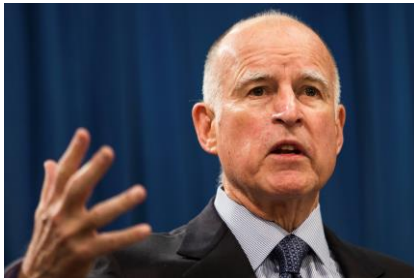# Rightsizing the Program Portfolio

Part I: Understanding the Context and Methodology of Program Reviews

Business Affairs Forum

A Path to Stewardship, or Institutional E. Coli?


Jerry Brown,
Former Governor of California

> "What I like about Chipotle is the limited menu... I think that's a model some of our universities need to follow. With a limited-menu concept, everyone would graduate on time. Universities have so damn many courses because all these professors want to teach one of their pet little projects—but then you get thousands and thousands of courses, and then the basic courses aren't available. It takes kids six years instead of four years [to graduate]."

Quantifying Our Growing Complexity

The First Step is Admitting We Have a Problem

Students Per Program Continues to Fall, a Product of Program Proliferation

Average enrollments stayed flat during the same period, indicating that an expanding number of programs is at the heart of this trend
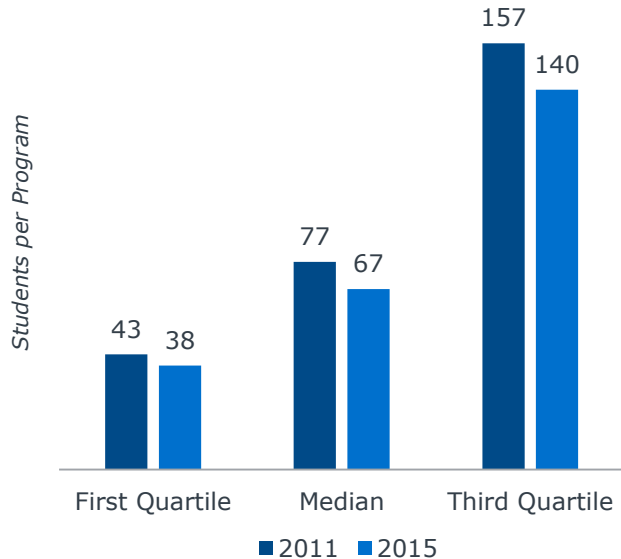
13% Decline in median "students per undergrad program" from 2011 to 2015

> "If you look at our curriculum in 1900 and compare it to now, we've added some programs but hardly taken anything away. The starting part is easier, but there's no sense of how we stop something once it's going."
>
> *Provost, Public Research Institution*

Isn't More a Good Thing?

Expansion Speaks to the Soul of the University—But Has Consequences

Program Expansion Inherent to the Academy's DNA

- Innovation and inquiry fundamental to extending the bounds of knowledge
- Introduces diverse perspectives and voices into the classroom
- Entrepreneurial mindset helps to retain and recruit faculty
- New market-conscious programs and courses advance enrollment goals

Negative Consequences of More in an Era of Limited Resources

- Impossible to maintain quality across all programs and research areas
- Role of new programs in growing undergrad enrollment uncertain
- Areas of institutional distinction diluted by too much market noise
- Fixed costs (tenure-track faculty, space) difficult to unwind once added

Comprehensiveness → ⚖ **Proliferation**

"We desperately need to have a conversation about program proliferation. We have 22,000 students and 380 degree programs. Our state flagship has 45,000 students and only 215 programs. Clearly, something is off."

CBO, Public Research University

The Price of Being All Things to All People

Hidden Costs of Proliferation Difficult to Quantify, No Less Detrimental

Well-Known Fixed Costs

- Instructor salaries and benefits
- Administrative support
- Office, classroom, and lab space
- Equipment and supplies
- Impact on central resources (e.g., parking, libraries, IT)

"Softer" Costs of Complexity Harder to Spot

Indicator	Consequence	Impact
Sub-scale departments	• Lack of critical mass for research and teaching • Redundant admin support better delivered at scale	• Higher admin costs • Lower instructional productivity • Expanded time to degree • Lower student completion rates • Less collaborative research
Disciplinary silos	• Duplicate courses • Obstacles to collaboration	
Underutilized faculty	• Under-enrolled niche courses • Low-enrollment programs	
Student success challenges	• Excess credits taken • Difficulties changing major	

Source: EAB interviews and analysis.

Fixed Costs Playing Out Across a Long Tail

## More Acceptance of the Need to Address Challenging Financial Realities

Majority of Students Concentrated in a Handful of Majors

EAB's Academic Performance Solutions data shows that almost 70% of students are concentrated in the top two deciles of most popular majors at their respective institutions (n=51).[1]

Decile of Majors

Decile	%
1	48%
2	20%
3	13%
4	8%
5	5%
6	3%
7	2%
8	1%
9	1%
10	0%

0%   20%   40%   60%
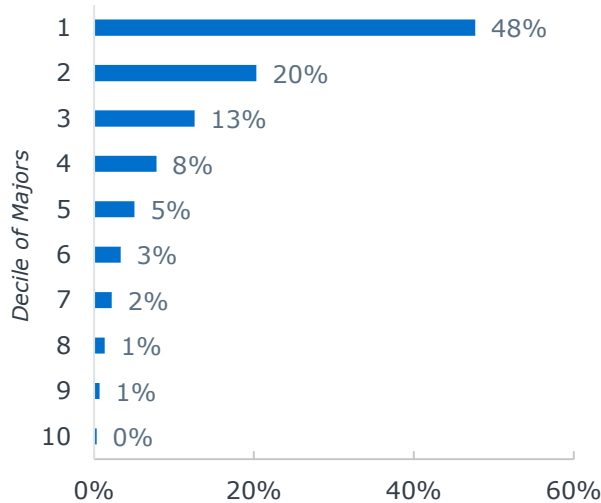
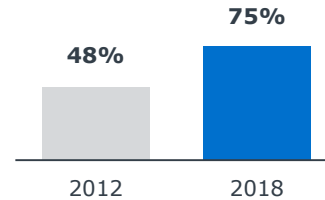### Survey of Chief Academic Officers

Institutions expecting new funds for academic programs to come from reallocation rather than new revenues.

66% (2014)   68% (2018)
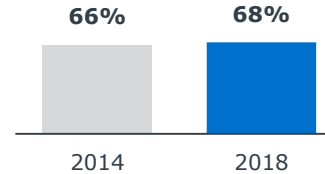
Institutions planning to increase emphasis on cutting underperforming academic programs in the coming year.

48% (2012)   75% (2018)

Discipline-Driven Process Poorly Designed for a Portfolio Perspective

Traditional Academic Program Review

College A

College B

College C

College D

Periodicity

Too Infrequent
- Typically on a 5-10 year cycle

Focus

Disciplinary
- Emphasizes unit-driven goals

Scope

One program at a time
- Prevents comparison or portfolio analysis

Assessment

Informal
- Subjective self- and external evaluations

Results

Typically superficial
- Incentive to request additional support

Source: EAB interviews and analysis.
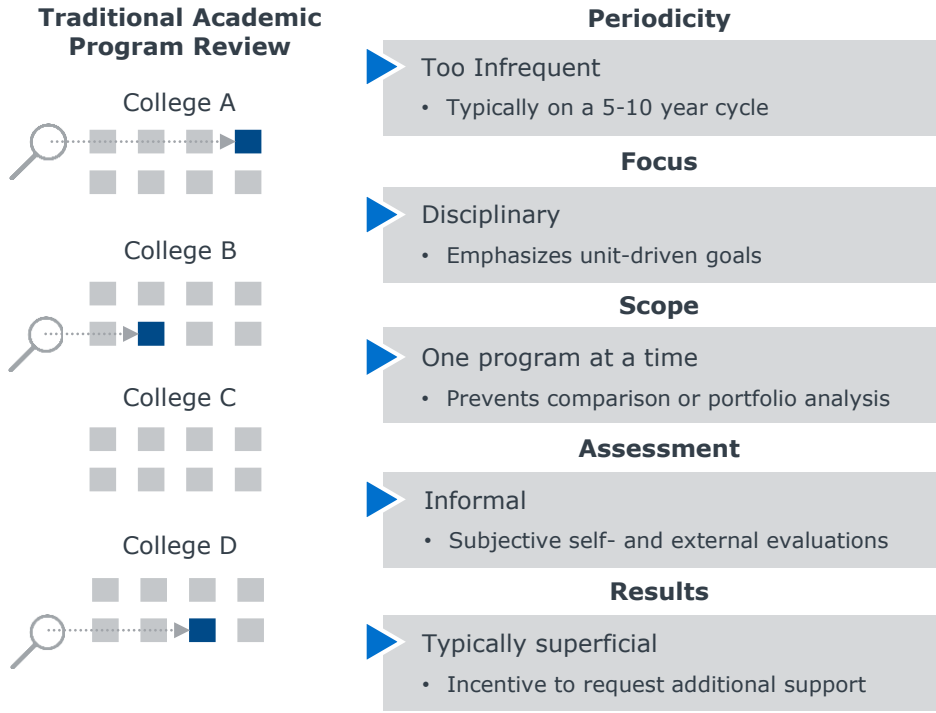
One-Time Reallocation Requires Huge Effort, Rarely Results in Savings

Comprehensive Program Prioritization

High Performers

Enrichment

More Support

Neutral

Less Support

Disinvest

Low Performers
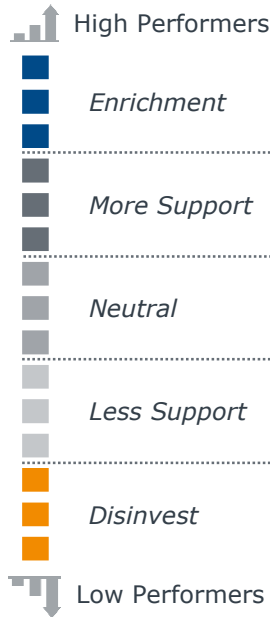
Periodicity

Once (If Ever)
- Most vow never to repeat

Focus

Holistic
- Often hundreds of metrics included

Scope

Every academic program (and more)
- Designed to roughly rank and categorize

Assessment

Reductive
- Apples-to-oranges comparison required

Results

Limited program consolidations
- Cultural costs can outweigh cost savings

Tangible Savings Few and Far Between

25% Derailed Before Completion

Snapshot:

Regional Public in the Northwest

- Provost announces prioritization without compelling case for a reallocation methodology
- Faculty research into prioritization leads to senate vote to protect all faculty lines and programs from closure
- Effort abandoned after failure to reach consensus on data definitions and reliability

Key Factors:

- Faltering executive commitment to reallocation
- Tenuous buy-in from campus stakeholders about the need for prioritization
- Data either unavailable or (perceived as) untrustworthy

50% Completed with Minimal Changes

Snapshot:

Private Master's in the South

- Three rounds of prioritization eliminate program tracks in departments without touching faculty, leading to virtually no savings following major effort
- Efforts have created comfort with metrics; leaders hope to move to more regular review to avoid angst surrounding prioritization

Key Factors:

- No programs with any real cost implications closed
- Primary savings lever—faculty headcount—left untouched
- Prioritization effort too exhausting and demoralizing for follow-through

25% Successful Reallocation

Snapshot:

Public Research in the Midwest

- Easy-to-sacrifice minors and tracks taken off the table before proceeding with ranking
- Lowest quintile degree programs in each college expected to make major changes
- Deans given authority to reallocate budget as saw fit
- New state funding redirected to priority areas in top quintile

Key Factors:

- Singular focus on mission, whether in response to budget cuts or surplus
- Previous data collection leads to quicker decision-making
- Effort takes on "local flavor"

Source: EAB interviews and analysis.

An Honest Assessment

Allure of Prioritization Not Always Aligned with Realistic Outcomes

What It Can Do	**Program Prioritization**	What It Can't Do

What It Can Do

- **Jumpstart resource conversations in drastic circumstances:**
When quick decisions are required, prioritization is a rational approach that avoids reinventing the wheel.

- **Spark creative thinking among faculty for how to survive cuts:**
Prioritization veterans report the fear of elimination prompted program revitalization efforts that previous appeals had not.

- **Set the stage for a new way of operating moving forward:**
Those that complete prioritization often adopt more regular review cycles and strategic resource allocation decisions.

What It Can't Do

- **Produce the necessary data:**
Prioritization is dependent on a specific set of detailed program data, which for most institutions will require significant time to gather and cull.

- **Make discontinuance decisions:**
A full prioritization exercise will show an institution what it could cut, but not what it should cut or how.

- **Realize notable near-term savings:**
Cutting a program is unlikely to produce savings right away when the majority of costs are tenured and tenure-track faculty.

- **Decide where and how to invest:**
Fraught discussions on what might be cut will crowd out equally important decisions about potential investments.

Implementation Observations from Prioritization Veterans

Non-Negotiable Factors

Don't begin the prioritization process without:

- **Unwavering executive sponsorship** from trustees, president, and executive cabinet, particularly if program discontinuance or faculty retrenchment is on the table
- **Campus-wide understanding** of the context necessitating prioritization—ideally communicated before starting prioritization

Save Up for Surprising Costs

Surprising start-up costs can rack up the bill:

- **Consultant fees** to help with training, metric selection, data collection, and change management
- **Faculty course releases** and/or stipends for administrative staff, given the significant work expected of those in the prioritization trenches

IR, Start Your Engines

Two reasons data often overwhelms:

- **No previous efforts** have been made to collect some of the metrics that committees decide to include in their analysis
- **High degree of manual data entry** and reconciliation should be expected—and can cause further skepticism among data deniers

Measured in Months and Years

No quick wins here—expect these timelines:

- **One to two years** to complete prioritization
- Savings from program elimination will likely take **two to four years** to realize, depending on teach-out and tenure policies
- Accreditation, leadership turnover, and consensus building will add time to the clock

Raw Number of Products a Poor Indicator of Overall Innovation

SKU (Stock-Keeping Units) Proliferation

Increasing the number of product offerings to meet additional manifestations of customer demand, with the assumption that additional sales will outweigh costs.

Corporate "Innovation Addicts" Face Real Cost Consequences

- Greater product variety introduces complexity that can compromise operational performance and profit
- Major consequences of proliferation:
  – Decreased product quality
  – Increased time to delivery
  – Greater facility costs
  – Trapped capital in slow- or non-moving stock

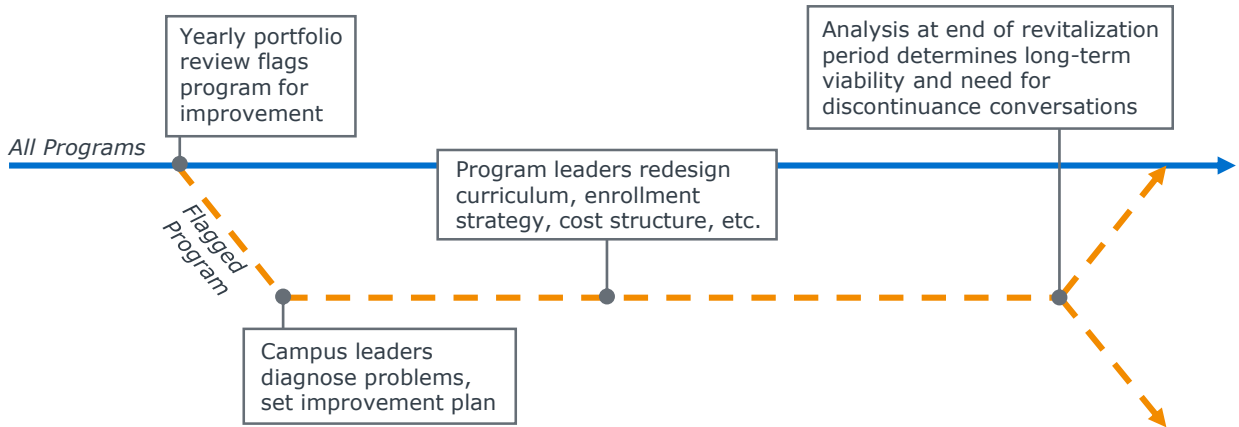### Making the Leap: Translating Private-Sector Guidance into Higher Ed Culture

Harvard Business Review Principles	Higher Education Translation
Focus on integration, not variety.	**Leverage the existing program portfolio** by investing in opportunities that build on current strengths, expanding only in cases of clear market or mission alignment.
Connect product innovators with those who deal with their effects.	**Continuous tracking of program health** and conversations about which programs to grow and which to discontinue should incorporate faculty, student, alumni, employer, and market considerations.
Define your purpose to guide decision-making.	**Connect program decision-making with institutional priorities** to ensure they are adding value and advancing the institutional mission.

Source: Raymond Cocozza, "How SKU Analysis Helps DCs Assess the Impact of SKU Proliferation on Their Operation," *Conveyco* (June 2018); Mark Cotteleer, "SKU Proliferation: Too Much or Not Enough?" *Deloitte Insights (*December 2012); Martin Mocker and Jeanne Ross, "The Problem with Product Proliferation," *Harvard Business Review* (May-June 2017); EAB interviews and analysis.

The Right Tool for the Job

Foster a Continuous Improvement Mindset With a Regular Review Cadence

Illustrative Process for Annual Program Review

Yearly portfolio review flags program for improvement

Analysis at end of revitalization period determines long-term viability and need for discontinuance conversations

All Programs

Program leaders redesign curriculum, enrollment strategy, cost structure, etc.

Flagged Program

Campus leaders diagnose problems, set improvement plan

Four Advantages of Annual Reviews

1 Intervene while there's still time

2 Improvements might fix the problem

3 Socialize the need for change

4 Buy time to loosen fixed costs

Rightsizing the Program Portfolio

Executive Imperatives for Balancing Revitalization and Discontinuance

Today's Focus | *Part II: August 6, 2019*

1
Assemble the Right Data for Regular Program Health and Performance Conversations

2
Provide Watch-List Programs Structured Guidance and a Set Period of Time to Improve

3
Increase Resource Flexibility in Parallel to Program Redesign Efforts

4
Ensure Program Discontinuance Minimizes Stakeholder Disruption and Maximizes Cost Savings

- Evaluate programs annually to assess health, reward progress, and identify areas of concern
- Balance ease of collection, faculty receptiveness, and institutional priorities to determine the "right" program performance metrics

- Guide program leaders to design improvement opportunities with the right data and expertise
- Establish up-front expectations for future program performance over a set period of time

- Deploy appropriate retirement incentives
- Clear the emotional hurdles that often hinder retirement
- Ensure disciplined position control over vacated faculty lines
- Use retirement as a forcing function for larger planning efforts

- Review institutional policies to ensure common faculty and student issues are appropriately addressed
- Refine talking points to explain the context and reason for discontinuance in light of larger institutional objectives

Source: EAB interviews and analysis.

In the Room When It Happens

CBOs Differ in Their Level of Involvement—But Their Presence Is Critical

Three Potential CBO Roles in a Mature Program Review Process

Truth Teller

Brings the right data to the table and presents the facts

"Academic costs are the elephant in the room. It's the largest part of our budget, as it should be, but when enrollment declines this much, how can I not point out what's going on?"

CBO, Regional Public

Inquisitor

Asks the tough questions when no one else will

"I can see when it happens—we're having a tough conversation, and everyone averts their eyes as they wait for me to ask the tough questions about program costs and sustainability."

CBO, Private Master's

Dr. No

Decides in concert with provost about program launch or sunset

"I might be brash in focusing on the bottom line, but I have to keep the long term in mind. It's no different than the CFO of a manufacturer saying they're not going to make VHS players."

CBO, Regional Public

Source: EAB interviews and analysis.

EAB

Assemble the Right Data for Regular Program Health and Performance Conversations

IMPERATIVE

1

Overwhelmed by the Possibilities

Managing by Metrics Quickly Becomes a Complex Endeavor

Common Metrics from University and College Dashboards

Enrollment Trends

- Total enrollment
- Enrollment by major
- Undergrad/grad ratio
- Size of entering class
- Majors per tenure-track faculty FTE
- SCH[1] generated
- Number of applicants
- Acceptance rate
- Yield rate
- First-time/transfer students
- Male to female student ratio
- Ethnic distribution
- In-state, out-of-state, international enrollment
- Average SAT/ACT
- Percent Pell recipients
- Degrees awarded

Revenue and Expenses

- Operating expenditures
- Net tuition revenue
- Cost per SCH
- Operating expenditures
- Expenditures for administration as percent of total
- Miscellaneous revenue (licensing, startups)
- Faculty per student breakeven

Faculty Productivity

- Number of publications
- Patents and tech transfer
- Research expenditures
- Patents
- Post-tenure promotion rate

Student Success

- First-year retention rate
- Six-year graduation rate
- Study abroad rate
- Experiential learning/ undergraduate research experience rate
- Job placement rate
- Licensure pass rate
- Average debt at graduation
- DFW[2] rates
- Course completion rate
- Credits required per degree
- Enrollment bottlenecks by room size, technology required, and location
- Time to degree
- Student carrying load
- NSSE[3] survey data
- First destination surveys

Instructional Productivity

- Sections taught
- SCH taught per faculty
- Average class size
- Average teaching load
- Classroom utilization rate
- Course fill rates
- Low-enrollment sections
- Student/faculty ratio
- Percentage of courses taught by contract/ adjunct instructors
- Instructional capacity gap
- Average and median undergraduate class sizes

Faculty Demographics

- Headcount (T/TT[4], gender, ethnicity, age)
- Percent with terminal degree
- Alma mater

1) Student credit hours.
2) D, fail, or withdrawal marks.
3) National Survey of Student Engagement.
4) Tenured/Tenure-Track.

Source: EAB interviews and analysis.

The Right Data, at the Right Time

Core Financial and Mission-Oriented Priorities Should Inform Assessment

Three Approaches for Program-Specific Data

Enrollment Trends

Degree and student credit hour production

Financial Contribution

Program-level P&L[1] statements

Department Performance Indicators

Metrics with unit-level inflection points
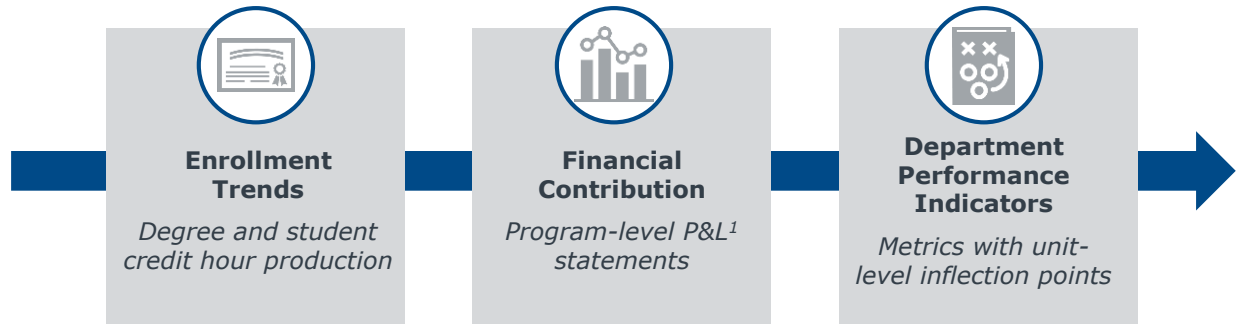
These approaches are not mutually exclusive— but ability to move on any one depends on:

- Data accessibility
- Campus culture and objectives
- Stakeholder buy-in

1) Profit and loss.

Relying on Enrollment as the Health Indicator

Annual Review Flags Programs Failing to Meet Enrollment Targets

VIRGINIA TECH™

State-Mandated "Productivity" Review Reveals Alarming Number of Underperformers

33%

Share of undergrad programs flagged as at risk of closure by the state system due to under-enrollment in 2013

"We want to make sure all of our degrees are meeting institutional goals. However, we do have programs on life support and we intentionally provide a venue to discuss plans to restore health or teach out. **Having a collaborative plan with a clear timeline and target enables us to control our decision making** rather than dealing with state-mandated action."

Wanda Dean, Former Vice Provost for Enrollment and Degree Planning

Virginia Tech's Enrollment-Focused Program Review Process

1 Review Programs for Enrollment Performance

- Annual viability review compares enrollment and degree output to agreed-upon program targets

2 Identify Under-Performing Programs

- Enrollment Management flags programs not meeting goals

3 Implement Solutions with Provost's Backing

- Provost endorses turnaround initiative, requires departmental collaboration in improvements

- Enrollment Management develops and monitors turnaround plans

- Programs still under-target after three years are sunset

Source: Virginia Polytechnic Institute and State University, Blacksburg, VA; EAB interviews and analysis.

Five-Minute Enrollment Review

Institutional Research Provides Core Metrics, Avoiding Faculty Burden

VIRGINIA TECH

Enrollment-Focused Program Review
Program: B.A. in Foreign Languages

Target FTE enrollment: 20
Actual FTE enrollment (5-year average): 14
Change from previous: 0

Target degrees conferred: 5
Actual degrees conferred (5-year average): 4
Change from previous: +1

Target student credit hours: 1000
Actual student credit hours (5-year average): 820
Change from previous: -135

Does the program require additional attention?

☑ Yes   ☐ No

Evaluation: Proceed with program website and communication plan audits

Leveraging Centralized Data

Virginia Tech's Office of Institutional Research pulls each year's program-level data every fall

Averages smooth unusual years, draw out trends

Degree output accounts for programs with high transfer-in rates

Credit hours account for service programs with low enrollment but high workload

76% Reduction in under-performing undergrad programs after two years, from 25 in 2013 to 6 in 2015.

A "Simple" Formula for Program Margin Analysis

Costs and Revenues Meet at the Student Credit Hour

Common Approach for Determining Contribution Margin
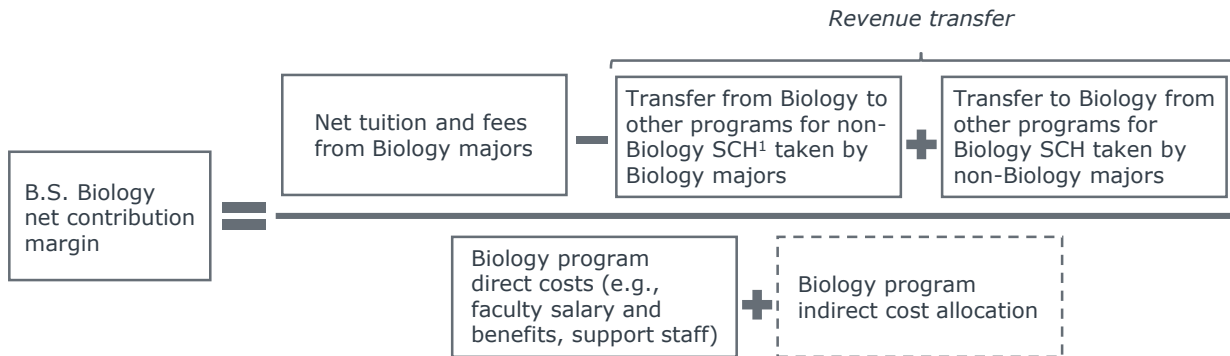
Revenue transfer

Unpacking the Revenue Transfer

Biology to English

1. Add all instructor salaries and benefits for English
2. Divide by the total SCHs produced in English to determine per-SCH English rate
3. Add all English SCHs taken by Biology majors

4. Multiply that number of SCHs by the per-SCH English rate
5. Transfer dollars to English

1) Student credit hour.

Source: EAB interviews and analysis.

To Allocate or Not to Allocate

Mathematical Rigor Only Useful to the Extent It Builds Consensus

Complicating Considerations in Program Profit and Loss Models

Revenue Allocation Considerations	Direct Cost Allocation Considerations	Indirect Cost Allocation Considerations
• Average per-student tuition v. actual tuition per student • In-state v. out-of-state tuition • Department-generated revenues • External research funding	• Special types of courses (e.g., team-taught courses, labs, tutorials, independent studies) • Separate allocation of faculty salaries to research and/or service time • Course releases • Unfunded research costs	• Fully loaded v. net direct contribution model • Department, college, and total university overhead • Distinction between indirect costs utilized by undergrad/grad students • Headcount v. usage allocation formula

Who's the Fairest of Them All?

Net Contribution Margins for Sample Undergrad Programs in Arts and Sciences

Sciences tend to have lower margins

German's program contribution much lower than other languages

Humanities tend to have higher margins

Chemistry	Biology	Music	Computer Science	Environmental Science	German	Fine Arts	Economics	Classics	English	Sociology	History	French	Italian
-23%	-18%	-13%	-8%	-8%	-7%	10%	11%	13%	17%	20%	23%	27%	63%
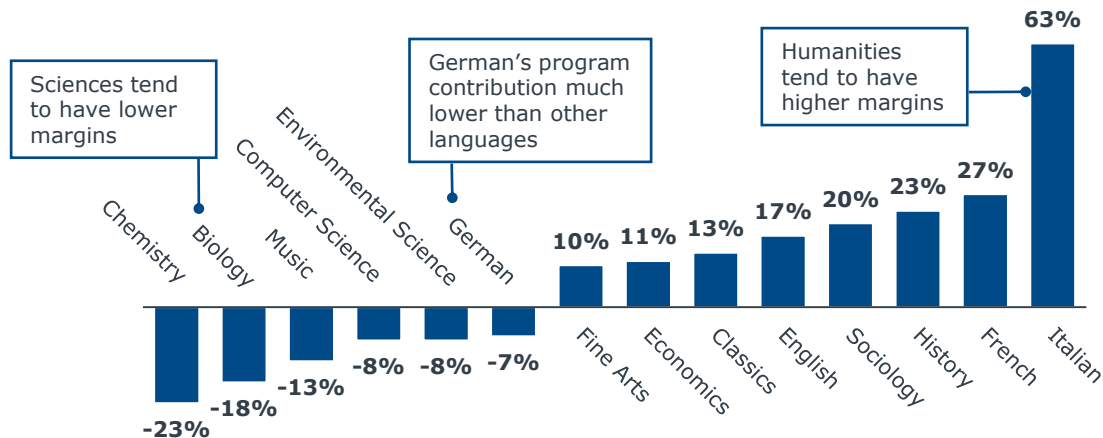
Guidance for Analyzing the Results

▶ Look for Clusters

- Like-disciplines often band together
- Sciences tend to have lower margins; humanities have higher margins

▶ Identify Outliers

- Find programs out of the range of similar programs
- E.g., German has significantly lower margins than other languages

▶ Analyze by Exception

- Programs naturally have different cost structures and revenue patterns
- Focus analysis on those with changing margins

Source: EAB interviews and analysis.

Faculty-Led Financial Conversations

Contribution Margin Analysis Sparks Deeper Dive into Program Performance

Two Components for a More Effective Annual Review Process

St Ambrose University

▶ **Faculty Finance Committee 2.0**

- 6 elected faculty, plus Provost and CBO in ex-officio capacity

- Includes business school faculty with specific financial acumen

- Added academic fiscal viability reviews in 2016 after stalled prioritization effort prompted desire for financial transparency

▶ **Standardized Reports**

- Fully allocated program-level contribution margins

- 18 additional metrics from EAB's Academic Performance Solutions dashboard, including faculty mix and workload, section size, etc.

- Full transparency of reports linked operational decisions and financial results for the first time

Programs with Negative Margins Up for Review First

- Faculty Finance Committee and program heads discuss plan to address financial performance, set three-year targets for improvement

- Proposals from program heads vetted through projection model (SCH not the solution to everything)

Data Visibility Sparks Collaborative Decision-Making

- Faced with struggling performance, department chairs did not ask to replace five retiring faculty lines—allowing the committee to reallocate **$446K to 2.5 new faculty lines** in one growing and one new program.

Download one of St. Ambrose's reports here.

Source: St. Ambrose University, Davenport, IA; EAB interviews and analysis.

Checking in on Academic Vital Signs

Institutional Management Metrics Often Distant from Departmental Control

EAB-Endorsed Department Performance Indicators

Institutional Priority	Common Institutional Metric	Department Performance Indicator
Cost Efficiency	Operating Expenditures Average Class Size Student-Faculty Ratio Standard Faculty Workload	Instructional Capacity Gap
		Student Credit Hours per Faculty FTE
		Unfunded Course Release Targets
Enrollment Growth	Total Enrollment Size of Entering Class Native Student Major Enrollment	Major Migration
		Off-Peak Enrollment
		External Demand
Student Outcomes	Graduation Rates First-Year Retention Rate Average Student Debt	D, F, Withdrawal Rates
		Junior Graduation Rate
		Experiential Learning
Scholarship	Research (Grant) Expenditures Number of Publications Doctoral Program Size	Holistic Outputs
		Effort Metrics
		Post-Tenure Promotion
Faculty Diversity and Inclusion	Underrepresented Share of Faculty	Pipeline Stage Conversion Rates
		Retention and Advancement Disparities

Spotlight: Strategic Accountability Matrix

Yearly Dashboard Continues to Evolve with Institutional Priorities

Strategic Accountability Matrix (SAM) Focuses Attention on Goals and Provides Transparency to Resource Decisions

University *of* Wisconsin
Eau Claire

Department	Student Success Metric					
	Student Credit Hours lost to DFW[1]			Intersession Undergraduate SCH		
	Goal	*Actual*	*Score*	*Goal*	*Actual*	*Score*
Dept. A	471	1,086	**2.31**	122	198	**1.62**
Dept. B	401	134	**0.33**	113	400	**3.54**
Dept. C	193	724	**3.76**	78	87	**1.11**
Dept. D	205	715	**3.49**	80	219	**2.72**
Dept. E	1,879	1,384	**0.74**	244	103	**0.42**

Transparency around actual values **encourages healthy competition** between departments

Transparency around data definitions and expected values clarify **how departments and deans collaborate to set goals**

Transparency of scores helps departments understand **resource allocation decisions**

Download an in-depth case study of UW-Eau Claire's Strategic Accountability Matrix here.

1) D, fail, or withdrawal marks.

Source: University of Wisconsin-Eau Claire, Eau Claire, WI; EAB interviews and analysis.

Spotlight: Strategic Accountability Matrix

SAM Metrics at the University of Wisconsin-Eau Claire

Category	Metric
High Impact Practices	Collaborative Research or Creative Activity
	Internships
	Intercultural Immersion
Advising	New Freshmen Degree Plans
	Advisee Satisfaction
Student Demographics	Student of Color Majors
	Transfer Student Majors
Student Interest	High School Student Interest
	New Freshmen Majors
	Total Majors
Course Availability	Liberal Education Core Student Credit Hours
Mini-Session Utilization	Interim Undergraduate Student Credit Hours
	Summer Undergraduate Student Credit Hours
Student Progression	Student Credit Hours Lost due to Withdraw/Repeat/Fail
	Freshman Mid-Term Grade Reports
	30 Credits First Year
	60 Credits First Two Years
Tuition	Tuition from Mini-Session

Spotlight: Unit Effectiveness Plan

Aligning the Strategic Plan and Day-to-Day Program Management

Unit Effectiveness Plan Combines Centralized Data and Departmental Goals
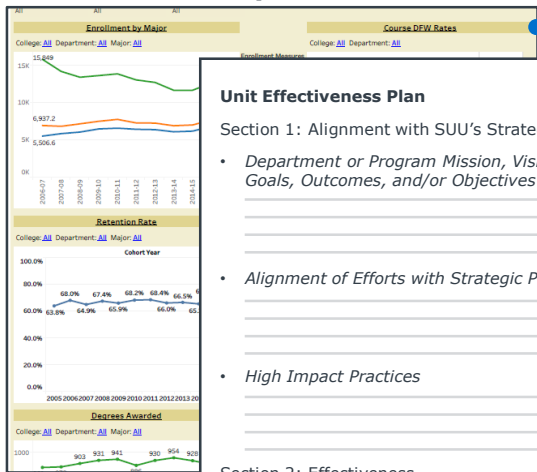
Unit Effectiveness Plan

Section 1: Alignment with SUU's Strategic Plan

- *Department or Program Mission, Vision, Values, Goals, Outcomes, and/or Objectives*

- *Alignment of Efforts with Strategic Plan*

- *High Impact Practices*

Section 2: Effectiveness

- *Enrollment by Major*
  - *Analysis*
  - *Goals*
  - *Current Efforts*

Efficiency and Effectiveness Metrics Provide Single Version of the Truth

- Performance shown over time
- Incorporated into annual budgeting and planning process
- Prevents excessive and uncoordinated requests from institutional research offices and administration
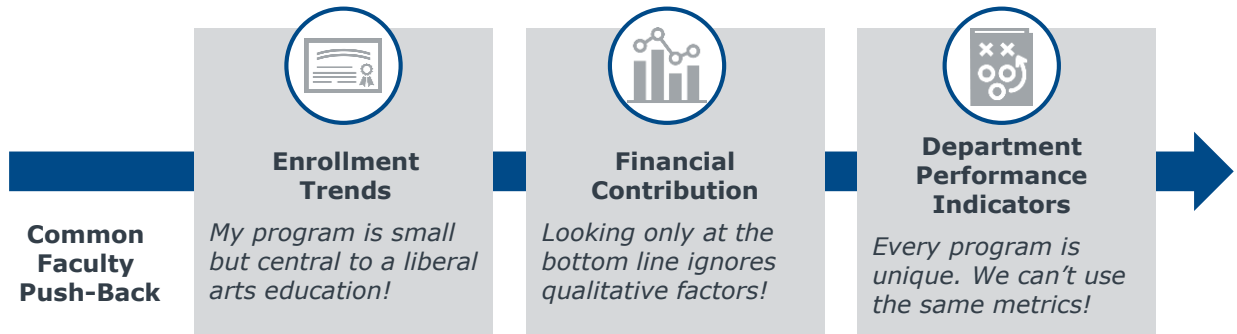
Qualitative Plan Brings Data to Life

- Self-analysis maps to performance data from dashboard
- Goals require connection to SUU's strategic plan
- Opportunity to highlight department successes and innovations—and make the case for more resources

Download Southern Utah University's Unit Effectiveness Plan template and handbook.

Source: Southern Utah University, Cedar City, UT; EAB interviews and analysis.

Require Programs to Use Central Data and Allow Them to Correct It

Common Faculty Push-Back

Enrollment Trends

My program is small but central to a liberal arts education!

Financial Contribution

Looking only at the bottom line ignores qualitative factors!

Department Performance Indicators

Every program is unique. We can't use the same metrics!

> "Faculty are afraid of data collection, because in higher ed we usually only turn to data when it's needed, like in a budget crisis. So if you start collecting data, faculty wonder when the shoe's going to drop and someone is going to be punished or have their budget cut."
>
> Provost, Public Research University

University of Oregon's Metrics Initiative Balances Central and Unit Interests

Two Tiers of Metrics Ensure a Complete Picture of Departmental Performance

▶ Operational Metrics (Centrally Selected)

- Average SCH taught per TTF and NTTF FTE[1]
- Number of undergraduate majors per TTF FTE
- Expenditures per SCH[2]
- TTF course workload realized
- Average and median undergraduate class sizes
- TTF FTE per staff FTE (general fund)
- Instructional FTE per staff FTE (general fund)
- Majors (grad and undergrad) per staff FTE
- Degrees awarded

▶ Mission Metrics (Unit Selected)

- Research metrics: grants, publications, citations, awards, fellowships, etc.
- Undergraduate education: time to degree, retention, experiential learning, diversity
- Graduate education: time to degree, completion rates, graduate research productivity, advising quality, initial placement, selectivity

1) Tenure-track faculty and non-tenure-track faculty full-time employees.
2) Student credit hours.

UNIVERSITY OF OREGON

Memorandum of Understanding

WHEREAS metrics can be valuable in understanding the work of the university and allocating limited resources to support the university's mission and commitment to its students…

WHEREAS the introduction of evaluative measures leads to anxiety among faculty if they are not involved in the development of such standards…

WHEREAS faculty have concerns that the metrics will be used inappropriately for things such as "ranking" faculty members or departments…

WHEREAS faculty have concerns that they will be using metrics to establish some sort of threshold at which faculty members could be "cut" if they do not meet that threshold…

Learn more about the metrics initiative here. Download the full memorandum here.

Six Principles for Annual Reviews

Design an Effective Evaluation Process to Prompt Continuous Improvement

1 Find the Right Frequency

Hold a formal evaluation conversation, at least annually

An annual review is a data-informed discussion with key decision makers based on a common data set to ensure accuracy and efficiency

2 Make it Easy

Minimize self-reporting burden on department chairs

A single data source alleviates burden on department chairs, who are not trained to analyze data, and makes comparisons across departments feasible and productive

3 Know Where You Stand

Share data on internal and external benchmarks openly

Without creating a competitive atmosphere, departments can benchmark their performance against other departments and focus on areas for improvement

4 Make It Matter

Reward improvement with recognition and resources

Rewards should be discretionary, such as funding that can be used for one-time expenses

5 Open the Black Box

Connect performance and data to major resource decisions

Provosts and deans should use the data to inform resource decisions and make their reasoning transparent

6 Keep It Focused

Prioritize 2-4 goals to focus on each year

Annual reviews should result in only two to four goals for departments to focus on throughout the year

Download a one-pager with these principles here.

Source: EAB interviews and analysis.

Effective Department Performance Indicators

Focus Unit Attention on Metrics They Can Control

Aligned:

Do department-level changes in the metric inflect the relevant institutional goal(s)?

Specific:

Is the metric directed at narrowly-defined, easily-identified departmental action(s)?

Measurable:

Can the institution collect longitudinal information about the metric?

Actionable:

Does the department have direct influence over this metric?

Realistic/Fair:

Does the metric control for variables outside departmental influence?

Time-Bound:

Can the department significantly influence the metric in the given time frame?

Simplified:

Is the metric easy to understand and not an amalgamation of many calculations?

Difficult to Game:

Does the metric eliminate "perverse incentives" to avoid true improvement?

Time Tellers vs. Clock Builders

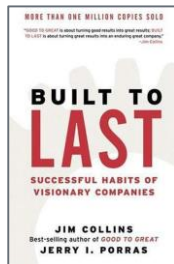## Lasting Results Require Great Systems, Not Just Great Leaders

7 Average tenure of college and university **presidents**, in years

4 Average tenure of college and university **provosts**, in years

6 Average tenure of college and university **deans**, in years

4 Average tenure of department **chairs**, in years

7% Likelihood that all four individuals will overlap in service for 4 years

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"Having a great idea or being a charismatic visionary leader is 'time telling;' building a company that can prosper far beyond the tenure of any single leader and through multiple product life cycles is 'clock building.' Those who build visionary companies tend to be clock builders."

Jim Collins
Built to Last: Successful Habits of Visionary Companies

Source: ACE, The American College President, 2012; ACE, Chief Academic Officer Survey, 2013; AACSB, Deans Survey, 2014; University Council for Educational Administration, 2016; Jim Collins, *Built to Last*, 1994; EAB interviews and analysis.

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