athletics were discontinued in 1985 due to a reallocation of institutional resources.

Table I. North Georgia College and State University (2012)

Campus location(s)	Degrees offered	Number of students	Distinguishing characteristics
Dahlonega Cumming	Bachelor Masters Doctoral	6,500	Senior Military College Carnegie Community Engaged University USG Leadership Institute Federal Service Language Academy

In 1987, the USG/BOR authorized the removal of "Junior" or "Community" from the names of all two-year institutions to better reflect the quality of the educational experiences students in those colleges received. Gainesville Junior College became Gainesville College.

In 2003, the college expanded to include the Oconee Campus in Watkinsville, GA, where enrollment grew very quickly, and in 2005 the institution's name changed to Gainesville State College (Gainesville), reflecting the growth of four-year degree programs within the college as shown in Table II. Student enrollment at the time of the merger was approximately 8,600.

The culture at Gainesville included a predominant emphasis on teaching, close ties with the local community, an all-commuter campus, and heavy support services for students. Similar to North Georgia, stakeholders of Gainesville held a close identity with the college and had a strong sense of pride and ownership. Many of the community who were instrumental in the founding of Gainesville maintained involvement at the college.

Gainesville maintained two campuses and shared a third campus with North Georgia, providing multiple geographic and academic access points. The campuses were geographically separated in drive time by 30 minutes to one hour. The distances added to the differences in academic offerings created multiple campuses rather than one college with multiple locations. Gainesville was decentralized allowing each location to establish and grow its own unique culture and operating philosophy.

The merger process

The merger process was driven by the vision that the USG BORs' had for UNG. The BOR envisioned UNG as a comprehensive university that offered associates through Doctoral degrees while maintaining inclusive geographic and academic access. "While other states have tried to merge colleges, few have attempted something this extensive, said [Richard] Novak, executive director of the Ingram Center for Public Trusteeship and Governance at the Association of Governing Boards of Universities and Colleges" (Diamond, 2013). Creating the first truly comprehensive university within the USG system was challenging due to the wide dissimilarities among the campuses, colleges, academic programs, faculty, and students. Furthermore, there were no other benchmarks from other higher education mergers UNG could use to help guide their process (Diamond, 2013).

The merger process preliminary planning began with the announcement of the merger on January 10, 2012. The primary goal was to maintain communication, inclusion, and process while ensuring high-quality academics, faculty and student development, community involvement, and operational efficiency and excellence. The multi-campus challenges surfaced early in the process. Electronic communications were heavily leveraged to maintain operations, ensure inclusion, and streamline communications. The initial challenges included selecting a president, choosing a name and setting up working committees to perform the pre-merger planning. Dr Bonita Jacobs, President of UNG stated that "We've had so many committee groups working on everything, and we are blessed to have two former campuses at Gainesville State and North Georgia College and State University who sincerely care about students and that makes it an easier process for us" (King, 2013).

Campus location(s)	Degrees offered	Number of students	Distinguishing characteristics
Oakwood Watkinsville	Certificate Associate Targeted Bachelor	8,660	Access institution Diverse student population Theater program

Table II. Gainesville State College (2012)

All strategic and operational integration teams were charged to work toward a university of one while recognizing and respecting the unique characteristics and traditions of each campus. Strategic teams included the Consolidation Implementation Committee, comprised a wide variety of stakeholders from each institution. This committee provided overall guidance for the consolidation and was the liaison to the USG BORs during this process. In addition, the Executive Planning Team, composed of vice presidents and chief information officers, provided internal oversight and recommendations. This team had oversight for more than 70 work teams of faculty, staff, and students, focused on all aspects of the soon-to-be consolidated university. Each of the work teams consisted of five to ten members and 35 of the work teams concentrated their efforts on academic concerns.

Shortly after the merger began January 8, 2013, efforts were initiated to develop a formal strategic plan for the newly consolidated university. As previously mentioned, inclusion, communications and excellence were considered in putting together a steering committee that consisted of approximately 60 faculty, staff, students, and eternal stakeholders. Several sub-committees were formed, and the process was completed in approximately six months with a final strategic plan for the UNG.

While the strategic planning process was in progress, a number of standing committees and works teams evolved to complete or sustain the work that resulted from the 70 original work teams. Some of these committees and teams focused on reengineering processes and procedures while others dealt with implementing procedures which were in place. As with any merger, blending systems remains challenging.

Post-merger analysis

UNG. The new UNG, established on January 8, 2013, initially consisted of four campuses across Northeast Georgia, and a fifth campus was opened in Blue Ridge, Georgia during August 2015. All five campuses are located in Northeast Georgia, the fastest growing region in the state, and include a total enrollment of over 17,500 full- and part-time students. While UNG has multiple campuses not located near each other, the merger integration included steps to ensure the campuses were viewed as one university while maintaining their own unique characteristics.

As a part of the consolidation process UNG developed a new mission of providing a culture of academic excellence in a student-focused environment that includes quality education, service, inquiry, and creativity. The mission is accomplished through broad access to comprehensive academic and co-curricular programs that develop students into leaders for a diverse and global society.

UNG has gained a unique advantage by offering a wide range of educational pathways to more than 100 programs of study ranging from certificate and associate's degrees to professional doctoral programs. The comprehensive offerings are delivered across seven academic units including the College of Arts and Letters, College of Education, College of Health Sciences and Professions, College of Science and Mathematics, Mike Cottrell College of Business, University College, and the Institute for Environmental and Spatial Analysis. In addition, UNG provides academic, professional and other co-curricular opportunities focused on developing strong graduates.

As shown in Table III, UNG is one of six premier senior military colleges across the nation and carries the distinction of The Military College of Georgia. The nationally recognized Army ROTC program attracts students from across the nation. Also, UNG is designated by the USG as a State Leadership Institution and has earned the Community Engagement Classification from the Carnegie Foundation for the Advancement of Teaching.

Findings

A complementarity merger

When considering the value creation of a merger, similarities of the organizations are the primary considerations for potential success. Synergies through overall increased economies of scale and reduction in cost are assumed to result in increased value. However, strategic complementarity is increasingly a consideration for merger success (Bauer and Matzler, 2014). Complementarity occurs when the strategies, resources, and services are different, but when combined create a more comprehensive strategic advantage and improved performance (Kim and Finkelstein, 2009; Bauer and Matzler, 2014).

The UNG merger created a unique competitive advantage that is difficult to copy or emulate due to the complementarities that formed a sustainable competitive competency (Brynjolfsson and Milgrom, 2013; Prahalad and Hamel, 1990). The two institutions in the UNG merger maintained different strategic missions, resources, capabilities, and services that fit well together resulting in a strong combined strategic advantage including:

- economies of scope in programs from associates to Doctoral degrees;
- expanded facilities enabling accelerated growth;
- enhanced research and teaching;
- more diversified cultural environment;
- economies of scale from some similarities; and
- elevated status in the higher education environment and market.

Economies of scope in programs, from associates to Doctoral degrees, creates a clear pathway for student advancement, provides higher educational access to a broader community base, and allows regional students a more extensive set of academic choices. Expanded facilities have provided opportunities for increases in the number of students and programs and additional undeveloped property provided space for future expansion. Combining faculty and staff talent pools created a stronger and more diverse range of expertise that enhanced research, teaching, and learning. Prior to consolidation North Georgia had less diversity than Gainesville. The combination has created opportunities for students, faculty, and staff to work together in a diverse cultural environment. Classrooms and student organizations have become more diverse as well.

Gainesville and North Georgia had many similar administrative processes. The merger increased the efficiency and effectiveness of many of these processes. The elevated status in the higher education environment and market from the merger resulted in an institution with a much larger student enrollment, a larger geographic presence, with more national and international engagements. The consolidation of North Georgia and Gainesville into UNG has resulted in a truly comprehensive and inclusive university positioned for continued growth in size and quality.

Campus location(s)	Degrees offered	Number of students	Distinguishing characteristics
Dahlonega	Certificate	15,820	Senior Military College
Oakwood	Associate		Carnegie Community Engaged University
Watkinsville	Bachelor		USG Leadership Institute
Cumming	Master		Federal Service Language Academy
	Doctoral		Access institution
			Diverse student population
			Theater program
			Five campuses

Table III. University of North Georgia (2013 combined units)

Challenges and opportunities

UNG will be challenged to continually go beyond the status quo and sustain their competitive advantage by innovating and adapting to customer (i.e. students, parents, and communities) needs through further development and introduction of new services leveraged on future complementarity resources. As an example, while maintaining a traditional educational environment where students are physically present on-campus, UNG might explore and implement new approaches to knowledge delivery by leveraging technologies across campuses and increasing knowledge through expanded and more innovative research.

Disruptive innovations in teaching, research and community engagement can only be fully realized if constraints and resistance to change are eliminated:

> Universities that survive today's disruptive challenges will be those that recognize and honor their strengths while innovating with optimism. University communities that commit to real innovation, to changing their DNA from the inside out, may find extraordinary rewards. The key is to understand and build upon their past achievements while being forward-looking (Christensen and Eyring, 2011, p. 47).

UNG will embrace strengths from previous complementarities for a unique competitive advantage. At the same time, they will continually identify and explore future complementarities for growth. While most higher education mergers are pursued for costs savings or political reasons, many have been successful through the combination of complementarities resulting in added value and thus greater competitive advantage. The growth and strengthened performance at UNG is an example of a successful complementarity merger.

Discussion

Narrative and implications

Mergers in higher education have increased from pressure to keep higher education affordable, competition from non-traditional educational options, and desire for more market-based options. At the onset, institutions being merged for strategic reasons such as cost reductions, gaining competitive advantage or increased quality often appear to be a good fit. Desired merger outcomes are often not realized when strategic reasons, such as complementarity or similarity, do not fit the institutions. The lack of clarity of purpose often impedes merger success. Merger as a strategy can expand markets, products, and resources. Mergers may also introduce conflicts, confusion, and concern. The complementarity merger expanded the markets and products of UNG. The broad array of degrees from associate to doctoral is very difficult and costly to duplicate, a major consideration within the definition of a sustainable competitive advantage. The findings of this case study demonstrate how a strategic merger can provide benefit beyond cost reductions. In the UNG case, the merging institutions were very complementary resulting in broader academic offerings, increased geographical accessibility, and a sense of being a part of a large university, but with the feel of a small university. Cost savings from efficiencies were realized. Other higher education institutions and systems would be well served to consider the strategic, as well as the potential cost savings benefits.

Changes in higher education are often the results of increased merger activity. Sometimes these changes face resistance from faculty and administrators following engrained, outdated ways of operating. Many universities seem to be experiencing locked-in path dependency creating an environment that reinforces a culture of "doing things the way we always have." Pressure from changes in the competitive landscape of higher education and accreditation organizations is prompting leaders of colleges and universities to break the path dependency that has stifled innovation and change. A complementarity merger may be the action needed to redirect efforts and propel the organization toward innovation and change.

Truly comprehensive universities should continue to strengthen the core traditional education while developing non-traditional and innovative education delivery methods. Such need, disruptive innovations in teaching, research and community engagement can only be fully realized when constraints and resistance to change are eliminated.

Additional mergers in the USG. Higher education mergers as a strategic alternative for growth and costs savings continue to increase around the globe. Current trends support complementarity mergers as a viable strategic alternative for higher education organizations seeking improved services and greater value.

Since the initial round of mergers in 2012, the USG has implemented additional consolidations including Georgia State University and Georgia Perimeter College, Kennesaw State University and Southern Polytechnic State University, and Albany State University and Darton State College.

Limitations and directions for future research

The presented findings in this exploratory, qualitative case study should be considered in light of several limitations. Observer bias should be considered due to the close relationship of the observers with UNG, although one of the observers had not been employed with either school either before or after the consolidation. Two of the observers were closely involved in the merger implementation. The use of a single case study for analysis may limits the generalizability of the findings. The location of the sample institutions chosen for study may limit the generalizability of the results. However, there is a dearth of literature for colleges and universities as they consider merger strategies. While macro-environmental factors support and even encourage further consolidations, there is limited data on their frequency and successes. There is a lack of research on the characteristics of successful mergers as well as best practices for implementation. The business literature on mergers suggests there is not one best way to accomplish a merger. Research has explored how mergers may fail at various intervals during the process. Further study into the characteristics of successful and less-than-successful college and university mergers is needed.

Future research should consider a multi-case study examining different locations, sizes, and academics of merging or merged higher education institutions. Additional research should examine the effects of time. In the UNG case, the results had been good for the first four years, but as it continues to grow will it be able to maintain efficient and effective operations and be flexible enough to continue to meet a changing market demand. Future researchers should examine the effects of funding on fast growth and quality of services after a higher education merger. Additional research should consider benefits to stakeholders, including alumni, students, faculty, staff and external parties after a complementarity merger similar to UNG.

Conclusion

The USG BORs has begun to consolidate several universities and colleges across the state for cost savings and academic access purposes. In this single case exploratory study, the merger of North Georgia College and State University was merged with Gainesville State College to form the UNG. The complementarity nature of the merger has created a comprehensive university with a full range of academic degrees and programs. The UNG merger increased academic and geographic accessibility in the region and the result has been high growth at a time when many universities are facing declining enrollment.

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The Networked University

Building Alliances for Innovation in Higher Education

By Jeffrey J. Selingo

Open Ideas at Pearson
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Contents

Executive Summary

For more than a century, U.S. higher education institutions have joined together in cooperative associations. These collaborative efforts have come about because of geography or similar missions, or sometimes have been forced by state governments looking to build systems of institutions. While a few have been successful at producing breakthrough innovations and cost savings that individual institutions couldn't achieve on their own, for the most part the associations have simply created groups of campuses working side-by-side rather than together.

Today, a new type of alliance is beginning to emerge in higher education. Rather than coalitions built around geography, mission, or even athletics, these new associations are assembled around a common set of problems that multiple campuses need to address but have found they cannot solve on their own. These new alliances are less about shared purchasing or exchanging best practices, and more about developing strategic solutions, many leveraging technology, to solve some of higher education's toughest problems related to access, retention, completion, and making good on the promise of digital education tools.

To efficiently and effectively tackle the most pressing problems, U.S. colleges and universities need scale. But not every institution has the ability to grow nor wants to expand to gain the efficiencies size can bring. By joining together in alliances built around common problems individual institutions can gain many of the benefits of size without expanding their enrollment.

For these new coalitions to be successful, institutional leaders need to have a stake in their success, dedicate campus personnel to the initiatives in order to give institutions skin in the game, tackle specific projects rather than vague ideas, create incentive systems for institutions to want to join, and measure their success.

Our hope is that this new era of cooperation in higher education will result in deep alliances and collaborative platforms around nearly every function on a campus from admissions to academic affairs to career services. But what will make this 21st century version of collaboration different from anything in the past is a robust web of academic partnerships between institutions.

This is the **Networked University**, and in the pages that follow, I outline a vision for linking multiple institutions to create a modern model of higher education.

Introduction

In April 1957, the presidents of the Big Ten athletic conference gathered at Ohio State University for the inauguration of the university's new president. A year earlier an impromptu meeting between the chancellor of Indiana University and an official with the Carnegie Corporation of New York had resulted in a pledge of some $40,000 to regularly convene the presidents of the Big Ten around academic matters.

Now the leaders gathered at Ohio State wanted to formalize the agreement, hoping that an academic alignment might strengthen their institutions against what they saw as a growing competitive threat for research dollars, students, and faculty from universities on the east and west coasts of the United States. They formed a board with representatives from each of the campuses.

And then not much happened for two decades.

The creation of that board, which became known as the Committee on Institutional Cooperation, or the CIC, arrived before the advent of low-cost communications and transportation. The institutions in the Big Ten were largely rural campuses spread across more than half a dozen states. Working together in practice proved much more difficult than imagining the broad concept in that meeting at Ohio State.

A perhaps even stronger force against collaboration was the natural reluctance for competitors to cooperate, even in an athletic conference that already existed. Although higher education in the United States is typically described as a "system," the notion of collaboration is not deeply ingrained in the DNA of most institutions. Despite its veneer of cooperation, higher education is a competitive industry, where resource sharing is eyed warily and sometimes with fear of government intervention given more recent federal antitrust concerns.

Indiana's chancellor, Herman B. Wells, would describe the CIC's first steps in those early years as "hesitant and tentative." Each of the universities, Wells would later write, "was a distinguished and apparently self-sufficient institution, proud of its past and confident of its future."[1]

That reluctance began to change by the 1980s, thanks to technology that allowed easier sharing of information between campuses. Indeed, the first substantial project between the universities in the Big Ten was technology-driven when the campuses built a fiber optic network to connect themselves to each other and to other research centers around the world. Other large-scale projects followed: joint licensing agreements for software, a partnership with Google to digitize millions of bound volumes in their library collections, and course-sharing for dozens of language classes.

Today the CIC, renamed the Big Ten Academic Alliance, stands as an oft-cited example within academia of how partnerships can succeed across institutional boundaries. However, while alliances like the Big Ten were adequate to address the challenges facing higher education fifty years ago, what is needed to tackle the pressing issues of today are broader and deeper alliances that cut across historical boundaries between institutions.

Historic Alliances

Alliances of some kind have long existed in higher education, of course. In most cases, those collaborative efforts can be best described as "loosely coupled federations" of independent campuses that typically cooperate only at the margins of the institution on matters where there is low risk and clear agreement on solutions.

These existing alliances can be classified in one of four ways:

Geographic

The most common alliance in higher education is the one formed by state borders. In the years after World War II, most states organized their public institutions into systems. However, no one model of system governance emerged in the United States. Some states, such as California, have multiple state systems of institutions based on mission (i.e., two-year colleges, teaching institutions, and research universities); other states, such as Virginia, have so-called coordinating boards that advocate for public higher education but have little direct authority over individual institutions; while others, such as North Carolina, have a strong central system with considerable authority. But in nearly all cases **this type of alliance is forced, is often focused on control and rules, and usually includes institutions with differing ambitions and resources.**

Shared services

Often a byproduct of geography, institutions of all types and sizes that are located near each other have joined up to share purchasing, library services, technology, police services, or allow cross-registration of courses. Most shared-service agreements **focus exclusively on the business side of institutions in an effort to save money in the procurement process.** A few intercollege consortia have existed for decades that go deeper on the academic side, most notably the Five Colleges, Inc. in Amherst, Mass, and Claremont College, in California. While shared-service agreements have become more popular in recent years, they still often rely on institutions being located near one another and rarely include deep academic alliances.

Mission-oriented

An alphabet soup of dozens of associations from the Association of Public and Land-Grant Universities (APLU) to the National Association of Independent Colleges and Universities (NAICU) exists at the national and state level to bring together institutions with similar missions. These associations **mostly exist to lobby on public policy and provide professional development opportunities for their members.** Like state systems, however, these associations are increasingly linking together institutions with divergent strategies and approaches to the problems and issues facing higher education. As a result, it's sometimes difficult for the associations to find common ground on which to build deeper alliances.

Athletic

Like the Big Ten, many athletic conferences have looked for ways for their member institutions to collaborate on academic and business ventures. The success the Big Ten Academic Alliance has enjoyed, however, makes it an outlier among its peers. Using athletics as a vehicle for academic collaboration has its share of drawbacks. For one, the membership of the major conferences has become much more fluid in recent years as some institutions jump ship for more lucrative partnerships. And the groups are formed with **athletics at the forefront and sometimes include institutions of varying quality and divergent academic and research agendas.**

> *"You cannot go at it by thinking that the world stops at this campus. No university is self-sufficient."*
> Joseph E. Aoun, president of Northeastern University[2]

Although these historic collaborations in higher education will likely endure, a new and potentially more dynamic version of partnerships centered around common problems is emerging, bringing with it the opportunity to forge deeper alliances among institutions and remake higher education for the demands of the 21st century.

One early version of this new kind of partnership was used to build and deliver Massive Open Online Courses (MOOCs) through alliances like Coursera and edX. Each partnership brought together dozens of colleges and universities. In many cases, these were institutions that compete on every other level—for students, faculty members, foundation grants, and federal research dollars. But in these cases they ended up cooperating to build platforms to offer free online courses to the masses.

This paper is about the ways that institutions could, and the reasons why they should, move toward a more networked model to build strength and bolster the individuality they hold dear. My hope is to outline a path forward for a new era of cooperation in higher education through deep alliances and collaborative platforms around nearly every function on a campus from admissions to academic affairs to career services.

I call this new type of collaboration the **Networked University.** Over the past few decades, using fiber optic wires and wireless signals to create on-campus networks has become ubiquitous and essential. Now we need a new kind of network, one equally essential but with a wider reach, linking multiple institutions to create new models of higher education. We can't afford to wait.

Key Moments in Higher Education Collaboration in the U.S.

1900
The Association of American Universities (AAU) is founded in Chicago with 14 of the nation's leading Ph.D-granting institutions to consider "matters of common interest relating to graduate study."

1918
Fourteen higher-education associations form an emergency council to ensure the United States has enough technically trained military personnel for World War I. First named the "Emergency Council on Education," the name is changed later in the year to the American Council on Education (ACE), which eventually becomes the umbrella group representing higher education institutions.

1925
The Claremont College Consortium is born in California to provide the small college experience with the resources of a large university. Today, seven educational institutions constitute The Claremont Colleges: Pomona College, founded in 1887; Claremont Graduate University, 1925; Scripps College, 1926; Claremont McKenna College, 1946; Harvey Mudd College, 1955; Pitzer College, 1963; and the Keck Graduate Institute of Applied Life Sciences, 1997.

1954
The Ivy League is formed as an official athletic conference, though the term had already been in use to describe the eight schools that are members of the association and as a proxy for elite higher education in the U.S.

1957
The Big 10 athletic conference, founded in 1896 and the oldest of the collegiate athletic conferences, forms the Committee on Institutional Cooperation as an ongoing effort to discuss academic and research matters and share best practices among member institutions.

1965
The Five College Consortium is formally established in Western Massachusetts. Includes Amherst, Mount Holyoke, Smith, the University of Massachusetts at Amherst, and Hampshire, that together share library resources, campus transportation, and some courses and academic programs. The consortium becomes the model for institutional collaboration among campuses located in close proximity.

2012
The Massachusetts Institute of Technology and Harvard University form edX to offer free massive open online classes (MOOCs) and ask other institutions to join the effort. Eventually, more than 70 colleges and universities offer courses on the platform.

Why the Networked University and Why Now?

For much of its history, higher education was a local and regional business. Students for the most part went to a college or university close to home, and faculty took jobs where they completed their Ph.D. or at institutions nearby.

Beginning in the 1960s, according to research by Stanford University economist Caroline M. Hoxby, a “re-sorting” of higher education started to occur. Guidebooks were published that allowed students for the first time to easily learn about colleges in other states (although the books were not on the scale or size we are accustomed to today). Over the next four decades, places that once seemed far away to most Americans became reachable by car, on discount airlines, or online, allowing more students to “go away to college.” Institutions of all types and sizes started to recruit prospective students farther away from campus.[3]

By the turn of the century, a proliferation of college rankings, led by U.S. News & World Report, allowed students and faculty alike to more easily compare institutions. That meant colleges needed to distinguish themselves not only from their counterparts in the next town, but also from those across the region, the country, and for the elites, worldwide. The result? A building boom, not only in physical buildings, but new academic programs, new research initiatives, and new faculty and staff to run it all.

In the first decade of the new millennium, construction cranes were ubiquitous on college and university campuses to build ever more luxurious residence halls, recreation centers, hi-tech classrooms, and state-of-the-art research facilities. For many institutions, much of that construction was financed by debt. The amount of debt taken on by institutions between 2000 and 2012 nearly doubled, to more than $300 billion today.[4]

Academic programs also multiplied. In 2010, when the U.S. Education Department updated its list of academic programs used in various higher-education surveys, more than 300 majors were added to a list of 1,400 from a decade earlier. A third of the new programs were in just two fields: health professions and military technologies/ applied sciences. The 1990s saw similar growth in the number of majors. Indeed, nearly four in ten majors on the U.S. government’s list today didn’t exist in 1990.[5]

Of course, much of this spending was passed on to students in the form of higher tuition rates. Since 2000, tuition and fees, including room and board, at private universities has jumped by 47 percent, when adjusted for inflation, and by 71 percent at public institutions.[6]

The rising cost of U.S. higher education is simply unsustainable, especially given the growing inequality of living standards worldwide and the lagging incomes of college-going families. The question now is, after decades of talking about reining in costs, how can institutions actually achieve real savings?

“There is no natural constituency for cost control on campuses,” says Lawrence S. Bacow, the former president of Tufts University. “Universities compete by advertising their inefficiencies—small classes, lots of hands-on experiences, the intimacy of the student experience. We tell students to come here because we’re essentially the most labor-intensive provider.”

Potential Impediments to the Networked University

There are plenty of hurdles to deeper academic alliances among universities, but among the primary barriers:

Accreditation
Sharing of courses and faculty between institutions might require an accreditation review by regional or specialized accreditors.

Rankings
Some higher education leaders pay close attention to the rankings, and might be unwilling to partner with institutions with lower rankings than their own institutions.

Tenure
For cost savings to be achieved through course sharing or even department sharing, individual institutions in the alliance would need to eliminate faculty positions. That would be difficult, if not impossible, if those are tenured positions, and it's unlikely departments or schools would give up tenure-line positions without a fight.

Financial Considerations
The success of the Networked University depends on students seamlessly moving between institutions. If money needs to change hands between institutions that might make it more difficult for students unless the financial systems between campuses are aligned.

Shared Governance
Faculty Senates will want to weigh in on any alliances that touch academic affairs.

According to Bacow, even trustees with a fiduciary responsibility to the viability of the institution are driven by their pride to continue to build its capacity. "Given a choice they would much rather solve budgetary pressures by solving the revenue side—more fundraising and tuition—rather than the cost side."

Unlike in other industries where competition typically drives down costs, in higher education it drives up costs. Few colleges want to be seen as "stepping away from the herd in meaningful ways" because they are so obsessed with moving to the next level, according to the late J. Douglas Toma, writing in the 2012 book, *The Organization of Higher Education*.[7]

As a result, U.S. colleges and universities "are eerily similar in vision," Toma argued, despite the fact that higher-education officials always extol the virtues of the diversity of American institutions. "Their common goal is legitimacy through enhanced prestige," he wrote. "Prestige is to higher education as profit is to corporations."[8]

But gaining any substantial ground in the race for prestige is getting more difficult for the vast majority of higher education institutions. Count up the college presidents who have said over the years that they wanted to move into the top tier of some ranking, and you'll find at least

fifty schools trying to fit into twenty spots. The truth is that the list of the best colleges and universities in the United States has remained virtually unchanged for the last century. What's more, the universities at the very top are pulling away, even as there are more institutions chasing them from below with each of them spending more money every year to catch up.

Take research spending, as an example of the rich getting richer in higher education. Universities believe that ranking high on the list of institutions receiving the most federal research dollars is a sign of prestige and helps attract star faculty and even more grants. As a result, some universities have spent student tuition dollars to gain an advantage, hoping that they could leverage their own funds to secure more federal grants. Around a quarter of the top hundred universities on the federal research list have doubled their own spending on research in the last decade. But many efforts failed: Nearly half of these institutions ended up falling in the rankings.

In many ways, higher education now mirrors trends in society as a whole: there is a greater concentration of wealth among a small group of elite private and public colleges. Combined, the 20 wealthiest private universities in the U.S. hold about $250 billion in their endowments, which accounts for a staggering 70 percent of all the wealth of private colleges and universities.

Wealth in higher education is likely only to become more concentrated in the coming years as the richest colleges raise money at a faster clip than anyone else. Among colleges that collected more than $100 million in donations in 2016, fundraising has jumped by 22 percent over the last four years, according to Moody's Investors Service. Among those that raised less than $10 million, donations went up just 4 percent.

Given these trends and the greater separation at the top, higher education leaders need to stop thinking that the only path forward is one that they take alone. Simply put, many institutions can't thrive, and some won't survive, without forming deeper academic partnerships.

A Need for Scale

Never before has the need for scale in higher education been more critical than it is at this moment. Increased spending has become problematic on many campuses because most colleges and universities expanded their physical plant and academic programs with largely the same undergraduate enrollment base that sustained them in previous generations. In other words, most institutions didn't increase their enrollment even as their costs swelled. (To bolster revenue, many did invest in growing online education and part-time graduate programs, but with mixed success.)

Some institutions even saw their enrollments decline, the result of unfavorable demographics in many regions of the country and the inability to discount their tuition rates enough to attract students. Overall enrollment has fallen by 3 percent since 2010 at institutions between 1,000 and 10,000 students. Which account for about half of degree-granting institutions in the United States. The falloff has been even larger at institutions with under 1,000 students, which account for 40 percent of the American market. These smaller institutions have seen their numbers drop by more than 5 percent.

The only group with sustained enrollment growth in recent years is institutions with more than 10,000 students. Yet such large universities have often been viewed with skepticism by academics because of the long-held belief that scale comes at the expense of quality and prestige. As Bacow pointed out, the rankings reward inefficiencies. Campuses essentially get higher marks for spending more money than their competitors and rejecting more students than they accept.

The idea that small equals quality, however, is not shared by elite universities worldwide. Compare the size of elite institutions in the U.S. to Canada, for instance. Canada's three most-prominent universities—the University of Toronto, McGill University, and the University of British Columbia —enroll a total of 117,000 undergraduates. That's more students than the top 17 American universities in the *U.S. News & World Report* rankings combined.

But attitudes about the size and scale of institutions in the U.S. seem to be shifting for two reasons. One, there is pressure on top schools to expand their capacity and enroll more low-income undergraduates due to concerns that wealthy students are clustering at elite institutions. Roughly one in four of the richest students in the U.S. attend an elite college, according to a recent study of federal tax records.

Two, there is evidence that greater size has resulted in greater efficiency at some of the biggest universities in the U.S. A 2013 report from New America found that the University of Central Florida, with more 55,000 undergraduate students and Arizona State University with more 41,000 undergraduates, for example, have median expenditures per student lower than research universities as a whole, even while maintaining the research output per faculty member of their counterparts.[9]

Many public universities can afford to get larger without damaging their quality, according to research by Robert K. Toutkoushian, a professor in the Institute of Higher Education at the University of Georgia. He has found that the size of an institution—up to enrollments of 23,000 undergraduates—does lower costs. Larger than that, and Toutkoushian found costs rise because of increased personnel on campuses to serve a larger student body. The mean enrollment of U.S. public universities is 11,400 undergraduates, so many institutions might have room to grow without a significant impact on their costs.[10]

Of course, not every institution has the ability to grow (i.e., public institutions in slow-growth states) or wants to expand to gain the efficiencies of size (i.e., small liberal arts colleges). The advantage of the Networked University is that such alliances can provide many of the benefits of size without expanding the student body of individual institutions. Much like competition defined higher education for much of the latter half of the 20th century and the beginning of this millennium, collaboration will define colleges and universities going forward. To this point, in a 2017 Gallup survey, 93 percent of chief academic officers said they would put a greater emphasis on increased collaboration with other universities in the year ahead.

Areas for Collaboration

The gold standard for the Networked University would be fully integrated campuses on all fronts, including academic programming. But if institutions cannot fully align their operations, there are individual areas where deeper collaboration is possible, such as:

To begin to imagine how the Networked University might work in practice, it's instructive to look to another industry that two decades ago faced similar challenges to those confronting higher education right now: the airlines.

Building the Networked University

In the 1990s, the airline industry was beset with problems: high labor costs, many competitors, limited route networks, and a business model that shifted with the winds of the global economy. Although some airlines had the capital to grow or merge, most were hampered in their ability to adopt an expansion strategy because of their debt load or government regulations.

Enter the idea of airline alliances. The so-called code-share agreements have created networks of airlines, with the three biggest being Star Alliance, SkyTeam, and OneWorld. Under the alliance agreements, the airlines cooperate on departure times and routes, share airport facilities, and have reciprocal frequent-flier benefits. In some cases, the agreements, which are reviewed by the federal government to avoid antitrust concerns, are precursors to outright mergers.

International airline alliances were among the most significant advances for the airlines in the 1990s. Researchers have estimated that profitability rose, ticket prices fell, route networks expanded, and productivity increased because of the alliances.[11]

Strategic alliances, of course, are not unique to the airlines. Every year, there are about 2,000 new strategic alliances in the world, according to the Boston Consulting Group, and alliances have been growing at a rate of 15 percent annually.

"Alliances can be an extremely effective way to embrace new strategic opportunities, pursue new sources of growth, and contribute to the upside of the business," according to the Boston Consulting Group. "They are particularly useful in situations of high uncertainty and in markets with growth opportunities that a company either cannot or does not want to pursue on its own. One of the main reasons to engage in an alliance (as opposed to a merger or acquisition) is to share risk and limit the resources a company must commit to the venture in question."

A New Era for Higher Education Alliances

In higher education, collaborations are no longer limited to colleges in close proximity. Advances in technology can now link together institutions that are separated by thousands of miles. Under the alliance model, groups of colleges could align their course catalogs each semester, much as airlines do their schedules each travel season, so that not every institution in the network would need to offer courses that only a few students on each campus might need to complete a degree.

Two events over the last decade have brought the need for this new type of collaboration in higher education into sharp relief.

First was the Great Recession of 2008. Within months of the global economic crash, the largest university endowments shed billions of dollars, and massive deficits opened in state budgets, leading to unprecedented budget cuts at schools of all kinds and sizes, even elite institutions such as Duke University, Harvard University, and the University of California at Berkeley. The ripple effects of the recession lasted for years on campuses, and in some places have never quite dissipated.

Second was the rapid increase in knowledge and information combined with explosive growth in computing and network power. Advances in the academic disciplines, the emergence of new fields, and technology with the capacity to augment and supplement human teaching and make a variety of learning models scalable has made it difficult for even the most nimble of higher education institutions to keep pace.

Combined, these two forces have led institutions to form higher education alliances in the past few years unlike those of the past several decades. These new alliances include the University Innovation Alliance, the American Talent Initiative, and Unizin, among others.

The seeds of these new alliances are planted in a common set of problems that campuses need to solve but cannot do so on their own because of their size or lack of financial resources. They are less transactional than the legacy coalitions—in other words, they not formed simply to share purchasing or best practices—and are more strategic in their approach to solve some of higher education's knottiest problems, such as access, retention, completion, and engaging students in a digital age.

The Problem Solvers

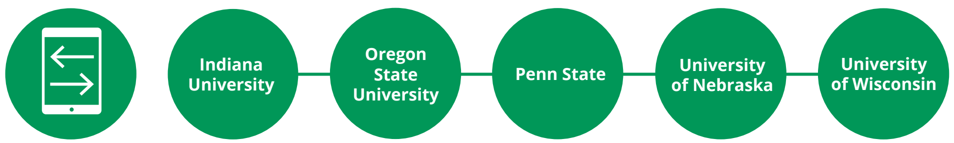
Unlike previous attempts at collaboration that were transactional, or designed around mission or geography, some of the new alliances emerging in higher education are focused on problem solving.

Unizin | Founded: 2014

Problem to solve: To contract for, integrate, and operate shared digital services and provide common infrastructure that simplifies collaboration between colleges and universities.

Exemplar work: Three universities in the alliance, for instance, worked together to migrate course content across their learning management systems.

Member institutions: 11 including:

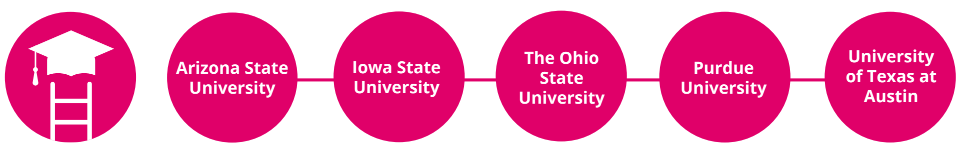


University Innovation Alliance | Founded: 2014

Problem to solve: To make quality college degrees more accessible to underrepresented and low-income students.

Exemplar work: The UIA's first project was to scale the use of predictive analytics from three campuses in the collaboration to now nine campuses. With the help of a grant from the U.S. Education Department, the Alliance is conducting a randomized controlled trial using 10,000 students to measure the effectiveness of advising programs based on data analytics.

Member institutions: 11 including:

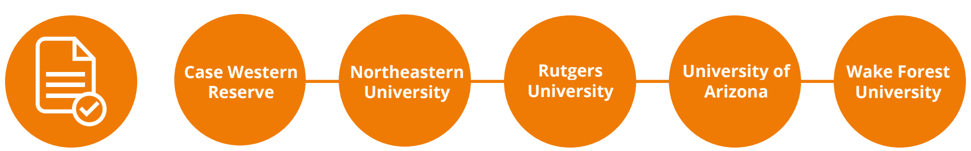


Coalition for Access, Affordability and Success | Founded: 2015

Problem to solve: To improve the college application process by providing a single, centralized toolkit for students to organize, build, and refine their applications to numerous institutions.

Exemplar work: A key feature of the Coalition's toolkit is a "locker" that allows students to store their work throughout high school and share it as part of a portfolio with colleges and universities during the admissions process.

Member institutions: More than 90 including:

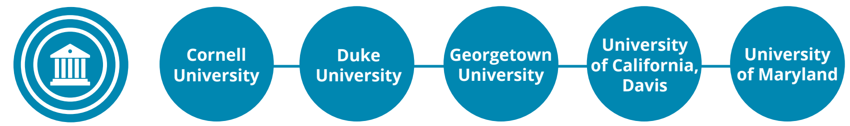


American Talent Initiative | Founded: 2016

Problem to solve: To enroll more low-income students at selective institutions.

Exemplar work: Beyond setting aspirational goals, such as educating 50,000 more low-income students by 2025 at the member institutions, the schools are also sharing best practices and publishing research on promising strategies for increasing the enrollment and success of low-income students.

Member institutions: 68 members including:



Perhaps most important, these new innovators are drawn from across the spectrum of higher education—from private universities to community colleges and from land-grant institutions to liberal arts colleges. They are unified not by institution type, but by the presence of forward-thinking leaders who are willing to challenge the status quo and support the development of new models of program design and delivery.

Unfortunately, because they are not united by region, institution type, athletic conference, or any of the other structures that have traditionally brought institutions together, no forum yet exists for innovative college and university presidents to share ideas and identify areas for collaboration. No mechanism exists for them to speak with a shared voice, and this has limited the ability of the innovators in the sectors to serve as role models and catalyze broader change.

"These gigantic membership associations determined largely by topology or status are ineffective in this day and age because many of those institutions have radically different business models now," said William F.L. Moses, who serves as managing director of the Kresge Foundation's Education Program. "A new type of association is needed in higher education."

A Variety of Approaches

No one approach will define the Networked University. A variety of strategies could be employed by institutions looking to build new alliances. They could be formed to tackle a discrete problem (i.e., Title IX enforcement), issues on several fronts (i.e., lack of enrollment for critical languages, skyrocketing acquisition costs in the library, and a need to improve career services), or the alliance could be a model of deep inter-institutional cooperation (as I'll outline in the example on pages 30–31). The size and scope of the alliances will depend on the problems they seek to tackle and the willingness of the institutions to navigate the ambiguity that comes with any new partnership.

Although there will be a variety of approaches, in the interviews I conducted for this paper, officials were united in their assertion that a key bellwether of success would be having common goals among partners beyond just saving money. Strategies that strengthen the core of the institution by giving faculty more resources for teaching and research or to promote student success were common themes mentioned by officials as to why partnerships succeeded in the past.

How to Begin Building the Networked University

In thinking about how to start the foundation of the Networked University, consider a three-step process:

1. First harvest the low-hanging fruit
Deep academic collaborations are not going to be the first step in a successful partnership. Institutions need to date before they get married. Test out partnerships with small experiments based on complementary strengths that can be later scaled. For example, course sharing might start in departments with low enrollments at a group of institutions.

2. Set the conditions for more long-standing and deeper partnerships
Institutions choose partners based on the importance of shared vision. Developing deeper partnerships begins with a shared trust and a history of cooperation in an institution's DNA. The good news is that 85 percent of campus leaders report that they have engaged in some type of collaboration, albeit with numerous challenges and varying levels of success.[12] Trust, however, is not built overnight and change can often face internal resistance.

Various campus constituencies from faculty members to students need to be prepared for change. Officials need to make the case for the Networked University with trusted and verified data and a clear and aspirational vision about why such a collaboration is necessary to help the institution in the long run.

Those first two steps might take several years to achieve in an era when many institutions don't have the luxury of time given the pressing issues they are facing. But without a strong foundation for the Networked University, the third step is likely to be difficult to achieve.

3. Develop a strategy for sustainability
The long-term life of the Networked University is dependent on its individual parts. Sustaining the benefits of a partnership for more than a few years was often cited as a reason why leaders are reluctant to pursue deeper collaborations in the first place. An infrastructure needs to be constructed (i.e. governing board, key performance metrics that must be met annually) to maintain the Networked University beyond the tenure of a specific president or group of influential leaders.

It's easiest to imagine what one version of the Networked University might look through the eyes of a student. We'll call her Olivia.

The Networked University: The Student Experience

1. Olivia submits the common application to the University of New York, which belongs to a networked alliance of universities committed to providing a better academic experience to students at a more competitive price point. Before the university joined the network, an ever-increasing number of applications had swamped the admissions staffs. The network centralized the process and updated their tools, easing the administrative workload and allowing the network institutions to focus their admissions efforts on providing students with guidance and information. Olivia quickly learns that she has been admitted to the university, and will have access to resources throughout the alliance.

2. Before Olivia arrives on campus, she registers for classes using a single shared portal that allows her access to courses at UNY as well as the eight other institutions in the consortium. She doesn't need to worry about transferring credits or paying tuition to other universities in the network when she does this because they are now leveraging shared registrar and financial systems. The portal offers her a mix of course delivery options, including face-to-face, online, or hybrid courses, and she is able to get a flavor of each of the offerings through the portal. Once she has made her decisions, she is able to immediately access her course materials.

3. The process of taking multiple classes on different campuses is seamless for Olivia. Through the same portal she used to register, she is able to track progress across her courses. And, if she starts to fall behind, she receives personalized early alerts and support. Olivia finds that she particularly enjoys blended courses where students across campuses are able to take part. Because the institutions in the network have been able to leverage their collective buying power to build state-of-the-art virtual classrooms, engaging, real-time, synchronous discussions are now possible across distance.

4. As a sophomore, Olivia undertakes an undergraduate research project in sociology with one of the leading scholars in the field who teaches at another alliance institution. Communicating with the professor 2,500 miles away is made easier through a shared network and library resources.

5. When Olivia runs into trouble one night with a new concept in her statistics class, she starts a chat with the on-demand virtual tutor built into the class platform. Olivia's professor discovers through her morning digital insights report that half the class struggled with the same key concept. She reaches out to her statistics colleagues across the network for suggestions, and uses a new teaching technique to review the concept in class.

6. In her junior year, Olivia is offered an internship at Ford in Detroit. She jumps at the chance, and because one of the universities in the alliance is located nearby, she can keep up with her course work in person and take a few classes online at the same time.

7. In her final year, Olivia attends a virtual career fair where she is able to access opportunities from thousands of employers, many of which are connected to the network's vast alumni population. During the fair she learns that the network has negotiated with some of these employers to create pathways through which graduates can continue their education as they begin their professional career. Olivia ultimately lands a job where a portion of her first year will be dedicated to completing an online master's program.

8. Olivia graduates from the University of New York with one of its diplomas, and the support of eight other institutions. As Olivia progresses through her career, she is able to return to the network time and time again to support her lifelong learning.

Breaking the Barriers to Change

The opportunities for the Networked University are immense. Eventually, academic alliances might allow colleges to pare back small departments so that there is little overlap between colleges in the network. Students could start at any campus in an alliance but have access to a much more robust collection of courses. Individual colleges could put most of their academic resources toward making a few academic programs distinctive and leave the rest to their partners. And not everything would need to happen virtually. The networks could allow for the free flow between campuses of faculty members and students, who might find research projects or internships more readily near some institutions than others in an alliance.

Unfortunately, the hurdles to creating deep and sustainable academic alliances are also significant. "You really need a coalition of the willing," Moses of the Kresge Foundation told me. "There is a certain pride in higher education that is hard to overcome—that all good ideas must be invented on campus."

Barbara McFadden Allen, who recently retired after 16 years of leading the Big Ten Academic Alliance, said she is unsure the group would exist in this current higher education environment. "The Big Ten didn't do much on the academic side in those first years of its existence, but trust was built during that time that paid off later in what we did," Allen said. Today, today the world is moving at a much faster speed and there is not often time for institutions or their leaders to spend precious bandwidth setting the foundation for an effort that might pay off years down the road.

For the Networked University to mobilize, grow, and flourish, five key components are necessary:

Presidential leadership
This is especially true for an alliance with the goal of tackling campus-wide issues. Without top leadership involved in the creation of an alliance, any effort is likely to be limited in scope. Presidents need to have a stake in the success of the alliance for it to be sustainable. They need to find partners based partly on complementary strengths but also personal comfort level. It's also helpful if the collaboration includes at least initially a small number of institutions that don't directly compete.

A core and dedicated team focused on the initiative
While the Networked University needs to start with presidents, operations must be assigned to a team of dedicated individuals on campuses who work on nothing else. Too many good ideas and projects fail on campuses because they have only one champion, who might move on to other projects or leave the institution for another job, or because they are assigned to staff members who already have a full-time job. Dedicating campus personnel to the initiative also gives its member institutions skin in the game.

A problem to solve with a specific project
Alliances built around a vague concept of shared interests will quickly dissipate. The University Innovation Alliance succeeded early on because its leaders agreed that retention was a priority problem on their campuses. They chose as their first cooperative endeavor a project on predictive analytics, with the idea that the massive amount of historical data colleges collect on students can and should be used to help those who need help the most. Several universities in the Alliance were already actively using predictive analytics, none more so than Georgia State University, which took the lead on the project for the entire group. By the end of the first year, nine campuses were using predictive analytics (up from three originally).

Incentives to change
Inertia and the status quo are strong countervailing forces to any changes on campuses. Without strong incentives to build the Networked University, it will never get off the ground. Such incentives could include funds from foundations or governments, partnerships with companies that agree to jointly develop new products with the member institutions, or even something as simple as a spate of positive publicity around the concept of a collaboration.

Measurement of success
Many new initiatives end up failing because they wait too long to measure their results, allowing skeptics to shape the narrative about the efficacy of the project. Any collaboration must set intended outcomes, document problems as they arise, and measure results with data, not simply anecdotes, especially as those organizations funding such efforts constantly ask about their return on investment.

The Path Forward

The decades ahead promise to be tumultuous ones for higher education. Federal and state dollars remain constrained, family incomes are stagnant, and the demographics of the student pool are changing, all meaning that their financial needs are greater than ever before. Institutions can no longer simply pass higher costs on to students. The evidence is clear that increased tuition discounting and missed enrollment targets in recent years means that students are unwilling to always pay higher tuition prices. For the last decade, access was the most critical issue facing the future of higher education; now bending the cost curve is the most important issue to tackle.

Many institutions are still approaching these trends by simply hoping they will pass in short time and they can survive. But the next era in higher education should be about more than survival. Given the growing needs for a post-secondary education around the world, the era in front of us must be defined as one of growth through change and cooperation rather than retrenchment.

When Bridget Burns, the executive director of the University Innovation Alliance, was building the case for the group's formation, she traveled to dozens of campuses across the U.S. asking leaders how their peers or nearby institutions were tackling critical issues.

"For the most part, they didn't know," Burns told me. When they did go looking for ideas, they were likely to call their counterparts at other institutions for advice or hunt for ideas at conferences. "They fall back to what's comfortable and easy without ever knowing if they're even following the right strategy."

This haphazard approach to innovation no longer works in an era when higher education is facing immense challenges. The most elite and the wealthiest institutions in the U.S. are pulling away from everyone else because they have the financial resources at their disposal and they are able to recruit the best students from around the world. At the same time, the largest public universities are enjoying the benefits of scale that enable them to pursue opportunities to improve teaching and learning and better position their institutions for the future.

Most other institutions, however, lack deep pockets, or scale, or both. So to survive and thrive in the decade ahead, these institutions will need to follow a path of growth, either by growing on their own or securing the advantages of scale through collaboration.

The Networked University will allow individual institutions to maintain, and perhaps even strengthen, their independent missions and keep their own identities while building a platform for solving some of higher education's toughest problems. The seeds of the Networked University have already been planted with collaborations such as Unizin, the University Innovation Alliance, and the American Talent Initiative. The question now is which pressing problems are best solved through cooperation and how do we build more alliances among institutions to begin tackling those issues.

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Notes

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Can a Signature Program Save Your College?

By Lawrence Biemiller MARCH 11, 2018 PREMIUM

Ramin Rahimian for The Chronicle

Dimitrios Camacho (right) works with a research associate, Stephanie Rasmussen, on one of the student projects that have helped to double the graduation rate at Dominican U. of California.

At Dominican University of California, it’s called the "Dominican Experience." Marymount Manhattan College chose "City Edge," while Furman University went with "Advantage." Both Connecticut College and Ohio Wesleyan University emphasized connecting — "Connections" at the former and "The OWU Connection" at the latter. Queens University of Charlotte picked "Yes/And."

Marketing slogans? Yes, but. These are slogans with a particular kind of pledge attached — a commitment to make sure that all students benefit equally from data-proven, high-impact learning experiences like first-year seminars and undergraduate research; intensive, personalized academic advising; and internships and other real-world, off-campus opportunities.

A number of small-college presidents hope these pledges are their new keys to institutional sustainability, even prosperity. But others are skeptical that such efforts will succeed in saving colleges that have too few students. They argue that presidents need instead to double down on basics — like controlling costs.

Small Colleges Are Withering. Can Niches Save Them?

Leaders hope souped-up advising, international and research programs, and other ambitious offerings will keep them afloat. But can the institutions afford them, and will they work? It's too soon to tell.

- 5 Paths for Small Colleges Premium

Known as distinctive or signature programs, these have sprung up in the three years since Agnes Scott College unveiled "Summit," an effort to stand out in a crowded admissions field by promising young women a new take on a liberal-arts education. The faculty reconfigured the curriculum and their syllabi to highlight leadership and global awareness, while the administration committed to foreign travel during spring break of the first year and to giving each student an advising team including a professional mentor, a faculty adviser, a peer mentor, and an alumna.
Summit brought a lot of attention to Agnes Scott and its president, Elizabeth Kiss (who is about to leave to become head of the Rhodes Trust). It also won the college a 2017 "Transformation Award" from the American Council on Education and Fidelity Investments. Meanwhile the ideas behind it had ready appeal for some other small-college presidents eager for some prescription — any prescription — to improve their institutions' long-term health.

So when Mary B. Marcy, president of Dominican, started pulling together an informal group of colleges adopting signature programs, more than a dozen were quick to respond. They include institutions that are just now rolling out their programs, like Mills College, and others that are farther along, like Connecticut and Agnes Scott, although none of the programs has been in place long enough to have been proven a success — or a failure. Some of the colleges are wealthier than others, some are larger than others, and for the most part they don't compete with one another for students. But they all "want to focus on having a definitive student experience regardless of major, regardless of the student's background," Marcy says.

Ramin Rahimian for The Chronicle
Mary Marcy, president of Dominican U. of California, talks with Jordan Lieser, an assistant professor of history. "Even when you get the vision," she says, "you don't change your curriculum in a semester."

"There's enough similarity that we can learn from each other, but everybody has a slightly different angle or approach to it," she says. "We're not all doing Summit with a different name." The group is "very much in its infancy," Marcy says, but members have met several times and are discussing whether to create a formal organization, most likely with help from the Association of American Colleges and Universities, that could seek grants to pay for meetings.

The challenge, however, is that many small institutions are already so strapped that it's hard to invest in the changes necessary to adopt a signature plan.

Pamela Davies, president of Queens University, in North Carolina, is an enthusiastic member of the group that Marcy has assembled. Before Queens started working on its Yes/And program, Davies says, "all those trends we talk about — the demographics, the competitive nature of discounting — were coming to bear. If we didn't do something different, we were just going to be trapped in that cycle."

Some small-college presidents hope these pledges are new keys to prosperity.

Queens competes with North Carolina’s large public universities as well as with small private colleges in more rural communities. "So we said, ‘What is a big idea that Queens is uniquely qualified to do that none of the others can?’

"We’ve had a required internship for over 20 years, but we weren’t optimizing it. We’ve had international study available to all students for over 20 years, but we weren’t optimizing it." Out of those discussions came Yes/And, which will put a new, high-impacts-based emphasis on integrating what students learn during their internships and travels with what they learn in class — and will promise the same kinds of experiences to all students.

Now, Davies says, "I know that I have to go out and raise money to fund this plan" — about $1 million, she says. "I think we can do that — we’re fortunate in that we have a very generous community. But for a lot of schools, you can find yourself in a situation where you’ve refinanced your debt, you’ve cut your operating expenses, you’ve deployed more adjuncts, and you’re kind of out of tricks. Then, even if you can get your faculty and everybody on the same page about what a distinctive program might actually look like, you’re back on your heels financially. If you don’t have the fund-raising capacity, it’s really hard to redirect your resources to get after this work."

At Dominican, which has nearly 1,400 undergraduates and about 400 graduate students on a leafy, compact campus 12 miles north of the Golden Gate Bridge, the signature program has grown out of a consensus that the university needed to focus on what it does well.

Marcy, who has been president since 2011, says, "We didn’t feel pushed, but we had some serious choices to make." With an endowment of $33 million, "we don’t have a lot of bandwidth financially." Dominican also needed to improve poor retention and graduation rates — the four-year graduation rate was only 34 percent five years ago, and the six-year rate was 49 percent. "The institution certainly has had some anxiety," she says.

Nicola Pitchford, vice president for academic affairs, notes that Dominican — originally a Roman Catholic women’s college, but independent and co-ed since the early 1970s — now has a "very diverse student body that looks like California." It’s less than a third white and nearly a third Pell-eligible, with large groups of Latinx and Asian-American students, mainly Filipino-American and Vietnamese-American. (Latinx is a designation meant to include all genders.) An increasing proportion of students at Dominican are the first in their families to attend college and have grown up largely unaware of liberal-arts-college traditions that earlier generations of students arrived on campus already understanding.

The Dominican Experience's assurance that all students will participate equally, Marcy says, is aimed squarely at these new demographics. "We want experiences to benefit those who can make the most of them, not those who are most privileged."

"We said, 'What is a big idea that Queens is uniquely qualified to do?'"

Beyond that, she says, the program is "built on all of the research we have now about high-impact practices. We didn't have that research 15 or 20 years ago."
In fact, Dominican did more than just look at the research — it hired away Ashley Finley, who had been a senior student-success researcher at the Association of American Colleges and Universities, and made her dean of the Dominican Experience. She says the university studied the possibilities of adopting "between zero and six" high-impact practices and determined that it could promise four:

- Every student will get integrative coaching — a stepped-up version of traditional academic advising that will bring in a series of mentors plus a specially trained coach to "help put all the pieces together." Some of the coaches are adjunct faculty members who now also do some advising, and one is the assistant women's basketball coach; together, they cost about what five full-time employees would be paid.
- Every student will have some experience that involves community engagement, whether in a class project, an individual undertaking, or volunteering in a community-service role.
- Every student will complete a "signature" work — a research project, for instance, or a work of art or even choreography.
- And all students will create digital portfolios that will both help them reflect on what they've learned and serve as archives of their educational experiences.

Marcy says the university is somewhere between two-thirds and three-quarters of the way through deploying the Dominican Experience, with the community-engagement and signature-work elements farther along than the integrative advising. Digital portfolios are being tested in a few programs.

"Even when you get the vision, you don't change your curriculum in a semester," she says. Also, the university is renovating part of its library to become the Center for the Dominican Experience at a cost of $9.5 million. After that, Marcy estimates the program will cost $450,000 annually..

Another challenge, she says, is figuring how to make the Dominican Experience work for graduate students and for undergraduate transfer students, who have fewer semesters in which to accumulate signature work and take part in community activities. The university is still largely geared to traditional students who start as freshman, she says, so "we're building the Dominican Experience around them, and we're trying to adapt to the population of nontraditional students as appropriate."

So far, Marcy says, the results look good, particularly in the area of retention and graduation rates. The four-year rate has risen from 34 percent to 58 percent, and the six-year rate has gone from 49 percent to 71 percent. "Is it just because of the Dominican experience? Probably not. But it's probably about reorienting ourselves around those questions."

The university's not putting all its bets on the Dominican Experience, however. This year it's responding to high market demand and adding a program for physician assistants, along with a limited-residency M.F.A. in creative writing. And it has increased its revenue from credentialing, from summer programs, and from gifts. It's also phasing out an M.B.A. program in environmental sustainability that it had taken over from another institution but that was facing declining student interest.

Across San Francisco Bay, in Oakland, Mills College is also creating a signature program, but without the luxury of as much time as Dominican has taken. Mills, which has struggled with declining enrollment, declared a financial emergency last May, and said it would have to reduce its faculty and its staff. It also said it would reset its tuition — from $44,765 to $28,765 — and adapt a signature program that is to be in place this coming fall.

Thanks to a curriculum overhaul that was already underway, says Chinyere Oparah, the provost, Mills "didn't have to do a lot of the basic foundational work that Agnes Scott had to do." Still, she says, the college is on "a really short timeline" and has benefited significantly from conversations with faculty members at other colleges in the informal signature-programs group.

Mills College

Chinyere Oparah is provost of Mills College, where every student does some type of community-engaged learning and takes a course on race, gender, and power.

Oparah says Mills, too, is responding to demographic shifts. "It’s all very well to have high-impact practices available on the campus, and that was the case for us," she says. But then Mills looked at whether all of its students experienced those high-impact practices equally. First-generation students, those with financial challenges, those holding jobs, those without families guiding their academic and extracurricular plans — they were not, Mills found.

Under the new plan, every student at Mills will have to do some type of community-engaged learning, as well as take a course centered on race, gender, and power — appropriate for a women’s college which reports that 57 percent of its students are students of color and just over half identify as lesbian, gay, bisexual, transgender, or queer. There will also be an undergraduate-research component and a career-focused component involving a digital portfolio.

"What was trailblazing about Agnes Scott was they got us to think about what would happen if you got faculty, student-support staff, and marketers in the same room," Oparah says. "How do you align your mission, your commitment to academic rigor and academic success, and your savvy marketing to put something together in a language that speaks to 17-year-olds?"

The model is for small colleges that have prided themselves on being high-touch, high-engagement.

Not everyone sees signature programs as the answer for small colleges, though. Lawrence M. Schall is president of Oglethorpe University, just north of Atlanta, and while he's paying close attention to Agnes Scott, Furman, and other signature-program institutions, he's skeptical. "It's not so much can you come up with a big idea," he says. "The big idea's gotta work. And there are a limited number of big ideas."

Mr. Schall puts his faith in more-traditional approaches, like staying focused on keeping costs down and revenue up. "If you're not growing your net tuition revenue, you're not gonna make it."

Still, signature programs are appealing enough that a number of institutions outside Marcy's group have adopted the approach or something similar to it — most recently Sweet Briar College, where a curriculum revision is aimed at teaching students to be leaders and "women of consequence."

For her part, Marcy says the signature-program model "is a kind of natural next step for small colleges that have prided themselves on being high-touch, high-engagement with students." But she also says that the higher-education landscape is "rocky," and that "it's not like there is a silver-bullet answer" for small colleges.

Indeed, even Agnes Scott has seen mixed results in undergraduate enrollment, with a couple of years of solid increases followed, in 2017, by a year without growth.

Any college can have a year in which circumstances conspire against it, of course, and Agnes Scott's consultants had warned all along that Summit would not really pay off until it had been in place long enough that current students could become its advocates — in other words, until about now. It's too early to know what next fall's first-year class will look like.

That won't deter other colleges from trying signature programs, though, hoping they will prove to be silver bullets. Maybe. But even when one works, as Marcy puts it, it's "an extremely slow-moving silver bullet."

Correction (3/13/2018, 3 p.m.): This article originally misstated the name of Ohio Wesleyan University's signature program. It is "The OWU Connection," not "Advantage." The article has been corrected.

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