



April/May 2009

Deans Address Challenges from Unprecedented Change to Fundraising in an Uncertain Economy

by AACSB International

During the AACSB Deans Conference in February, a bonus workshop, moderated by Rich Sorensen, dean of the Pamplin College of Business at Virginia Polytechnic Institute and State University, and Gail Naughton, dean of the College of Business Administration at San Diego State University, was held for deans to discuss current industry and management challenges that are facing business schools. More than 100 deans from all over the world participated in the workshop. After a round table discussion, the participating deans summarized a set of key challenges and developed constructive feedback that may prove helpful to other business school leaders in addressing similar concerns. A summary of the outputs of each group is provided within this article.

Understanding and Coping with Change

Most of us are somewhat familiar with Kurt Lewin's theory of unfreezing, changing, and refreezing. However, traditional change theory has been studied primarily by social scientists, not business scientists. As we enter the world of change, we are finding that it is a lot harder than three simple steps.

Currently, change is occurring at a rate at which we cannot control. As school leaders, we either stay up-to-date with changes or we get pushed to the side as our competitors comply. Sometimes, we even become paralyzed in our thinking due to the rapidly changing environment.

Dean suggestions:

1. Understand change by knowing your options.
2. Anticipate change and prepare well in advance for a smooth transition.
3. Utilize technology since it is usually brought on by change.
4. Approach change with a positive attitude and as a chance to innovate new, more successful practices.
5. Become an expert in managing change.
6. Consider that a recession can create a perfect opportunity to emerge as a stronger, leaner organization.

Thinking Strategically in Uncertain Times

It can be difficult to focus when we are uprooted from our normal routine. Uncertainty can make us feel overwhelmed and worried. As a result, we often resort to what we are comfortable with—which is likely outdated experiences or competencies. However, when uncertainty strikes, we must be able to focus on the future, our goals, and how we can strategically meet our needs.

Some of the uncertainty in business schools is caused from existing strategies that do not meet new demands, questions from the public surrounding the relevancy of business schools, concerns that the environment will force uniformity among schools, and an overall lack of knowledge of the future.

Dean suggestions:

1. Create time for thinking.
2. Utilize faculty/staff talent to plan strategically.
3. Use team approaches to challenges.
4. Review your mission to be sure it is well-defined and differentiated from other schools.
5. Focus on your mission and vision.
6. Create a list of things you will not do in order to avoid wasting resources on less important areas.
7. Apply your available resources to your areas of strength.
8. Develop more strategic and financial autonomy for your school.
9. Seek independent streams of income.
10. Plan according to the financial resources that are actually available.
11. Develop interdisciplinary responses to current business and government conditions.
12. Identify emerging market opportunities, such as energy, sustainability, change management, healthcare, nonprofit, and governmental sectors.
13. Redevelop new faculty talents to respond to changing needs.
14. Recruit new faculty talent that are knowledgeable in the changing areas.
15. Document and learn from your failures and the failures of your peers.

Enrollment Management in Times of Reduced Budgets

Budgets are being reduced across all areas of academia. There is less financial aid for students, few opportunities to fundraise, and more monies being taken out of individual school budgets for other university activities. Even though our budgets are decreasing, the demand for high-level education is increasing. In a slower economy, especially when there is job loss, many people return to school to gain new skills or switch careers. The problem is your school's enrollment may be controlled by the university and not you—creating too many students and not enough resources. In addition, there are other university-based programs that are replicating business curriculum and double majors/business minors that are consuming your available resources.

Dean suggestions:

1. Evaluate the viability of each academic program you offer.
2. Reduce or eliminate non-essential programs, activities, or services to those outside of the business school.
3. Develop differentiated degree programs.
4. Reclaim responsibility for business management curriculum from non-business areas.
5. Manage the size of your degree program's enrollment at the undergraduate, master's, and doctoral level.

Student Placement Assistance in a Contracting Economy

Many organizations are pruning and downsizing their workforce for survival. This is bad news for our new graduates. There have been reports of decreasing opportunities for student placement and students may not have the experience to get themselves the job they are trained for.

Dean suggestions:

1. Focus on the future employment of graduating students. After all, gaining employment after graduation is one of the reasons why students chose to attend your school.
2. Develop and support unique programs based on your school's strengths.
3. Determine where tomorrow's jobs will be.
4. Develop new programs in fields where tomorrow's jobs will be.
5. Provide your students with employable skills so that they are more valuable than others in the marketplace.
6. Develop partnerships with your student's prospective employers.
7. Support on-campus business speaker programs.
8. Develop mentoring or shadowing programs with employers.
9. Train students to have good networking and communications skills.

Funding Program Needs with Declining University Budgets

It is time to get creative with budgets. The world economy is in a recession with some areas that are hurting more than others. Governmental funding of higher education is down 0-30%, endowments are down 15-40%, and student financial aid is decreasing due to the credit crisis. All of this is accompanied by increasing student enrollment and potentially declining faculty morale.

Dean suggestions:

1. Expand collaborative grants and contract activities.
2. Expand development and fundraising activities.
3. Consider surplus revenue-generating non-credit programs, such as the MBA and EMBA.
4. Implement special business student fees creating extra revenue for the extra services you provide.
5. Renegotiate revenue-sharing programs with the university.
6. Consider altering caps on student tuition.
7. Utilize per-credit hour tuition charges.
8. Explore differentiating student tuition for programs that are in higher demand.
9. Recruit out-of-country and out-of-state students to capture added tuition revenue.
10. Assist the university in gaining additional government funding.
11. Participate in government economic stimulus program funding.
12. Require non-business university programs to pay for business courses.
13. Borrow funds from the university and its foundation to bridge anticipated deficits.

Fundraising during an Uncertain Economy

If in fact endowments are decreasing by 15-40% and government funding by 0-30%, business schools can expect a difficult road ahead. Overall, individuals feel less financially comfortable with layoffs surrounding them, decreasing business profits, lower stock and investment values, and fewer opportunities for financial assistance. That equates to donors that are reducing their pledges, shifting their donations to societal needs (such as to organizations that provide food and shelter), and demanding greater results to be shown from those who receive their monies. Annual giving and new major gifts are down at least 25% across the industry. All of these factors equate to an ugly answer to the fundraising equation.

Dean suggestions:

1. Increase awareness of fundraising needs among constituencies.
2. Continue donor stewardship activities.
3. Participate in comprehensive university development programs.
4. Develop a special appeal for business programs and facilities.
5. Link funding requests to specific outcomes.
6. Focus on future accomplishments and not budget needs.
7. Engage prospective donors in your plans and projects.
8. Approach high-net-worth prospects.
9. Provide services to prospective donors (such as workshops, seminars, tuition waivers for their children).
10. Seek alumni support since the value of the degree is being enhanced.
11. Assist alumni with their career transitions for an increased probability of future support.
12. Focus on deferred and future gifts of bequests, trust, charitable remainder trusts, property, etc.

13. Focus on smaller current gifts.
14. Allow donors to pay commitments over a longer period of time.
15. Seek support from businesses since they benefit from the school's product.

Attracting and Retaining Faculty with Uncertain Financial Support

Currently, the business school faculty deficit is greater than 1,000 per year. The demand for qualified faculty far exceeds the supply. It is anticipated that the supply of academically qualified (AQ) faculty (those possessing doctoral credentials) will be reduced due to budget restrictions that will slow the production of new doctoral graduates. The supply of professionally qualified (PQ) faculty (those who do not possess the appropriate doctoral credentials but have a master's degree in a business discipline with significant professional experience) is expected to increase as businesses are downsizing and the population as a whole is aging. As schools face budget reductions, compensating quality faculty will be increasingly difficult. Schools that are not experiencing severe budget reductions may even try to recruit your top faculty.

Dean suggestions:

1. Utilize chaired professorships that may attract and retain faculty.
2. Recruit and select faculty that can teach interdisciplinary courses.
3. Consider additional training for current PQ faculty or require that your new PQ faculty are trained to be effective in the classroom (such as with the AACSB Bridge Program).
4. Consider training AQ faculty from non-business disciplines who may be able to easily adopt to business school research and teaching methods (such as with the AACSB endorsed Post-Doctoral Bridge to Business Programs).
5. Select visiting faculty since there is no long-term commitment.
6. Create an overall more favorable work environment.
7. Reconsider selective faculty retention salary adjustments.

Teaching Relevant Issues in an Evolving Economy

Some question if teaching in a traditional format with the use of discipline-based, theoretical research is still relevant. Many faculty members may not be adequately preparing students for the current workplace environment due to their traditional training and experience. In many instances, faculty are teaching what they always have been teaching or what they are personally researching. With the rapidly changing business environment, the information may no longer be practically applicable in the workplace. Because of this, business courses are becoming static and business programs generic. The public is questioning relevancy, and other university programs are able to replicate business curriculum.

Dean suggestions:

1. Focus on greater relevance in the classroom.
2. Select and educate faculty based on their ability to teach interdisciplinary courses and programs.
3. Reward faculty for researching relevant issues.
4. Tailor doctoral education to focus on relevant research.
5. Develop closer relationships with businesses.
6. Require additional faculty training in business and government environments.

7. Use evolving economic topics to demonstrate business principles.
8. Use evolving political topics to demonstrate political systems.
9. Use evolving international business issues to demonstrate the world economic system.
10. Use current market conditions to demonstrate long-term principles.
11. Focus on developing critical-thinking skills.
12. Expand centers of excellence for interdisciplinary research.
13. Expand student experiential learning opportunities.
14. Continue to focus on business ethics and social responsibility.
15. Revise your school's learning objectives to reflect your changing curriculum.

Researching Relevant Issues in an Evolving Economy

A wealth of new research opportunities are emerging. For instance, businesses may ask your faculty to explore why their practices have failed. One problem is that many faculty members are researching topics that already have been explored or they are focusing solely on discipline-based fields. Secondly, faculty sometimes are more concerned with publishing in top-rated journals versus addressing challenging business dilemmas.

Dean suggestions:

1. Interact with businesses and governments to determine emerging issues.
2. Assist faculty in developing new research paradigms.
3. Recruit faculty with relevant research interests.
4. Restructure doctoral education to focus on relevant research.
5. Influence journal editors to value more applied research.
6. Use current economic conditions as opportunities for research.

Delivering Services during Uncertain Times

New industry demands are creating a need for new educational services. Existing educational programs will eventually be curtailed by the changing environment. This trend will provide schools with a prime opportunity to emerge with new offerings. For instance, programs that focus on economic development and impact will become increasingly important for businesses and governments. There may also be room for courses or programs that focus on generating surplus revenue.

Dean suggestions:

1. Determine market potential for new or expanded programs.
2. Develop or expand supportive infrastructures for program delivery.
3. Develop or expand non-credit surplus revenue-generating programs that build on the unique skill sets of your faculty.
4. Develop or expand credit surplus revenue generating programs (such as the EMBA).
5. Develop or expand grants and contract activities in areas where needs are present.
6. Increase your focus on economic development and impact activities.
7. Expand activities that support entrepreneurship programs.
8. Encourage greater faculty participation in service delivery.