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Dear Trustee:

If you've been serving for more than a few years, you've seen a big change in the nature of trustees meetings. Before the downturn of 2008, the agenda tended to focus on growth and on ways to fund it. Administrators routinely enlisted you in fundraising campaigns and—if you served on the board of a public institution—might have asked you to lobby legislators to support new building projects, curricular programs, salary enhancements, and student aid.

Now the talk isn't about growth, it's about a firestorm of financial and political pressure. The endowment has shrunk, and what's left is yielding low returns. Federal stimulus funds have dried up, and states seem to be disinheriting their public institutions. Higher education is suddenly a hot topic in the media, and the coverage isn't favorable.

Even in the flush years, you sensed that this might be coming. It wasn't just that the growth strategy assumed unsustainably high endowment returns, tuition increases, and borrowing. There was also a disturbing dearth of attention to the fundamentals of a higher education, such as whether students were getting a good return on their investment of time and money. In all the talk of growth and “enhancing quality,” there was little said about making a college degree more valuable, to compensate for its increasing cost. At some point, the bubble was bound to burst—or at least start to sag.

Now that it has, your role becomes crucial as never before. The external pressure won't let up. Even with a rebound in the financial markets and the economy at large, students can't continue to pay more for degrees that, on average, haven't increased in earning power for more than a decade. And the traditional subsidizers of college degrees, federal and state governments, face fierce constraints. Saddled with growing healthcare and pension obligations, they may never again be able to make higher education the public priority it has been for the past 150 years.

The only answer for colleges and universities is to rescue themselves from their current problems. Fortunately, they can do that, because many of their problems are of their own making. They didn't intend to push themselves to the brink, but they've done so methodically and doggedly.

The situation isn't unique to higher education. In industries from cars to computers to financial and health services, the leading institutions focus on making things bigger and better, taking what has worked in the past to ever-grander levels. In higher education, this tendency is supercharged by high-profile college rankings, a Carnegie classification scheme sometimes called the “Carnegie ladder,” and intercollegiate athletic conferences of varying strength.

That's why you've felt the futility of questioning proposed investments that didn't seem directly connected to the value of a student's education. It's not that the administration and faculty don't care about the students. Rather, they assume that the best way to serve all of the institution's constituents, including students, is to become more like the most prestigious

universities. That means becoming more selective, growing the number of courses and degrees offered, adding graduate programs, doing more research, and trading up to bigger athletic conferences.

This assumption has held in higher education for so long that it's accepted as axiomatic. Thus, when you suggest that your institution needs to become more focused or more innovative, you're doing more than merely threatening someone's turf. You're effectively telling your administrative and faculty colleagues to abandon decades of effort to enhance the school's prestige and reputation.

But that's what you need to do, no matter how unpopular it may be. The welfare and survival of the institution are at stake. You don't have to call off the race to succeed. But you've got to help your colleagues see that the real race—the one that's sustainable and that every institution can win—is the race to better serve the institution's own constituents, especially the students who are enrolled and the thousands more who would like to enroll but can't afford the cost.

That cost can be substantially reduced, without a diminution of quality. In fact, in the long run the disruptive innovations that produce lower cost can enhance the quality of a college degree, just as they have in other industries. The key is to take a fresh look at what students need to learn from a higher education, with an eye on innovative technologies and good-old-fashioned principles of management.

For example, in the typical institution, increased efficiency is going to require much greater operational focus. It's true that young students go to college for more than just classes and "book learning." They need a place to meet friends, to grow up, and to expand their intellectual horizons. And, because the quality of this kind of broad education is hard to measure, undergraduate students benefit from the institutional prestige conferred by excellent faculty research, graduate programs, and intercollegiate athletic teams.

But, at many institutions, undergraduates are being asked to pay more for campus facilities, scholarly activities, and sports programs than they can afford (and perhaps more than these things are worth to them). Luckily, the cost of the campus infrastructure can be reduced simply by using it more, particularly in the summer. BYU-Idaho, for example, now serves the same number of students, currently 15,000, in its summer semester as it does in the fall and winter. The net effect is to decrease the facilities cost for each student by a third.

The more difficult-to-realize potential savings lie in trimming research expenditures, which include the costs of giving full-time faculty time away from undergraduate teaching. Equally difficult, in terms of organizational upheaval, will be cutting academically weak programs (both graduate and undergraduate) and money-losing intercollegiate athletic teams. But many institutions have exceeded the limits of the subsidies that undergraduate students and federal and state governments can provide to these activities. Prudent trimming is essential.

So is making the most of new learning technologies. Obvious candidates include online courses and computer-adaptive tutorials that engage students more effectively than traditional lectures and textbook readings. But there are also important learning "technologies" that don't

involve computers, such as measuring student learning outcomes and designing core curricula to be more practical from the standpoint of making a living and contributing to the community, as the American Council of Trustees and Alumni (ACTA) has persistently and persuasively advocated.

Because of potential innovations such as these, the future of your institution can be bright. We need more higher education, not less. Even in regions where the number of college-aged youth is declining, the “non-consumers” of higher education represent a tremendous growth opportunity. You’ll have to forget about college rankings that reward student selectivity. You’ll also have to push past arguments against admitting students who are doomed to fail, who “aren’t college material.”

When you hear that argument, remember the time you sat in a vast classroom with a professor lecturing to the chalkboard on an arcane subject and thought to yourself, “I’m not cut out for this.” Higher education is changing. Thanks to innovations occurring at an increasing rate, it’s becoming more engaging and accessible. Bet on your institution’s ability to harness those innovations, to serve students who couldn’t otherwise afford or hack a college education, and to grow its way out of trouble, as successful businesses do.

Focus your institution on what it can do best. Become “Number One” in the minds and hearts of those who really count: your employees, your students, and the communities they serve through their life’s labors. Much of what the institution stands to lose—a broadly defined prestige, superiority over historical rivals, inclusion in an unassailable group of academic elites—is already lost. Even the most elite schools must innovate or be disrupted.

The innovators can do more than merely avoid disruption. They can help usher in a new age of higher education, one of unprecedented access and quality, a combined industrial revolution and renaissance. In a realm as tradition and turf-bound as the academy, that won’t be easy. Without your leadership, it won’t be possible.

Sincerely,



Clayton Christensen



Henry Eyring