United by Purpose

Mike Knetter, CEO
Wisconsin Foundation and Alumni Association
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
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**

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th></th>
<th>2018</th>
<th></th>
<th>2023</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Great deal</td>
<td>28</td>
<td></td>
<td>23</td>
<td></td>
<td>17</td>
<td></td>
</tr>
<tr>
<td>Quite a lot</td>
<td>29</td>
<td></td>
<td>25</td>
<td></td>
<td>19</td>
<td></td>
</tr>
<tr>
<td>Some</td>
<td>33</td>
<td></td>
<td>34</td>
<td></td>
<td>40</td>
<td></td>
</tr>
<tr>
<td>Very little</td>
<td>9</td>
<td></td>
<td>15</td>
<td></td>
<td>22</td>
<td></td>
</tr>
</tbody>
</table>

Those with no opinion are not shown.

Get the data • Download image
Percent of U.S. adults with “a great deal” or “quite a lot” of confidence in higher ed

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Party identification</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Republicans</td>
<td>56</td>
<td>39</td>
<td>19</td>
<td>−37</td>
<td></td>
</tr>
<tr>
<td>Independents</td>
<td>48</td>
<td>44</td>
<td>32</td>
<td>−16</td>
<td></td>
</tr>
<tr>
<td>Democrats</td>
<td>68</td>
<td>62</td>
<td>59</td>
<td>−9</td>
<td></td>
</tr>
<tr>
<td><strong>Education</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>No college degree</td>
<td>54</td>
<td>45</td>
<td>29</td>
<td>−25</td>
<td></td>
</tr>
<tr>
<td>College degree only</td>
<td>57</td>
<td>50</td>
<td>47</td>
<td>−10</td>
<td></td>
</tr>
<tr>
<td>Postgraduate degree</td>
<td>67</td>
<td>60</td>
<td>50</td>
<td>−17</td>
<td></td>
</tr>
<tr>
<td><strong>Gender</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Men</td>
<td>52</td>
<td>45</td>
<td>33</td>
<td>−19</td>
<td></td>
</tr>
<tr>
<td>Women</td>
<td>61</td>
<td>51</td>
<td>39</td>
<td>−22</td>
<td></td>
</tr>
<tr>
<td><strong>Age</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>18 to 34</td>
<td>60</td>
<td>51</td>
<td>42</td>
<td>−18</td>
<td></td>
</tr>
<tr>
<td>35 to 54</td>
<td>55</td>
<td>49</td>
<td>39</td>
<td>−16</td>
<td></td>
</tr>
<tr>
<td>55 and older</td>
<td>55</td>
<td>46</td>
<td>31</td>
<td>−24</td>
<td></td>
</tr>
</tbody>
</table>
Skepticism, by the Numbers

Hechinger Report, 2023
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

Voluntary Support to U.S. Higher Education by Source
1991-2021

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 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