

2007 SERIES: ENABLING CAMPUS GROWTH AND OPTIMIZATION

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PERSPECTIVES**

a higher education presidential essay series

When Partnerships Work





WHEN PARTNERSHIPS WORK

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Unlike corporate executives, faculty and administrators in colleges and universities have relatively little experience with institutional partnerships or mergers. We tend to conceive of them as scenarios which play themselves out on the New York Stock Exchange, as headlines in the *Los Angeles Times* or *Chicago Tribune*, or in executive suites where moguls plan takeovers of multinationals (Disney, United Airlines, NBC). Corporate mergers or partnerships may lead to fluctuations in the stock market, higher profits, consolidation of organizational units, and more efficient service. However, they also result in lower consumer prices, layoffs, less diversity in products, and dislocation in the lives of employees.

Social scientists have studied why mergers and partnerships succeed or fail. They identify variables associated with success or failure, such as the impact of culture, the regulatory environment, governance, leadership, investment strategies, product differentiation, vertical integration, and other explanatory factors. Some have argued that industrial advancement in America boasts a large share of consolidations, takeovers, and the like, brought about through corporate leadership, federal deregulation, competition, customer demand, access to credit, or changes in technology. The corporate landscape is also littered with unsuccessful mergers, many of which have led to the demise of multinationals, the loss of billions of dollars, and the upheaval of entire communities dependent on a particular industry.

Although we have been less attentive to institutional partnerships in higher education, they are not uncommon, particularly where two-year schools merge with four-year institutions, medical schools consolidate, or where small struggling private colleges endeavor to survive by aligning themselves with larger private institutions. More often than not, mergers or partnerships in higher education have proved difficult, success stories are rare. Very little research has been conducted on factors associated with successful academic mergers or partnerships. Here too, the academic landscape is littered with problematic attempts. Two recent cases illustrate this observation.

More often than not, mergers or partnerships in higher education have proved difficult...Are there any success stories? Can we identify factors associated with success?

The first concerns the University of California–San Francisco Medical Center, a public medical school complex and a unit of the University of California system, and the Stanford University Hospital, a private medical school affiliated with Stanford University.

Without dwelling on the reasons which led to merger talks, legal entanglements, political factors, the personalities involved, or the third-party corporation set up to oversee the new entity, these two organizations attempted a partnership between 2000 and 2003. Hundreds of millions of dollars later, the exodus of senior executives from both institutions, no appreciable enhancement in patient care or more competitive healthcare organizations (the original impetus for the merger), the disruption in employment for thousands of individuals, and a change in the mission and service of several Bay Area hospitals, the two entities have now reconstituted themselves as separate institutions. On paper, arguments in support of the merger looked practical, rational, and progressive. In reality, once implications of the merger became manifest, “theories” and “rational arguments” met with sustained and fatal resistance.

The second case focuses on Barat College, a small four-year, religiously affiliated school over 100-years old, which occupied a tree-lined suburban campus northwest of Chicago. In this instance, the college found itself in fiscal straits with a declining enrollment. (Interestingly, the college’s relatively strong ranking in the *U.S. News and World Report* was not affected by the institutions’ financial status.) An agreement with DePaul University—the largest Catholic university in the United States, with campuses throughout the metropolitan area of Chicago—was entered into on favorable terms. The

merger, which hopefully was to result in the rejuvenation of the college, never materialized. Attempts to integrate the Barat faculty into DePaul and reinvest in Barats’ physical facilities proved costly and difficult.

Barat properties have been sold and there are still legal cases concerning Barat faculty and staff. The disrupted lives of many individuals and disappointment of alumni and students is manifest. Intentions may have been sincere, arguments in support of the Barat partnership cogent and well presented, but the relationship failed.

Are there any success stories? Can we identify factors associated with success? In December 2002, Benedictine University, a Catholic and Benedictine private university in Lisle, Illinois—a western suburb of Chicago—was approached to consider a partnership with Springfield College in Illinois, a private Catholic two-year liberal arts institution 150 miles downstate in the capitol city. Although Benedictine University and Springfield College shared a common religious heritage—administrative, academic, development, student affairs, and financial structures differed.

When the Board at Benedictine first heard of the plight of Springfield College, a Benedictine monk on the Board said, “Doesn’t a Catholic and Benedictine university have a moral obligation to help another Catholic institution?” That question immediately put the situation in a new light, and discussions took off.

Springfield College, founded in 1929, was the first institution of higher learning in Springfield, Illinois. In recent years, the University of Illinois poured millions of dollars into a new branch campus, formerly Sangamon State University, which itself had been

merged and swallowed whole by the University of Illinois. The new U of I at Springfield offered stiff competition to Springfield College (as did local public community colleges), and by 2003 the college came perilously close to closing its doors.

After a number of discussions, the Benedictine and Springfield Boards established a permanent partnership. The partnership received, and continues to receive, media attention in the Springfield area. In the fall of 2004, junior and senior classes in business and psychology (with emphases on criminal justice, management, and organizational behavior) were offered—making Springfield a four-year liberal arts college, and Benedictine University a regional institution.

A year and a half after initial discussions, the enrollment at Springfield was up 35 percent; the community, alumni, and faculty were energized. While finances are not immune to enrollment fluctuations, the College has stabilized. Auditors gave a favorable report at the end of the 2003 fiscal year. To date, this permanent partnership has been successful. As we write, the enrollment has grown from approximately 230 to 1,000 students.

The permanent Springfield–Benedictine partnership reflects the following organizational characteristics:

- While the Board Chair at Benedictine is also the Board Chair at Springfield, the Springfield College Board is autonomous (separately incorporated) except for reserve powers held by the Benedictine Board. For example, approval by the Benedictine Board is needed for major issues such as institutional closure, sale of property, taking on large debts, or engaging in activities that could change the general relationship between the two schools. Academic governance structures have not been combined, although business, student affairs, and administrative architecture are commonly shared.
- The President and Executive Vice President of Benedictine University hold the same titles at Springfield College. They have an excellent working relationship and are capable and experienced leaders. The faculty at Springfield and Benedictine teach and work under completely separate policies and reporting relationships; however, a number of staff positions are shared. For example, back office operations have been consolidated, as have functions performed by the registrar, business affairs, enrollment, marketing, financial aid, and development.
- The Academic Dean at Springfield College reports to the President at Benedictine University. All academic programs at Springfield are administered by the Dean. (However, in cases where programs are brought to Springfield, Benedictine faculty have considerable influence over pedagogy and the curriculum.) Students at Springfield are recruited for four-year programs at the outset. Tuition rates for both institutions are similar and commencement ceremonies are combined.
- Except for budgetary matters that may impact reserve board powers, Springfield College develops and executes its own budget. The annual audit is presented to the Springfield Board, and the Benedictine budget in Springfield is separate from that of the College budget.

Why did the Benedictine/Springfield permanent partnership succeed, whereas so many others fail or remain in limbo for years? We suggest the following reasons:

- Each institution was guided by a realistic vision of what could and could not be achieved. Important constituencies at both institutions were consulted and developed a shared vision. Both Boards understood the ramifications of the partnership, and frequent discussions led to pragmatic guidelines for a permanent partnership. Assumptions, priorities, finances, and objectives were carefully discussed and examined. Although many Benedictine faculty were initially skeptical, the President pushed on.

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- A long-term commitment was made by the senior leadership at both schools.
- An early decision was made to preserve the organizational culture, and to the extent possible, the institutional autonomy of each institution. The faculty at Springfield has not been integrated into Benedictine University. Academic structures and forums remain separate.
- A vocal and active part of the Springfield community, including alumni, did not want the college to close. They were willing to sacrifice to rebuild the school, but needed assistance to do so. An anonymous donor paid off the Springfield College debt.
- The leaders of each institution took a risk in the face of opposition. Springfield faculty also accepted additional responsibilities without extra compensation. Competitive tuition for existing and new programs was implemented.
- The trustees of each institution worked closely with institutional leaders and skillfully managed the financial and legal implications of the permanent partnership.

When permanent partnerships succeed in higher education, the possibility of reciprocal benefits for both institutions exists. In the Benedictine–Springfield case, we have identified the following benefits: core constituencies had views heard and needs met, adequate resources were freed to address critical shortages, distinctive organizational cultures were valued and protected, new constituencies became involved and were brought to the table as collaborators, new services and programs were offered and priced competitively, leaders remained engaged and adapted a long-term view, legal and human resource matters were considered and planned in advance, and faculty and administrators communicated and worked collaboratively. Most important, students in Springfield and at Benedictine University continue to benefit.



Dr. William Carroll has served as President of Benedictine University since July 1995, and as President of Springfield College, Illinois, since May 2003. Carroll is a visible and active leader in both communities, serves on many boards, and has received numerous awards for his leadership in education and higher education.

In 2003, Benedictine University established a unique partnership with Springfield College in Illinois (SCI). Since then, their enrollment has increased considerably, third- and fourth-year college classes are offered, adult education classes have begun, and SCI is now in a competitive field with other higher education institutions in that area.

Carroll earned his Bachelor of Arts degree in philosophy from the University of Scranton, and his Master of Arts degree and Ph.D. from the Catholic University of American, Washington, D.C.



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His research is in the areas of organizational behavior, leadership, higher education, and industrial labor relations. Julius has held visiting faculty positions at Stanford, the University of New Hampshire, the International Labor Organization in Geneva, and at Universities in China, Spain, and France. He was educated at Ohio State University, Columbia University, and Stanford University.

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