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ABC Insights[®]
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Improving Strategic
Decision-Making in
Higher Education

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Your host for this session



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Overview

How to Improve Strategic Decision-Making in Higher Education

Strategy



The Key to
Success

Blind Spots



Barriers to good
decisions

Best Practices



Pragmatic advice



Overview

How to Improve Strategic Decision-Making in Higher Education

Strategy

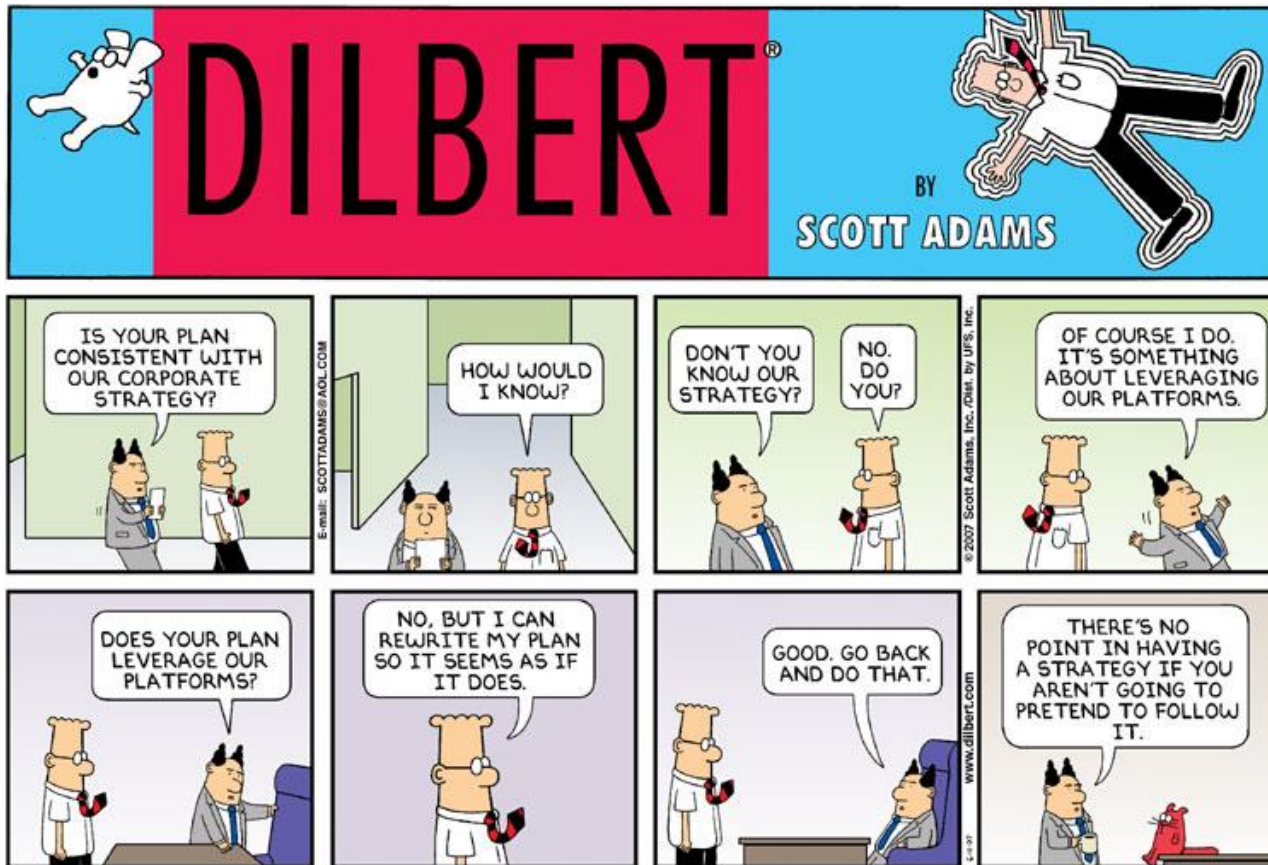
The key to success



- Importance of strategy
- Contents of strategy
- Process of strategy



This is NOT the goal of strategy



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The definition of strategy

Strat · e · gy

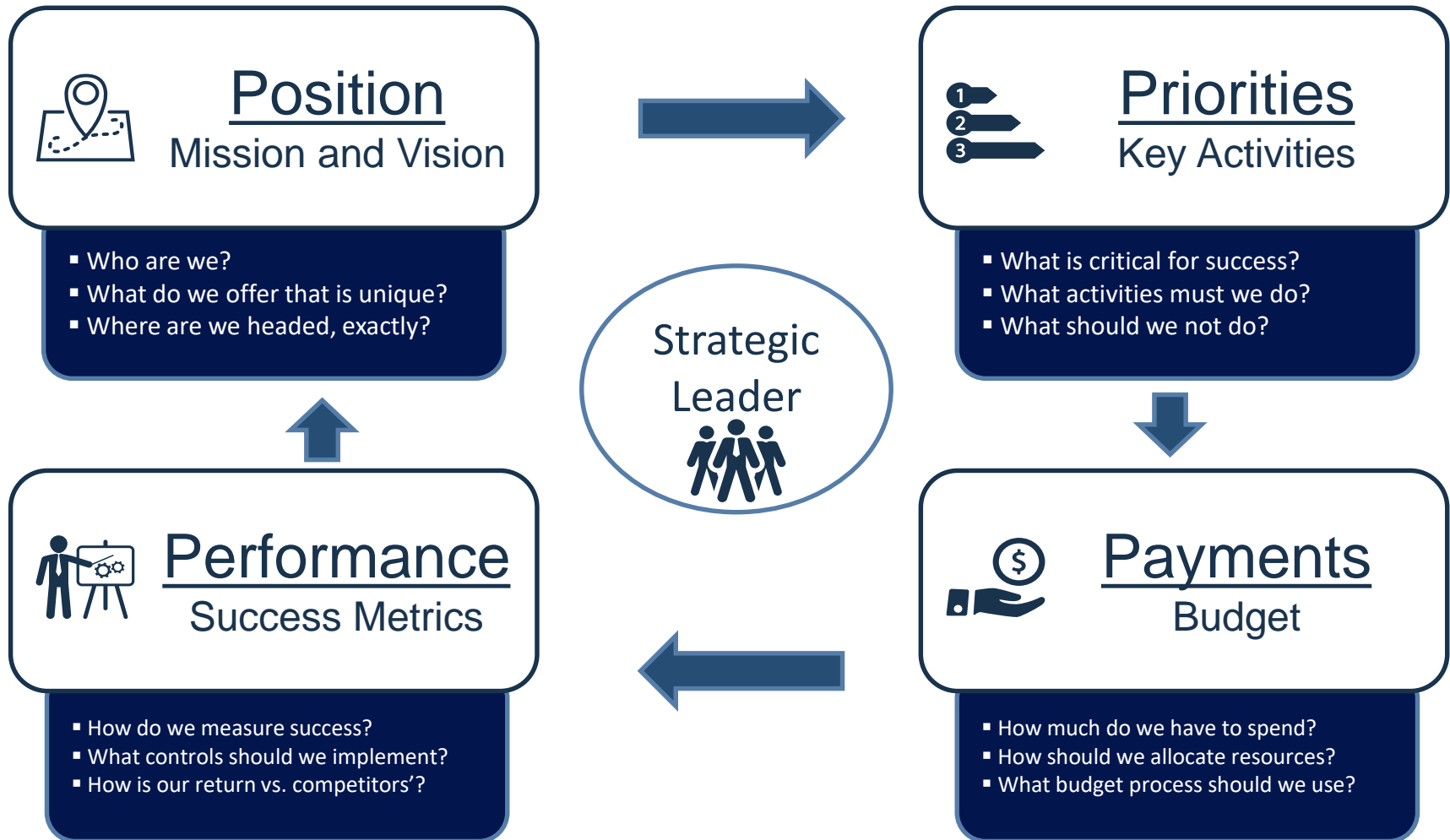
/'strədəʒi/

Noun

**An elaborate and systematic
plan of action**



Paul's 4 P's of Strategy



Strategy statements

Mission Statement

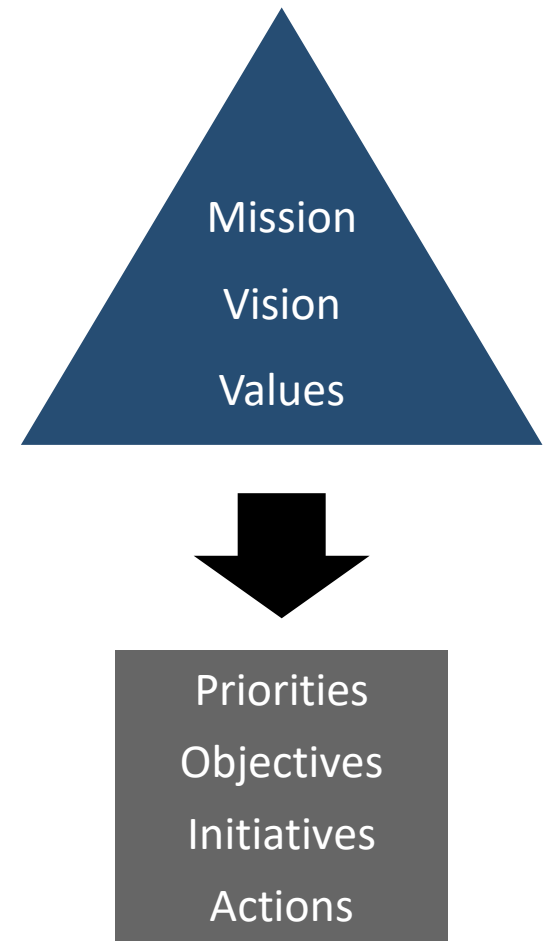
Statement which specifies a firm's purpose or "reason for being" and the primary objective toward which the firm's programs & plans should be aimed. Statement specifying the firm's key constituents and how the organization will serve them. It must be clear and understood. It makes you "proud."

Vision Statement

Statement describing what the organization strives to be at some future time. It should be specific and motivating. It makes you "excited."

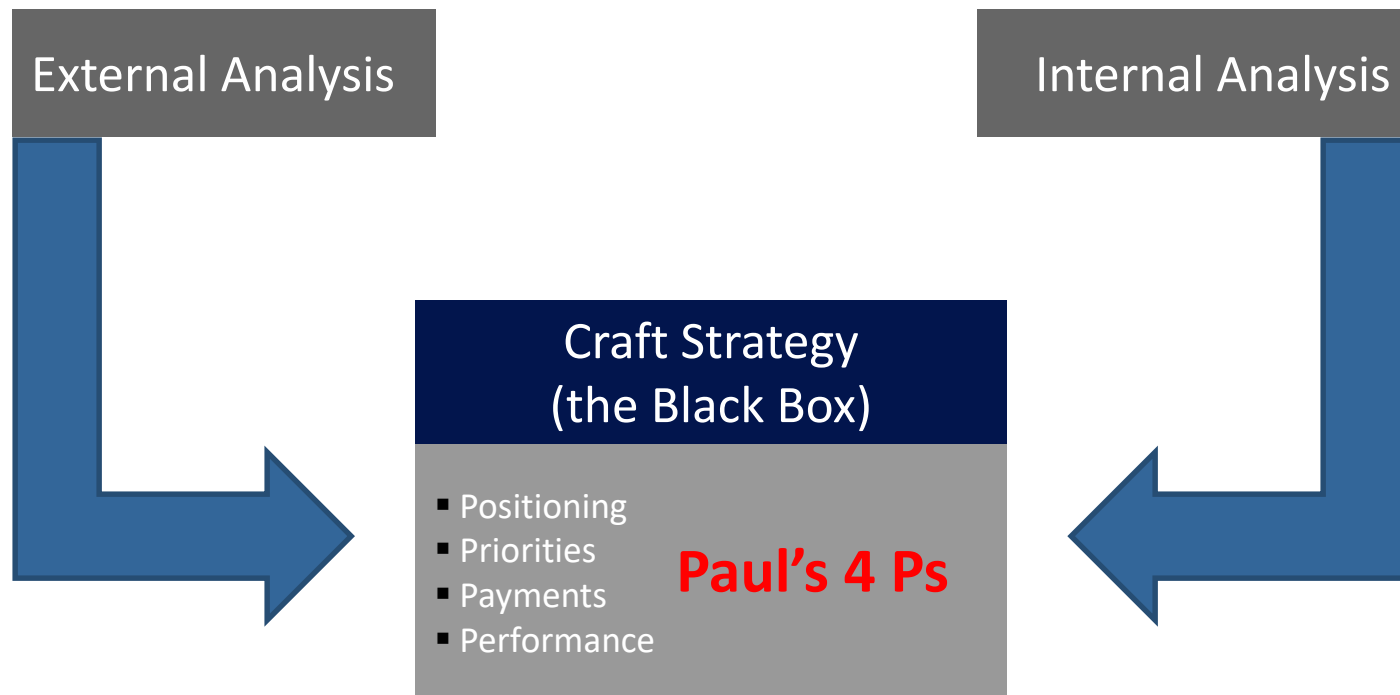
Values

It is what we believe in, our guiding principles, and how we interact. It makes you "belong."



Best practices for developing strategy

A simple 3 step process



Our starting point is the mission statement

Mission Statement

Statement which specifies a firm's purpose or "reason for being" and the primary objective toward which the firm's programs & plans should be aimed. It must be clear and understood. It makes you "proud."



We have fun.



We cure cancer.

Mission Statements Define a Company's Core Purpose

- **3M:** To solve unsolved problems innovatively
- **Cargill:** To improve the standard of living around the world
- **Fannie Mae:** To strengthen the social fabric by continually democratizing home ownership
- **Hewlett-Packard:** To make technical contributions for the advancement and welfare of humanity
- **Lost Arrow Corporation:** To be a role model and a tool for social change
- **Pacific Theatres:** To provide a place for people to flourish and to enhance the community
- **Mary Kay Cosmetics:** To give unlimited opportunity to women
- **McKinsey & Company:** To help leading corporations and governments be more successful
- **Merck:** To preserve and improve human life
- **Nike:** To experience the emotion of competition, winning, and crushing competitors
- **Sony:** To experience the joy of advancing and applying technology for the benefit of the public
- **Telecare Corporation:** To help people with mental impairments realize their full potential
- **Wal-Mart:** To give ordinary folk the chance to buy the same things as rich people
- **Walt Disney:** To make people happy

Source: *Building Your Company's Vision*



Core values are a company's essential tenets

Merck

- Corporate social responsibility
- Unequivocal excellence in all aspects of the company
- Science-based innovation
- Honesty and integrity
- Profit, but profit from work that benefits Humanity

Sony

- Elevation of the Japanese culture and national status
- Being a pioneer - not following others; doing the impossible
- Encouraging individual ability and creativity

Nordstrom

- Service to the customer above all else
- Hard work and individual productivity
- Never being satisfied
- Excellence in reputation; being part of something special

Walt Disney

- No cynicism
- Nurturing and promulgation of "wholesome American values"
- Creativity, dreams, and imagination
- Fanatical attention to consistency and detail
- Preservation and control of the Disney magic



We draft a vision to drive us forward

Vision Statement

Statement describing what the organization strives to be at some future time. It should be specific and motivating. It makes you “excited.”



To be #1 or #2 in market share in each sector we serve.



Before this decade is out, this nation should land a man on the moon and return him safely to Earth.



Big, Hairy, Audacious Goals (BHAGs) aid long-term vision

Target BHAGs can be quantitative or qualitative

- Become a \$125 billion company by the year 2000 [Wal-Mart, 1990]
- Democratize the automobile (Ford Motor Company, early 1900s)
- Become the company most known for changing the worldwide poor-quality image of Japanese products (Sony, early 1950s)
- Become the most powerful, the most serviceable, the most far-reaching world financial institution that has ever seen (City Bank, predecessor to Citicorp, 1915)
- Become the dominant player in commercial aircraft and bring the world into the jet age (Boeing, 1950)

Common-enemy BHAGs involve David-versus-Goliath thinking

- Knock off RJR as the number one tobacco company in the world (Philip Morris, 1950s)
- Crush Adidas (Nike, 1960s)
- *Yamaha wo tsubusu!* We will destroy Yamaha! (Honda, 1970s)

Role-model BHAGs suit up-and-coming organizations

- Become the Nike of the cycling industry [Giro Sport Design, 1986]
- Become as respected in 20 years as Hewlett-Packard is today (Watkins-Johnson, 1996)
- Become the Harvard of the West (Stanford University, 1940s)

Internal-transformation BHAGs suit large, established organizations

- Become number one or number two in every market we serve and revolutionize this company to have the strengths of a big company combined with the leanness and agility of a small company (General Electric Company, 1980s)
- Transform this company from a defense contractor into the best diversified high-technology company in the world (Rockwell, 1995)
- Transform this division from a poorly respected internal products supplier to one of the most respected, exciting, and sought-after divisions in the company (Components Support Division of a computer products company, 1989)

Source: *Building Your Company's Vision*



Overview

How to Improve Strategic Decision-Making in Higher Education

Blind Spots

Barriers to good decisions



- Blind spots framework
- Assessment
- Mitigation strategies



Let's assess our starting point - Quick Test: A decision-making audit

Topic	Question	Scale
Structure	Our structure helps rather than hinders the decisions most critical to our success.	1-strongly disagree 2-disagree 3-agree 4-strongly agree
Roles	Individuals understand their roles and accountability in our most critical decisions.	1 2 3 4
Processes	Our processes are designed to produce effective, timely decisions and action.	1 2 3 4
Information	The people in critical decision roles have the information they need when and how they need it.	1 2 3 4
Measures & Incentives	Our measures and incentives focus people on making and executing effective decisions.	1 2 3 4
Priorities	People understand their priorities clearly enough to be able to make and execute the decisions they face	1 2 3 4
Decision style	We make decisions in a style that is effective	1 2 3 4
People	We put our best people in the jobs where they can have the biggest decision impact	1 2 3 4
Behaviors	Our leaders at all levels consistently demonstrate effective decision behaviors	1 2 3 4
Culture	Our culture reinforces prompt, effective decisions and action throughout the organization	1 2 3 4



Interpret your results

To get your total score, add up your individual scores.

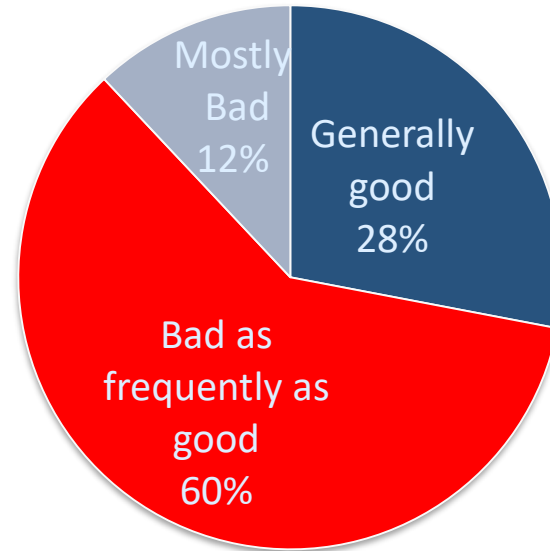
More than 35 = You're doing great; keep it up
31-35 = Good, but room for improvement
26-30 = Org is serious barrier to decisions
10-25 = Major org transformation required

Compared with companies in our database, a score about 35 puts you in the top quartile-meaning your organization is pretty healthy. A score of 31 to 35 indicates room for improvement but no immediate signs of organizational breakdown. A score of 30 or below indicates that you definitely have some organizational challenges to address. If you perform at 2 or less on any one issue, that particular ailment likely needs attention.



On a macro level, we have room for improvement

Executives' perceived quality of strategic decisions in their company



And what do they do wrong? 31% of CEOs/TMTs get fired for mismanaging change, 28% for ignoring customers, 27% for tolerating low performers, 23% for denying reality and 22% for too much talk and not enough action – source: Leadership IQ, 2010



Organizations have issues of their own

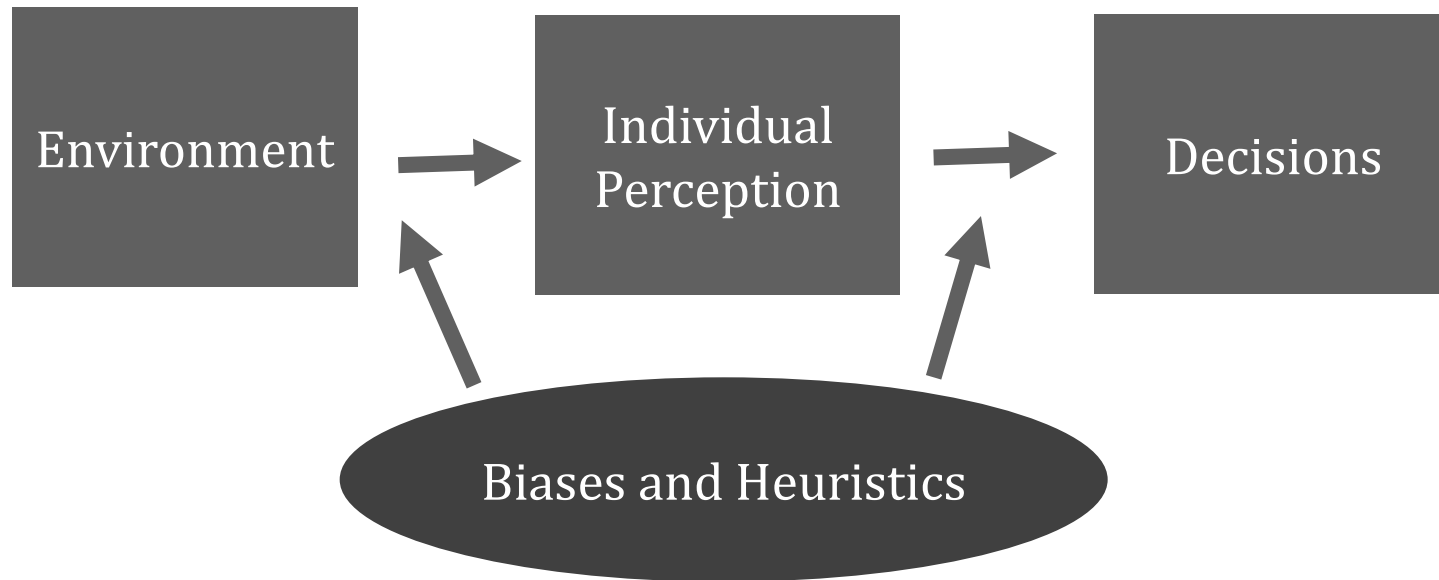
- Only 16 of the 100 largest U.S. companies at the start of the 20th century are still identifiable today
- In a recent year, 44,367 businesses filed for bankruptcy and many more U.S. businesses failed
- Approximately only 15-20% of all acquisitions/mergers achieve the anticipated synergies identified as justification for the action
- 67% of top university leaders are concerned about the viability of their business model moving forward (and supporting data)
- "50% of the 4,000 colleges and universities in the U.S. will be bankrupt in 10-15 years," – HBS Professor Clayton Christensen, 5-17



This has been the subject of much study

- Kahneman and Tversky were key contributors...

Flawed Decision Making (not rational)



Introducing the BLINDSPOTS Framework - by Dr. Paul Friga

BLIND

- B** – Bad money after good
(escalating commitment)
- L** – Limited frame of reference
- I** – Invalid assumptions (taboo or just wrong)
- N** – Non-statistically significant conclusions
- D** – Deal Maker's Curse

SPOTS

- S** – Self-focus over organization
- P** – Problem framing (key issue and components)
- O** – Overconfidence
- T** – Tendency to avoid loss
- S** – Sending good news bias



BLIND SPOTS - Definitions

- **Bad Money After Good (Escalating Commitment):**
 - Resource investments continue (or increase) even when disconfirming evidence surfaces that the initial analysis was flawed, the competitive environment has changed, or internal capabilities have diminished
- **Limited Frame of Reference**
 - Individual decision makers are limited in their ability to objectively assess the probability of outcomes and options given their idiosyncratic past experience (we are a culmination of what we have read, seen, touched, etc.)



BLIND SPOTS - Definitions

- **Invalid Assumptions**

- Projections of what may happen that are considered by a decision maker are flawed with three primary manifestations – unchallenged, corporate myth, or corporate taboo

- **Non-Statistically Significant Conclusions**

- Generalizations of a population or class of study based upon limited observations (e.g. small sample, non-random sample, unrepresentative sample, etc.)



BLIND SPOTS - Definitions

- **Deal Maker's Curse**

- The desire of a key executive or team to “win” a deal that ultimately results in a losing proposition for the company as too high a price is paid (often driven by the ego of the players)

- **Self-Focus Over Organization**

- Agency Theory suggests that all humans will keep their individual outcomes as the key decision criteria in most business decisions (survival instinct)



BLIND SPOTS - Definitions

- **Problem Framing**

- The inability of decision makers to take the adequate time to frame the business problem (key question, issue tree and possibly hypotheses) before diving into analysis – there is also a risk of only seeking confirmatory data

- **Overconfidence**

- All of us are overconfident in our own ability to solve problems and that we know the best alternative early in the process (without adequate buy in and supporting data)



BLIND SPOTS - Definitions

- **Tendency to Avoid Loss**

- Humans are generally risk adverse and will seek the lowest conflict outcomes

- **Sending Good News Bias**

- Information filtering process whereby the organizational culture rewards the communication of good news over the bad news upward



Overview

How to Improve Strategic Decision-Making in Higher Education

Best Practices

Pragmatic advice



- University strategy
- Unit level strategy
- Avoiding blind spots



The Mission for UNC CH

Mission

The University of North Carolina at Chapel Hill, the nation's first public university, serves North Carolina, the United States, and the world through teaching, research, and public service. We embrace an unwavering commitment to excellence as one of the world's great research universities.

Our mission is to serve as a center for research, scholarship, and creativity and to teach a diverse community of undergraduate, graduate, and professional students to become the next generation of leaders. Through the efforts of our exceptional faculty and staff, and with generous support from North Carolina's citizens, we invest our knowledge and resources to enhance access to learning and to foster the success and prosperity of each rising generation. We also extend knowledge-based services and other resources of the University to the citizens of North Carolina and their institutions to enhance the quality of life for all people in the State.

With lux, libertas — light and liberty — as its founding principles, the University has charted a bold course of leading change to improve society and to help solve the world's greatest problems.



The UNC Chapel Hill Vision and Values

Vision

To be the **leading global, public research university in America** with outstanding educational programs at the most affordable price, to conduct game-changing research and innovate for the public good, and to bring health and prosperity to the citizens of the state, nation, and beyond.

Values

- Above all, we are **human, inclusive, and humane**: we build a highly capable community, care how we treat one another, provide for each other's well-being, and facilitate personal success.
- We embrace the **evolving diversity of the people of North Carolina** and the broader community we serve.
- We lead as a **proudly public institution**: in collaboration with the people and our partner organizations in North Carolina, nationally, and internationally.
- We focus on **population health and prosperity**.
- We **embrace change and possibility**; we prize beauty and art; we are aspirational, energetic, creative, and willing to take risks.



The UNC Chapel Hill Strategy

Pillars



Of the Public, For the Public

- Educating for Democracy and Change
- Partnering with the Public



Innovation Made Fundamental

- A New Mindset
- Strategic Choices

Strategic Initiatives

The New Graduate

...may be young, middle-aged, or older, having completed Carolina coursework at home, at work, or on campus. Both young, residential and non-traditional students will be guided by savvy advisers and prepared to be more effective leaders, lifelong learners, and competitive professionals.

The Great Convergence

...is a campus-wide call for collaboration across disciplines at Carolina. The groundbreaking work of the future will occur at these intersections of expertise, and we will make funding, support systems, and spaces available for researchers to work together on practical, solutions-focused projects.

Carolina Whole Health

...is an initiative designed to promote the well-being of the whole person and the health of the entire state of North Carolina. Applying our considerable strengths in the health sciences, Carolina will tackle the problems where disease, historic behavior patterns, inadequate access and numbers of providers combine to create exceptionally complex challenges.

Scaling Global

...means scaling up Carolina's best ideas and initiatives to take on interrelated local and global issues, and leaving our impact both at home and in other countries where we can make a difference.

Culture of Innovation

... is fundamental to the successful execution of all of Carolina's strategic initiatives and must reach to the operational level in all University functions.



Pillar I: Of the Public, For the Public

Goals

Educating for Democracy and Change

Fundamental to public education, at Carolina's founding and equally true today, is the premise that an educated citizenry is essential to a successful democracy. To outfit today's students, we must see that all who have the ability and the will have access to an education that equips them to adapt in a time of unprecedented growth in human knowledge and technological change.

Partnering with the Public

Beyond educating the future leaders of North Carolina, the University's essential role is to partner with governments, businesses, nonprofits, and other citizen groups to navigate the future. Our task is to tap the energy and ingenuity of all North Carolinians to enable citizens to live healthy, productive, prosperous, and fulfilling lives. We strive always to create problem-solving partnerships across the state and beyond.

Components



Remove All Barriers to a Great Education

- Admissions Policies
- Financial Aid
- Study Abroad and Internships
- Online Programs



Applied Expertise

- Research Impact
- New Knowledge
- Community Immersion



A Vital Democracy

- Informed Public Discussion
- Facilitate Forums
- Future Citizen-Leaders



Pillar II: Innovation Made Fundamental

Goals

A New Mindset

To create a culture of innovation in a centuries-old institution requires foresight, courage, and accountability. Campus-wide, Carolina is focused on creativity and innovation, incorporating an innovation mindset into our daily interactions, research, teaching, and operations, and promoting creativity through the visible presence of artistic expression across the campus.

Strategic Choices

Carolina's strengths range from medicine and public health to the training of local government officials; from applied physical science to the development of social entrepreneurs. Bringing fresh vision and a spirit of innovation, we will build on our advantages in the competitive landscape of higher education.

Components



Foundational Research/ Creative Practice

- Collaboration
- Confront Scientific and Societal Challenges



The New Learning Imperative

- Refresh Curricula and Teaching Methods
- Personalized, Experiential Learning
- Data-literate



Translating Research into Products and Best Practices

- Incubate Ideas and Launch Companies
- Power State Economic Growth and Diversification



Adapting to Changing Student and Workforce Needs

- Customized Training
- Student-Centered



Strategy Statements Example: UNC School of Nursing

(Based on 273 respondents from UNC SON Strategic Planning Organization Survey, 10 respondents from UNC SON Strategic Planning Task Force Survey, Task Force Input, 69 respondents from UNC SON Phase I Feedback Forms, 104 respondents from UNC SON Phase II Feedback Forms, Competitive Benchmarking)

Mission

Carolina Nursing

Distinctly empowered to advance health for all

Carolina Nursing – Students, faculty, staff, and alumni generating, disseminating, and translating knowledge

Distinctly Empowered – Creating trusted leaders who purposefully engage with individuals, health systems, communities, and policies

Advance Health – Education, Research, Practice, and Service across the lifespan

For All – Every patient, family, provider, and community locally and globally

Vision

“First in Nursing”

The world’s leading School of Nursing for the public

Values

“I-LEAD”

Integrity – Respect and trust in all actions

Leadership – Inspire, advocate, empower, and influence

Excellence – Unlock potential to transcend expectations

Agility – Innovate for the changing demands in education and healthcare

Diversity – Broaden perspectives, embrace open attitudes, and enhance inclusivity

Priorities

Culture – *Foster an inclusive environment of respect and civility and embrace decisions with a strategic mindset*

Infrastructure – *Upgrade facilities and integrate technologies to exceed current and future demands*

Innovation – *Transform curriculum, forge new pathways, and advance research and scholarship*



UNC SON Priority #1: Culture - Foster an inclusive environment of respect and civility and embrace decisions with a strategic mindset

A Build a diverse and dedicated community

- Encourage, reward, and celebrate **collaborative** achievements
- Reflect those we serve through **increased diversity**
- Cultivate meaningful **relationships** among community members
- Promote engagement in and enthusiasm for **our shared mission**

B Communicate and facilitate clear decision-making

- Clarify **decision-making** processes, boundaries, and levels of responsibility
- Align decisions with **organizational strategy**
- **Empower** individuals to make decisions to the fullest scope of their responsibility



UNC SON Priority #2: Infrastructure - Upgrade facilities and integrate technologies to exceed current and future demands

A Generate resources and develop plans to upgrade facilities

- Raise at least **\$50 million** for renovations (state-funding, UNC-Chapel Hill, philanthropy, partnerships, etc.)
- Design an environment that encourages **innovation and collaboration**
- Build **world-class** facilities with leading technology

B Advance technology to optimize operations and outcomes

- Promote and expand **cutting-edge** learning opportunities and platforms
- Create processes to achieve and sustain technological **progress**
- Engage partners in campus **collaborative** opportunities



UNC SON Priority #3: *Innovation* - Transform curriculum, forge new pathways, and advance research and scholarship

A Research: Achieve excellence and distinction in research that optimizes health and resilience locally and globally

- Renew and advance the research **infrastructure**
- Increase and retain research-active faculty and students to support **nurse-led team science**
- Focus on research with high scientific, social and positive cultural **impact**

B Education: Create and advance high impact educational programs and a dynamic intellectual community

- Create an innovative and rigorous **curriculum** across all academic programs
- Transform instructional **modalities** (e.g. online, simulation, global, etc.)
- Develop new **clinical** placements and experiences to meet student and community needs

C Practice: Shape current and future care and care delivery

- Incentivize practice **contributions** to education and research innovation
- **Partner** to develop new models of intra- and inter-professional care delivery
- Translate nursing knowledge into practical **evidence-based** application in practice and policy

D Service: Increase service commitment to external community

- Develop and demonstrate model service programs to **NC rural** communities and underserved populations
- Design and implement pacesetter **community-engaged** scholarship and education to improve the health of the public locally and globally
- **Inspire, innovate, and influence** advancement of nursing through increased service to professional, community, and public organizations



UNC School of Nursing Strategic Success Metrics

Element	Description	Metrics
Mission	<i>Carolina Nursing</i> <i>Distinctly empowered to advance health for all</i>	Student, Faculty, Staff, Alumni satisfaction (net promoter) % of strategic objectives and initiatives overall
Vision	<i>“First in Nursing”</i> <i>The world’s leading School of Nursing for the public</i>	External review assessment of performance/alignment Rankings – national and international (e.g. US News, Shanghai, QS, etc.); public and overall NIH Funding Ranking % of faculty receiving awards and recognition \$ of grants toward North Carolina, rural, and underserved % of contributions from community \$ from Capital Campaign (\$22M)
Priority 1	<i>Culture – Foster an inclusive environment of respect and civility and embrace decisions with a strategic mindset</i>	Denison Culture Survey Student, Faculty, Staff, Alumni satisfaction (net promoter) % of students, staff, and faculty matching diversity of NC/SE Region, National, International % of students, staff, and faculty participating in leadership development and mentoring programs
Priority 2	<i>Infrastructure – Upgrade facilities and integrate technologies to exceed current and future demands</i>	\$ raised for facility improvement Satisfaction with technologies offered (students, faculty, and staff) # of new technologies # of new IP (products, processes, technologies, etc.) # of resources dedicated to innovation # of new partnerships # of startups # of faculty participating in innovation programs
Priority 3	<i>Innovation – Transform curriculum, forge new pathways, and advance research and scholarship</i>	Education - # applications and yield %, % employed, National recognition for curriculum change (i.e. NLN COE Award), % of courses with interdisciplinary faculty, % of students in interdisciplinary courses, % of students passing professional exams, % of students that continue their education within and outside the SON, # of years from starting to desired degree, % of students engaged in global experiences, # of international students and visitors hosted by UNC Research – \$ funding from all sources, # of publications, # of research grants, # collaborations engaged in, % of research implemented Practice – # faculty/alumni awards, perception survey, # faculty practice contracts, % of faculty maintaining certifications, % of students participating in service arenas (SHAC, free-clinics, etc) Service - % of community (students, staff, faculty, and alumni) engaged in external service (professional and community), % of students, staff, and faculty involved in service, % of students, staff, and faculty involved in global programs



Moving Forward; How can you mitigate bad decision making?

- Individual Level
- Team Level
- Organization Level



Mitigation Strategies - Individual

1. Become aware of the “blindspot” problem (now you are!)
2. See your own blindspots
3. Seek external and diverse opinions on major issues and decisions and link to strategy
4. Be particularly conscious of overconfidence
5. Set limits for gambling
6. Balance personal vs. organizational returns
7. Learn statistical analysis
8. Utilize the scientific method of problem solving
9. Do not repeat failure – learn from it
10. Be open to devil’s advocate assessments



Mitigation Strategies - Team

1. Become aware as a team of potential blindspots
2. Document explicit assumptions on the team
3. Appoint a devil's advocate
4. Understand and utilize the scientific method
5. Focus on data-driven analysis and support
6. Search for analogies in other industries
7. Set limits in advance on major deals
8. Incorporate an external perspective (consultant?)
9. Ignore sunk costs
10. Seek diversity on all teams



Mitigation Strategies - Organization

1. Encourage all employees to be aware of blindspots
2. Establish a culture of open communication and share strategy
3. Encourage learning from failure (and benefits)
4. Create a system of checks and balances
5. Assemble multi-functional and diverse teams
6. Involve more employees in strategy sessions
7. Analyze scenarios (and especially worst case)
8. Incorporate independent external perspectives
9. Reward innovation and entrepreneurship
10. Provide training in blindspot mitigation! Like this!



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Strategy



**The Key to
Success**

Blind Spots



**Barriers to good
decisions**

Best Practices



Pragmatic advice

