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# Failing Forward Toward a New Alliance

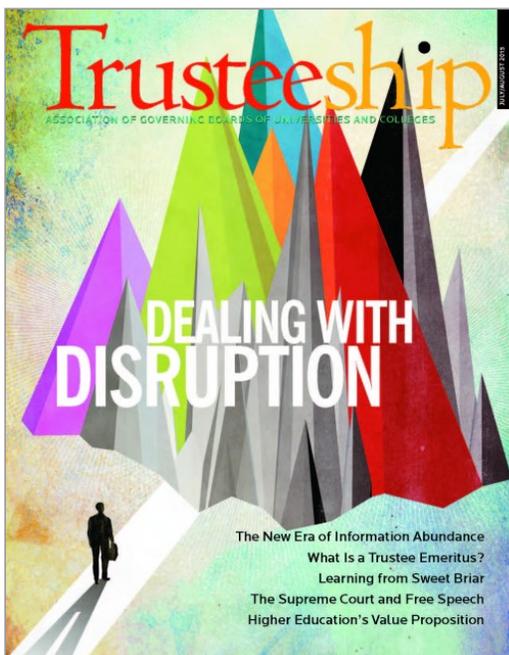
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**BY RICHARD STAISLOFF**  
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It is common these days to hear stakeholders proclaim that the business model of higher education is broken. There is less agreement, however, on the new model that should replace the old. Two institutions, Hilbert College and St. Bonaventure University, recently attempted to make their way toward a new model: a strategic alliance that would form one institution out of two. While the boards at these institutions ultimately elected not to adopt that new model, both institutions learned valuable lessons along the way that have strengthened them and will serve to educate the field of higher education in the coming years.

I've drawn this article from experiences gained as a consultant supporting Hilbert and St. Bonaventure in their



explorations, and, more directly, through my interviews this summer with both institutions' presidents.

**Staisloff:** Let's start by capturing the end goal. What did the institutions hope to achieve under a "strategic alliance"?

**Sr. Margaret Carney, president of St. Bonaventure University:** You have to understand that Hilbert and St. Bonaventure have a long and strong relationship. We are already sharing some programs and facilities. The idea of a strategic alliance was intended to build on this relationship.

**Cynthia Zane, president of Hilbert College:** The term "strategic alliance" was chosen carefully as opposed to "merger." This was more than just a language issue. We intended to convey a new type of relationship for us both.

**Staisloff:** Knowing that the boards decided not to pursue the strategic alliance, where does that leave you now?

**Zane:** Both institutions are moving forward, and moving forward together, just not under a strategic alliance. For example, the institutions are creating a new degree in cybersecurity. We each had elements of a cybersecurity degree. Together, we'll have the full degree without the need to hire a single new faculty member or add significantly to the curriculum. This initiative also creates a new faculty relationship between the institutions.

**Carney:** On other fronts, we see St. Bonaventure sharing its web design with Hilbert, Hilbert including St. Bonaventure in a recent grant looking at an integrated model for mission and ministry, and the joint hiring of a search firm to support both institutional advancement searches. If those ideas had come up even two years ago, we would have had a big debate. Today, it took 10 minutes to make the decisions.

What might shock some of our Catholic college colleagues is that, in the end, we didn't get married, but we are living together.

**Staisloff:** What's the reaction of each board to these initiatives?

**Zane:** The trustees couldn't get to yes. However, the ideas for collaboration and synergy are moving forward. As presidents, we are continuing to drive this. And, of course, the board decision didn't change the external challenges. They're still the same. We need to continue to respond to those challenges by pursuing commonsense ideas and by establishing partnerships with each other, and even other partners, to serve the mission and thrive.

**Staisloff:** So the boards are supporting these initiatives?

**Carney:** Absolutely. Our boards weren't saying that partnerships and joint activities shouldn't happen. Even though it wasn't a step forward toward strategic alliance, it wasn't a step backward either.

## THE DECISION-MAKING PROCESS

**Staisloff:** What ultimately kept the board from making the decision to do a strategic alliance?

**Zane:** They couldn't agree together on a governance model that would work.

**Staisloff:** Would it have been better to package it all up front and bring a proposal to the board as opposed to having them come along on the journey?

**Carney:** No, we needed the board's approval for the amount of effort that would have to be put into the project. Without this, as presidents, they would have been vulnerable. In addition, given the culture and the charism of the religious order at each institution, we needed to do it the way we did, working with the board.

**Zane:** Perhaps, in the future, there will be more of a script. How do you do this work?

**Staisloff:** Who should be helping to create that roadmap?

**Zane:** Membership organizations such as the Association of Governing Boards would be a natural home for this. It would be great to create a think tank of sorts to help institutions consider whether they should be engaging around these questions. The key would be to help institutions do this before they "have" to.

## **INSTITUTIONAL LEADERSHIP**

**Staisloff:** What allowed the two of you to pursue this idea of a strategic alliance?

**Carney:** There were personal factors involved. Cynthia and I had a bond and a friendship from the start. Both of us, of course, were women presidents. From the outset, we gravitated to solving problems. We drove to and attended meetings together. And we both rooted for the Steelers.

So, there was an interpersonal relationship that grounded the pursuit of a strategic alliance. It was not just a business deal. It would have been terrifying if it were just a business deal.

**Zane:** I spent 10 years at the University of Detroit Mercy and saw how that partnership happened, despite all of the challenges in Detroit. That was 22 years ago. As a result, I knew it was doable. Buffalo has four hospitals, and the Catholic health system is thriving. New York City had 43 Catholic hospitals, but today there are none. Why the difference? The sponsoring religious organizations came together and created a system. As a member of the system board, I saw once again what successful partnerships look like. Those experiences at Detroit Mercy and the Catholic health system in Buffalo let me embrace the power of the strategic alliance.

**Carney:** I was with the Diocese of Pittsburgh and saw the creation of a coalition of more than 20 religious communities to provide internal services. I cut my teeth with a group of smart planners working with middle management to get things done. Later, I became a superior of one of the communities. Over a 15-year period, I observed religious women taking independent religious communities and bringing them together.

The Sisters of Mercy, for example, had 25 independent communities, and from those they created a single national organization. That meant they had to give stuff up—put their money together, move away from completely local decision making, and the like. But the result was that they were able to do great work. They collapsed bureaucracies in order to harvest resources. That was a powerful lesson. In a time of scarce resources, you can either tough it out or come together with people that have similar ideas and goals.

**Staisloff:** So where will the leadership continue to come from to take appropriate risks?

**Carney:** There's a tension within the presidency. We're supposed to be leaders and take risks, but also protect the institution's mission and assets. What happens is that the pull back to "maintaining" is strong. It steers you away from risk taking.

And do boards reward risk taking? Too often not. Also, people can often lack imagination. Sometimes what looks like a failure to lead is really a failure to reimagine what the institution could look like. We discount imagination.

**Staisloff:** Does this also impact how we recruit our boards?

**Carney:** Yes, and also our faculties. A faculty member's resource is their intellectual attainment. Creative faculty members aren't always supported where they need to be. A lot of processes slow those creative faculty members down, including outmoded regulations, governance structures, or individuals who stop forward motion in order to protect the status quo.

**Zane:** In recruiting for the Hilbert board, we have been seeking out expertise from members that have been involved in merger and acquisition work. This will continue to be important.

**Staisloff:** How can we help boards to get there?

**Zane:** In August, I'll be doing board orientation. We've now redone our approach to it, adding more emphasis on leading change, as well as greater exposure to the challenges in the external environment. We recruit trustees to help with capital campaigns, with sponsorships, for financial acumen, and so on. But the visionary component is now more important than ever. We need board members who will help us re- envision what higher education might look like. That may require a better balance between alumni trustees who often want to preserve and honor the past and non-alumni trustees.

## **MOVING FROM INCREMENTAL CHANGE TO INNOVATION**

**Staisloff:** Let's talk about the movement from incremental change in higher education to driving toward innovation. You both put something bold on the table. Why is getting to innovation so hard?

**Carney:** Institutional change requires individuals to change. They have to give up their own security and control. People usually won't do this, even for the greater good, unless they can clearly see the outcome. This is combined with a fear for their own personal outcome. That fear goes beyond job security; it's a question of identity.

**Staisloff:** Then how can we create the space, culture, and context to allow innovation to happen?

**Zane:** I always liked Clay Christensen's idea that solutions emerge proportionate to the situation. Think about the disruption in newspapers and healthcare. In both cases, entities that are surviving and thriving are those that found leaders that were willing to keep reinventing themselves.

## **REGRETS?**

**Staisloff:** At this time, do you have any regrets around pursuing the strategic alliance idea?

**Zane:** The process has strengthened our board governance. No regrets. The board is now better prepared to respond to external challenges. There is also a greater awareness of how the world has changed. As a result, every corner of the institution must be willing to change. We can't stay the same. Even though the

board decided that the strategic alliance wasn't the direction they wanted to take, they know that Hilbert College can't stay the same.

**Carney:** Although it feels on a personal level like somewhat of a failure, I am hearing from colleagues that the two institutions have pointed a way and demonstrated how you have to put all your chips on the table. Taking a big risk isn't always in the nature of institutions and their presidents.

**Zane:** While the strategic alliance didn't work, it created energy. Why? Both senior teams had to work together. That created trusting working relationships. Now that's helping us move forward more quickly.

**Staisloff:** Overall, what has your experience in leading the conversation around a strategic alliance taught you about higher education and its ability to change? Do you believe that you were simply faced with the setbacks of many pioneers, and that ultimately these types of relationships will become commonplace?

**Carney:** We can't minimize the impact of the 2008 recession. Many institutions are less resilient. Then there is the ongoing impact to income of middle-class families. The public is even more suspicious about higher education, often focusing on issues like sexual assault, high debt, a perceived lack of value, and graduates not getting jobs. It's hard to punch through this. In the end, it makes us more riskaverse at the very time that we need to take even more risks.

**Zane:** There are also demographic realities, with declines in the number of highschool graduates. The margin for error in higher education is thinner. How do we address this tension of a thin margin and the need for major risk taking?

**Carney:** It hurts the cause of innovation as well to see other presidents in the news that are taking heat for innovative strategies. That makes presidents sit back and become concerned about putting themselves out there. I was stuck by the quote from Thorstein Veblen in this very magazine ("The Sustainable College," *Trusteeship*, May/June 2015) on "the penalty for taking the lead." That needs to change.

**Staisloff:** Any final advice for institutional leaders considering new models?

**Carney:** It will be incumbent upon boards to create space for presidents to fail forward.

**Zane:** You get into the baseball hall of fame if you hit 3 out of 10. Not sure what gets you into the college or university president's hall of fame, but it's not 9 hits out of 10. If you're not trying new things in this environment, you're not doing the job.

**Carney:** That speaks to the job you are asking presidents to do. But you can't just ask them. You have to create the space in which they can do this.

## LESSONS LEARNED

### Lesson 1

#### Relationships Matter.

While there was mutual respect between the boards, they didn't have strong relationships at the start of the process.

**Takeaway:** Interaction between two boards prior to engagement is essential. One issue was that the St. Bonaventure board is national. Hilbert has a more regional board. The geographic spread between the board members made it harder to create opportunities.

## Lesson 2

### **Get More Time in the Room Together.**

The face-to-face kick-off of the project included only board officers and representatives from each of the religious communities. Subsequent meetings were phone conferences or short in-person meetings (one morning or one afternoon only).

**Takeaway:** Creating longer sessions—for example, a whole weekend— allows for more intensive periods of time with both boards and board leadership. As Cynthia Zane, president of Hilbert College, notes, “This would have been a heavy ask, but it may have made a difference by establishing stronger bonds between board members.”

## Lesson 3

### **Don't Underestimate the Need for Education about Higher Education.**

Board members had some experience with for-profit mergers. That created presuppositions. “One board member kept asking what the problem was,” says Zane. “He would say, ‘I don't get it. When I have a merger, I just go in and change the signs. Fire whom I don't want to keep and keep whom I do want. Then we get down to business.’”

**Takeaway:** Boards would benefit from a substantial education session, if not sessions, on the merger of nonprofits.

## Lesson 4

### **Get the Hands You Need Up Front.**

The institutions didn't hire an executive director until a year into the project. Observes Sr. Margaret Carney, president of St. Bonaventure University: “Because we didn't have an executive director, both presidents were in overload trying to run the process themselves. It was hard to find the right person. We thought we needed a retired president or provost. That wasn't what we needed; we didn't need a ‘third president.’ We needed a good solid project manager. Having an executive director would have freed us up to take the pulse, work the board, and be more attuned to the dynamic.”

**Takeaway:** Having a third party run the process allows the presidents to more fully play the leadership roles that only they can play.

## Lesson 5

### **Focus on Business-Model Issues Early.**

While the boards looked at lots of data early on and throughout the process, they needed a macro-level analysis of the business case for the alliance right upfront. My firm, rpkGROUP, ultimately

provided that business-model analysis, but the boards were already 18 months into the process by the time they requested such help and it was available. By then, it was too late.

“The two presidents had a vision without the numbers,” recalls Zane. “In retrospect, the better course of action would have been, upfront, to put the numbers to the vision to show how the two institutions together could thrive. That ultimately happened, but too late to overcome the loss of momentum and growing anxieties.”

**Takeaway:** Focus on the business model upfront to help the boards understand the business case and get comfortable with it. In addition, ensure that this analysis is truly a model that the institutions can play with, use for good storytelling, and create urgency.

## Lesson 6

### Show What the Academic Portfolio Can Produce.

A joint group of faculty identified potential program synergies and examples for new programs that they could develop as a result of the alliance. The project did not, however, include a granular examination of the academic portfolios and how the two institutional portfolios could come together.

**Takeaway:** Get started on presenting a joint academic portfolio early. Don't be afraid of engaging the academic leadership and the board around this key mission issue.

## Lesson 7

### Create a Vision around Board Governance.

“Initially, when we presented to the boards, we had overwhelming support,” says Zane. “And we both grappled head-on with the third-rail issues: institutional name, who would be president, and the cabinet structure. We thought we could take those issues off the table.

“However, there was another third-rail issue: board governance,” she concludes. “Although we did say we would create one board, we didn't address board governance directly.”

Carney agrees: “The board needed to take ownership of how the board governance structure would change. We thought that conversation could happen once the vote on the strategic alliance was approved. That assumption proved to be wrong.”

**Takeaway:** Boards need to engage early around how governance might change. —R.S.

## ABOUT THE AUTHOR ▶

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