

Democratizing Transformation Leading Change from the Middle

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**National Association of Independent Colleges and Universities
February 4, 2015
Washington, D. C.**

There's a great deal of talk today about the need to transform many of our most important institutions. Indeed, there's not a week that goes by without prominent voices in higher education talking about the urgent need for the transformation of colleges and universities.

Our goal this morning is to consider what this concept of transformation means and to offer a new framework for leading successful change. This is going to be important, especially in the increasingly common case where the critical actions that need to be taken cannot be mandated top down. Instead, in the future you will more likely have to lead through others who are closer to the middle of your institutions than the top.

But First, the question of why is Transformation an Imperative?

I expect that many of you are experts on this subject. Some start with the need for new revenues and concern that tuitions are already rising too high at a time when the pool of applicants is declining. Others concentrate on the need to better utilize assets to create value and to reduce operating costs. Perhaps the greater concern still is the underlying fear that applicants may no longer see value in the product that equals the cost.

These are conversations that can be heard today in industries from every sector of the economy and throughout the world. We could hear this conversation

in manufacturing, in finance, the media and telecommunications. As with others, the pressures come from competitive threats that have never been seen before.

Everyday you hear that disruptive technology offers vast new opportunities as well as new risks. And some changes are indeed breathtaking. A single course in Artificial Intelligence at Stanford attracts more students on line than have taken all AI courses combined. There are similar stories in the humanities. The new possibilities are often presented as new alternative academic programs. While this may open up new relationships – as with the alumni, for example - growing choice has put new power into the hands of the student and the applicant. Competitors have easier access to once well-protected markets. And each of these forces is placing new demands on increasingly stressed institutions.

Harvard Business School professor Michael Porter would recognize these conversations as describing the elements of his five forces model that has guided generations of students of strategy to evaluate the growing competitiveness of markets. ***But with higher education there's a difference.***

Here the stress on the *business model* is neither the end point nor the most important point to be made. Some don't want to hear the phrase "business model" at all. Here there is a growing threat on each of these vectors leading to the core educational mission of colleges and universities. The changes, the stress and the competition keep raising the question of whether they are helping us to make teaching and learning better. They prompt the question: how should we be thinking about the change?

Technology is not the only force that's driving change of course. But it's useful to trace the digital transformation of one critical element of colleges and universities, the library, because the problems there are so compelling. The most recent issue of *Harvard Magazine* describes the way in which digital technology is opening exceptional opportunity for new scholarship. And yet, the description

showed how the benefits of the open, digital library seen in greater access, broader reach and the ability to adapt to new educational possibilities may be counter-balanced by the impact of all of this innovation and change on the ability of libraries to buy new books. As younger faculty find it more difficult to publish dissertation research, the change ultimately finds its way to the tenure committees evaluating the publications and the productivity of the rising faculty and this in turn is inevitably going to touch teaching and learning.

The point is that with higher education, the imperative for leaders to transform the business model is inextricably connected to a more powerful existential threat that reaches the core educational mission.

Recognizing the need for transformation brings us to the question of ***what should be done?*** The successful leaders will find that the question of ***what*** should you do to guide a successful transformational journey is really a question of ***how*** should you lead? The answer has changed in the matter of only a few years.

For perspective, we need to start with The Elements of Transformation

There are a series of common questions that face the leaders of every transformation even though the specific initiatives may differ widely. What may be most cost effective on one campus – a new revenue generating adult education course, a new way to flip the classroom, a new way to cut costs – may be totally inappropriate to another. The initiatives may vary but there are a number of common essential elements: *when* should you launch a transformation? *How* can you best create incentives for innovation? *Where* is the creative balance point between the innovators and the traditionalists? And there's one more common element: *new voices* seeking a seat at the table when you are discussing the future.

I had my own learning moment about transformation in 2003, while I was testifying before a Commission about an acute problem faced by a government

agency – the United States Postal Service. I found myself in the uncomfortable position of testifying about regulatory economics in front of a distinguished professor whose career had focused on regulatory economics and who happened to be the President of Yale when he wasn't serving as a Commissioner on the President's Commission on the future of the US Postal Service.

What was important about that day for me was that President Richard Levin asked a question that hadn't been asked in years of debate over postal reform. What if my proposed reforms were to generate a windfall profit for the Postal Service? What would I recommend they do with the money? In other words, how should they invest in transformation?

Fortunately I didn't have to answer the question that day because we were rushed for time. My problem was that I had too many answers. I could envision the stakeholder groups and their constituencies *each* having strong opinions about how to invest – whether in lowering prices for the customers or buying new technology to cut costs or to hire more workers or to invest in new digital services. That was the day, when I saw most clearly that the question was not only *what* should you invest in, but *how* should you do it?

These are controversial questions. In universities and colleges many stakeholders were already powerful before technology gave them new tools. Thus, higher education offers a microcosm for a profound question facing our society:

Who should get to have a voice in shaping the future?

The fact that stakeholder constituencies can now organize and form alliances across boundaries that have traditionally been unassailable – the boundaries of organizations and even national borders – has made leadership considerably more challenging in this time of technology and transparency.

If the moral of this story were simply “adapt to new technology”, there

wouldn't be much news here. But in fact, as important as the technology of social communications may be in empowering stakeholders and in challenging the traditional prerogatives of leaders, this is not a story about technology and social media but instead about the dynamics of leadership.

You need to Create a Framework that Anticipates the Dynamics of Change

There are common elements to transformation that can be found in organizations of all types. What's important here is what happens when you set the transformation in motion.

In the short time that we have this morning, I have three observations that I want to leave with you that summarize the dynamics of the interaction among the elements of successful transformations – they are summarized in two deaths and a birth. First, as leaders, it's important to recognize that we live in a time in which we are witnessing the death of traditional organizational gravity. The top down command and control approach to leadership is being undermined everywhere. New voices will demand a seat at the table and if you and your board stonewall them, they can likely form alliances. In short, the top down gravitational model breaks down when the stakeholders can go around you.

Second, as top down leadership models are eroded, horizontal leadership will make the middle manager more important and you will have to deal with the death of sequence. As individuals find that their powers are being enhanced, decisions are moving to the edge of enterprise with obvious risk to your ability to lead in the traditional sequence that you might have chosen. The paradox is that as the power to command and control slips from your grasp and new middle managers gain strength, the pressure on *you* to lead is growing. And this introduces the birth.

I have painted a picture of a time of exceptional and growing ambiguity. To resolve the tensions in each of the elements of transformation, leaders will be required to respect the voice of the stakeholders, in short to ***democratize***

transformation, in ways that have never before been imagined. In this environment of change and ambiguity, you will have to build trust simply to be heard. Here, there is no substitute for establishing authentic leadership, for leaders who can speak in their own clear voice to pose the trade-offs that will have to be made.

The questions can be perplexing. Is it time to launch? Or is it too soon? Do you have the skills and capabilities to deliver on the promise of the new vision for the future? Are there incentives for innovation and risk taking?

The future of transformation will require leaders who can respect the voice of the middle managers and to learn a new skill set. To be successful leaders of change the future of transformation will require you to lead differently and to “teach the teachers” who will be the voices of this democratized vision of transformation.

So in sum, first the death of organizational gravity, second the death of sequence in a time of dynamic change and third the birth of the struggle to build trust with authentic leadership – three events that offer a framework for anticipating the dynamic of transformational initiatives. This framework of democratic transformation is going to be necessary to lead successfully when the traditions that have defined power and authority are virtually gone. Yet, this will be a time of exceptional opportunity and excitement for those with respect for the democratic impulse.