Marrying Management to Academics: A Happy Melange

by Marylouise Fennell and Scott D. Miller

Just as the business term "marketing" was viewed as an expletive on some campuses a few years ago, the phrase "managing a college like a business" is still considered almost heretical by some academicians. We submit that not only is it possible to apply best business practices to academe without compromising academic quality, but also that such a "marriage" can actually enhance academic rigor and the learning process.

In the aftermath of 9/11, with institutional endowments still weakened and philanthropic giving impacted by shrunken portfolios, the question facing college presidents and CFOs was no longer "when," but rather "where" and "how" to do it.

We propose the following successful strategies adopted by some private liberal arts colleges.

Increase teaching loads. Although it may at first seem counter-intuitive, we contend that increasing teaching loads to 12 or even 15 hours per semester need not alienate faculty, governing boards or accrediting agencies. This can be done in conjunction with pay raises. Such action could become cost effective in a relatively short time.

Reduce faculty size. Some studies say there is no real evidence that a student learns more in a class of 15 than in a class of 30 or more. Along with more realistic teaching loads, faculty size can be reduced by larger classes and increasing class minimums. In addition, we recommend offering attractive "retirement windows" to higher-paid senior faculty, an action that offers the dual benefits of introducing a fresh teaching perspective and faculty with more "real-world" experience.
Offer merit compensation. Although it may not be permanently built into the operating budget, merit compensation in the form of performance bonuses can motivate faculty to accept higher teaching loads and larger class sizes.
Strengthen faculty evaluations. To enhance teaching quality, all faculty evaluations should include as prime determinants student, peer and supervisor evaluations. Also, student learning should be assessed by external measures, and all institutions should have systematic post-tenure review.

Lower faculty and staff travel costs. Admissions travel costs can be cut significantly without compromising the quality of the applicant pool by using alumni as well as faculty to interview top prospects in areas distant from the institution's primary recruiting area.
Monitor administrative overhead. At the senior management level, we suggest five vice presidents as an acceptable number. Four is better. In addition, we strongly suggest that all positions carrying "associate" or "assistant" in their prefix be scrutinized with an eye toward elimination.

Cut the institutional allocation in financial aid. Instead, concentrate on public funds or special scholarships. Some enlightened presidents have turned their institutions around in one to two fiscal years by halting altogether the insidious practice of tuition discounting.
Invest in Marketing. Put money into marketing, rather than fundraising. Advertising and promotion can produce quick results in terms of visibility, enrollment and annual fund support, while fundraising is not only challenging for a financially troubled college but typically takes three to five years of consistent, focused effort to produce results.

Outsource services whenever possible. In addition to the usual "suspects" — food services, the bookstore and student housing/maintenance — we've had excellent results by also outsourcing payroll services, as well as portions of information technology, campus safety/security and financial aid services.
Lease space rather than build. Before taking on a heavy debt load in the often misguided belief that new, modern facilities in and of themselves will attract more students, consider leasing initially. As new facilities are constructed, where possible, design them with an alternative use in mind. For example, student residences can be designed for possible external rental should the demand decrease.

Use tested consultants and your governing board for advice. This business approach has guided our colleges without endangering their academic integrity. This perspective has enabled Wesley College to more than double enrollment in the past seven years, while increasing SAT scores of incoming freshmen by more than 130 points. Additionally, using proven business and financial strategies, an institution's operating budget can be reduced by 15 to 20 percent annually.

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