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## Preparing for the New Normal

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# Preparing *for the* New Normal

by Judith A. Ramaley and Sally M. Johnstone

**W**inona State University (Minn.) recently served as a case study for a group of doctoral students in educational administration at another university. Like many AASCU institutions, we face declining state budgets; a declining demographic of potential first-time freshman; capped tuition increases; greater demands for reporting accountability to states and accreditors; and the charge from students to remain competitive. After reading about our increasingly dismal budget prospects in a quick and very clinical paragraph, students were asked how to handle these tough challenges. As you would expect, the students drew upon the literature and the

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strategies that institutions have used in the past. The students advised cutting academic programs that are less productive than others, imposing salary freezes and furloughs to save on salary costs, developing guidelines for across-the-board retrenchments and keeping all open positions vacant. In addition, they suggested we burn our reserves and carry forward funds from previous years while we wait for the higher levels of state appropriations to return and, in the meantime, hire additional

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temporary instructors and adjuncts to deliver more of the curriculum because they are cheaper. These were simplistic answers. The class, in fact, unintentionally illustrated the very concerns that Dennis Jones and Jane Wellman discussed in their recent article on “Breaking Bad Habits.” (Jones and Wellman 2010). Their focus was on the challenge of designing a new financial model for the support of higher education. Our focus in this article is on designing a new conceptual model for using the resources we have and generating more. We have no reason to think that a new way of financing higher education will come anytime soon, so instead we are reinventing how we operate the institution. If a new model does come along, we plan to be ready to take advantage of whatever is created.

## What is the new normal?

The term “new normal” is the label being applied to the transition we are undergoing in this nation as we shift from one economic and social order to another. The concept of new normal is still evolving, but most of the recent articles on this phenomenon have several elements in common. There will be less household debt, higher personal savings and lower rates of consumption as a share of the Gross National Product (Galston, 2010). The effects of these new patterns are expected to ripple through our economy and reduce even further the proportion of the tax base invested in higher education; further, they will influence decisions about whether and where to go to college or to pursue advanced study. At Winona State—a public university—we expect that the new normal will rewrite the rules of the game for us. In this new era, Peter Grier (2009) argues that value will be the new virtue. Institutions that are prepared to adapt their cultures and ways of doing things to accommodate the changing expectations of the new normal will have to attend to the growing emphasis on value from their own perspective and from the point of view of the many constituencies they serve. We plan to be one of those smart institutions that can thrive in changing times.

## What to do when you face significant reductions in state support?

We defined our task by thinking ahead to where we wanted to be, rather than figuring out how to cut our budget in order to be ready to thrive in the new normal.

Our approach is based on a short list of basic principles:

- A. Be clear about the outcomes you seek from your budget planning.** We test every significant decision with five key questions, all of which require a level of self-study and analytical use of data that has stretched us to a new level of reflective practice as a community (See principle D):
  - Will this help us remain attractive to potential students?
  - Will this contribute to the success of our current students?
  - Will this protect and enhance the quality and integrity of our academic core?
  - Will this allow us to generate additional revenue for investing in our future?
  - If we ought to do this, have we found the best way to do so or should we look for other ways to accomplish it?
- B. Be clear about your academic goals.** Our goals keep us focused on what really matters to us:
  - Support academic innovation, distinctiveness and excellence.
  - Enrich the student experience, promote deeper learning and support student success.
  - Develop the campus itself as a learning laboratory. (In our case, this includes expanding our approach to stewardship of our environment, promoting health and wellness and developing new approaches to graduate and professional study.)
- C. Approach the budget as an investment portfolio.** This simple concept opens up a very different approach to managing both human and financial resources. It has

allowed us to shift from a mindset based on cutting our losses, adding management controls and cutting the budget to a more encouraging approach based on investing our resources in ways that generate additional capacity, reduce our costs of delivering our programs, capitalize on our gains and allow for some calculated risks. The result is a strong focus on preparing for the future.

**D. Develop the capacity to make well thought-out decisions and learn from your choices. Be willing to invent as you go.** Last year, we completed the redesign of our Institutional Research Office into an Office of Institutional Planning, Assessment and Research (IPAR). Our rethinking of how to support learning about ourselves and tracking the impact of the programmatic and operational choices we make was timed to complement our current Self-Study for our decadal reaccreditation process with the Higher Learning Commission. We are using that process to set in motion a culture of organizational inquiry and reflective practice. We are gradually engaging more and more of our university community with the goal of turning our entire university into an environment where reflective practice can thrive.

**E. Trust your employees to work together to invent better and more affordable ways of doing things.** It is one thing to seek to be a community of reflective practice. It is another thing to figure out how to do that. Building on an early experiment with a cross-constituency leadership academy, we have adopted an educational lean approach. Educational lean adapts the strategies of manufacturing lean to an educational environment (Waterbury 2008). This approach teaches us how to operate in a reflective mode and how to create an environment that can support the kind of learning and informed actions that will be expected of us and our graduates. We use this strategy to engage more members of our campus community from all employee groups in the analysis of current practices and the design of new ways of doing things. This not only creates new habits of practice that will serve us well in the years to come, but it also allows us to develop leadership throughout the organization so that we become more resilient and able to respond to the challenges and opportunities that lie ahead of us.

A new working model of leadership is emerging that can be exercised at any level of the organization. This includes the ability (a) to recognize and develop the talents of a team of people; (b) to listen to different perspectives and tap into the insights and ideas of people who may not have been fully engaged; and (c) create an environment in which our faculty, staff and students learn from the experience of contributing in productive and creative ways to the mission

of our institution. In this model, leadership and shared responsibility can be exercised by anyone, not just the designated leaders on the organization chart.

**F. Develop a real connection between educational goals and the budget.** We now connect our academic goals and costs. We challenge our faculty to practice new ways of building our academic programs. Faculty pay attention not only to compelling educational needs with clear and measurable goals and expectations, but also to the actual costs to get results. We trust the members of the faculty to exercise their collective creativity to help our institution thrive in the coming years. This requires faculty members to think differently about their academic world. This, itself, is a huge sea change. The new normal is not just about their own classes and students; it is also about the intellectual and financial health of the institution at which they practice their craft.

## Summary

Our roles as president and provost are to provide tools, information, strategies, facilitation and support, and to ask probing questions at critical moments. It is critical that the president and provost are able to share a full understanding of the goals they are trying to accomplish in leadership. As a colleague in the health care community put it recently, in the new normal there is no normal. There is only adaptation to change while staying anchored to the basic mission of your organization. The same is true for higher education. **P**

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