

Academic planning and strategic planning: Strangers in the night or potent weapons for strategic competitive advantage?

*Neil Peach, Bruce Millett and Rosalind Mason,
University of Southern Queensland*

Abstract

Planning has been shown to be a key ingredient in organisational success. However, the challenges confronting contemporary organisational management are making it increasingly difficult for senior managers to allocate sufficient time and focus to substantive strategic thinking and planning. As well, in higher education settings such as universities, extensive government reforms are compelling academic and general managers to integrate approaches to corporate planning and management with academic planning and management. This creates difficulties and challenges in reframing past ways of doing things, but at the same time affords significant opportunities to those institutions that are able to harvest the benefits of these synergies.

This paper explores those elements of strategic planning which are unique to university settings and, in so doing, puts forward a methodology for integrating the needs of faculty and academe with that of enterprise and institution. This exploration reveals the centrality of program management and portfolio analysis in relation to academic offerings and considers what may be necessary to further develop these techniques as universities seek to simultaneously increase the market appeal and academic rigour of their courses and programs.

Introduction

Universities in Australia are currently under intense pressure to enrol more students from an increasing variety of backgrounds, and they do this at a time when government funding is decreasing (Millett & Postle 2004). Since the Dawkins reforms at the end of the 1980s, universities in Australia have found themselves in a much tougher environment to manage. This has become evident from the increasing reliance on non-government funding, the extent to which many universities have become strong competitors in the Asian market, and the growth in multi-campus operations domestically and abroad. Nelson (2005) also identifies other influencing trends, including the blurring of the divide between traditional public universities and private providers, the growing number of private providers, the increasing demands of a knowledge-based economy and the expansion of modes of delivery through the introduction of Information and Communication Technologies (ICTs).

The diversity of students, locations, business partnerships and program choice has added to the complexity of senior leadership roles in universities. As Hang and Phan (1999, p. 69) point out, '...the continual globalisation of education, coupled with easy access to information technology has resulted in an unprecedented increase in consumer choice, which consumers exercise with increasing alacrity and discrimination'. In addition, students are relying on a university of choice to develop their skills for the global marketplace (Froman 1999). Such an environment places a greater importance on relevant, feasible and appropriate planning and review activities that senior leaders in universities need to embrace as their response to the new environment of the 'Enterprise University' in Australia (Marginson & Considine 2000).

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Academic planning and strategic planning: Strangers in the night

An increasing number of businesses have been embracing the processes of strategic management, as research suggests that this can lead to better financial results (David 2005). The ability of firms to make more informed choices based on their anticipation of short-term and long-term consequences is a differentiating factor for sustaining high-performance outcomes.

The advantages of applying effective strategic management and planning principles involve more than achieving desirable outcomes such as financial returns. An effective strategic management framework can focus attention on identifying and resolving the significant strategic issues. It can involve a conscious effort of promoting organisational learning (Leavy 2004) by encouraging participation and involvement across all levels of the organisation, as well as continuously challenging the embedded assumptions and beliefs associated with the organisation's dominant strategic logic. There are advantages in continuously developing the firm's strategic capability to pursue its strategic visions.

Research in universities has indicated the significance of strategic management in times of crises. Cameron and Smart (1998) undertook a study of higher education institutions in the United States, looking at ways that these institutions could maintain their effectiveness in times of financial stress and declining resources. They found that those colleges and universities that responded poorly to such crises displayed a consistent set of characteristics, including a neglect of planning, a decline in innovation and the centralisation of decision making.

There are also various pitfalls that organisations need to be aware of in relation to embracing the fundamentals of strategic management and planning. For example, David (2005) points out that:

...strategic management must not become a self-perpetuating bureaucratic mechanism. It must be a self reflective learning process that familiarises managers and employees in the organisation with key strategic issues and feasible alternatives for resolving those issues. Strategic management must not become ritualistic, stilted, orchestrated, ought to have formal, predictable, and rigid. Words supported by numbers, rather than numbers supported by words, should represent the medium for explaining strategic issues and organisational responses. A key role of the strategist is to facilitate continuous organisational learning and change. (p. 19).

Although some form of strategic planning is evident in many businesses, the variations are due to the nature of the environment, the leadership style and culture, and the complexity and diversity involved in the product range (Lynch 2003). So while strategic planning is recognised as an important feature of business enterprise, the pitfalls of strategic planning are also well-documented (Lynch 2003; Mintzberg 1994). They include a mismatch between corporate culture and the current planning system, the dysfunctional influences of political behaviour, poor direction from senior management and the ability of the planning system to cope with the demands of flexibility.

Sustainable competitive advantage is the hallmark of successful companies where the issue of sustainability is becoming a key imperative for business leaders – emphasising not only the need to extend the productive life of organisations but to link the actions of business leaders to society's ability to maintain and renew itself (Campling, Poole, Wiesner & Schermhorn 2006). However, universities have been slow to adopt the concepts and techniques of strategic management and planning to their own endeavours. For several

reasons, academic planning and strategic planning seem to be strange bedfellows, or even strangers in the night.

As Prince (1999) points out, it would be wrong to assume that a business school culture, for example, and its university culture are homogenous. He provides evidence that not only do universities have different cultures, but they have a wide variety of powerful coalitions that influence decision-making and the strategic planning process. Multiple interest groups, powerful coalitions and strong professional subcultures dominate the university landscape. Such diversity in beliefs, assumptions and aspirations have, in the past, made it difficult to integrate any form of strategic thinking and planning across the organisational system. The sense of academic freedom across departments has promoted the differentiation of structural elements within the university to the detriment of their integration.

Based on his research, Weick (1976) found that universities were a collection of loosely coupled systems and departments, making it somewhat difficult to develop any integrated approach to strategic management. As Yorke (2000, p. 21) points out: '...the relationship between whole-institutional functioning and organisational unit effectiveness is not straightforward'. Cyert and March (1992), in their ecology of decision-making in organisations, cited the issues of loose coupling explicitly:

Many things are happening at once; technologies are changing and poorly understood; alliances, preferences, and perceptions are changing; problems, solutions, opportunities, ideas, people, and outcomes are mixed together in ways that make their interpretation uncertain and their connections unclear; actions in one part of an organization appear to be only loosely coupled to actions in another; solutions seem to have only modest connection to problems; policies are not implemented; decision makers seem to wander in and out of decision arenas. (p. 232).

While loosely coupled organisations can be seen to be in a better position to adapt to turbulent environments as opposed to more tightly coupled organisations, there is a need for strong leadership in loosely coupled systems (Murphy & Hallinger 1984) such as universities. In this regard, Weick (1982) suggested that university administrators should get out of their ivory towers in order to rekindle the glue amongst staff and embed the vision across the landscape.

While universities have been described as loosely coupled systems consisting of diverse groups of stakeholders, there is no doubt that in the current environment of competition and declining government sponsorship there is a need to explore relevant and acceptable strategic management tools and systems. While past practices in higher education had evolved from more stable conditions, the integration of strategic and academic planning formats would no longer be seen to be strange bedfellows. It should not be interpreted, however, that such moves towards more effective integration necessarily leads to tighter coupling and control. Integration can take the form of more effective knowledge management. The next section highlights some of the issues the Faculty of Business at the University of Southern Queensland is experiencing that would suggest new approaches to integrated and more effective planning processes.

University and faculty planning: some issues

Established in 1967, the University of Southern Queensland is based in regional Australia and provides a comprehensive set of programs covering business, commerce, creative arts, the humanities, education, applied science, engineering, nursing, and psychology. The University has approximately 26 000 enrolments, including over 7 400 international students from 120 countries. The Faculty of Business has been a major division within the University since inception. It offers degree programs at the undergraduate, masters and doctorate levels.

In the past ten years, the work of faculty staff has become more complex and diverse due to its internationalisation strategy. Internationalisation has meant working with multiple partners around the world to deliver variations to existing programs across different time zones. The faculty operates three semesters, so teaching activities are continuous. As well as internationalisation, the faculty has developed its MBA program as an online offering over the past 10 years. This has meant staff have been involved in different modes of delivery including face-to-face, distance and online.

The dynamics of internationalisation and the use of information and communication technologies (ICTs) in the delivery of programs have made it difficult to focus on strategy development and rigorous marketplace analysis. One reason for this is that such pressures have placed senior managers in a more reactive than proactive style of leadership. The situation could be described as one of an emergent strategy, where the actual strategy could only be interpreted by reflecting on the stream or pattern of critical decisions that were taken in the past (Lynch 2003; Mintzberg 2003).

A reactive style of leadership in relation to strategic management can be problematic. It can be associated with a lack of time available for reflection and strategic thinking, with a lack of teamwork and participation in critical decisions, and with a descriptive rather than analytical dialogue in management meetings. In terms of enhancing its capability in strategic management, the Faculty of Business needs to address a number of issues. They include:

1. a need for a more disciplined approach to identifying and developing responses to critical strategic issues,
2. a need for a team based approach to strategic management based on analytical and constructive dialogue,
3. a need for an effective performance management framework, and
4. a need to develop alignment with the University's strategic framework.

A more disciplined approach to identifying and developing responses to critical strategic issues is fundamental to the concept of strategic issues management. In the 1970s, Cyert (1978) prophesied the turbulent and challenging environments that university administrators would face in the future and emphasised the significance of faculties and administrators in keeping a strong focus on maintaining excellence in the face of situations that have a tendency to capture their attention in survival terms only. In turbulent times, the level of complexity and diversity in the issues that confront the Faculty can increase dramatically. Senior administrators in the faculty have struggled with their approach to such issues and there is recognition that a more disciplined and focused approach to confronting strategic issues as they arise, is more desirable.

Following on from this first issue, a more disciplined and focused approach needs to be associated with effective teamwork based on analytical and constructive dialogue. Universities are known for their committee structures. Currently, the Faculty's committee structure seems to have difficulty in dealing with critical strategic issues. There are many reasons for this. One factor stands out. Discussions in various committees tend to be more descriptive and the focus tends to be on operational rather than strategic matters. Many decisions are made without constructive analysis and presentation of critical information.

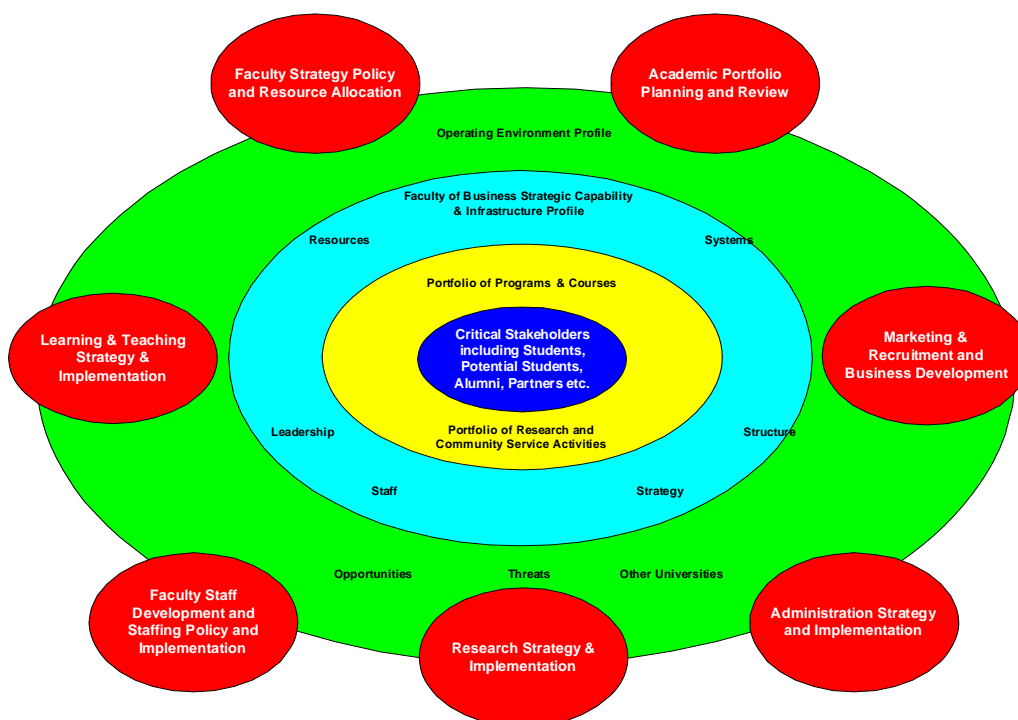
Effective strategic management requires an effective performance management framework. The current Faculty's organisational structure does not identify a particular individual or group responsible for the management and performance of the two major programs offered; namely the Bachelor of Business and the Master of Business Administration. The lack of a performance management framework in relation to these two major programs has meant that significant and continuous reviews of these programs have been lacking and consequently little has been learnt in the way of addressing performance related issues.

Alignment with the University's strategic framework is an issue. Alignment not only refers to a framework of goals, policies and regulations, but it also refers to focusing and guiding the activities of operational units and individual staff members. The University's strategic framework is currently being redeveloped so the question of alignment is somewhat premature. However, there is a deal of ambiguity and overlap in the operations of the faculty due to the lack of operational and strategic planning around critical decision points.

Currently, the Faculty is undertaking a comprehensive review and part of that review is focused on identifying and addressing a range of issues, including those mentioned above. Figure 1 illustrates the critical decision points (the red circles) that relate to the Faculty's operations. The identification of these

critical decision points represent the initial phase of getting focus, alignment, constructive dialogue and analysis in relation to strategic management and thinking within the Faculty.

Figure 1: Critical Decision Points in the Faculty



Another initiative in terms of enhancing the strategic management capability within the faculty relates to the development of a performance management framework and as part of this framework, the introduction of various tools of analysis including program portfolio analysis. A deal of attention has been given in the strategic management literature to aspects of corporate strategy relating to the management of multi-business organisations (e.g. McGee, Thomas & Wilson 2005) and how a corporate parent company can contribute to the success of its business units. Various terms have been used to describe the corporate strategy approach. Porter (1987) used the term ‘portfolio management’, while Goold, Campbell and Alexander (1994) used to term ‘corporate development’. The next section will look at the application of portfolio management at the University and faculty levels.

Portfolio management: the matchmaker?

It is considered, from the preceding analysis, that portfolio analysis and management at the faculty level is an important tool if universities in Australia are to make the most of their opportunities to improve both the quality of their academic programs and the capacity of these programs to compete in an expanded marketplace. On occasions, when the application of corporate techniques is suggested for public authorities (particularly universities), there is a suspicion that it is ultimately directed towards ‘rationalisation’ and narrowing the agenda (Brunetto & Farr-Wharton 2005). This does not always need to be the case, provided such application is cognisant of the differences in objectives and context between private corporations and public authorities (Jacob & Hellström 2003). The use of portfolio management (if it is context sensitive) is seen as a mechanism to enhance academic quality and outcomes, as well as improving operational and strategic decision-making. This is considered achievable provided current, conventional academic planning and review is incorporated into the portfolio management activity at the faculty level. As noted earlier, there is also an additional step required to ensure that faculty planning effectively informs university corporate planning processes so as to achieve the dual objectives of improved academic quality and market competitiveness. In the first instance, there needs to be clarity around what portfolio management means for a faculty and then an understanding of how it may be applied in a faculty. This would aim to incorporate academic planning and review processes into the overall business administration of the faculty. From there it could be expected that the learning, which arises from answering these questions, could be applied to improve the linkages between faculty, academic and enterprise planning.

What does portfolio management mean for a faculty?

It is considered that a university manages several 'portfolios' and these portfolios are contained within the faculty or divisional structure adopted by the university. If a university has a Faculty of Business, a Faculty of Arts and a Faculty of Sciences then it is considered to have three portfolios. Each portfolio would be managed to contribute, in multiple ways, to the enterprise vision and mission. It is then normal practice that each faculty will develop a strategic approach which provides the staff in that faculty with an understanding of the particular way in which that faculty will contribute to the enterprise vision and mission. There is likely to be a faculty vision and mission which highlights the particularity of the faculty within the enterprise (AACSB 2005). It is the responsibility of the dean and the faculty management group to manage a number of conventional business issues (e.g. finance, human resources, marketing), as well as the academic programs of the faculty, to give effect to the organisational actions necessary to achieve the faculty's purposes and outcomes.

It is considered that one of the central elements of the faculty's management is its approach to portfolio management. It may or may not be given that name and it may or may not be managed as a particular activity in the same way that finance or human resource management is managed. However, there is no avoiding that some academic activity (especially learning and teaching) is now a part of a market and that at least part of that activity falls into the category of being a product within a product market. Whilst there is some resistance to accepting all of the ramifications of this situation (Mazzorol & Soutar 2001), the nature, type and number of programs offered and delivered by a faculty represent a typical example of the situation encountered by many businesses that employ portfolio management to assist in the management of a suite of products or assets (Mukhi, Hampton & Barnwell 1988).

It is considered that a faculty's portfolio incorporates three important levels and that each of these levels requires the application of some of the conventional techniques of product/management. The first of these is the faculty or division level (e.g. Faculty of Business). The second is the program level (e.g. Bachelor of Business) and the third is the course level (e.g. Course No. 12345 Introduction to Information Technology). As well, Mazzarol and Soutar (2001, pp. 86-89) have noted that services, particularly education services, have distinct elements, namely:

- *Core product*: this comprises the benefits obtained by the client (e.g. eligible for employment as an accountant).
- *Actual product*: this comprises the identifiable items purchased (e.g. Bachelor of Accounting).
- *Augmented product*: this comprises the intangible features which arise in addition to the actual product (e.g. the prestige associated with having studied at a particular university).

These elements highlight that the product management at the faculty level does not operate (in the market) in isolation to the enterprise marketing initiated at the university level. The faculty is substantially concerned about the core and the actual elements of the service, whilst the university, from a marketing perspective, is necessarily concerned predominantly about the augmented product. Neither faculty nor enterprise level, however, operates exclusively in these domains. The notion of portfolio management in the faculty is intended to provide a bridge between the core and the augmented levels. If applied effectively, it is considered that faculty portfolio management provides an operational framework for the enterprise marketing effort and the faculty product development effort to coalesce for mutually-beneficial effect. This is particularly relevant for universities in view of the importance that the augmented element of the service has in student decision-making (Mazzorol & Soutar 2001) Also, in the faculty it is contended that it compels a strong integration of academic (actual) product planning and management, and student (core) product offerings and delivery.

These three elements of a university's services play a role at each level in the faculty's portfolio management. It is important to add that the use of the term 'level' in relation to the portfolio management task is not intended to connote structural levels: it may coincide (or it may not), but the primary issue is that an academic portfolio has three distinct levels which need to be understood and managed by whatever structure may be in place. The reason that portfolio management is a necessary skill for academic management is reinforced by the presence of these levels. Every faculty has multiple programs and multiple

courses. The objective of portfolio management is to develop clarity of purpose and commitment in relation to the appropriate type, nature and mix of courses and programs which make up the faculty's portfolio of service offerings, to achieve the organisation's (and the students') objectives.

On the surface, the faculty's portfolio management task presents like a conventional, although not necessarily straightforward, problem and one that business organisations with more than one single product or service confront all the time. To some extent, that is correct in that it is simply a product (or service) management problem which is encountered on a day to day basis by businesses which are manufacturing, marketing and/or managing multiple products, services or assets at any one time. There are a number of well-established theoretical and applied frameworks for dealing with these issues in business. It is proposed to consider a number of these generic techniques briefly prior to then addressing the specific nature of the faculty setting.

There are a multiplicity of approaches and perspective which have contributed to portfolio management. A review of management literature (Johnson & Scholes 1993; Mansfield 1999; Mukhi, Hampton & Barnwell 1988; Sears & Trennepohl 1993; Wilson & Keers 1990) indicates two broad, overlapping groupings in relation to portfolio management (PM); they are referred to as the 'product' group and the 'asset' group. The product group provides a broad strategic perspective for considering multiple consumer product offerings by an organisation. The approaches in the asset group appear to have been driven by an asset management perspective associated with the stewardship of different assets in a portfolio. They are not mutually exclusive and they both offer a useful framework for university portfolio managers. Both groups are directed towards the overall objective of how to allocate scarce resources, where to concentrate effort, and to discern what is important for the organisation (Nicholls 1995).

The product group of portfolio management tools includes *portfolio matrix*, *product life cycle* and *generic strategies*. This grouping of tools appears to have progressively developed from the early work of the Boston Consulting Group (BCG) in the late 1960s (Nicholls 1995).

The *portfolio matrix* approach is well characterised by what is known as the BCG matrix (Johnson & Scholes 1993) which categorises products according to a simple characterisation of (1) cows (2) dogs (3) stars and (4) question marks. These four quadrants are plotted on a chart with the 'y' axis representing market growth rate and the 'x' axis representing market share. The cows are those products which are producing cash, but with low growth; the dogs are products which are low on both measure; the stars are high on both measures and the question marks are high on growth and low on market share. The thrust of this approach is to assist the portfolio management team in developing an understanding of the different products (or services), their characteristics and their contribution to the objectives of the business. This has the potential to enable public sector portfolio managers to gain a comparative insight into how much inputs, outputs and outcomes are associated with particular products and groups of products. Further, it enables specific products to be grouped and categorised so that the portfolio management team is able to grasp the appropriate balance of the matrix categories at any one time. Market input and knowledge about current and future product developments allows management to exercise control over the number of new products which are being developed (funded), at one time, against the background of current portfolio performance. Too many products in the 'dog' category may prompt the need for more product development, but to enable this to happen it may be necessary to optimise outcomes from existing cows. Portfolio managers develop skills in recognising risk profiles for their portfolio and appropriate weightings for product categories to meet organisational objectives. They also develop a solid core of market and internal performance data at each level of the portfolio to support decision-making (Johnson & Scholes 1993; Mukhi, Hampton & Barnwell 1988).

The *product life cycle*, with its well-known curve representing the phases (introduction, early, growth mature and decline) of any product, complements an understanding of the portfolio classification provided by the BCG matrix (Hambrick, MacMillan & Day 1982; Mukhi, Hampton & Barnwell 1988). It allows product managers to develop more realistic projections of costs and revenue associated with new and mature products, as well as those products which are in decline. This underpins the portfolio classification approach of the portfolio matrix and builds knowledge and understanding which can be used in formulating the portfolio's overarching approach.

Further, the portfolio management team will be aided by an understanding of the implications of the *generic strategies* for market development. The generic strategies cover (1) cost leadership, (2) differentiation and (3) niche options as the approaches through which organisations establish their comparative market position. This element of the product group of portfolio management techniques goes to the vision and mission of the organisation and seeks to provide a basis for management to ensure that 'words' and 'actions' are aligned. Some recent developments have moved to align the product matrix with the competencies and vision/mission of the organisation. The Mission and Core Competencies (MCC) matrix (Nicholls 1995) is a reflection of the competency based view of strategy (Mazzorol & Soutar 2001) and certainly offers an expanded way for portfolio managers to link the 'actual' product with the 'actual' people in the organisation. The MCC plots the quadrants (dilution, drain, drive and distraction) against the measures of 'fit with mission' and 'fit with core competencies'. This signals the recognition that portfolio techniques must increasingly work within the capacities of the people who will ultimately 'drive' successful products. A good fit with 'mission' and a poor fit with 'core competencies' can lead to a 'dilution' of organisational resources. A more severe outcome (i.e. 'drain') arises when there is mal-alignment between policy and resourcing, and in university settings this can have a detrimental impact on staff (Brunetto & Farr-Wharton 2005).

Whilst this product group of techniques has been utilised in highly competitive consumer/product oriented environments, the asset group of portfolio management techniques has tended to be oriented towards stewarding the best outcomes (returns) from a set of varied assets (Mansfield 1999; Sears & Trennepohl 1993; Wilson & Keers 1990). These include financial, real estate and technology assets although, initially, the primary objective of the portfolio techniques developed by Markowitz seems to have been focused primarily on financial assets (Sears & Trennepohl 1993). It is not unusual to encounter the implications of this asset approach to portfolio management in day-to-day life. Those who contribute to superannuation will know the portfolio choices that superannuation managers now provide clients. It is possible to choose between portfolios with different characteristics. They may be known by such names as a 'balanced' portfolio or a 'growth' portfolio or an 'international' portfolio. These portfolios are designed, developed and then managed to meet specific portfolio objectives which are intended to be aligned with the expectations of clients. As a result, the portfolios may comprise different assets and different relative proportions of asset types. A portfolio structured for more growth may contain more equities compared to a portfolio structured for income, which may contain more bonds and debentures. In this situation the portfolio manager has to deal with several levels when considering the structure of different portfolios: the total portfolio, the different asset classes to be included in the portfolio (and their comparative size) and then the specific assets within each class. In a similar fashion to the superannuation portfolio manager, IT managers in large businesses are now confronting portfolio management issues in an environment of increased speed of technical obsolescence, the variety of tools and products potentially available, and the cost of maintaining existing technology architectures.

Within these various asset settings there are technical tools which have been developed to support portfolio managers. These include:

- Efficiency frontiers
- Simulation and scenario modelling tools
- Asset life cycle analysis
- Risk analysis and management
- Valuation methods
- Sophisticated asset tracking, condition reporting and performance assessment.

These different methods and techniques are being further developed in business settings as portfolio managers learn the particular conditions, risks and characteristics of the assets they are stewarding. A generalisation about the thrust of all of these 'asset' techniques is that they are designed to enhance the understanding through time (past, present and future) of the health and fitness of the portfolio (Sears & Trennepohl 1993). As a result, many portfolio managers now have a set of data and information that support their understanding of their assets within a 5, 10, 20 year timeline. This can enhance general planning, operational management, resourcing and skilling profiles, and financial forecasts and budgets. This picture 'through time' provides the portfolio manager with a series of milestones and checkpoints to gauge whether

the portfolio is performing to plan and to what extent portfolio objectives are being achieved. Operationally, the portfolio plan is a long-term picture concerned with preserving valuable assets and is a powerful tool to support budget management, new product development, skills and resourcing, and reinvestment decisions. In this way, the asset group of techniques is expanding the connection between the 'actual' product and the capability of the organisation to manage and maintain the assets. This development was also noted above in relation to the product group of techniques.

The developments in both the product and asset groups seem to be expanding, from the initial conceptions of BCG and Markowitz respectively, and are being developed to provide organisations with the information to support product/asset alignment with vision, strategy and people.

Against this background it is appropriate to consider the particularities of the university setting. In so doing, it is intended to highlight the unique features that confront university portfolio managers. Jacob and Hellström (2003) have made the point that the primary objectives of a university are different to that of a corporation, to the extent that the corporation is seeking to minimise knowledge and the university is seeking to maximise knowledge. As well, it is important (in constructing the objectives of a portfolio and framing its management), to recognise the important asset, as well as product, characteristics of what the university portfolio manager is dealing with. The product perspective compels attention to market conditions, competitive position and product efficiency and delivery. The asset perspective drives the need to nurture and invest in the intellectual assets of the university, establish a long-term view and to grow (and harvest) knowledge for the community and its people. Consequently, a 'synthesis' of the product and asset approaches may warrant application by university portfolio managers – as the services of a university clearly have product market attributes – but at the same time those services are the result of long term investments in knowledge and, in that way, they are valuable assets.

Applying portfolio management in the faculty

The question arises as to what this synthesis means for the faculty portfolio manager and how it may be given effect in a university. This requires an exploration of some of the specific, unique aspects of the academic portfolio. The faculty portfolio:

- has a particular blend of academic, commercial and social objectives
- is owned (in the broadest sense of the word) not only by the institution, but by the professionals in the faculty which have developed its unique profile and by the community which supports the continued operation of the university
- services a wide community of interests, including students, business, community organisations and government
- comprises three levels requiring active management (i.e. faculty, program and course).

The objectives of the portfolio are not the only possible starting point for this part of the discussion, but they do represent a distillation of the uniqueness of the faculty portfolio manager's task. At this point it is also important to reiterate that this discussion of portfolio management is occurring in the context that faculty management must necessarily perform other key functions to support faculty outcomes. As such, portfolio management is simply one of several key functions which must operate in unison to achieve overall, organisational outcomes. Faculty portfolio management is about establishing a framework for balancing the tensions between competition in the product market and investment in the knowledge asset base so that appropriate prioritisation and focus is achieved. The other critical business functions, set out earlier, will be operating to complement the decisions reached through portfolio analysis.

That being so, and given the earlier note that the faculty portfolio has three levels, the objectives of the portfolio must be reflected and given effect at each of these levels. From a synthesis of the generic portfolio management applications reviewed above and in response to the issues confronting the Faculty of Business at USQ, a conceptual framework has been developed as the basis for building a comprehensive portfolio

management capacity within the faculty. The starting point is the core dimensions for information collection review and decision making. The core dimensions proposed are:

1. Academic
2. Market
3. Operations
4. Financial

It is proposed that the faculty portfolio manager would be seeking to answer the following 'generic' questions for these core dimensions:

Academic: What would improve our academic results?

Market: What would improve our market position?

Operations: What would improve our capability?

Financial: What would improve our sustainability?

The academic dimension would incorporate the intent of existing policy and review arrangements directed towards assuring completeness, currency and relevance. In this way the intended portfolio analysis builds on existing (and critical) academic management and planning processes. However, within the faculty portfolio analysis, this academic dimension sits alongside the other more conventional dimensions. As one of four portfolio performance dimensions, the endeavour to grow knowledge – consistent with the core purpose of the faculty – will be moderated by the operation of the other dimensions.

It is also worthy of note that the intent of the other performance dimensions reflects the particular emphasis of the faculty. In other settings the operational question is likely to be strongly focused on efficiency and the financial dimension on profit. These modifications reflect an interpretation of the faculty vision, which is:

The USQ Faculty of Business is to be a dynamic community of scholars, support staff and students working together to develop graduates with the theoretical and applied knowledge to create, grow and lead enterprises that are sustainable in a globalised marketplace.

With this in view, Table 1 below sets out the planned sub-dimensions which are expected to enhance the faculty's performance in line with its vision. Whilst these sub-dimensions are considered to be sensitive towards the particular circumstances of the faculty, experience will direct the further development and modification of these. Therefore, the table provides the shell of the full portfolio report covering:

- the three levels of service offerings
- the four dimensions of the portfolio performance matrix
- the ancillary performance sub dimensions.

Table 1: The Faculty Portfolio Performance Management Matrix

		Level one: Faculty	Level two: Program	Level three: Course
ACADEMIC	Completeness			
	Currency			
	Outcomes			
	Alignment			
MARKET	Market share			
	Competitors			
	Product development			
	Market strategy			
OPERATIONS	Mode			
	Resourcing			
	Ratios			
	Schedule			
FINANCIAL	Costs			
	Revenues			
	Margins			
	Ratios			

To conclude this preliminary picture it is important to note that some of the measures at each level are 'stand alone', whilst other are 'aggregated' types. For example, the academic 'completeness' of a faculty, program or course is a legitimate and answerable question at each level, but in practice it is answered by different mechanisms at each level. At a faculty level, academic completeness requires that the learning opportunities provided by the faculty represent a long term, balanced, but comprehensive, learning experience for the student. This can only be achieved by a suitable mix of programs with appropriate content. A business faculty without a degree in information technology would not meet a reasonable test of completeness. At the program level, the completeness of a program may be influenced by current industry expectations, academic developments in the discipline and emergent technologies. The completeness of a Master of Business Administration is unlikely to be complete without appropriate coverage of strategic management. The completeness of a particular course is resolved through a finer sieve, with specific academic knowledge required in relation to additions to the literature, recent research, and compatibility with other courses in the program. This is a complex example in which each level is not aggregated or 'added up' to give a portfolio perspective. Separate actions, requiring considerable judgement, occur at each level to give effect to portfolio management.

The recognition of academic sub-dimensions such as completeness, currency and outcomes are important signals of that which makes faculty portfolio management a novel instance of portfolio management. At the same time, however, and as noted earlier, this overall heading operates in concert with the other dimensions and must necessarily be balanced with the market, operational and financial dimensions. Its presence does not signal the overriding of other dimensions in pursuit of unlimited levels of academic completeness. A different example, and one which does require aggregation, is the 'market strategy' sub-dimension, which at the portfolio level is answered by consolidating the program and course level statistics from level two and three respectively. The categorisation of each course into one of the product matrix quadrants requires specific data for each course: for example, student numbers, costs and feedback from surveys. The course is categorised and incorporated into the consolidated program matrix and then the portfolio matrix. The portfolio management functions then consider the implications of the aggregated numbers in each quadrant. The suitability of any particular mix will, to some degree, be then dictated by the generic strategy being pursued by the faculty.

The portfolio performance matrix, the framework of which is outlined in Table 1, lies at the heart of the faculty's planned approach to portfolio management. Each of the four headings provides an organising objective for the assessment of the sub-dimensions and the development of specific performance measures and targets. The first, semester based, faculty portfolio report is expected to be developed by December 2005

and provide the faculty management team with an important update on performance against the objectives set out in the five year strategic plan. Additionally, the schedules developed as part of the operational dimension are intended to provide a basis for planning and implementing agreed portfolio changes over the next four years. Again, the asset characteristics of faculty services compel a structured ‘semester’, ‘annual’ and ‘multi-year’ picture through time so that adjustments to the portfolio can be implemented in a timely, responsive fashion with due regard to the lead and lag times associated with design development and delivery of education services.

Summary

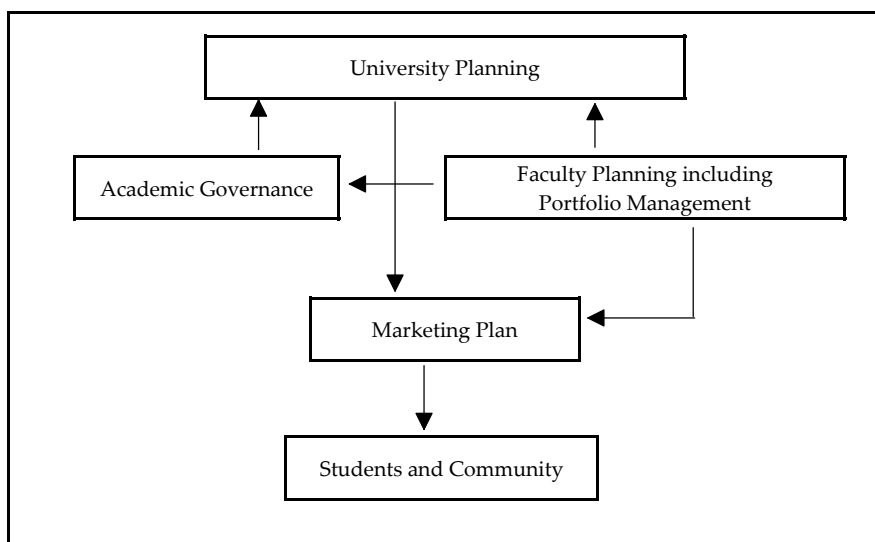
The operation of the portfolio management function must necessarily support faculty linkages with its marketplace and community, but there are other operational linkages which need to be recognised. There are three such linkages worthy of specific mention, namely:

- university planning
- university academic planning and management
- university marketing.

The linkages are characterised in Figure 2, which seeks to bring to light the pivotal role that faculty portfolio management plays in university planning. It is contended that without well-developed portfolio management operating at the faculty level (‘actual’ product) there is the potential that the unique elements of the faculty will not be suitably reflected and given effect to in university marketing plans (‘augmented’ product).

University enterprise planning is the foundation for the university marketing plan. The university marketing plan seeks to give effect to the corporate objectives, and at the highest level seeks to build a base for the ‘augmented’ element of the services being offered. This seeks to promote and grow the credence and reputation of the institution and to build what marketers like to call ‘brand equity’ (Mazzorol & Soutar 2001). However, these corporate objectives must be supported by the faculty’s ‘actual’ services; otherwise students’ expectations will not be met over time. The enterprise brand is underpinned by the product/assets of the faculty and this must be built into the marketing plan. The features of the faculty portfolio emanate from the vision and mission of the faculty and are given vent through the academic aspirations of the faculty. By developing a comprehensive portfolio management approach, the faculty is able to incorporate academic governance and planning into the overall assessment of portfolio assessment and, at the same time, provide essential product/asset input into the marketing plan. In this way, the unique academic aspirations of the faculty underpin the sustainability of the university’s position in the community and the marketplace.

Figure 2: The Convergence of Enterprise, Academic, Market and Faculty Planning



Through strong interaction between each of the elements represented in the above diagram, it is contended that there is the scope for universities to both improve competitive advantage and academic rigour.

This paper has sought to report on developments at the Faculty of Business at USQ in relation to the development of a comprehensive faculty portfolio management response to the circumstances confronting many universities in Australia and abroad. Within the context of developments in strategic planning, the paper proposes that generic portfolio management techniques are able to be applied to enhance faculty planning and product development. This is likely to be achieved by incorporating the academic performance dimension of tertiary education services into the portfolio performance matrix and by synthesizing the techniques garnered from 'product' and 'asset' approaches to portfolio management. The faculty is seeking to produce its first portfolio analysis along these lines later this year as a means of reviewing performance and considering future strategic action. The authors are planning to report further on learnings from this process in the second half of 2006.

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