

## **IS STRATEGIC PLANNING OF ANY VALUE IN A STATE COLLEGE?**

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### **ABSTRACT**

This paper examines the value of strategic planning in a state college by presenting literature about views of strategic planning, by examining the governance structure of the college and other externalities, and by using Wheelen and Hunger's model to discover constraints on planning. We concluded that the planning efforts of MSCD, and many other colleges and universities, are heavily constrained, but we cannot offer a panacea to fix the problem. Presently, there does not appear to be a process that would overcome the constraints on planning.

### **STRATEGIC PLANNING AT MSCD**

Strategic management courses abound in business programs and most of the focus is on for-profit organizations. Most professors, however, work at not-for-profit institutions. We watch our institutions struggle with strategic planning and this raises some questions. Does the process of strategic management for a profit seeker apply to a not-for-profit organization? If changes in the process are needed, what portions would be changed? Would the not-for-profit require an entirely different model? Are constraints from the environment and governing system so influential as to reduce the effectiveness of strategic management in general and strategic planning in particular? These are some of the questions that were considered in the paper as we considered the apparent lack of effectiveness of Metropolitan State College of Denver's (MSCD) planning efforts.

Metropolitan State College of Denver (MSCD) was established in 1963 by the Colorado Legislature that mandated it to be a comprehensive, baccalaureate degree granting institution serving the six-county area around Denver. It cannot offer graduate programs and only a limited number of professional programs. It is a modified open enrollment institution. It was accredited by the North Central Association of Colleges and Schools in 1968.

In June 2005 a new president was appointed and stated that over his first two years MSCD would develop a comprehensive strategic plan that would chart its course over the next 10 years. He identified a vision for MSCD and identified four broad initiatives that would help define short-term goals. His vision sees MSCD as the preeminent urban baccalaureate college in the country. The four initiatives are: Develop a faculty cadre that demonstrate their commitment to teaching; Complete a review of what it means to be a modified-open admissions institution; Develop partnerships with Denver Public Schools and area community colleges; and Develop an interdisciplinary environment. The process used by the president has been to define operationally the four initiatives.

The governing system for MSCD starts with the Colorado Legislature which has complete authority over the state's budget as well as the ability to intervene through passing laws. The Colorado

Commission on Higher Education (CCHE) interfaces with the legislature and determines the formula for distributing funds to higher education. The Board of Trustees was established in 2002 and is responsible for policies affecting everything at MSCD. Auraria Higher Education Center (AHEC) maintains the campus facilities shared by MSCD, UC- Denver, and Community College of Denver. The North Central Association of Colleges and Schools (NCA) establishes and administers criteria for accreditation.

Funding for higher education in Colorado had fallen from nearly the national average to 57% of the national average in 2004 while student tuition and fees have nearly doubled. MSCD's approach to planning in the past, and presently, was based on themes established by the president.

We used a model by Wheelen and Hunger to examine its impact on strategic planning and strategy formulation. Regarding the impact of constraints on strategic planning, the matter of service intangibility and difficulty in measuring it is clearly in evidence. The consequences, however, is not so much multiple objectives developed by MSCD as by outside agencies imposing goals and measures on MSCD! Of the things that matter most to the strategic planner, MSCD has little control over them. Its mission is prescribed by charter and its budget by the legislature. Within that context, of what value is an assessment of the external environment? Recently a vision has been stated but achieving it lies beyond the internal workings of MSCD as governing bodies are an overwhelming force. Alternative funding sources from federal and state grants and external donors for program support are unlikely because the mission is teaching, not research. When state agencies micromanage institutions, they divert attention away from important strategic considerations.

Regarding the impact on strategy formulation which includes the activities of developing a mission statement, setting goals and identifying a strategy, we should point out that because of the former president's thematic approach to planning MSCD has had little experience in using the process approach to strategy formulation. MSCD has very little influence on its mission. As dictated by the state legislature, MSCD will be a baccalaureate degree granting institution and will emphasize teaching rather than research. The wording of the MSCD mission statement can change, however the essence of what the institution does is constrained by legislative mandate. There is more latitude in the development of a vision for MSCD, but to date, what it means to be preeminent has not been clearly defined by the president, administrators, deans or faculty.

A disturbing thought occurred about the apparent lack of programmatic change at MSCD, and perhaps other institutions. In the absence of planned changes by institutions, did the Colorado legislature attempt to force such changes? What we perceive to be micromanagement could be efforts to force higher education to change, period! In any event, Wheelen and Hunger could not be more right about internal politics. At MSCD with extreme budget pressures and limited strategic options, internal political activity seems high. When resources are limited, political behaviors seem to rise to a high level.

The intent of the paper was to examine MSCD's apparent lack of success in strategic planning and strategy formulation. In doing so, we examined key external influences and found that MSCD is severely constrained in its efforts by outside governing agencies and Colorado's funding trends. We also presented evidence that its tradition of using themes inhibited strategic planning. Then we turned to Wheelen and Hunger's model of constraints and complications in planning in not-for-profit organizations. Using our experience at MSCD, we provided specific information that supports their model of constraints.

We would be derelict, however, if we stopped without sharing some additional insights from a broader

perspective. First, it would be easy to dismiss planning by themes as antithetical to using a participatory strategic planning process. One impressive advantage of using themes is the ability to be more directive and incisive in what to accomplish and when to accomplish it. Top down management may be faster. This is evidenced by Kaplan's approach of taking a theme (technology) and causing implementation by forming college-level task forces to plan and execute the theme. The glaring disadvantage is that little was done to foster innovation and change in academic programs which are of great importance for establishing a reputation for excellence in programs and teaching.

Second, as we sought strategic examples for inclusion into the paper, it became apparent that many of them involved influencing the legislature through political activities. An example from the Kaplan era was gaining a Board for MSCD that was separate from the State College System. She noted that prior to her arrival two presidents had attempted to do so because MSCD was perceived to be getting less funding than it deserved. She said: "The State funded the four state colleges based on some rough calculation of enrollment numbers. MSCD drove those numbers because of its urban location and rapid growth." The other three colleges were rural in nature and had shown little growth.

The rub, then, according to Kaplan was that once the money was allocated to the State College System, the Board and the System President had complete authority to allocate the funds among the institutions on any basis that they chose. The other colleges were given more money on an FTE basis than MSCD because the decision makers believed that with its larger size and heavy use of part-time faculty it could afford to subsidize them. It took several years and much lobbying but the separate board came to pass. Ironically the board was responsible for ending Kaplan's tenure as president!

Another state-wide example would be the University of Colorado system's response to the same funding crisis. A news conference was held by four university presidents who made a gloomy assessment of the future of higher education in Colorado the day before the legislature convened! Then, former president Hoffman pressed for "enterprise status" for the University of Colorado system which would allow it to avoid TABOR restrictions while raising tuition, etc. A bill passed by a huge majority, but was vetoed by the governor because he did not want to lose control over tuition increases.

Third, by comparison MSCD has few strategic options when compared to the University of Colorado. For example, recently the University of Colorado at Denver merged with the University of Colorado Health Sciences Center. This will save millions of dollars! MSCD does not have multiple campuses. It could not go private. It gets nearly all of its funds from state appropriations and tuition. It cannot change its mission, without legislative intervention and that would be opposed by nearly all of the other public universities. Budget constraints and funding mechanisms would not allow a dramatic shift in its programmatic strategy.

Of what benefit is strategic planning to MSCD? As its planning efforts have not been a true test of a planning process, it is impossible to say. Many questions need exploring. Is strategic planning a worthwhile endeavor in public colleges? Would any model work well? Does a better strategic model exist for state colleges? Is the use of themes a better approach to planning than the traditional 'set specific goals and implement them' model? What happens if a college does not engage in strategic planning at all? Can colleges be proactive or are they better off being reactive to environmental changes and constraints? Is the response time too slow in any event?

References are available upon request.