Best Practices in Planning Strategically for Online Educational Programs

Best Practices in Planning Strategically for Online Educational Programs is a step-by-step guide to developing strategic plans for creating and implementing online educational programs within higher-education institutions. From conception to execution and assessment, the successful management of purposeful online educational programs in colleges and universities carries increasing importance and a unique set of requirements. This book enables administrators and faculty to:

- identify the opportunities and challenges presented by online education for institutions based on their histories, missions and market positions
- develop a roadmap for creating and implementing a strategic plan
- provide guidance for assessing the plan and insight into the iterative nature of planning

With computer networked-based technologies gaining ground in traditional private and public institutions, this critical volume is the first to apply the principles and practices associated with strategic planning specifically to online educational programs.

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*Best Practices for Teaching with Emerging Technologies* by Michelle Pacansky-Brock

*Best Practices in Online Program Development: Teaching and Learning in Higher Education* by Elliot King and Neil Alperstein

*Best Practices for Flipping the College Classroom* edited by Julee B. Waldrop and Melody A. Bowdon

*Best Practices in Engaging Online Learners through Active and Experiential Learning Strategies* by Stephanie Smith Budhai and KeAnna Brown Skipwith

*Best Practices for Teaching with Emerging Technologies 2e* by Michelle Pacansky-Brock

*Best Practices in Planning Strategically for Online Educational Programs* by Elliot King and Neil Alperstein
Best Practices in Planning Strategically for Online Educational Programs

Elliot King
Neil Alperstein
From Elliot: To Lila and Brooklyn, who are already learning so much online

From Neil: To Nancy, my love and guiding light
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Strategic planning did not come easily or naturally to higher education in general, and, because of the variations in the ways in which online education has been integrated or perhaps grown up as a stepchild of traditional education, it too has faced its own unique difficulties when it comes to strategic planning. Although strategic planning developed as a result of the maturation of the corporate enterprise, for higher education, strategic planning emerged as a result of crisis, particularly due to the rising cost of a college education, among other factors, as it became important for leadership at colleges and universities to steer their institutions on a course that helped maintain their vitality. However, institutions of higher education and corporations are very different entities, and, as such, strategic planning did not and still does not fit easily into the management of colleges and universities. As higher education has become “big business,” stakeholders, including boards of trustees, demand that the institutions they serve operate under sound business principles, making strategic planning a necessity.

Online education in its current iteration has grown in response to a number of factors, including the cost of attending a four-year institution, as the cost of tuition, room and board as well as additional fees now tops $50,000 per year in many private institutions. But cost isn’t the only determining factor regarding the growth of online education, as the demographics of those who seek a college degree have also changed, including older students whose life stage and responsibilities are quite different than the average undergraduate. Additionally, the development of newer technologies, like learning management systems, alter the infrastructure of the typical college campus, as instructors can teach without physical boundaries, offering courses to students in different time zones within the United States and serving international students as well. These factors, among others, have changed aspects of institutional life, requiring that online education, like the broader institution in which it exists, needs to plan strategically as well.

This book turns strategic planning into a process-oriented approach by referring to it as planning strategically. Furthermore, the concept of planning strategically is placed within the broader context of strategic planning for the entire institution, which may be a top-down effort, one led by the academic vice-president and executed by the deans, for example. Strategy for online education, however, works most effectively through what may be referred to as planning from the middle. Planning from the middle implies that strategy can
be developed at the school, department, small group or individual level. Therefore, this book serves as a practical guide for those involved in planning online programs at the department, school or college level, and it serves those whose institutions place online education in an ancillary virtual space, an eCampus so to speak, separate from the physical campus. The planning processes described in the following chapters serve as a handbook that places online education within the mission of the larger institution. The book adopts the language and steps utilized in corporate strategic planning so they may be applicable to online programs, from developing a program mission and vision, setting goals and objectives, as well as developing outcomes to ensure successful execution of the plan. The book employs a variation on what corporate planners would call a SWOT analysis that is useful for determining an online program’s place within the increasingly competitive space of online education. There are practical examples of the planning process available that demonstrate how these tools may be applied. The book concludes that strategy ultimately is not just a management activity; rather, the thesis of the book is that planning strategically is at base a communication activity.

The book is comprised of seven chapters:

Chapter 1—Modern Strategic Planning and Management in Higher Education
Chapter 2—The Practice and Practical Problems of Strategic Planning in Higher Education
Chapter 3—Planning Strategically: An Overview
Chapter 4—Vision and Mission
Chapter 5—Scanning the External Environment
Chapter 6—Techniques for Planning Strategically
Chapter 7—Getting It Done

Chapter 1, “Modern Strategic Planning and Management in Higher Education,” traces the development of strategic planning as a management discipline, beginning in the 1960s. Strategic planning developed as a response to changes in the business environment in the United States. As many major corporations expanded and as leadership of those companies transitioned from entrepreneurial founders to professional managers, strategy began to drive corporate shape, nature and growth. Originally, strategic planning was conceptualized as a primary function of senior management, as it provided an essential methodology for senior managers to guide an organization to remain competitive and thrive. The chapter roots the development of strategic planning in higher education in a time of crisis. With the end of the baby boom, there were fewer students of traditional college age. Correspondingly, the cost of attending college was rising, and many colleges and universities
began to face financial pressures that they were not prepared for or equipped to handle. In the same way that it was seen as a vehicle to enable companies to remain competitive, strategic planning became a vehicle for colleges and universities to respond to the changing environment. As in the corporate world, the entry of strategic planning into the management of colleges and universities served to empower senior leadership, placing on senior management the responsibility for ensuring the ongoing vitality of an institution. The chapter points out that in practice strategic planning has been an uneasy fit in the academic world. The structure, culture and competitive landscape of higher education are different than those of the corporate world, and those differences have a significant impact on the effectiveness of strategic planning in higher education. Nevertheless, under pressure from accrediting agencies and other external stakeholders, strategic planning has become a routine activity in many colleges and universities.

Today, as in the 1970s, colleges and universities are in a period of great change. Online education has emerged as one of the primary factors both as a cause of the changing landscape and as a response. Strategic planning can help colleges and universities realize the full potential of their online educational opportunities. That plan must take place at two levels—institutionally and programmatically. On the programmatic level, many of the standard techniques used in strategic planning are not effective, as they do not reflect the position of online education in traditional colleges and universities. Moreover, since in many cases online education has been introduced into higher education on an ad hoc basis, each institutional setting calls for an approach appropriate to local circumstances. In many cases, instead of simply empowering senior management, strategic planning on the programmatic level has to be lateral and collaborative. In many ways, strategic planning for online education needs an innovative set of tools and techniques.

Chapter 2, “The Practice and Practical Problems of Strategic Planning in Higher Education,” reviews the changing culture for strategic planning in higher education generally followed by an overview of the standard strategic planning process. The chapter outlines the specific terminology—the language of strategic planning—that allows planners to effectively communicate with stakeholders. The process described in this chapter allows those who are planning online programs to match their strategies to those of the university’s planning process, to be able to determine those flashpoints where both the university and online education mesh. The chapter describes the challenges that relate to fitting the strategy for online education into the overall university strategic plan. Although the strategic plan for online education may be constructed separately and, in some cases, even independent from the overall university strategic plan, it must be constructed, presented and executed in a way that aligns with the university plan, or else the road to implementing the plan will be strewn with obstacles and the path the success will be more difficult.
Chapter 3, “Planning Strategically: An Overview,” takes the standard approach to strategic planning and turns it on its proverbial head by exploring the basic principles of planning strategically, which is described as a subtle but critical shift in the way we think about planning. The chapter explores the basic principles involved in planning strategically as opposed to strategic planning. It describes the benefits and strengths of planning that take place at the middle levels of an organization rather than as an instrument of control from the senior management of the organization. The chapter presents the preliminary steps needed to begin planning strategically—building a planning network—and it advances a “planning from the middle” approach.

Chapter 4, “Vision and Mission,” will define the difference between a mission statement and a vision statement and then explore the role that mission and vision statements have come to play in the planning process. The chapter explores the nuances of developing a mission statement first by examining their use in the corporate and non-profit sector, and then it examines how they have been modified in their application in higher education. The chapter will then present a strategy for developing effective mission and vision statements for online education, regardless of the specific circumstances on a given campus. This section on crafting a mission statement for online education has three components. First, it will examine a set of existing university strategic plans and suggest ways in which online education can be justified within the context of the plan. Then, the chapter will detail several specific processes that can be followed to develop a mission and a vision statement for online education. Finally, it will propose strategies to assess the strengths and weaknesses of departmental and program mission statements.

Chapter 5, “Scanning the External Environment,” reviews the basic components of a SWOT analysis, a standard means by which corporations position themselves relative to the competition. SWOT—which stands for “strengths, weaknesses, opportunities and threats”—is explored through several of the trends that have had an impact on the macro environment for online education. These trends significantly shape the institutional receptivity to online education and new online initiatives.

Following the analysis of the major factors shaping the overall environment for online education, the chapter explores using SWOT-like approaches to planning strategically for online education. The exploration has two components: the first component is a survey of the competitive contours of online education, and the second aspect looks at ways to assess institutional readiness for online education. Institutional readiness is a critical concept as it turns a critical eye on what a college or university actually has the capacity to do. The chapter concludes by laying out the role the SWOT analysis plays in planning strategically. Although those responsible for charting the future of online education at any specific campus must always be alert to and aware of the larger environment in which they operate, in most routine situations and in their day-to-day activities,
they may not have the institutional authority or resources to respond to the macro environment, either by taking advantage of a perceived opportunity or by responding to a perceived threat. Consequently, for planning from the middle, the more micro-level analysis of institutional and departmental strengths and weaknesses, particularly those associated with a targeted objective or goal, represent a more useful application of a SWOT analysis. The targeted analysis can help focus planning on goals that have a greater likelihood of actually being achieved.

Chapter 6, “Techniques for Planning Strategically,” describes why the context and environment for online education within institutions of higher learning is more suitable for planning strategically than strategic planning. A toolbox of practical resources is presented that provides an integrated approach for planning strategically based on the use of the Simple Rules Paradigm, along with critical success factors analysis, force field analysis, present state/future state gap analysis and scenario planning. Finally, a case study regarding the implementation of accessibility standards and UDL (universal design for learning) principles based on planning strategically from the middle is presented.

Chapter 7, “Getting It Done,” contrasts the experiences developing online education programs at Tufts University and the University of Southern Indiana as a backdrop to the exploration of the types of leadership needed to advance online education regardless of the starting point or specific institutional circumstances. It investigates the need for leadership, strategic thinking and communicating strategically. The chapter describes communications vehicles and approaches that can be utilized to help build support for online education and encouraging faculty engagement. An assessment of the potential for planning strategically from the middle of the organization for online education is presented.

Based on the Generational Model presented in our previous book, Best Practices in Online Program Development, this book views online education as being in stages of maturation—what we refer to as generations—at various institutions, whether they be large or small, private or public, or whether online education is central to the university or an ancillary function. But in order for online programs to flourish, those who take responsibility for the development of such programs need to learn to play by the rules established by the broader institution in which online programs operate. What that means is that online programs need to move from their initial ad hoc formulation toward employing strategic processes that help to more firmly root online programs within the management orientation of today’s institutions of higher education. This book is geared toward those individuals and groups engaged in online program development that take responsibility for planning strategically. The processes described in this book will help their programs mature and ensure the future for online education within the institution.
In our previous book, *Best Practices in Online Program Development*, we introduced the Generational Model of Online Program Development that outlines the stages of program development for online education programs. In this book, we put that model into practice as we set out to describe how to move from ad hoc development toward a more systematic and sustained approach for online education programs. We have learned much from our own experience in the process of creating and managing an online graduate program, and that experience, along with the experiences of those interviewed for this book, represents the best practices in planning strategically for online programs.

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Finally, we would like to thank all those who read this book. There are some who say that all education will at some point be online. While that may be an overstatement, we believe it is true that education will continue to be driven by technological developments that will continue to change and hopefully enhance the way students learn. Whether it be through the future development of artificial intelligence, through virtual or augmented reality or through the contributions of cognitive science, we believe the strategic processes and practices that we have written about in this book will be useful as you develop online education programs at your institutions.
Modern Strategic Planning and Management in Higher Education

In the spring of 2014, the Harvard Business School unveiled a new educational initiative, HBX. Its initial mandate was to offer three foundational business courses—financial accounting, business analytics and economics for managers (Borchers 2014). The launch had several noteworthy elements. First, it was the Harvard Business School’s first foray into education below the graduate level. To be eligible to participate in HBX courses, students needed only to be pursuing an undergraduate degree. Second, HBX represented the business school’s first online educational offerings. Harvard, in conjunction with the Massachusetts Institute of Technology, was at the forefront of the development of Massive Open Online Courses (MOOCs) with the development of what it called the edX platform; the business school created HBX.

HBX represented the outcome of a well-publicized debate between two of Harvard’s most prominent business professors about how the school should strategically respond to the potential and growth of online education, which, according to some observers, was perhaps the most important strategic decision the school faced since its founding in 1924 and adopted the case study method of instruction (Useem 2014). At the same time, online platforms like edX, Coursera and Udacity were attracting hundreds of thousands of students as well as the attention of venture capitalists. Premier educational institutions such as Stanford University were jumping into the arena. Highly prestigious universities like the Georgia Institute of Technology were experimenting with putting entire degree programs online. How should the Harvard Business School respond, if at all?

On one side of the debate was Michael Porter, seen by many as the leading authority on competitive strategy. Porter’s book Competitive Strategy (Free Press, New York), published in 1980, has been cited as one of the ten most-influential management books of the twentieth century by the Academy of Management (Bedeian and Wren 2001). His book Competitive Advantage (Free Press, New York), published in 1985, became something of a bible to business managers (The Economist 2008). On the other side was Clay Christensen, who, with his 1997 book, The Innovator’s Dilemma (Harvard Business Press, Cambridge,
MA), positioned himself as the primary theorist of what has come to be called “disruptive innovation.” Over time the concept of “disruption” has become the mantra for those in organizations who advocated change.

In Porter’s view, organizations gain competitive advantage in one of two ways: either they can offer their products to buyers more efficiently (that is, at a lower cost), or they can differentiate their products from their competitors (The Economist 2008). Christensen held a different perspective. The theory of disruptive innovation suggests that new competitors can challenge the major players in established markets by entering overlooked niches, often those whose profitability is lower, or niches that do not meet the needs of the most demanding buyers of the entrenched suppliers. In this paradigm, established companies often overreach the needs of many customers, offering more features on products than many customers need and with prices that are too high and out of the reach of those who did not need such robust products. After entering the market through an underserved, low-cost niche, new entrants can move upstream while keeping the advantages they developed in profitably, filling those underserved corners of the market and forcing the incumbents to respond; as such, the established market has been disrupted by innovation (Christensen et al. 2015).

With the growth of online education, business schools looked like a market that was ripe for disruption. Although Harvard and other top-ranked schools offered prestige and alumni networks, the education offered by business schools themselves often was not highly differentiated. In fact, the curricula of most respected graduate schools of business meet standards dictated by the Association to Advance Collegiate Schools of Business (AACSB) or other accrediting agencies. Moreover, since many business schools use the case study method of instruction pioneered by the Harvard Business School when it was established

![Diagram](image_url)

**Figure 1.1** Disruptive Forces in Higher Education
more than 90 years ago, the in-class experience frequently is not all that different from school to school. Finally, attending the Harvard Business School is expensive, very expensive. In 2015, the full program cost more than $120,000 in tuition and fees, putting it out of reach for many prospective students even if they could win acceptance.

Not surprisingly, Christensen believed that Harvard Business School should disrupt its own model and embrace the opportunity online education offered to provide a Harvard experience to many more people at a much lower cost. Indeed, in 2011 Christensen had taught an online course about disruptive innovation through the University of Phoenix that reached 130,000 students. In one of his classes, Christensen presented the Harvard Business School as a case study, raising the question: would HBS end up like Blockbuster Video, which was made obsolete by streaming services such as Netflix, a classic disrupter in the Christensen typology? One of the suggestions that emerged in the class challenged the status quo by crafting a strategic response: put the business school’s entire first-year curriculum online. Michael Porter was skeptical of that approach. In 2001, he wrote an article about strategy and the Internet in which he suggested that on balance the widespread deployment of the Internet had, to that point, hurt companies’ abilities to establish sustainable operational advantages. More worrisome, it had reduced profitability as well. The Internet could help a company achieve a competitive advantage only if the Internet efforts were a complement to the traditional ways of competing and not set apart from established operations. The Internet should be interwoven into existing strategies and buttress established advantages, from Porter’s perspective (Porter 2001).

The Harvard Business School Model

When it came to making a strategic decision for the Harvard Business School, Nitin Nohria, the dean of the business school, leaned more toward Porter than Christensen. He geared HBX toward a new market, undergraduate students. Unlike MOOCs, HBX charged tuition, though not nearly as much as a residential course might cost. And, at first, students who completed the three initial courses received what they called a credential of readiness (CORe). The program had two strategic objectives. The first was for Harvard Business School to reach students it had not served in the past, instead of addressing the needs of its traditional markets of graduate students and executive education, which combined generate nearly $250 million in annual revenue. While not lowering the price of a Harvard business education, HBX’s second objective was to generate additional revenue. Indeed, the core principle underscoring HBX was that it would not be a substitute for an MBA and it would be self-sustaining. Its courses would also have to embrace the case study method of learning. In other words, HBX courses would somehow embody the business school’s traditional
educational values and methods but be delivered to a new market and at a lower cost but not for free. HBX also had a systematic implementation strategy. At its launch, HBX courses were offered only to students in Massachusetts. Since then, Harvard has inked deals with several elite liberal arts colleges such Amherst, Wellesley, Bowdoin and Williams. It is also partnering with corporate clients and universities in other countries. It is opening the program to older students and offers it as a pre-MBA boot camp. Finally, it has begun to offer up to eight credits through the Harvard Extension School for CORe classes.

Harvard Business School’s strategic response to online education is hardly the only option. For example, the Wharton School at the University of Pennsylvania opted for a different approach. In 2012, almost on a lark, Peter Fader, a Wharton professor, created an introductory course in marketing that was offered as a MOOC on the Coursera platform. Three years later, more than 300,000 people have taken the course, and nearly 100,000 have taken a second course he developed that focused on customer analytics. And Fader wasn’t alone. In that period, more than 2.7 million people have enrolled in Wharton’s 18 MOOCs, with 54,000 receiving verified certificates of completion, which initially cost $49. The price for the verification was then raised to $95 and then $149. The school also issued more than 32,000 verified certificates of completions in specializations, in which students take four courses for $595. Within three years, Wharton’s MOOCs were generating more than $5 million annually.

**MOOCS, SPOCS and Nanodegrees**

In the wake of the response, the Wharton School decided to invest more heavily in MOOCs and other online offerings only loosely tied, if at all, to its traditional MBA and executive education programs. The school began developing two dozen new courses including what it calls Specialized Private Online Courses (SPOCs), for which it planned to charge $3,700 in tuition. Fader pioneered the SPOC concept for a course that explored the strategic value of customer relationships, which was limited to 30 students. The Wharton School’s dean, Geoffrey Garrett, felt that online education could play a different strategic role than the one at Harvard. He saw a four-fold opportunity. The investment in MOOCs could bolster Wharton’s global brand. It provided a Wharton education to students who would never be able to attend classes on the university’s Philadelphia campus. The courses could identify people who may be good candidates for the traditional MBA program. And, in a discipline in which a textbook might cost as much as $200, it could generate a lot of revenue. Did Penn take the right strategic path? Or would building an alternative to a traditional Wharton education, costing less and being more accessible, cannibalize its core business? Or did Harvard make the right strategic moves? Or will Harvard eventually become like Barnes and Noble, suffering in its competition to Penn’s Amazon? Conversely, can both strategies work?
Asking the question is more important than determining the precise answer. As Clayton Christensen noted, disruption generally attacks the high end of the market last, so even if Harvard’s strategy were wrong, the mistake would not be known immediately. But, if both Harvard and Penn and other top-tier business schools have had to develop a strategy to address the development of online education, so too do most all the mid-tier and other schools of business, particularly as overall enrollments in traditional MBA programs, particularly part-time programs, drops (Nishihara and Everitt 2014) (figure 1.1). Of course, the same pressures that online education applied to business schools extends to all corners of higher education. All colleges and universities have to determine how they are going to compete given the new opportunities available online. Indeed, the growth of the new entrants into online education has been impressive. By the end of 2015, more than 35 million people had signed up for at least one online course through a MOOC provider. As significantly, MOOC platforms such as Coursera and edX were developing a successful business model by pioneering their own credentials such as nanodegrees (Udacity) and specializations (Coursera) (Shah 2015). Finally, MOOC providers began working with traditional colleges and universities to open the doors and lower the costs for more students, such as edX’s partnership with Arizona State University to create the Global Freshman Academy (GFA), which offers a full palette of university-level first-year courses online for $200 per credit. Total cost for one year of credit is under $6,000. Moreover, GFA has an open admissions policy. Anybody can attend (Lewin 2015). Earlier, Arizona State University had shaken up the academic world by concluding a deal with Starbucks in which the coffee chain offered all its employees full tuition to enroll in any of ASU’s 49 four-year, online degree programs (Howard 2015).

Online Education Is Decentralized

The majority of colleges and universities have some online courses or online educational programs available in some disciplines (Allen and Seaman 2013, 20). But in most cases, online program development at many institutions has been ad hoc, decentralized and episodic. Not infrequently, the online offerings in many universities are segregated in continuing education and professional development divisions and kept apart from the main academic enterprise. The impetus for creating online courses and online programs can come from many different stakeholders in the university ranging from individual professors to non-academic administrators and even, in some cases, boards of trustees, depending on the particular circumstances of each institution (King and Alperstein 2015). While most colleges and universities have at least begun to experiment with online education, few have created a systematic approach to online education or developed a strategy to address and manage the opportunities and challenges online education presents, especially as it relates to the
traditional activities within the academic enterprise. A strategic planning process for online education can be particularly formidable, because every college and university has its own identity, a sense of self, history, development tradition and mission. Every college and university believes that it addresses the needs of specific student populations from defined geographical areas, even within particular programs, or perhaps schools that see the world as their geographic area. Ironically, five years before the launch of HBX, Harvard Business School’s dean Nitin Nohria had been asked at a meeting of faculty and staff when the business school would begin offering online courses. New on the job, Nohria replied, “Not in my lifetime” (Nohria 2015). Since that time, the shape and nature of online education has changed. And as the debate between Michael Porter and Clay Christensen about the correct strategy for online education at Harvard Business School demonstrated, fashioning the correct response is complex. But one thing is certain. Every college and university needs to develop a strategy for online education that is compatible with its unique set of circumstances.

The Concept of Competitive Strategy

As Michael Porter observed in his seminal 1996 article “What Is Strategy,” in the 1970s and 1980s, Japanese automobile manufacturers grabbed a significant share in the United States car market, largely at the expense of the big-three U.S car makers, which had long dominated world markets. The “Japanese invasion,” as it was then referred to, shook the confidence of U.S. manufacturers. Not only were Japanese cars, which had been long derided since their entry into the American market in the 1950s and early 1960s as being poorly manufactured and cheap, now perceived to be superior in quality to American-made cars; they also cost less than U.S. brands. The big-three auto manufacturers were losing market share and were clearly on the defensive. But the Japanese success, Porter argued, was the result not of a superior strategy but of better operational efficiency, which leads to greater productivity—i.e., higher-quality cars at lower costs. Understanding the difference between operational efficiency and strategy is critical to successful planning. Operational efficiency is applied to the activities and groups of activities in which an organization engages. In a manufacturing business, for example, efforts at operational efficiency may be focused on the assembly line, the process of taking orders, or the link between orders and production. In higher education, operational efficiency efforts could target recruitment, student retention or the link between the two. Operational efficiency can lead to better outcomes, but, since others can learn the same techniques and processes, operational efficiency by itself cannot lead to a sustainable competitive advantage. Moreover, as competitors benchmark against each other, they begin to look more and more alike, and their distinctions fade.

An example in higher education of an operational change that can lead to a temporary advantage that cannot be sustained is the growth of SAT-optional
admissions for undergraduates. Bates College was the first school to drop the requirement for a SAT test. It did so in 1969, and for nearly four decades just a handful of schools followed suit. But starting around 2010 more and more schools decided to go the test-optional route, and by 2015 approximately 850 colleges and universities no longer required standardized testing as part of the admission process, including major institutions like George Washington University and Brandeis University (Anderson 2015). The first schools that moved to an SAT-optional structure could recruit to a broader range of students who were otherwise qualified to attend but who, for whatever reason, did poorly on standardized tests. That advantage, however, has dissipated as other colleges and universities take the same route. As Porter observed, everybody can imitate operational improvements.

Strategy Starts With Positioning

According to Porter, an ongoing competitive advantage can be realized only if an organization does things differently. “The essence of strategy,” Porter wrote, “is choosing to perform activities differently or to perform different activities than rivals do” (1996, 64). A strategy starts with positioning. A company, for example, can choose to deliver only a subset of products that its competitors offer. It can opt to serve only a specific segment of customers. Or it can work to reach its customers differently. Porter calls those positions variety, needs and access (figure 1.2).

A strategy involves the creation of a unique and valuable market position through different activities. To achieve that position and to define those activities, a strategy involves creating a series of trade-offs—if an organization does one thing, it cannot or should not do another—which can protect it from

![Figure 1.2 Elements of Positioning](image-url)
competitors imitating its place in the market. By deliberately limiting and focusing its activities to a specific realm, an organization can differentiate itself in a way that provides an ongoing competitive advantage. In short, developing a strategy involves choosing what to do and what not to do. And it involves ensuring that there is a good fit between all the activities that support the organization’s position. Strategies rely on systems of activities, systems that are unique to the organization, because they are based on the unique trade-offs the organization has made. In Porter’s view, organizational structures, systems and processes need to be tailored to be strategy-specific (1996, 74). In summary, a strategy involves developing a unique position supported by an interlocking system of specific activities that involve clear trade-offs compared to its competitors.

The appeal of Porter’s definition of strategy for higher education is obvious. In the United States, there are approximately 1,500 to 2,000 colleges and universities that offer B.A. degrees or above (not including another 800 institutions that offer degrees in only one field, such as medical schools) and another 2,000 or so institutions that offer two-year degrees (Carnegie Classification 2015). Obviously, not every college or university can appeal to every potential student. Since 1973, the Carnegie Foundation for the Advancement of Teaching (and now the Indiana University Bloomington’s Center for Postsecondary Research) has long grouped institutions according to six dimensions, among them the nature of the educational program, the degree of research conducted and student profiles. However, these classifications, updated in 2015, do not really capture the potential character of the educational experience at any specific institutions (Carnegie Classification 2015). Carnegie classifications do not adequately define any particular institution. Each institution, regardless of its classification, can and does define itself. Moreover, many institutions see themselves as combining several elements of different Carnegie classifications. For example, major Ivy League universities are clearly major research institutions, but they also house undergraduate liberal arts colleges. And it is not unusual for the liberal arts college to be seen as the centerpiece of the institution, even if the college is dwarfed by other activities. The question is, what role should online education play in that self-definition?

**The Growth of Corporate Strategic Planning**

Porter’s vision of competitive strategic planning is derived from a more general conception of strategy and the growth of strategic planning in the corporate world, which emerged as a management discipline in the 1960s. Perhaps the Rosetta stone of strategy is *The Art of War* written by the Chinese warrior-philosopher Sun Tzu more than 2,000 years ago. In the book’s 13 chapters, Tzu lays out the need to assess the situation prior to an attack, to develop a plan of attack, to identify appropriate tactics, and to be flexible and adjust to changing conditions, and other elements needed to achieve victory. But *The Art of War* is
more than a handbook of military tactics. Tzu asserts that the greatest victories are those achieved without fighting any battles at all (Art of War Quotes n.d.). In other words, if a country, and by extension any organization or entity, could properly assess its situation and flexibly pursue an appropriate series of tactics and maneuvers, it could successfully achieve its goals, often without conflict with its competitors.

From Hannibal to Napoleon to George Patton, military strategy has an ancient and honored pedigree. But strategy did not emerge as a corporate management discipline until the mid-1960s with the publication of *Strategy and Structure: Chapters in the History of the American Industrial Enterprise* by Alfred Chandler (MIT Press, 1962), who was then on the faculty at the Massachusetts Institute of Technology and who some credit as being the founder of contemporary business history. In the book, Chandler investigated four major manufacturers of the era—E.I. du Pont de Nemours and Company; Standard Oil of New Jersey; General Motors; and Sears, Roebuck and Co.—all of which had grown rapidly in the first part of the twentieth century and moved away from being monolithic, centrally managed, single location operations into multi-unit, semi-autonomous divisions that operated under a corporate umbrella (Hindle 2009). His hypothesis was that the rapid growth served as the catalyst for changes in the organizational structure of each of those companies and dictated their organizational form. As the leadership of each company competed to expand their businesses, the organization of the company changed to accommodate the growth.

*Strategy Dictates Organizational Structure*

What he discovered was more complicated. While to some degree organizational structure followed its own dynamic, to a greater extent, a company's strategy dictated its organizational structure. Because the leaders of these companies wanted to aggressively grow, they established an internal structure that facilitated that growth. In other words, Chandler argued that strategy preceded structure. The companies he examined established several layers of management ranging from field units to the general office (or what is today called the C-level suite). Strategy—such as adding product lines in the case of General Motors; moving into new market areas such as Standard Oil and Sears, Roebuck; and buying competitors—was determined in the general office and played the largest role in the corporation's success. Chandler’s insights had such a dramatic impact, because the book was published at a critical junction in the history of American industry. As companies grew in size, top-level management became more and more removed from day-to-day operations. Moreover, an era dominated by larger-than-life “titans of capitalism” such as John D. Rockefeller seemed to be drawing to a close. Managers rather than the founding families increasingly ran the manufacturing and retailing giants of the second
part of the nineteenth century, but the parameters and impact of managerial control, and what was to take the place of visionary leadership, was not yet clearly established, particularly for companies that had far-flung operations (Drucker 1954). Chandler’s book not only put the development of an overall strategy clearly on the agenda of senior management; it posited that a sound strategy coupled with an appropriate structure supporting the strategy was the essential element of corporate success. This contradicted Drucker’s view that decentralized management of large corporations was more efficient than centralized command-and-control oriented operations. In Chandler’s analysis, top management shaped the future of the organization through the development of strategy.

The themes found in Chandler’s book were expanded in Igor Ansoff’s 1965 book *Corporate Strategy*, which was intended to provide a blueprint for practical strategic decision-making. Ansoff, a management consultant and eventually founding dean and professor of management at Vanderbilt University who some have described as the “father” of strategic management, developed or expanded upon several key concepts that serve as the foundation for strategic decision-making. Perhaps Ansoff’s most significant insight was that strategy—as opposed to other types of choices made within organizations such as decisions about policies, programs and procedures—always required new and fresh decisions based on the current environment in which an organization operated. As conditions changed, and conditions were always changing, strategy had to be reviewed and altered accordingly. Other kinds of decisions could be delegated to various management levels, but strategic decision-making was the domain of senior management (Easy-Strategy.com n.d.). The same year that *Corporate Strategy* appeared, content about strategic planning was incorporated into the curriculum at the Harvard Business School (Floyd and Wooldridge 2000, 6).

*Fundamentals of Strategic Planning*

The original formulation of strategic planning had several fundamental concepts. Perhaps most importantly, it emphasized midrange and long-term planning rather than current success or simply the efficiency of ongoing operations. One of the primary tasks of top management was to regularly look forward and lay out the course to achieving a known future state. Secondly, to a large degree, the idea of strategic planning and management severed planning from the formal budgeting processes. Companies typically used the budgeting process to set goals and objectives for the coming year and several years beyond. Strategic planning principles called for a much more expansive and in-depth process, one that perhaps could not be conducted annually. And in the same way that strategy defined structure, strategy also provided the rationale for revenue and expense projections.
Moreover, the approaches to strategic planning that developed when the concept first began to take hold in corporate America required that companies carefully assessed the environment in which they operated. From this viewpoint, understanding the notion of environmental turbulence is critical to fashioning a successful strategy. Ansoff described five levels of environmental turbulence ranging from markets that were changing at a slow and predictable pace to those that were expanding rapidly and in unforeseen and unanticipated ways (1965) (figure 1.3).

For a strategy to achieve its goals, it must respond to the environment in which the company is operating. Coupled with the notion of environmental turbulence is the idea that companies must always be changing. If an organization’s management believes that it will continue to operate in the way that it always has, there is little compelling reason to invest time and effort into planning. Engaging in a strategic planning process assumes that the organization will take some set of actions geared to achieving a defined outcome (Kastens 1979). Finally, the first wave of strategic planning in corporate America relied on what came to be called a formulation-implementation structure or process. In it, senior management formulated strategy while other parts of the organization were responsible for its implementation. In its most stripped down format, strategic planning in this period argued that after surveying the environment, a centralized group of senior executives can determine a specific course of action for the next three to five years and then shape and reshape the organization to execute the strategy to achieve their vision.
Modern Strategic Planning and Management

Framework for Strategic Planning

The formulation-implementation framework is still the dominant approach to strategic decision-making processes, but it holds several potentially inhibiting factors that often make it hard for organizations to successfully execute their strategy and leads to many strategic plans having little impact on the actual future course of the organization (Mintzberg 1987). Indeed, shortly after the need for strategic planning was placed on the managerial agenda, a long list of reasons why the planning process often does not work emerged (Steiner 1979, 287–298). Among the most common pitfalls for a strategic plan is that the strategic vision of senior management does not align with the way a company or organization actually runs. All companies have corporate cultures that consist of well-established patterns of behavior, and many of these patterns are very entrenched. People like to complete their tasks in ways to which they have become accustomed and resist change. Since strategic planning implies change, employees sometimes feel threatened, or they feel that senior management is out of touch with the way the work actually gets done. Front-line employees may feel that the strategy has been hatched by a small coterie of people in the upper management suite and the boardroom with little regard for the people who are actually “doing the work” (Schwartz and Davis 1981). If senior management cannot get “buy in” from the employees through effective and ongoing communication, effectively executing a strategic plan may be unlikely, if not impossible.

The potential gap between the people charged with developing the plan and the people charged with executing the plan is just one of the potential pitfalls in the path to the development and implementation of a successful strategic plan. Another major challenge stems from the idea that strategic planning implies a certain degree of rationality. As strategy is a decision-making process—what to do and what not to do—the idea is that those responsible for crafting a strategy will make a series of appropriate decisions based on the evidence they have gathered, and then the organization as a whole will execute those decisions. But a lot of businesses run in more of a reactive and ad hoc manner. For example, a garage-based entrepreneur or hobbyist develops a small, relatively inexpensive computer, and, in turn, the entrenched competitors like IBM have to respond quickly. Or an engineer in a lab discovers a use for a type of adhesive that didn’t work as expected, and Post-it Notes starts generating huge amounts of money for 3M. Many markets are, as Ansoff noted, unpredictable, and it is difficult to plan for the unforeseen. Also, large organizations are political in nature. While the typical strategic planning framework assumes that senior decision-makers will make data-driven decisions, different units and people at various levels within organizations use the strategic planning process to enhance their positions and increase the resources available to them. As with all political processes, winners and losers emerge, and a wide range of factors such as interpersonal networks, the social capital people or units have and individual persuasiveness
can have a significant impact on strategy development and execution and, in practice, sometimes not in a positive way. Finally, senior managers may fundamentally misread the environment in which they operate. The leadership of the big three American automakers could not anticipate the oil shocks that made cars that could travel further per gallon of gasoline more attractive in the marketplace leading the way for Japanese auto manufacturers to penetrate the U.S. market. The executives at Digital Equipment Corp., the largest manufacturer of what were called mini-computers, simply did not recognize the threat personal computers posed to their business. In the case of Digital Equipment, such myopia proved fatal.

Parallels Between Business and Higher Education

Many of the obstacles to successful strategic planning in the business world are magnified in the academic environment. Universities are very complex institutions. The gaps between senior administrators, boards of trustees, faculty and other staff are often great, and the vision, goals and priorities of the stakeholders do not line up with each other; sometimes they clash. Universities embody powerful but conflicting impulses toward both tradition and change. And while the competitive environment in higher education is significantly different than in most other organizational environments, in many ways, college and universities, or at least subsets of colleges and universities, do compete with each other for students, resources, and prestige, among other things. But that competition is not viewed as direct competition, as is the case among automobile manufacturers or mobile phone manufacturers, for example. A student who goes to Harvard, for example, is not necessarily a student who was lost by Yale, in the same way that a person who bought a Toyota represents a lost sale for Ford. Despite these organizational challenges, over the past 30 years, strategic planning in higher education has become more commonplace.

Strategic Planning in Higher Education

The need for strategic planning in higher education is rooted in the period between 1880 and 1910, when the structure of the contemporary university was established. It was in that period that universities transformed from being relatively small institutions that provided a fixed liberal arts education to a small group of a socially elite individuals to complex entities that supported graduate and professional schools. As that change took hold, institutions of higher learning began to view the discovery of knowledge as an important part of their mission and generally began to redefine their educational missions.

During this period, a wave of new universities endowed by benefactors such as Johns Hopkins, Leland Stanford, John D. Rockefeller (who provided the initial funding for the University of Chicago) and others were established, and the
leading educational institutions like Harvard found themselves both competing with these newly established institutions and experimenting with new ways to educate their own students. The business of higher education became much more complex, and efficient management became more critical for a college or university to survive and thrive. College and university administrators had to balance the competing interests of the faculty, students, staff, alumni and benefactors. The Harvard of 1925 was in many ways a different university than the Harvard of 1850 (Veysey 1965).

While the basic structure of contemporary higher education took shape in the period between 1870 and 1910, in many ways, the kind of growth and expansion that characterized American industry in the first half of the twentieth century was replicated in higher education in the post–World War II era. With the G.I. Bill, not only was a university education suddenly within the reach of a much larger percentage of the population, but a college degree came to be viewed as an essential component for upward mobility and a chance at reaching the American dream. Enrollment at state universities and university systems expanded dramatically. For example, prior to World War II, the student populations at the typical state university ranged between 3,000 and 6,000 students. By 1970, the Ohio State University at Columbus, for example, had more than 50,000 students. Guided by a master plan published in 1960, California’s multi-campus university system had more than 150,000 students at ten campuses. A second system consisting of state colleges was also formed; it had more than 200,000 students (Thelin 2004). Exploding student growth was only one part of the equation in the rapid transformation of higher education in the post-war period. During WWII, universities contributed heavily to the war effort, particularly in terms of research for military purposes. The Manhattan Project started at the University of Chicago, the University of California provided management of Los Alamos, and the first modern computer was developed at the University of Pennsylvania, just to name a few contributions. As a result, in 1947, the six-volume *Higher Education for American Democracy*, in addition to

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<th>Growth of the Modern University</th>
<th>Mid-nineteenth century—higher education embraced teaching practical arts along with traditional classical liberal arts.</th>
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<td>Early Twentieth century—colleges and universities transformed into research centers charged with creating new knowledge and serving as gatekeepers to an array of professions.</td>
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<td>1960s—colleges and universities opened their doors to women and other underserved populations.</td>
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<td>2000s—saw the growth and development of online education programs.</td>
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**Figure 1.4 Growth of the Modern University**
calling for increased access to higher education through the establishment of community colleges and increased federal aid, proposed that federal funding for scientific research in a wide range of fields should continue at universities both private and public. Although research had joined the mix of higher education in the United States in the second half of the nineteenth century, the federal government’s entry as a funder for basic research provided a major new source of revenue and prestige for colleges and universities that invested in building their research capacities (Graham and Diamond 1997).

College athletics represented another domain of rapid growth in the post-war period. While the commercialization of college sports was being decried as early as the 1920s, in the 1950s two developments completely changed the rules of the game. First, the NCAA negotiated a major television contract putting college football and basketball on the glide path to become major revenue producers for colleges and universities with major athletic programs. Sports became more than an amusement for students and alumni, as they became a major marketing tool to attract new students as well. Secondly, the NCAA formalized a system of athletic scholarships, and, for the first 20 years, schools and universities could offer as many athletic scholarships as they chose, but scholarships could not be withdrawn if the student-athlete stopped playing. The management of athletic scholarships changed the competitive landscape for college sports as the Ivy League schools and other top research institutions declined to offer scholarships and ceased to be competitive on the playing fields (Thelin 2004).

Expansion of Higher Education

By the 1960s, as Clark Kerr, the president of the University of California noted, the systems for which he was responsible had an operating budget of $500 million and a construction budget of more than $100 million. The University of California had operations in more than 100 locations and ongoing activities in more than 50 countries. And the university employed more people than IBM. It included a huge hospital system and managed the largest colony of primates in the world. Within the huge number of activities under the umbrella of the University of California, only about one-third of its expenditures were actually linked directly to teaching (Kerr 2001). While the University of California is an extreme example, throughout the 1960s and 1970s there was a huge expansion throughout the higher education landscape. Colleges and universities became co-ed, and local commuter colleges that largely served single cities became regional universities. State universities and state university systems also increased in size and reach. As the higher education experience became more commonly residential, colleges and universities had to build classrooms, lecture halls, and dormitories and provide food services. More buildings were constructed on campuses between 1955 and 1974 than in the previous 200 years.
(Keller 1983, 9). As prospective students became more willing, able and eager to leave home to live at school for their undergraduate education, colleges and universities had to ramp up their marketing and recruitment activities. As the federal government and other agencies stepped up funding for research, many institutions became primary engines of economic growth in their regions with deep connections to local and even national companies and industries. In short, colleges and universities became complex organizations whose activities reached far beyond the classroom and the laboratory.

Not surprisingly, as universities grew in size and scope, the principles of strategic management began to migrate from the corporate world to the campus. Perhaps the first sustained effort at understanding strategic management in higher education was George Keller’s “Academic Strategy: The Management Revolution in American Higher Education” (1983). Ironically, Keller introduced his clarion call to colleges and universities for the need to adopt and incorporate modern management techniques with a litany of challenges that are as relevant in 2016 as they were when the book was first published in 1983. Smaller schools were failing economically and even having to close their doors while large, prestigious institutions—including New York University, Columbia University, and Brown University, among others—were being forced to take extraordinary measures such as dipping into their endowments or seeking outside support to right their fiscal ships. With an aging professoriate and the large number of baby boomers who attended college drawing down, there were fewer college-age individuals, and among them fewer students were interested in the liberal arts. Additionally, tuition and associated costs were escalating, making it more and more difficult for students to afford to attend college for four straight years (Keller 1983, 2–14) (figure 1.4).

**Active Change-Oriented Management**

In short, Keller called for a more active, change-oriented management style in higher education with more hands-on leadership that could transcend the historic divide and, not infrequently, animus between an institution's faculty and its administration. He contended that those responsible for the future of the institution had to attend more closely to market trends, the competitive landscape, and general environmental factors and well as a specific school’s history and its traditions and mission to be able to navigate the rocky shoals in which higher education found itself (Peterson 1984, 663).

Keller argued that the senior administrative leadership in the academic world, specifically university presidents, must play a more active role in shaping the direction of their institutions, if those institutions were to survive. The book is replete with stories of strong leaders such as Stephen Joel Trachtenberg at the University of Hartford and Colin Campbell at Wesleyan University in Middletown, Connecticut. The former was what Keller described as a motley collection
of formerly independent colleges that banded together under one structure a mere 20 years earlier and was still struggling to find its place. The other was an academically prestigious university that seemed to be potentially heading toward bankruptcy. In both cases, the presidents of each institution crafted and executed plans to put their universities on solid footing, and the plans worked (Keller 1983, 44–52). Despite the successes to which Keller pointed, efforts to incorporate strategic planning processes and disciplines into higher education did not go smoothly in many places (Hinton 2012, 7). While strategic plans were often well-conceived, well-researched and clearly conceptualized, the largest barrier to the introduction of modern management principles to higher education was that the organizational culture in academia was completely different and at times antithetical to corporate organizational culture and those differences were accentuated by strategic planning. For example, one of the pillars of strategic planning is that planning is the domain of senior management. In the university setting, the faculty does not concede that senior administration has the authority or even the right to set the direction of an institution, nor, in many instances, is it clear that university presidents can impose their will on the faculty.

Additionally, most organizations are geared toward a central activity or goal and organized in a way that is supposed to successfully achieve that central outcome. If a company produces widgets, for example, the engineering department is responsible for designing great widgets. The manufacturing department is oriented to producing great widgets, marketing promotes the widgets, the sales department sells the widgets, and so on. Each department is expected to interact with the others to allow the company to reach its objectives.

Colleges and universities, on the other hand, have been described as “loosely coupled” organizations (Weick 1976)—the idea being that while the activities of each part of an organization may be responsive to the actions in other parts of the university, those units of the organization responsible for specific actions also retain their own identity and, to some degree, their independence. In practice, each part of the university has its own separate set of goals and objectives related to the central mission of the institution; however, they are only loosely tied to the other parts of the organization. The athletic department, for example, must be responsive to the academic project of the university; however, on a day-to-day basis and sometimes even over the long term, in many ways it acts autonomously. From such a perspective, most colleges and universities can be viewed more or less as a collection of relatively independent fiefdoms, each moving in its own direction and at its own pace. On one level, the goals, aspirations, needs and hopes of the advancement department are related to the overall academic mission of the university, but its activities, on an ongoing basis, do not overlap much with, let’s say, the records department, or enrollment management, whose activities also are related to the overall academic mission of the university. Looked at another way, a university’s athletic identity often is
independent of its academic identity, though each is responsive, in some way, to the other. Loosely coupled organizations present significant challenges for traditional management practices, including strategic planning. According to Weick, loosely coupled organizations lack several characteristics upon which conventional management theory depends. Organizational units are not highly inter-dependent; goals and strategies to achieve those goals are not necessarily congruent; and the activities of each unit are hard to coordinate (Weick 1982). Given the general difficulties in managing the loose confederation of departments and offices, importing strategic planning and management concepts closely associated with corporate management makes the transition challenging. Strategic planning in the corporate world is based, at least theoretically, on market data. Historically, most colleges and universities did not have access to similar or comparable information. At best, the initial efforts at strategic planning in higher education, which were geared to clarifying an institution's mission, prioritize the allocation of resources and promote an organizational focus, which had little impact on the ongoing activities of many institutions. At worst, such plans became sources of conflict among different units and led to, among some, disillusionment, as faculty and staff invested time and energy, creating documents whose recommendations were never likely to be acted upon in any meaningful way (Hinton 2012). Overall, in its first several iterations, strategic planning did not appear to be a good fit for higher education, and there were very few examples of a strategic planning process that led to genuine transformation in higher education (Rowley et al. 1997).

External Drivers for Strategic Planning

Despite the serious cultural barriers and resistance to strategic planning and management in many institutions of higher education, along with the lack of many visible success stories in the early efforts to apply strategic planning techniques, the concept continued to be attractive to many stakeholders for several reasons. First, although perhaps strategic planning could not be applied holistically across the institution, many of a college or university’s functions are primarily business operations. For example, dorms need to be built and maintained. Essential services need to be offered to students and other stakeholders. With the goal of ameliorating many of the strategic planning issues faced by institutions of higher learning, in 1965, the Society for College and University Planning was established, providing an institutional home for those in the university tasked with the planning process. Perhaps more importantly, since the 1980s, accrediting agencies, federal and state governments, and even boards of trustees have become increasingly interested in measuring institutional effectiveness and accountability, with a focus on outcomes rather than on adherence to standards (Carter-Smith 2015, 7). The attention to outcomes has led to the requirement for universities and colleges to develop self-assessment mecha-
nisms including academic program reviews. Strategic planning has become one of the expected activities in which significant outside stakeholders expect universities and colleges to engage (Dodd 2004).

The forces of change identified in the 1980s, during the first wave of strategic planning in higher education, have not abated, and in many ways they have intensified. Issues such as affordability, access, changing demographics, learning outcomes, value of a college degree, and workplace readiness, among others, continue to be hotly debated (Spellings 2007). Despite the wholesale restructuring of higher education, the fear that many universities and colleges would go out of business, despite what many pundits have been predicting since the early 1980s, has not materialized. However, many institutions of higher learning do face serious financial constraints and budgetary limitations. Finally, over the past 20 years, a range of new delivery mechanisms for higher education has emerged. The 1990s and 2000s witnessed explosive growth of for-profit universities, funded largely by loans to students by the federal government. Since the 2000s, online education has attracted millions of students to online programs sponsored by established colleges and universities and to entrepreneurial ventures such as Coursera and Udacity, as well as through alliances among various players (Allen and Seaman 2016, 4). Institutions are under considerable pressure to respond to changes that are taking place in higher education, so, despite the limited success, strategic planning remains a viable vehicle for doing something.

Old Challenges Remain

While the pressure to change in higher education has intensified over the past 20 years, and strategic planning and management is potentially a tool to help manage that change, the institutional barriers to employ strategic planning and management have not dissipated. Colleges and universities are remarkably resilient institutions that, in many cases, are able to harness significant resources to stay afloat. To illustrate such resilience, in 2015 the board of trustees of Sweet Briar College, a 114-year-old institution, unanimously voted to shutter the school, citing a worsening financial condition stemming from declining enrollment and the inability for students to pay the full tuition. On the surface, Sweet Briar would seem to be an institution that, given the current trends in higher education, should not be able to survive; it is very small—only around 750 students. Sweet Briar is located in a rural area in Virginia. And it is a single-sex school. A large number of single-sex colleges merged in the last great wave of change in academia during the 1960s and 1970s, when co-education became standard. But a group of Sweet Briar’s alumnae opposed the recommendation, wrested control of the board of trustees and committed to raising $12 million to keep the college open. The following year, Sweet Briar reported a record number of applications, and the school had a new lease on life (Diersing 2016). The
Sweet Briar example demonstrates that the competitive landscape for higher education is still dramatically different than other marketplaces. In business, a small competitor, analogous to Sweet Briar, would likely fall by the wayside. But colleges and universities are not directly comparable to other kinds of enterprises. And while colleges and universities do have to respond in some way to the changes in the environment around them, the nature of those responses can be very different than the responses of organizations and institutions in other sectors. The net result is that while many institutions are facing serious financial pressures, there have been very few outright collapses and closures over the past ten years (Selingo 2013): “Of the 1,640 private nonprofit institutions in the United States, only 33 have closed in the last 20 years” (Warren 2016). In his letter to the editor at the New York Times, David Warren, president of the National Association of Independent Colleges and Universities, was responding to an article that reported “the number of four-year, nonprofit public and private colleges going out of business could triple, to 15 from five a year, over the next few years” (Hartocollis 2016). That is really not a very high number. And those schools whose financial difficulties have gained widespread attention, such as Franklin Pierce College and Dowling University, have been small institutions. Indeed, colleges and universities are very hardy institutions. Other than the Roman Catholic Church, no other major institutions in Europe or America have been around for 500 to 1,000 years. In the United States alone, 25 colleges and universities founded before 1790 are still in operation today. The traditional universe of colleges and universities is remarkably stable.

On the other hand, while younger and developing countries are investing in expanding their high education offerings, in the United States and Western Europe the traditional public and non-profit segments in higher education have not been the focus of many entrepreneurial efforts, leaving the field to for-profit institutions, which have attracted millions of students but generally are seen as delivering a substandard educational experience. With the emergence of online education, however, that situation is starting to change, as traditional universities large and small add online classes and programs. As opposed to the Christensen model, in which a start-up competitor offers a new product in a niche and then disrupts the existing marketplace, online education has the promise and potential to allow existing institutions to be the disruptive agents. The question is how to manage that process.

The Strategic Challenge for Online Education

Incorporating strategic planning processes into the ongoing management of colleges and universities has proven to be challenging but now is a routine activity for many institutions. Developing strategic plans specifically for online education presents its own set of obstacles. In fact, strategic planning for online education has to take place at two different levels—institutionally
and programmatically. First, colleges and universities have to decide what role online education will play in its overall educational project. In other words, where does online education fit in the overall university strategic plan? Second, if online education is incorporated into an institution’s long-term strategy, how can the growth of online programs be managed? By every measure, online educational programs are a new entry into the academic universe. How they are to develop also requires strategy and planning. Interestingly, while administrators at most colleges and universities report that they believe online education is critical to their institutions’ online strategies, the overall picture has become more complex. Schools that are already involved with online education continue to believe that it will play an important role in their future. But increasingly, however, schools that have not yet begun to offer classes and programs online feel that they may not have to do so in the future. Most of those institutions, however, are small, and, even if they opt out of online education altogether, that would not have a major impact on the overall growth of online education generally (Allen and Seaman 2016, 21–26).

**Ad Hoc Online Program Development**

The fundamental decision to include online education in the university’s overall strategy presumably takes place through the university’s regular strategic planning process. But the implementation and growth of online programs can take place at different levels of the institution, which poses a problem that must be resolved if online education is going to reach its potential within the context of traditional higher education. The emergence of online education in traditional higher education has been ad hoc, in which every institution follows its own path. In many cases, the unit charged with continuing education has pioneered online education. Sometimes, programs geared at remedial education and degree completion have been the first to adopt online delivery systems. Professional master’s degrees have been an area in which online education has made significant in-roads. Sometimes, a central office is charged with the responsibility for cultivating and promoting online education. In each case, for the effort to succeed and become sustainable, strategic planning needs to take place within the units directly responsible for online education. The need for strategic planning at lower levels in the organization requires rethinking the overall strategic planning process (Floyd and Wooldridge 2000, 38). After all, strategic planning and management was initially conceptualized as a senior management activity, but strategically structuring online education cannot take place solely at a senior administrative level. At the same time, online education requires the coordination of a wide range of departments across the university, from information technology and instructional design to admissions and records to academic support and student life. As it matures, online educational planning should also involve advancement and alumni relations. Consequently, strategic
planning at the program level has to be a more horizontal or lateral process than a vertical process. The departments responsible for developing the online educational programs must spend time getting buy-in from others across the university, which may or may not be interested at all in online programs.

Complicating matters, it is not intuitively obvious where the planning process should be lodged. At Harvard, the Harvard Business School struck out on a different plan from the Harvard Extension School. Harvard is also a partner in the MOOC platform edX. As a university, however, Harvard does not have a singular vision for online education as a part of its overall strategy. Moreover, where the planning process should be appropriately lodged can shift as online educational programs mature. For example, at Tufts University, online education was initially launched at a single school. Over time, the university opted to create a central office to support online educational efforts across the university. At its inception, the office's role was conceptualized solely as a support operation, but, as online education at Tufts expands, that role conceivably could change into a more proactive operation to cultivate and deepen online learning activities.

**Online Education: An Uneasy Fit**

And strategic planning for online educational programs presents other complications. In the same way that corporate strategic planning has been an uneasy fit in the academic world in general, the strategic planning methods used generally in the academic world need to be modified for online education. Not only can strategic planning for online education not be solely a top-down process; it must be more flexible and nimble than strategic planning in higher education generally. It must address a different set of stakeholders and integrate their roles in a collaborative process. In short, strategic planning on the programmatic level cannot be hierarchical. It must be collaborative. In many ways, just as it is pioneering a new approach to teaching and learning, online education demands a new approach to strategic planning in higher education as well.

**Conclusion**

Strategic planning emerged as a management discipline in the 1960s, as a response to changes in the corporate environment in the United States. As many major companies expanded, and leadership of those companies transitioned from entrepreneurial founders to professional managers, research indicated that strategy drove the shape, nature and growth of many corporations. Strategic planning was conceptualized as a primary function of senior management. It provided an essential methodology for senior managers to guide an organization to remain competitive and thrive. In the mid to late 1970s, higher education found itself in a time of crisis. With the end of the baby boom, there were fewer
people of traditional college age. The cost of college was going up, and many colleges and universities were facing financial problems. In the same way that it was seen as a vehicle to enable companies to remain competitive, strategic planning became a vehicle for colleges and universities to respond to the changing environment. As in the corporate world, the entry of strategic planning into the management of colleges and universities served to empower the senior leadership, placing on senior management the responsibility for ensuring the ongoing vitality of an institution.

In practice, however, strategic planning has been an uneasy fit in the academic world. The structure, culture and competitive landscape of higher education differ greatly from the corporate world, and those differences have a significant impact on the effectiveness of strategic planning in higher education. Nevertheless, under pressure from accrediting agencies and other external stakeholders, strategic planning has become a routine activity in many colleges and universities. As in the 1970s, colleges and universities are in a period of great change. Online education has emerged as one of the primary factors both as a cause of the changing landscape and as a response. Strategic planning can help colleges and universities realize the full potential of their online educational opportunities. That plan must take place at two levels—institutionally and programmatically. On the programmatic level, many of the standard techniques used in strategic planning are not effective, as they do not reflect the position of online education in traditional colleges and universities. Moreover, since online education has been introduced into higher education on an ad hoc basis, each setting calls for an approach appropriate to local circumstances. In many cases, instead of simply empowering senior management, strategic planning on the programmatic level has to be lateral and collaborative. In many ways, strategic planning for online education needs an innovative set of tools and techniques.

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