

Bates College

President's Office

Memo to: Members of the Board of Trustees
From: Elaine Hansen
Date: October 17, 2010
Re: Key Strategic Issues for Board Engagement

At a time of great uncertainty for higher education in general and for the liberal arts college model in particular, Bates has taken significant steps to strengthen the future of the College. Now the Trustees are coming together in a retreat setting to consider how to do even more to apply their wisdom, skill, and authority to this important work. To help inform that gathering and with advice from Board Chair Mike Bonney and the offsite planning group, I have worked to overview some key environmental challenges and describe how the College is responding to them to increase our capacity and effectiveness. This memo is the result of that work.

The fundamental objective of all we do is to deliver the finest education possible to our students, and in this competitive environment we feel more than ever the urgency of strengthening our position as a top-tier national liberal arts college. To take full advantage of the Board's work on this issue, this document provides:

- a brief explanation of six current challenges to higher education and how those challenges play out for Bates;
- a summary of the five priorities that have guided our efforts to meet the challenges;
- a description of three elements of our strategic work designed to capitalize on strengths and advance priorities in an interactive, synergistic way; and
- four questions about key issues, where I suggest we most urgently require the insight and help only the Board can give.

I am grateful for this opportunity to organize what we know about the forces we are encountering, integrate the several parts of our progress in light of those forces, and open the next phase of our strategic work. I offer these ideas with heartfelt thanks for your devotion to Bates and look forward to the invaluable counsel and steady achievement this effort is sure to produce.

What pressures are we facing? Six challenges to higher education and to Bates

In this section, I describe some of the challenges facing higher education in general and how we are experiencing them at Bates. Although the issues are daunting in their complexity and unilateral remedies are not clear, we believe these challenges are best considered in the context of the enduring mission and broader value that a liberal arts college supports and offers. At Bates, we are monitoring the higher education landscape carefully as we position Bates to continue educating leaders who encourage and sustain creative work across many cultures and professionals with the skills and confidence to retrain themselves throughout their lives.

- **Students:** Even as the number of people seeking higher education has been growing exponentially, there is increasing disparity in their purposes, expectations, resources (financial and other), and readiness. Among many groups, the understanding and commitment required to allow so many more students to seek and to benefit from a rigorous undergraduate education in the liberal arts and sciences are declining. In the midst of a national mandate of “college for all,” we are seeing greater gaps between entering students whose families have provided many advantages, and students without such support.

At Bates, students—who they are, where they come from, how they learn, and what they go on to do in and for the world beyond Bates—are key to the enduring strength of the College. Specific challenges we face now include the population shift away from northeast and an increase nationally in students who are not prepared for, aware of, interested in, or able to afford a private liberal arts college education. In light of the distinctive past and founding values of the College as well as our current understanding of best practice, we also need to enroll a more and more diverse student body in order to prepare any of our students well for the 21st century. We need to understand the full range of demographic and socio-economic shifts more deeply and use more sophisticated analysis to increase demand for Bates and reach our target audience of students.

- **Curriculum, pedagogy, and faculty:** All institutions are pressured by demands to support new disciplinary and interdisciplinary trends while interest in some—but by no means all—of the traditional liberal arts disciplines is eroding. Other pressures in this category include the need to expand and integrate complicated, popular, and valuable co-curricular programs like service learning, civic engagement, study abroad, and athletics; increase funds for faculty research; manage the anxieties of faculty about the increasingly “corporate” nature of the university, and of administrators and trustees about the seemingly ungovernable nature of the faculty. As I noted in my 2010 annual report to you, higher education is a “dense array of fragmented activity with few truly integrative or collaborative structures or practices. Academic culture is a poorly organized and

uncoordinated environment for improvement; it is intrinsically complex, requiring diverse expertise and valorizing individual autonomy, and it is human-resource intensive.” I do not foresee changes in this condition anytime soon.

The issues Bates faces in this category include the need to expand disciplines; grow interdisciplinary work; and support both faculty and student research as well as changes in pedagogy, technology, and requirements related to globalization.

- **Financing and costs:** In light of increased expectations for the latest technology, amenities like up-to-date fitness facilities and residence halls, and health services for students, keeping costs in check is more of a challenge every year, unless we are willing to move away from the standards upheld by our peers. In addition to these pressures, many big-ticket budget items—utilities, health care, technology, and information resources come to mind—are beyond our control. After the budget cuts most leaders have experienced lately, they now agree that one can’t increase cuts further without sacrificing student, faculty or academic quality.

Compared to our peers, Bates is under-resourced (see next “challenge”) but arguably better managed, and a significant group of constituents is proud of the capacity to “do more with less.” Our strategy recognizes the need to “do more with more” but includes a continued emphasis on prudent financial management and proven habits of aligning resources with priorities. (It might also be noted that our lower level of reliance on endowment spending has made the short-term response to the current economic situation less difficult to manage at Bates; although this is not a position we would choose, we have made the most of it in areas like comparative faculty salaries, where we have temporarily narrowed the gap between us and our more well-endowed peers.)

- **Philanthropy:** Although the economy has impacted philanthropy in this country, the U.S. continues to be, by multiples, the most philanthropic country in the world. That giving is ingrained is positive for all non-profits, but current conditions have increased the competitive nature of fund-raising. Now it is not enough for a college like Bates to simply make a case for support. The donor who once provided general budget support now prefers to *invest* in an organization. And more than ever, philanthropists are cautious about committing to a large gift over the long term.

Currently Bates is under-endowed and not yet fundraising on par with our peers despite offering an equal or better product. A look at history suggests that Bates has a weaker culture of philanthropy and a shorter history of alumni engagement than many comparable schools. Changing this culture requires that we follow best practice, invest in our advancement staff and infrastructure, and in some cases alter the way we relate to our constituents. Now some donors look for a value proposition to which they can relate on a daily basis. Elements of this proposition should include a vibrant, consistent connection to the College that

changes depending on one's stage of life. Bates should be, for example, the first place our community members turn when they want to locate friends and colleagues, enrich their experiences, solve a problem, or find employment. In the language of advertising, we should be "top of mind" for all who love Bates.

As proof of the value proposition, donors want to know that Bates is investing their money carefully and using the return as they intended. However, Bates and many non-profit organizations like us depend heavily on unrestricted gifts for annual budget support. And for donors who give out of income rather than savings or investments, this giving strategy matches well with their circumstances and their desire to contribute to the greatest immediate gain while also increasing the enduring strength of Bates. Meeting the expectations of these two types of donors—the investor and unrestricted giver—require us to offer comprehensive philanthropic strategies that focus on current projects and the annual fund as well as bequests and life income gifts for donors.

- **Competition:** Now colleges and universities in all sectors compete on the basis of numerous factors, and many of those are endorsed by the popular media. For example, the media promote highly influential rankings, for-profit institutions are increasing in visibility and scope, and there is growing confusion about a desire to simplify higher education. Fewer people are informed about or care to understand the complicated landscape of higher education and, as a consequence, too many favor "one-size-fits-all thinking" about policies. At the same time, ironically, cost and other factors have led to increased stratification between sectors. For Bates, competing successfully requires that we routinely upgrade the curriculum, technology, facilities, and athletic programs to match the efforts of our peers and to meet our own expectations for excellence. Competing also compels us to increase our investment in marketing and branding to attract the same or better student and faculty populations that are considering other colleges in our cluster, and to "differentiate" Bates as a way to educate potential students about our special value and claim a bigger share of the population.
- **Alignment on purpose and values.** Leaders in our sector agree that there is a general lack of understanding of the educational effectiveness and value of four-year, residential undergraduate college in the liberal arts model. Remotely located, costly liberal arts colleges may be especially vulnerable to the public's suspicion about the value and relevance of the liberal arts. At times, liberal arts colleges also experience lack of alignment between the faculty and the administration about how to balance pressures for change with the seeming mandate to preserve our traditional educational core.

Of course, Bates experiences these pressures from time to time. As noted in the discussion of students, demand for Bates among many groups and in many regions is affected by public mistrust and misunderstanding about the nature and outcomes of a liberal arts education. Internally, we have strengthened alignment

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through our support for five top-level priorities, three elements of our strategic agenda, and our hope to realize the elements through a new campaign.

How is Bates meeting the challenges? Five priorities to guide progress and improvements in senior management

In fifty years, Bates has gone from being a good regional college to occupying a respected and richly deserved place among the best undergraduate institutions in the country. Our future is linked to the well-being of the residential liberal arts college sector, and our unique challenge in this cultural, political, and financial environment is to be just as good as the top brand names while standing out as Bates. To put it another way, we know that to go from very good to great we need to “differentiate” ourselves—but not too much, because we need to resemble our peers enough to achieve the top rankings with them.

To stay firmly in the top tier of national liberal arts colleges, we have aligned expenditures with the elements of our core mission to pursue ***five top-level priorities*** for the last eight years:

- academic quality;
- access and affordability;
- excellence in residential life as key to educating the whole person and leveraging the full value of our small liberal arts college status;
- the facilities we need to sustain the mission; and
- higher quality, more intense engagement for our alumni.

Each priority is critical to our position today, and we must continue to make progress on these priorities in ways that honor their interrelationships as an integrated strategy.

Our capacity for this work is greatly increased by our recent administrative reorganizations and strong hires at the senior management level. Prominent among those are the Dean of Students and Vice President for Advancement as well as our new directors of Athletics and Human Resources. To improve our engagement with prospective students and families both “before Bates” and “after Bates” and upgrade our overall communications and marketing efforts, we also created the new structure that brings together Admissions, Financial Aid, Communications, and Career Development and hired a seasoned leader to take all this work to a much higher level.

Through these changes in structure and personnel, I have repositioned the senior team to increase focus and strength. The multi-year financial planning process, with which many Trustees are very familiar, continues to function as a strong tool for decision-making. In addition, Advancement is devising a fundraising plan and converting many of our strategic recommendations into fundable ideas. New action plans are underway for enrollment and retention, reputation and branding, and communication. Now we are searching for an Academic Dean at a prime moment for realizing the benefits of a senior

leadership team that thinks institutionally and understands the urgency of collaboration and strategic thinking, as well as for strengthening the relationship between faculty, administration, and trustees. Although improving management remains a goal, our new investment in this area is largely complete, and we are moving forward very well. (See Appendix A for an example of Senior Staff correspondence about Bates' response to the economic crisis as it unfolded and the increased imperative for us to lead as an integrated team.)

What is our current vision? Three elements of our strategic agenda

To further refine and advance the five broad priorities noted above and set up coordinated vision of how we will move forward, we are now pursuing ***three key elements of a cohesive strategic agenda*** for the next phase of our progress. Each builds on not only historic strengths and values of the College but also current momentum and opportunities. These elements stand in a complex relationship to each other and to each of the more general priorities noted above. Each element is designed in its own way to attract and support more of the students and faculty we want, to strengthen academic programs and reputation, leverage investment and increase revenue, incite philanthropy from multiple groups, and contribute to the overall improvement of our competitive position. Let us just review them and discuss why they cannot be applied in any simple priority order:

- **Implementing a few key programs and projects in the educational realm to ensure academic excellence.** In the areas of arts, science and math, and learning across the entire Bates' experience, we see the potential for a deeper integration of ideas and practices that build on our strengths. While other parts of the Bates experience are just as important, we determined that an investment in these areas at this time has the greatest potential for building more attractive and visible peaks of excellence and supporting more powerful collaborations at Bates and beyond. Designed in collaboration with the faculty, this work builds on current strengths and pockets of new energy and attracts buy-in from people who seek and welcome change and forward momentum. It also models new ways of collaborating across all the constituencies of Bates. (The outcomes of this work are described in *Choices for Bates* and in Appendix B, a description of projects funded by a Presidential Discretionary Grant from The Andrew W. Mellon Foundation.)
- **Increasing diversity by building on a historic distinction and addressing the demographic and educational needs of today.** It is worth noting what when I arrived at Bates in 2002, the College had fallen way behind in student diversity. In terms of the percentage of self-reported ALANA students, we were last in our peer group. My early focus on this problem took several years to gain traction, but now the impact of key new staff and programs has begun to pay off. In the

last four years, ALANA enrollment has almost doubled; we have developed innovative positions and programs (like the Swing Dean and the Summer Scholars) and hired strong people to run them. Faculty and staff recognize and support diversity as a strategic priority. This is one condition that keeps Bates competitive among top peers. It is a critical element of our brand. It will at once require and elicit stronger philanthropic support for financial aid than Bates has been able to attract in the past. (See Appendix C for a record of Bates' improvement in NESCAC standings.)

- **Managing the physical plant—the campus itself—so it contributes more to educational excellence and residential character, while also strengthening our position among peers, attracting new donors, and increasing sustainability.** The ideas the Facilities Update presents for Phase II of the Master Plan go to the heart of our distinctiveness. Chief among those recommendations are more acceptable student housing, beginning with a cluster to complete Garcelon Quad; the Campus Avenue (aka “Main Street”) project, a mixed-use array of buildings housing campus-center functions (café/pub, copy and mail center, college store, Career Development Center, student organizations and activities, information kiosk and security desk, etc.); and a Science and Math Center to integrate the departments and position Bates to take a leadership role in the teaching and practice of natural sciences and mathematics in the liberal arts. (See Appendix D for the prologue and executive summary of the Update to the Campus Facilities Master Plan.)

The first two elements—the *Choices* initiatives identified and our recent momentum in diversifying the student body and realizing the educational benefits of inclusion—speak to specific educational *ends* through strengthening programs where we have both a solid foundation and ample room to improve the perception and the reality of our core assets.

The third element is a *means* to those ends. It also entails both perception (how our campus looks and how our buildings and grounds evince our pride in Bates) and reality (we can't have excellence in residential life without updating our dorms or do better undergraduate science without an integrated facility).

Given the interactive nature of these elements, phasing, leveraging and developing the synergies become more important than ever. To take just one example: given our faculty leadership and commitment in natural science and math, we have the capacity to strengthen our reputation as a place for the best undergraduates in the nation, if not the world, to do science. To capitalize on that capacity, we are investing relatively small amounts (with the help of The Mellon Foundation) in faculty attention to curricular innovation (through the *Choices* initiative) in a first phase. We are “incentivizing” this work by linking it to the expectation that we will make a compelling fund-raising case for the new facility that will be even more important when the new program is real. (Those ideas in turn will accommodate linkages with the other initiatives—space for exhibiting

art, for example, in a new science building, and student housing as part of the new quad that will include the science building.)

At the same time, faculty leaders of the math and science initiative know that the best teachers and researchers want the most talented students in their labs, and they welcome the possibility for bringing out the latent talent in a more diverse student body. This strategy will give them the talent they need and in turn attract stronger and stronger students from all groups.

This complicated orchestration of functions and phases will only succeed if it is guided, again, by the kind of powerful, creative, first-rate senior administrators we are now attracting. Now we have individuals whose talents are only exceeded by the fact that they see and take advantage of much more robust collaboration and consistent institutional thinking. If the programs, the people, the buildings, and the leadership are aligned, the vision that drives our plans will excite and inspire donors who wish to invest in a new and stronger Bates.

A similar narrative of the interactive unfolding exists for the other initiatives as well. (See Appendix E for a chart that summarizes our strategic projects and outlines the relationships between previous and current work.)

How can the Board advance this work? Four questions for the Board to consider

When Mike Bonney raised this question, I immediately thought of the energy and creativity that emerged on campus as we imagined and described the plans I explained in the preceding section. Aiming to achieve a new kind of liberal arts learning and living community, we are confident that our work is preparing Bates for a leading role in this new learning century. I am also confident that we have a Board with the capacity and the passion to prepare the College now for a stronger future.

Then I asked where, among the many issues confronting Bates, we most urgently require the insight and help only this strong, dedicated Board can give. The following questions exemplify the kinds of issues I greatly look forward to discussing with you.

Question 1. Philanthropy: The most urgent issue for the College, and for this retreat, is to ensure that we take the right next steps toward strengthening Bates and focusing the time and talent of our Trustees on work that only you can do. If we agree that one foremost responsibility is to secure the resources the organization needs to fulfill its mission and improve its standing, then we need to consider how the Bates Board is uniquely positioned to continue to strengthen our culture of philanthropy.

One interpretation of our current reality includes a shrinking pool of interested and qualified students, rising costs to maintain quality at competitive levels, a challenged philanthropic environment, and the fact that we have fewer financial resources than our competitors. And yet recently the campus has established and endorsed new priorities; a

stronger top team is working more strategically; and we have new capacity to recruit (rather than select) students, brand and market Bates aggressively, and shape other forces that will determine our future. Drawing on your experiences with other institutions as a board member or engaged stakeholder, what advancement philosophies, strategies or tactics will serve us best in this climate of competing perspectives?

- Do we need to do more to increase pride in the Bates' degree, and if so, how should we proceed? Historically Bates has been marked by a sense of modesty that may serve us less well now than in the past. Are there steps we can take to instill a greater sense of pride in our alums of all ages?
- How can we do more to get Bates to the top of a donor's giving list? If Bates aspires to be one of the top three charities supported by our prospective donors, what are strategies for getting there?

Question 2. Value Proposition for Students and Families: With your critically important support, now we are positioned to strengthen the way we identify, recruit and enroll potential students and engage with them after they graduate from Bates. Two recent studies suggest that potential applicants regard the College positively, but cannot easily recall points of specific distinction. What do you see as our key points of distinction and how should we use them to advance our "value proposition" to prospective students and their families, especially as we shift from selection to recruitment as our admission frame.

- Drawing on your knowledge of customer or client relations, are there best practices outside higher education we should consider to lengthen and deepen connections to our "customers?" What types of customer-related practices might reap rewards over a span of years?
- When you hire young people or seek their involvement in other organizations you lead, what qualities and outlooks do you favor? What personal characteristics and types of experience tend to place a young person on your list of stellar hires?

Question 3. Engagement with Alums and Close Friends: As we work to advance Bates, how can we do even more to engage and serve our alums and close friends? What is the ideal role for the Board as we anticipate issues like the following?

- In 2002, there was the sense that Bates had yet to achieve the success of our peers in engaging alumni. Eight years later, although we have improved, we have not met our goal. What new ideas can the Board offer about how the College, including Trustees and other volunteers, can more effectively reach and connect alumni who are still under-engaged? How can the College and the Board best partner in this work?

- Recently we have engaged young alums in programs like BOLD (Bobcats of the Last Decade) and Bates Business Networks in a Boston, New York and a few other cities. Reflecting on your experience as successful leaders and executives, what are other ways to engage young alums during the first phases of their careers that might increase fundraising success in ten years?

As these questions suggest, Mike and I are anticipating a more active strategic role for the Board. My final question relates to that important change.

Question 4. Effective and efficient use of Trustee talents: Just when leaders like you are busier than ever, your attention and help are critical to our future. How can the Board take up an ongoing yet sustainable role in our strategic work? What can the College do to better support your engagement?

- What changes in Board practices would advance your work? Should we use short-term small group task forces to address certain questions? What are better ways for you to get information without being inundated with reports?
- Higher education scholar Richard Chait advises boards to work in the “generative mode” in addition to their fiduciary and strategic roles. The generative mode calls on a board to engage in deeper inquiry and explore root causes, values, optional courses of action, and new ideas. How could the Board use the generative mode of engagement to bring new value and benefits to Bates?

In closing, I’d like to thank you for your attention to this document and for the time, attention, and great energy you devote to Bates. I look forward to discussing these and many other promising ideas at the retreat. If there is anything I can do to help with your preparation or travel plans, please do not hesitate to let me know.