

The Unintended Consequences of Borrowing Business Tools to Run a University

By Mark Burstein - MARCH 02, 2015

As colleges and universities compete more vigorously than ever to attract applicants from a smaller population of high-school seniors and strive to provide a deeper, more compelling education, many of us in academic leadership have looked to business practices and concepts to manage our institutions. We have created marketing plans, sought advice from management consultants, and developed metrics and strategic plans.

Techniques borrowed from the business community can significantly improve an institution and what it provides. Focused on administrative functions like housing and dining, technology infrastructure, health services, and facilities management, those strategies can enhance the services we offer students while reducing operating costs. Ideally, the resulting improvements allow institutions to reach a crucial goal: greater affordability for more students and families. Business tools also provide important insights into many issues that face the academy, such as how to academically support students through graduation and improve their lives on the campus.

However, when management philosophy and operational concepts are extended across the academy, do they truly improve the learning we offer our students? Do they enhance our ability to prepare students for successful, meaningful lives in this rapidly changing world? Might they even compromise what makes a college or university distinctive? Could they threaten a pluralistic learning community, where all members have a chance to thrive? Those questions have arisen from my own experience of over 20 years in higher education.

In some cases, regulation, not deliberative choice, has led campus leaders to rely on business advice. For example, the Taxpayer Bill of Rights II, signed into law in 1996, requires many of us to hire compensation consultants to ensure that "disqualified persons"—presidents, provosts, vice presidents for finance and administration, etc.—have not received an "excessive benefit" such as inappropriate compensation.

In all situations that I have observed, this process has had unintended consequences. Using sophisticated tools developed for industry, the consultants have demonstrated that many higher-education leaders are undercompensated. This analysis has led to higher salaries and other benefits that have widened the gap between the compensation of institutional leaders on one hand and faculty members or senior administrators on the other. The spread in compensation between front-line staff members and the president has also grown. Both trends have had a deleterious impact on the sense of a shared academic community.

Consultants have also suggested that pay be linked to output—like the bonus systems, developed for corporations, that are designed to motivate certain behavior or that focus on designated priorities. But how can we connect a president's compensation to specific achievements? Should I, as president of Lawrence University, receive a bonus if the Rhodes Trust selects one of our seniors for a scholarship? Should I benefit if prestigious professional programs accept more of our graduates? Do I deserve more compensation if the university increases its applicant pool?

Incentives like those work at cross-purposes with the academy's basic mission, to provide a transformative education. Rather, they can foster a culture in which graduates are seen as winners or losers. Applying inappropriate measures has pushed some institutions to focus on the quantity of applications rather than the academic quality of every applicant.

When an academic institution adopts business concepts, the tools themselves can influence the very basis of what the college provides. To be sure, on my campus we use focus groups and surveys to great effect. They help us discover ways to improve the experience we offer. Yet I believe we make a serious mistake if we start to think about students as customers.

A primary goal of the service industry is to delight the customer and, like many of you, I look for companies that succeed in reaching that goal. But should academic offerings always provide delight? In my experience in college and graduate school, learning happened through challenging academic interactions; those experiences were not always delightful. When I graduated, however, I felt extraordinarily grateful for the learning that took place through the rigorous academic journey I had completed.

At Lawrence we gain important insights working with very talented advisers from the business world to lower our utility costs, to design spaces that inspire learning and community, to improve the way we describe what we offer to prospective students, to increase the efficiency and quality of our administrative

services, and so on. But to sustain the particular quality of education we provide, we must take care that those efforts do not divert us from essential conversations about curriculum, pedagogy, scholarship, and the challenges of sustaining a pluralistic campus community.

At times it seems that business concepts are directly at odds with campus communities that encourage connection across diversity, and that seek to honor the ephemeral values of personal responsibility and respect. Sometimes campus cultures built over years and nurtured by long-serving members of the community are seen as impeding essential change and efficiency. Some business advisers, for example, believe that delegation through a hierarchical authority structure brings more rapid and efficient change than the shared-governance model many of our institutions rely on. But if we disenfranchise community members, we are likely to undermine the learning environments that are essential to our success.

My background may make me more sensitive to the issue. I am president of an undergraduate university made up of a liberal-arts college and a music conservatory, and my highest degree is an M.B.A. from the Wharton School at the University of Pennsylvania. I have learned the concepts and employed the tools of the business world through direct experience, and I have seen them successfully employed in countless situations. I choose, however, to work in the academy, focused on the combination of learning, scholarship, and the creation of diverse campus communities where all can thrive.

During these years I have seen some wonderful institutions adopt strategies from the business world that have diminished the quality of education they provide. Business techniques used inappropriately have disturbed what I believe to be the core values of higher education.

Strategies from the business world can help us streamline our institutions, but we must take care that the tools we borrow not jeopardize the values of the academy. If business concepts dominate our thinking about the future, we will have lost our way.

Mark Burstein is president of Lawrence University.