



United by Purpose

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Agenda

- American higher education leadership
- American higher education challenges and potential root causes
- How can business schools lead in addressing these challenges?

American Higher Education Leadership

- US share of top 10+
- STEM leadership
- Business school leadership
- Global footprint
- Digital footprint



Rank	Name	Country/Region
1	Harvard University	United States
2	Stanford University	United States
3	Massachusetts Institute of Technology (MIT)	United States
4	University of Cambridge	United Kingdom
5	University of California, Berkeley	United States
6	Princeton University	United States
7	University of Oxford	United Kingdom
8	Columbia University	United States
9	California Institute of Technology	United States
10	University of Chicago	United States



Rank	Name	No. of FTE Students	No. of students per staff	International Students	Female:Male Ratio
1	University of Oxford United Kingdom	21,750	10.9	42%	49 : 51
2	Stanford University United States	14,517	6.4	23%	47 : 53
3	Massachusetts Institute of Technology United States	11,085	8.0	33%	41 : 59
4	Harvard University United States	20,050	9.0	25%	51 : 49
5	University of Cambridge United Kingdom	20,565	11.5	38%	48 : 52
6	Princeton University United States	7,753	7.3	23%	47 : 53
7	California Institute of Technology United States	2,240	6.1	33%	37 : 63
8	Imperial College London United Kingdom	20,275	11.8	61%	42 : 58
9	University of California, Berkeley United States	39,991	17.9	22%	52 : 48
10	Yale University United States	11,924	5.2	21%	51 : 49

Benefits of Higher Education Leadership

- Development of our own human capital
- Attracting the best and brightest from the world
- Developing solutions for national and global problems
- Helping ensure global technological, economic, political, and military leadership

CONGRATULATIONS!!!

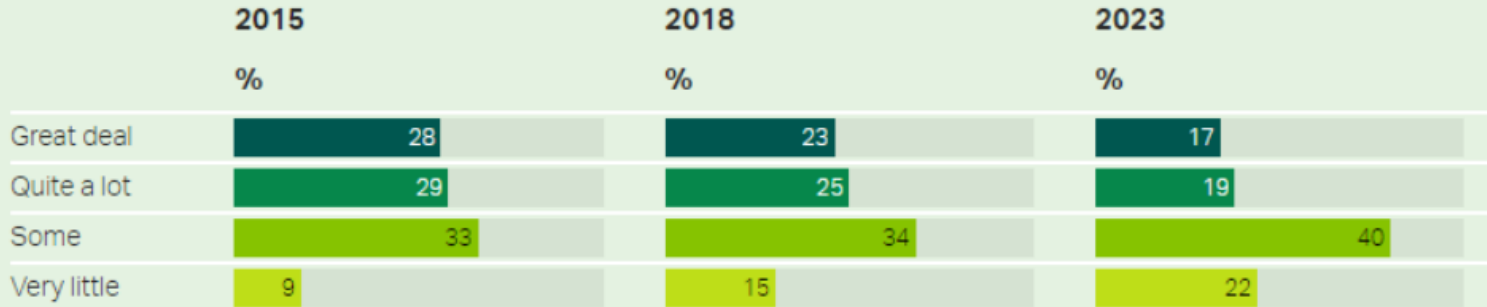
- You work in a sector where the U.S. is definitely the world leader
- And it is a fundamentally important area in which to be a leader
- Surely, you are tired of reading and hearing about how great you are doing
- But wait....



Confidence in Higher Education is falling

Americans' Confidence in Higher Education Continues to Fall

Now I am going to read you a list of institutions in American society. Please tell me how much confidence you, yourself, have in each one -- a great deal, quite a lot, some or very little. **Higher education**



Those with no opinion are not shown.

[Get the data](#) • [Download image](#)

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Shifting Confidence in Higher Ed 2015-2023

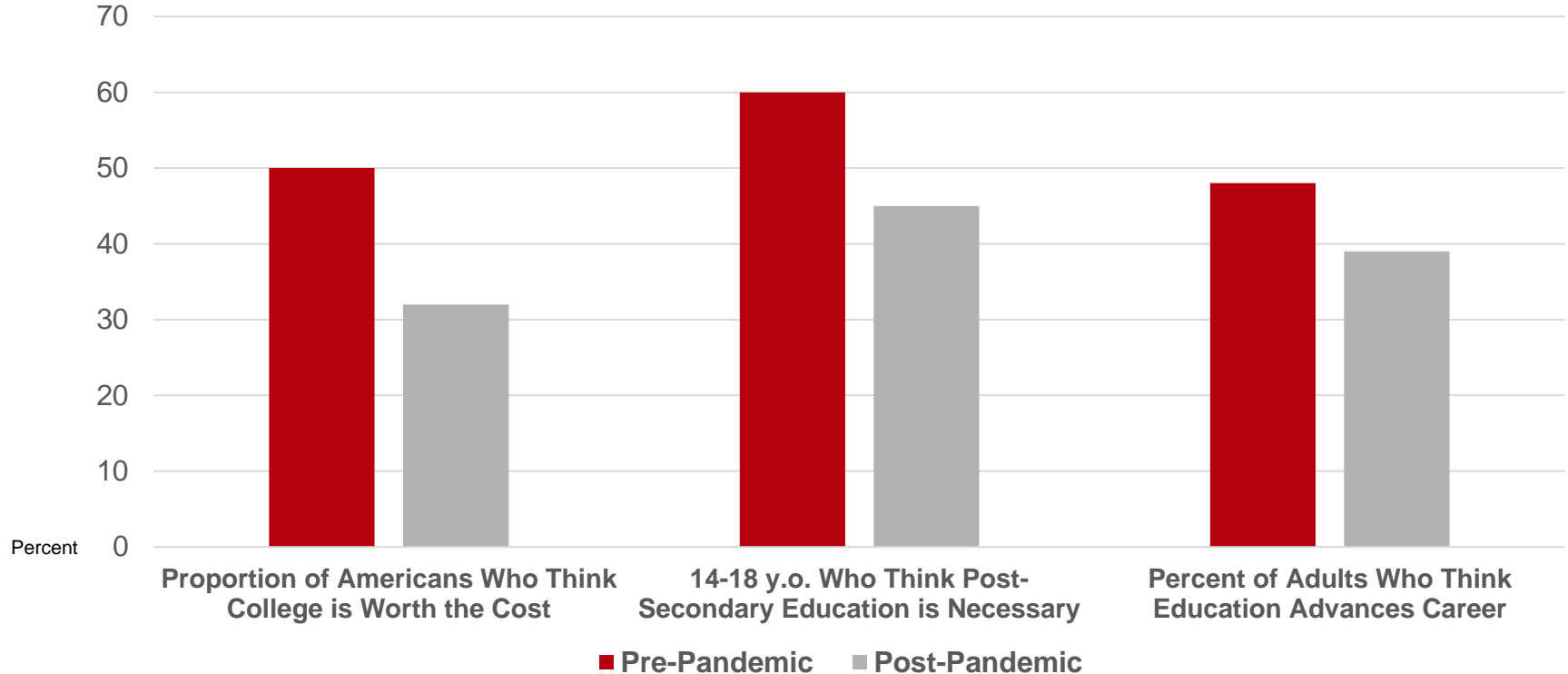
Percent of U.S. adults with “a great deal” or “quite a lot” of confidence in higher ed

	2015	2018	2023	2015-2023 change
	%	%	%	pct. pts.
Party identification				
Republicans	56	39	19	-37
Independents	48	44	32	-16
Democrats	68	62	59	-9
Education				
No college degree	54	45	29	-25
College degree only	57	50	47	-10
Postgraduate degree	67	60	50	-17
Gender				
Men	52	45	33	-19
Women	61	51	39	-22
Age				
18 to 34	60	51	42	-18
35 to 54	55	49	39	-16
55 and older	55	46	31	-24

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Skepticism, by the Numbers



The Steady Drumbeat of Media Stories...



- Higher education is too woke and too elitist
- Higher education is too expensive
- We lack free speech and diversity of opinion
- Higher education is not very dynamic
 - Little or no change in hierarchy
 - Little or no M&A/consolidation
 - Little or no change in scale, despite technology

Recent Perspectives

- Brian Rosenberg in *Resistance to Change in Higher Education*: “If maintenance of status quo is the goal we have the ideal system”
- Michael Smith, Professor at CMU, *Chronicle of Higher Education*: The Public is Giving up on Higher Ed. Digital Alternatives can change that
- Many, many articles on student debt and rising tuition

Smith: The Case for Change

- Digitization *will* change higher education
- We should *want* to embrace this change
- We have a *way* to embrace this change
 - Music labels and movie studios have changed business models and adapted to digital
 - Smith argues they changed due to their sense of mission
 - SNHU, ASU, and Georgia Tech as models



Potential Root Causes of Resistance to Change

- Governance above: Many higher education institutions suffer under opaque external governance
- Governance within: Tenure and faculty governance
- Weak or missing incentives (difference from labels or studios):
 - Customers don't pay full cost
 - Poorly designed government subsidies
 - No owner of capital pushing for returns
- We need to be open about these limitations to change and efficiency and ideally, address them

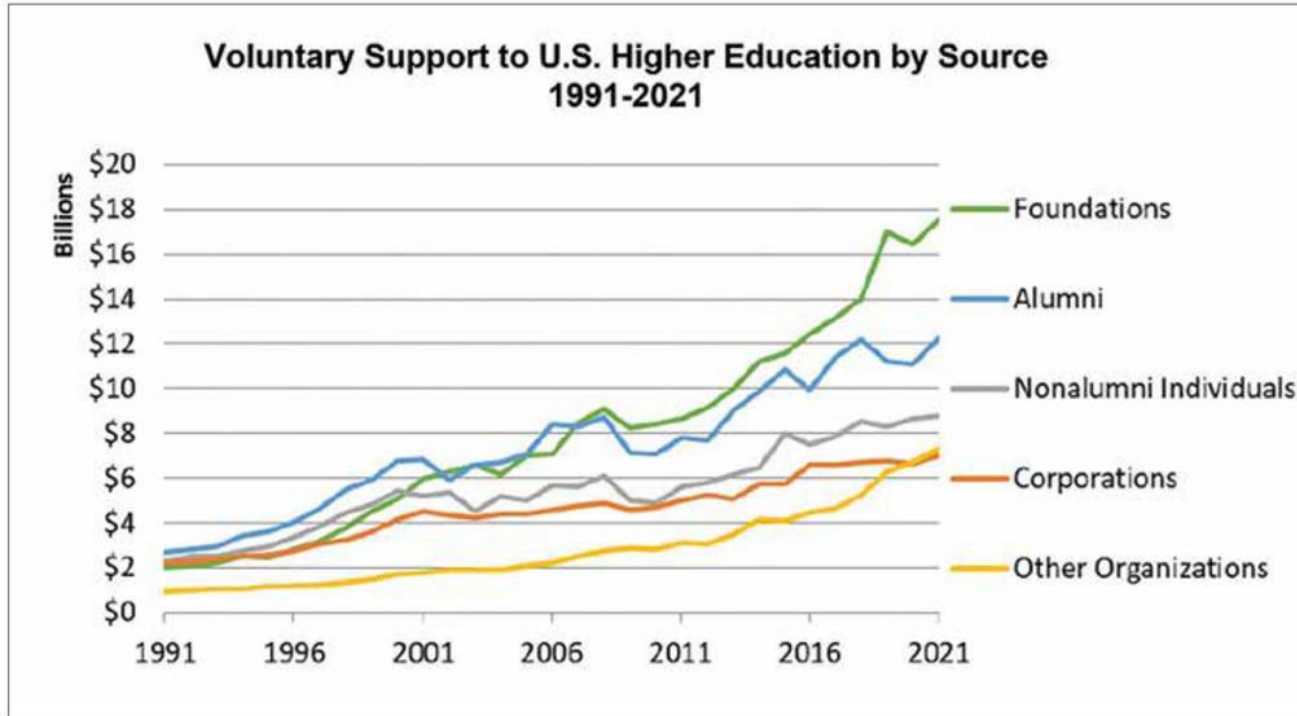
Ownership and Incentives in Private Sector

- Customers who pay full cost are more discerning
- Owners of capital tend to push for changes that generate more value added and excess returns
- Boards and management have financial incentives and empowerment to drive change to achieve strategic goals
 - Verses Rosenberg on faculty governance: “Whatever it is, I’m against it!”
- Can we incentivize the achievement of student success metrics that can unite stakeholders around purpose?

Why Business Schools Can Lead Change

- A strong focus on holistic student success
- A transparent economic value proposition
 - History of superior reporting on placement outcomes with high ROI
- The leading edge of innovations in education
 - Early to digital/online models
 - Early to badges and certificates
- Most engaged with alumni, donors, leaders

Philanthropists Are Key Stakeholders



Source: Council for Advancement and Support of Education, 2022

<https://agb.org/trusteeship-article/philanthropy-in-higher-education/>

The Role of Philanthropic Giving

- Philanthropic giving to higher education increased 12.5% in FY22 to \$59.5 billion, up from a 7% increase in FY21
- Growing trend: funding “innovation” with philanthropic dollars
- Using philanthropic dollars to reward the achievement of strategic objectives (e.g., scale, placement success) can create broader and deeper stakeholder alignment
- Most philanthropists were owners of capital or had incentive-based pay

Collective Giving and Stakeholder Alignment



- Collective gifts are another way to bring stakeholders into alignment around common goals
 - Wisconsin School of Business naming
 - WSB Innovation fund
- When executed and stewarded well, collective gifts can create a superior shared vision and a “philanthropic team” that can be reactivated for future projects
- Bringing donors of all stripes together helps change the narrative about higher education

Summary

- American lead in higher education is shrinking
- Domestic attacks on higher education are rising
- Business schools are already the best defense against the critiques
- Uniting stakeholders around student-centric value proposition and increasing the incentives to deliver can strengthen our position
- Collective philanthropy can strengthen the team