



## Running the Academy as a Business

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# Cultural Implications of Running the Academy as a Business

## Abstract

“...We don't need to be in the distance education game. The programs are watered down, the faculty are business people/adjuncts, the students aren't like normal students, the whole distance education concept is for limited audiences and unnecessary, and, we perhaps most importantly we are not a business...”

This, and other similar tunes are the words of the fight songs of those who argue the academy is not a business and should not be engaged in non-traditional distance-oriented initiatives or opportunities.

Within our colleges and universities there are significant inefficiencies, replicated resources and no attention to return on investment, all creating woefully wasteful, exaggerated and inflated costs. Some of the more obvious problems stem from simple problems to solve such as having multiple mail server applications or over three dozen web design tools. These are simply low hanging fruit when it comes to efficiency gains.

Colleges and universities are under increasing pressure to accomplish four things: increase revenues, decrease expenses, improve quality and strengthen reputation<sup>7</sup> (p. 1). This paper deals directly with increasing revenue which feeds and promotes changes in program quality and strengthening a college's or university's reputation.

This paper will dig deeper into the cultural implications of running the academy as a business, and the implications for historical thresholds for adult learner entry. This paper will examine the implications of offering distance learning programs to professional working adult learners within existing cultures. The paper will examine the underlying premise of business versus non-business entities through definition and differentiation of businesses, nonprofits and public institutions of higher education. Additionally, this paper will address the question of the “burning platform” or “call to action” demanded in a competitive environment and quite possibly the greatest missing asset of public institutions of higher education.

The focus of this paper is strictly limited to public institutions of higher education. Some will ask why not private institutions of higher education? The answer resides in taxpayer contributions. Public institutions are partially funded by the taxpayers. These are the same individuals who suffer through our many recessions, borrow against their retirements and homes to put their children through college, and have now been forced to work past normal retirement age. Inflated college costs, having the greatest impact on our country's wellbeing, are those of our public institutions of higher education and therefore the target of this paper. As a public institution, we have a responsibility to be good stewards of taxpayer dollars and student tuition.

This paper will close with an integrative perspective, through a heightened awareness, of the key elements that represent the fundamental underlying premise for suggesting public institutions of higher education are a business and should be empowered and encouraged to engage in those initiatives and opportunities that support the advancement of higher education in today’s highly competitive educational marketplace.

**Methodology**

While the fundamental underlying premise of this paper is to critically evaluate the context of running elements of public institutions of higher education as a business, its reach and implications are considerably more general and more widely applied to missions of varying organizations and institutions.

To this end, the methodology employed was to thoroughly research and review the literature on numerous interrelated components which comprise the greater, more comprehensive nature of the discussion. The methodology of this study, therefore, is qualitative in nature and through a literature review of the applicable components comprising the premise of the discussion topic.

Below reflects the activity time-line for the many interrelated activities of this paper.

| Time-Phased Activities                           | Week 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 | 18 | 19 | 20 |
|--|--------|---|---|---|---|---|---|---|---|----|----|----|----|----|----|----|----|----|----|----|
| Determine the Components of the Discussion Topic | █      | █ | █ |   |   |   |   |   |   |    |    |    |    |    |    |    |    |    |    |    |
| Research each Component                          |        |   | █ | █ | █ | █ | █ | █ | █ | █  | █  | █  | █  |    |    |    |    |    |    |    |
| Determine Parallel Logic                         |        |   |   |   |   |   |   |   |   | █  | █  | █  | █  | █  |    |    |    |    |    |    |
| Determine Intersecting Logic of Components       |        |   |   |   |   |   |   |   |   |    |    |    | █  | █  | █  |    |    |    |    |    |
| Comprise the Argument                            |        |   |   |   |   |   |   |   |   |    |    |    |    |    | █  | █  | █  | █  | █  | █  |

Figure 1 – Time-Phased Activities of Employed Methodology

**How Business Works**

At their very basic level, how do businesses work? To answer this requires a discussion on competition for funding, why cash is king, why there are mergers and acquisitions and the role of stakeholders.

Why are for-profit businesses in business? Is it to serve the greater good? In some cases, and perhaps to some degree, yes. But, more generally, for-profit businesses are in business to make money.

What keeps businesses in business? The answer is simple: demand for their products and/or services. This demand in turn produces ...again, money.

Why do businesses right-size, down-size, create efficiencies of scale, cut back, delayer, smart-size, redeploy, force shape, reduce in force...and lay-off? The answer: because the general

populous demands it! One might ask “who demands it?” Any individual representing a stakeholder in the economy of the world is the answer, you, me and every other individual who purchases goods and services from business and industry. In every instance where the above people actions have taken place, the price of the organizations stock has gone up. Why, one might ask? The answer is because any individual as a shareholder, wants the greatest return on their investments. Money not paid to salaries goes directly to the bottom-line.

A great example of this is reflected in the below.

## Hiring Reduces Profits! - What! Say it Ain't So!



*Who owns the stock?  
We Do !*

Economics 101 – understanding the  
Motivation of all parties



The hiring spree will likely be welcomed by President Barack Obama, who is expected to emphasize the need for more jobs during his State of the Union address Tuesday night. Google CEO Eric Schmidt was among a group of business leaders who met with Obama last month to discuss ways to bolster the listless economy.

But Google's push to further expand a work force that grew by 23 percent last year may not be as well received on Wall Street, where the Internet search leader's spending has annoyed some investors who would prefer a more frugal approach in hopes of fatter returns.

Figure 2 – Understanding Potentially Conflicting Interests

In 2011, Google announced plans to hire more than 6200 new employees. On the surface most concerned with our U.S. economy applauded this. Even the President of the United States stated how great this was for the economy and the many people of our great nation. It is unimaginable anyone not being happy about this, especially given the then state of the economy. But, there were those not happy about the decision. Those not happy were the shareholders reflected in the above article. Why wouldn't the shareholders be happy about the announced hiring as was everyone else who was made aware of it? The answer, per the above article reference was quite simple; the proposed increase in salaries reduced the profits to the shareholders of the company.

This seems preposterous on the surface. Who are these greedy shareholders so they might be tarred and feathered? The answer surprisingly again, is any individual shareholder of the organization; you, me and most every other taxpayer.

To fully appreciate the situation, further explanation is depicted in the below steps.

- ❑ Individuals work and as a result make money.
- ❑ Given there is extra money available for a rainy day, it is placed in the investments with the highest returns; perhaps a savings account, checking account, money market fund at a local lending institution or wherever.
- ❑ The place the investor invest their rainy day funds has to compete with other institutions for their money; this to provide them with the greatest return on their money and therefore gain on their investment.
- ❑ The institution the investor invests in, has to find investments to invest the investor's rainy day funds and make a profit, however small, for themselves as the investing institution. To this end, the investor's investment organization looks high and low for companies that produce the greatest returns for their individual investors.
- ❑ Companies that compete for investment institution money have to create efficiencies to differentiate themselves from other companies wanting the same investment money from the same investment companies.
- ❑ To create the required efficiencies these many companies yield higher profits by outsourcing, reducing headcount, streamlining operations and the like.
- ❑ In doing the above, these many companies yield higher profits than their counterparts and gain investment company funds to allow these organizations to continue their operations.

In the end, the cycle begins with each individual investor wanting the greatest return for hard earned dollars. We the populous, then, are the ones who demand efficiencies and cost frugality. We, are the ones who demand right-sizing, down-sizing, creating efficiencies of scale, cutting back, delayering, smart-sizing, redeploying, force shaping, reduction in force...and laying-off. To quote a saying, "we have met the enemy, and he is us (Walt Kelly, Pogo author, 1970)."

- We make money \$\$\$\$
  - We put \$\$ in the investment with the highest return
    - The fund we invest in has to compete with other investors for our money
      - They compete by making investments in other companies that have high returns to shareholders
        - » Companies want others to invest in them so they create efficiencies ...yielding profits
          - Outsource
          - Reduce headcount
          - Streamline operations
            - They are rewarded with our money

Figure 3 – Cycle of Investor Returns

An example of things happening which are not intuitively obvious as to why include the following:

On April 1, 2012, CBS News ran a segment. They were talking about Brevard County, Florida, the home of the space shuttle from the Kennedy Space Center. In this segment they discussed how the last shuttle launch was July 2011, after 50 years of liftoffs. On closing, Kennedy Space Center reduced heads by nearly 7,000. This in turn triggered another 7,000 person impact on the surrounding community because of mass business closings. The town was devastated by all of this to fly into space is to buy a seat on a Russian rocket”, or “...there is enormous pride in doing for America what no other workers in the world could even dare...” The question was why? Why did the Kennedy Space Center have to close? Why did so many Americans have to lose their jobs? The answer is not pretty, but is the essence of what drives businesses and allows them to stay in business; money! The Kennedy Space Center closed to save \$3 billion dollars a year in taxpayer money! They were quoted as saying “...it’s not a personal thing; it’s a financial thing...”

Why do mergers and acquisitions occur? Mergers and acquisitions are the coming together of two or more companies. But why? The answers are things we have already broached, to:

- Create shareholder value
- Create efficiencies
- Target future markets with additional profitability
- Serve combined markets more effectively
- Reward stakeholders with higher returns

What does creating efficiencies and being more effective mean? Generally, in mergers and acquisitions it means reductions in plants, equipment, human capital, processes and all the elements of efficiency gains.

One final question is who are the stakeholders we've been referring to? Stakeholders are:

- ❑ Shareholders who hold stock, options, and other financial instruments
- ❑ Served populations; individuals, companies, states and Government
- ❑ Employees; responsibility to local population, city and state
- ❑ Competitors; who are occasionally our strategic partners in financial pursuits

Accommodating stakeholders frequently requires making decisions that benefit some at the expense of others. So in the end, we have to ask in every business decision, “what side do we take?” and “whose interest will we serve?”

Given all of this, for-profit businesses are motivated to a large extent to stay in business, which requires money. The key to gaining money is quite simple, make more in terms of gross revenue, spend less in terms of expenses, or alternatively, return less to rainy day accounts.

### **Differences in Mission**

Some of the many characteristics that identify nonprofit organizations are strongly related to tax implications. Other of those characteristics have to do with how profit is handled, the mission of the organization, the oversight of the board of directors, and the source of funding.

Nonprofit organizations charge for products, services or memberships. Some of these nonprofits generate significant amounts of profit; this is allowable and ideal as is the scenario for any business. The difference is the profits are not passed on to shareholders; instead, the profits are reinvested back into the nonprofit organization to advance the mission. This is how nonprofits are allowed to grow. All of their costs are covered as expenses and the remaining profits (commonly called residuals in nonprofit organizations) are simply reapplied as deemed acceptable for continued growth of the organization.

The mission of nonprofits is typically different from for-profit organizations in business/industry. In nonprofits, their mission is typically to serve the greater public or social good. This is exhibited in organizations that work in health care (hospitals), education (k12, colleges, and universities), churches, community programs or foundations with one or more purposes<sup>1</sup> (p. 249).

Business and industrial organizations have a board of directors that is made up of paid individuals. These many individuals are typically highly experienced and bring some form of discipline-specific knowledge to the organization through their involvement. Nonprofit organizations, on the other hand, have board of directors who are not paid. And, although they may have significant discipline-specific knowledge they bring to the table, they may also simply

have a burning passion to be part of the organization, which, in the end, creates strong advocates for the nonprofit's mission.

Like businesses, nonprofits may charge a fee for their products or services. But, generally, nonprofit primary funding sources are through contributions, grants, donations, agency and industry funding and foundations.

There are hundreds of organizations world-wide that meet the definition of being nonprofits. A few of the top 100 include National Public Radio (NPR), United Nation's Children Fund (UNICEF), Smithsonian Institute, World Food Program – USA, American Cancer Society, Save the Children, Feed America and many more.

On leadership challenges of nonprofit organizations, Nahavandi notes:

*The leadership of nonprofit organizations involves the same principles as other organizations. Their leaders must help individuals and groups set goals and guide them in the achievement of those goals. The public-good mission of nonprofits, along with the voluntary participation of many of their employees, contributors and other stakeholders create a particular burden on leaders of such organizations to lead through a collaborative and trust-based style. In most cases individual donors, except for their tax benefits when applicable, do not get tangible benefits from their donation and the resources they contribute do not always stay in their community...*

*As much as integrity, trustworthiness, and self-sacrifice are elements for all leadership situations, they are even more so in the nonprofit organizations. Without the profit motive, which legitimately guides business organizations and the rewarding of its leaders (e.g., top leaders being compensated with company shares), the nonprofit organizations are likely to attract leaders with a stronger focus on civic contribution...*

*One of the major challenges that leaders of nonprofit organizations face is how to recruit, retain and motivate employees, many of whom are volunteers, without having access to substantial monetary rewards. Even in the case of paid employees, salaries are often lower than comparable positions in business organizations. The leaders of nonprofits, therefore, require considerable skills in motivating and inspiring their followers. In many cases, followers have joined the nonprofit because they are passionate about its mission; however, passion alone does not always lead to effectiveness. An additional factor is that the structure of many nonprofits is relatively flat with few employees and few layers of management. Effective leadership requires empowerment, effective use of all resources available, often by harnessing the power of teams and participation to creatively solve problems without many resources (p. 252).*



There are numerous subtleties from the above observations. First, relative to individuals who participate in nonprofit organizations, they are not typically paid or in the least not paid very highly.

Second, those individuals who wish to participate in nonprofits, which assumes colleges and universities as well, wish to do so because they are serving the greater good.

Third and perhaps most notably, whether in for-profits or nonprofits there is the opportunity for leadership to react to a burning platform. This means, moving resources where needed, increasing support in areas of weaknesses, eliminating those activities or initiatives that are a monetary drag on the interests of the whole organization and other efficiency gaining opportunities in an effort to serve their stated missions. This is not the case in public institutions of higher education which have shared governance and a slower reaction time. Leadership in public institutions of higher education cannot make the required changes for efficiency when shackled by the vote of those not inclined to participate; those who feel compelled to maintain the status quo. This is why leadership in those organizations appears to be hand-tied to simply management versus true leadership and facilitators of change.

### **Burning platform**

*“...[if we all knew we were going to get into heaven regardless, then what incentive would we necessarily have to live by God’s commandments, be kind to others or avoid any other ills]...” Fr. Patrick – St. Thomas Aquinas.*

Throughout business/industry the impetus for immediate change is frequently called a “burning platform”. The Google image below is but one image depicting this concept. In fact, the phrase is so common; an image such as that below can readily be acquired from a search of Google images. The burning platform is a visual image which instills a sense of urgency; a sense of immediacy.



Figure 4 – Burning Platform as a Call to Action

The burning platform creates a call to action. It shocks us into wanting to do something, recognizing no action would certainly be to our detriment and potential demise. The burning platform rallies our collective efforts toward that which will make us once again safe and secure. We recognize in its image, a catastrophic and cataclysmic fate.

Higher tuition rates, poor social or economic conditions, increasingly greater debt loads of graduating seniors and the like are beginning to have an impact on colleges and universities. Some, however, don't see, or perhaps more appropriately "feel" the immediacy of the situation.

There is danger in the comfort zone. By this, becoming comfortable creates many ills. When too much is provided to individuals or organizations and there is no expectation of accountability it is easy to feel a sense of entitlement. In business and industry, entitlement can develop as a result of poor management. This happens when managers want to avoid the confrontations that result from holding people responsible for outcomes.

In any work environment, people feel a sense of entitlement when they do not have to earn or work for their rewards or benefits. The root cause of entitlement stems from many things, most notably<sup>2</sup> (p. 18):

- ❑ When employees collect paychecks on a regular and expected basis whether they produce a lot of output or a little
- ❑ When raises are given for nothing more than time in position

- ❑ When there is a sense of guaranteed lifetime employment
- ❑ No formal process for measuring performance or one that has no real impact
- ❑ An emphasis on traditions
- ❑ A compensation system that does not really reflect an individual's contributions
- ❑ A formal hierarchy where differences in status dictate overall behavior

When people do not have to earn what they get, when it is already there, they very soon take for granted that which they receive. The tragic human irony is that these individuals are not grateful for what they have. Instead, they want something more than what they already get; this is the premise of entitlement.

In her book “Danger in the Comfort Zone”, Bardwick states:

*[Too much security]... “I’ve worked here a long time and have done what you expected. I’ve earned my security.” That is the working presumption of a majority of people who work in our various government bodies, in all levels of our schools, in our large and powerful unions, and in our mature and prosperous corporations. It amounts to total job security. Too much security is what entitlement is all about.*

*Some groups of people have formal tenure. They set a precedent for others to argue their right to have the same certainty. In recent years those precedents became transformed into court decisions so it can become legally difficult to fire people”*

Increasingly, when job security is absolute, there is no reason to have performance reviews. To this end, organizations that provide this level of lifetime employment stray further and further from these performance related measurements, quite simply, because they are instruments to measure performance. “This is the truly insidious danger of entitlement: it settles in everywhere and becomes part of the mortar that holds everything together (p. 18).”

In discussing what entitlement costs us, Bardwick explains:

*The dollar cost of entitlement packages to entitled employees is only one reason we cannot afford to tolerate the conditions of entitlement. The real cost to our nation is the loss of creativity; innovation and creative thinking... people are not at their keenest when life is too safe. When people receive without having to achieve, they are protected from failure. There is no punishment for not achieving.... By protecting people from risk we destroy their self-esteem. We rob them of the opportunity to become strong competent people. Facing risk is the only way we gain confidence, because confidence is the result of mastering challenge. Confidence is an internal state. It cannot be given, it can only be earned... thus, too little anxiety is destructive. It deprives people of the experiences that create confidence.*

*Instead of strength, courage and confidence, people trapped by entitlement are cautious and avoid risk. When security is very high and people shouldn't be afraid, they are. Entitled people cling to entitlement, fearing they couldn't earn or compete or survive on their own. The long-term result of too much protection is an endless search for protection because we are afraid of losing it."*

When people are not held accountable for performance, they do not perform. Instead, they can become complacent; this given no performance criteria is required of them. Productivity is always lowest among those who feel a sense of entitlement. "We must shake loose the psychology of entitlement. We must empower people by giving them responsibilities and we must hold them accountable for their actions. Only in this way can we engender the achievement, growth, and confidence that are necessary for maximum productivity (p. 29)."

Unfortunately, whenever entitlement exists in an organization, it is usually because it has been established as part of the culture. This is why it usually takes a significant shock or call to action to gain the appropriate motivation to act. Given, moving away from entitlement creates a risk, there will always be an element of fear to overcome.

Bardwick goes on to describe the relationship between entitlement, earning and fear. Bardwick depicts productivity as being very low when either anxiety is very low or very high. Relative to earnings, when security is dependent on producing, or output, productivity is at its highest. On entitlement, Bardwick suggests avoiding risk and creating safety are institutionalized in rules and procedures. In this scenario, appearance is more important than achievement. When fear is present, there is no sense of having any control; resulting in people panicking and creating a sense of every person for themselves.

Generally, people resist leaving the comfort of entitlement. When they are pushed out of it, they will try to return. The only real way to energize apathetic organizations is to push them into the psychology of earning. After years of avoiding risk, most people will find this distasteful. Only a call to action, or burning platform effect will move people and organizations out of entitlement.

There has been a lot of work done that discusses the relationship between competition, self-control and innovation. Bronson and Merryman, in their book *Top Dog*<sup>4</sup> address this very natural phenomenon. In their book the authors analyzed the saliva samples of those who skydive and those who ballroom dance. In looking first at the skydivers, they discovered skydivers had a huge rush of stress on the first jump, but succeeding lower levels of rush stress on the second and third jumps. The authors concluded "...the true "high" of skydiving, and other edgeworks, stems from the way skilled performance brings control to a situation most people would regard as uncontrollable (p. 5). This sense of control stems from the skydiver's capacity to focus attention on the actions necessary for survival. "The feeling of self-determination they get from conquering the risks is the real payoff. It is not pure thrill they seek, but the ability to control the environment within a thrilling context (p. 5)."

When the authors looked at ballroom dancers, they found something unexpected. The ballroom dancers did not experience the fall-off of rush stress the skydivers had. This no matter how many times they competed; the rush stress was always high.

*“...according to what science tells us, dancing at that point in their lives should have required very little cognitive control. All of the muscle memory should have been driven down into the cerebellum region of their brains, where it was automated. There should have been no worry over forgetting to vary the inside and outside of their feet to create style and line... but that wasn't the case. The intense stress reaction was no different between the [groups tested]. The cutthroat world of ballroom dancing remained terrifying no matter how long they'd been at it. The contestants did not habituate. But how is it that someone can get used to skydiving but not ballroom dancing? Because the real difference between skydiving and ballroom dancing isn't defined by the physical environment of the activities. It is not even about the actual jeopardy to life and limb. The real difference between skydiving and ballroom dancing was the psychological environment. The expert dancers were in competition and the skydivers were not. To be more precise, it isn't the dancing that is stress inducing, it is being judged. It was winning and losing (p. 8).”*

This argument suggests competition creates a sense of competitiveness. Competitiveness is what causes people to come out swinging, to do the hard things, to put their noses to the grindstone and produce when required. Competitiveness is that which turns external energy into internal energy; it is the visualization of the purpose; the thing which makes most individuals want to be part of the solution and put forth maximum effort. Even if there is no burning platform, competitiveness and the internalization of the stated purpose provide unparalleled impetus to do more and to get ahead of our competitors. Competition spurs motivation (p. 18). It is even true competition increases creative motivation. Competition “...doesn't kill creativity; it facilitates creative output by supplying motivational drive. Competition teaches people to be comfortable with conflict and opposition; which is a necessary building block for developing the creative psyche (p. 19).” Success in competition requires taking risks, which are normally held back by fear.

The authors take this relationship between competition, self-control and innovation to the next level by postulating how competition leads to self-improvement which in turn leads directly to greater innovation and performance. They state “...the real benefit of competition is not winning – it is improved performance... competitors discover an extra gear... competition facilitates improvement (p. 27).” The Matthew Effect and the Mark Effect have been coined to address an interesting dichotomy of assisting those who are competitively oriented from those who do not do as well under such stress.



*“...The term Matthew Effect was coined by sociologist Robert Merton in 1968; it refers to the dynamic that the early leaders in a competition tend to get showered with resources that make them even better, increasing the gap on weaker competitors over time. For instance, the best students get sent to the best schools, where they have the best teachers; in the same way the best players get sent to the best teams, where they get trained by the best coaches. The term was inspired by the Gospel According to Matthew: “For to everyone who has, more will be given and he will grow rich; but from the one who has not, even what he has will be taken away.”*

*Whenever we try to counteract this, whenever we try to distribute resources to prop up the weaker competitors – we’re applying the Mark Effect. The term was coined in 2009 by the University of Chicago’s Matthew Bothner, drawing from the Gospel According to Mark: “But the first will be last, and the last will be first.” In our society, there’s almost an unlimited number of ways we try to assist, or intervene, when competitors are unequal. We take it as a given that competition is predicated on a level playing field – that the rules apply to all, and if some redistribution isn’t done now and then, the rich will just get richer, to the point there is no competition left [too big a gap between those with and those without, thus eliminating the psychological effect of competition] (p. 40).”*

Daniel Paquette changed the perceptions of social psychology by proposing against the micro-monitoring of helicopter parents. He argued attachment theory has overvalued a parent’s role in providing comfort when children feel insecure, and undervalued the parent’s role when fostering exploratory behavior. He noted that studies of animals deprived of rough and tumble play show they grow up unable to be successfully aggressive: they perceive threats when there are none, and they do not perceive any when they should (p. 119). Paquette explains this kind of play, where the parent can escalate or reduce this kind of aggressiveness, teaches children how to express their aggressiveness but in a modulated and controlled way. This is not the scenario with those who possess security in the comfort zone. Modulation and control is seldom exercised in favor of ignoring the behavior. Ignoring the behavior, therefore, simply acts not to instruct or counsel, but to reinforce bad behavior. The important thing about roughhousing, explains Paquette, is that the parent maintains control, animating children but de-escalating when kids are on the brink of anger or frustration (p. 119).

On April 11, 2014, ASEE First Bell, an on-line electronic newsletter for members of the American Society for Engineering Education, identified one of their daily top articles as:

*Community Colleges Begin Offering Bachelor Degrees Across US.*

The [Hechinger Report](#)   (4/10, Marcus) reports that community colleges in 21 states are now able to issue bachelors degrees and have started offering degrees in high demand subjects. In Florida, the number of students entering community colleges has grown to 30,000, many attracted by the tuition, which is

*significantly cheaper than four-year universities. The trend has been opposed by four year universities, who have lobbied against community college degree expansion in Colorado, Michigan, and California. Florida Sen. Joe Negron (R-28 District) proposed halting the expansion of community college bachelor programs leading Kenneth Walker, founder and former chairman of the Community College Baccalaureate Association, to say the debate “comes down to the money. And from my perspective, the focus ought to be on meeting the needs of the students, meeting the needs of business and industry.” The article notes that California will begin allowing its students to receive bachelor degrees at community colleges to address a predicted shortfall in 2025.*

This article led to numerous others of similar content. The topic throughout the many articles described how 21 of the 50 states in the United States had provided their respective community colleges the right to offer Bachelor degrees. Community colleges by their nature usually stop at an associate’s degree. Participants in these associate degrees then have the opportunity to transfer to a four-year college or university should they choose to do so.

What is most interesting about these series of articles and the changes to state regulations to allow this to happen is the similarity this has to work done by Clayton Christensen. Clayton Christensen<sup>4</sup> has written extensively about disruptive technologies, and more recently about disruptive initiatives that will change the face of higher education. Until this series of articles had heightened awareness, most had always thought, and still do, that on-line education of increasingly greater quality will be the disruptive technology to change the face of higher education. This new movement, however, might relegate technology oriented degrees to the lesser-priced community colleges, while the higher-priced four-year degree colleges focus their efforts on research oriented education. Research versus applied is a big differentiator when examining these two models. In the final analysis, this movement may very well be what separates these two foci; research versus applied and their respective college/university offerings.

## **Final Analysis**

*American Higher Education is Broken<sup>5</sup>.*

*Like another American icon, the auto industry in Detroit, the higher education industry is beset by hubris, opposition to change, and resistance to accountability. Even the leaders of colleges and universities think we are in trouble...higher education is clinging to tradition. Too few students are going to college, not enough are graduating, and the whole thing costs too much...(p.xi)*

Depending on the discipline and the efficiency focus of the product life-cycle, there are hundreds of opportunities to reduce redundancy and cost; therefore providing a more effective and cost efficient output for the betterment of the organization, shareholders and its customers. Sometimes these many efficiencies come in the form of centralizing policies, procedures, methodologies and practices, other times in the form of common software and hardware, and still others in the form of inventory control and production efficiency. No matter where you look in the product or service life-cycle, there are ways to increase efficiency and reduce overall costs; this has been proven in business and industry many times over hundreds of years.

The bottom line is even if the mission of higher education is perceived as being different from business/industry, that doesn't mean higher education can't act like a business. This, perhaps best summarized by Selingo<sup>6</sup> (p. 4):

*“..Despite the tear-filled nostalgia that the image of college evokes – tree-shaded quads, ivy-covered neo-Gothic buildings, and fall football weekends – the truth is that in the last two decades higher education in the United States has evolved into a big business...there are some **5,300 colleges** and universities in the US, everything from beauty schools to Harvard. They bring in **\$490 billion in revenue** each year. They employ more than **3.5 million people**. They hold more than **\$990 billion in assets**, including cash, investments and campuses that are essentially mini-cities. And they spend **\$440 billion on goods services and people each year.**”*

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