



2010/2011 Series: Economic Prosperity in the Next Decade

chapter four: **Building an
Entrepreneurial University in Tough Times**



Building an Entrepreneurial University in Tough Times

Dr. William Flores: President of University of Houston-Downtown

When I became president of the University of Houston-Downtown (UHD), I knew that it wouldn't be long before we had to make budget cuts. Texas' finances were in better shape than many other states, but, clearly, cuts were on the way. I felt it was essential to be proactive. Fresh in my mind was an American Association of State Colleges and Universities (AASCU) workshop for new presidents. Workshop leaders had advised all of us that surviving tough times required not only tough choices, but also thoughtful and strategic ones.

The Context: What I Found When I Arrived

Whenever you arrive at a university, you experience some culture shock, as each campus functions differently and has its own organizational culture. That was definitely my experience at UHD. Still, I found much that I liked and admired about the institution. For example, the University is one of the most diverse in the country—39 percent Hispanic, 27 percent African American, 22 percent white, and 10 percent Asian, with a small but growing number of international students. The University also has a highly committed faculty and staff, very good students, and is located in the downtown of the fourth-largest city in the country. In addition, enrollment is growing every year. It also is in the Top 50 in the country in graduating Hispanics (33rd) and African Americans (47th).

UHD is a commuter campus without residence halls or athletics programs; however, it has excellent club teams, vibrant student organizations, and a very good mix of students. Still, when I started my presidency, the institution had very little sense of community. More troubling, UHD has a very low six-year graduation rate. I quickly added this to the list of critical items to be addressed.

Most importantly, we cannot lose sight of our main mission: to graduate students prepared for graduate school, careers, and life.

Planning for Change

During my first month as president, I initiated focus groups and surveys throughout the campus and among stakeholders. Our team subsequently began a campus-wide planning process based on the book *Good to Great: Why Some Companies Make the Leap... and Others Don't* by Jim Collins. We discussed areas of strengths and weaknesses. We identified areas where we might excel and began to identify a single BHAG (Big Hairy Audacious Goal) that would distinguish UHD. Teams developed seven possible BHAGs.

The campus leadership team has now decided that every student at UHD will participate in a high-quality, high-impact experience, such as a learning community, undergraduate research, service learning, or an internship. We believe such experiences will improve student achievement, student retention, and graduation rates.

As I begin my second year as president, we have already developed a framework for a new strategic plan for 2020. This includes retention and graduation rates, enrollment growth targets, and a proposed list of new graduate and undergraduate degrees. We will set goals for research expenditures and private fundraising. Our next step is to develop a new business model, taking into consideration fluctuations in enrollment growth, reductions in state appropriations, pending changes in formula funding, research, and fundraising.

The New Normal—Cuts Are a Part of Life

Like every other state, Texas is now in the throes of budget shortfalls and reductions. We have made cuts and are planning for more. The Texas Higher Education Coordinating Board and legislature are considering changing the funding formula from student credit hours at census date to a formula based on course completion.

We are in a new normal. State budgets are squeezed. Cuts are now part of life. Revenues are down, and states are making drastic cuts in public funding. So, as presidents, we must be resourceful. And, we need to be entrepreneurial—looking for new ways of doing things, seeking out partners, and building our resource base. But, how do we become entrepreneurial?

The Market Affects Us All

Understandably, faculty members hate the idea of a “business model,” “students as customers,” discussions of market forces, or the notion of “demand-based degrees.” But the truth is that every university is subject to market forces, such as fluctuations in enrollment, changing interests in majors, and funding. The recession caused an enrollment spike for most colleges and universities, but it also hit endowments and hurt private giving.

We have to learn to respond to market forces. Faculty members worry about furloughs, program closures, and exigency policies. They have a vested interest in seeing that their university is efficient and well-financed, and they must play an active role in the cuts.

Most importantly, we cannot lose sight of our main mission: to graduate students prepared for graduate school, careers, and life. Universities educate America’s future citizens, and a well-rounded, liberal education is essential for the preservation of democracy.

Keeping Cuts in Perspective

So, as presidents, how do we lead our universities when the rules of the game are changing? How do we approach budgetary reductions in ways that will make the institution stronger and help us to achieve strategic goals and initiatives?

Most presidents lead their institution in strategic planning, establishing targets and metrics to evaluate progress. An inclusive planning process serves to unify the campus around a common vision and set of goals.

The approach to budget reduction and efficiencies is very important. The process must be inclusive, avoiding across-the-board cuts, which can harm critical or growing programs. To prepare for budget cuts, I appointed a Budget Reductions and Efficiencies Task Force that developed several recommendations for cost savings.

My approach has been to make reductions at the top before applying cuts across campus. I began by making reductions in my office and merging support units. We moved both the provost and the vice president for university advancement/external relations into the president’s suite. I have asked vice presidents and deans to review their divisions to see what might be consolidated and where cost savings might be realized. Deans are working with department chairs and faculty on these discussions. At the same time, we have reallocated resources to support student success, scholarships, faculty, advisors, and other critical positions.

Characteristics of an Entrepreneurial University

Although UHD is a long way from being an entrepreneurial university, I believe we are on the right path. The culture is changing, and we have welded together a strong leadership team. I've spoken with other presidents, visited other campuses, and reviewed their strategic plans and business models. So, what are some of the important characteristics of entrepreneurial universities?

Entrepreneurial universities are:

- **Nimble and strategic**—New degree programs and certificates are developed based on changing needs of the market and in close consultation with industry. Entrepreneurial universities align budgets to priorities. Too often, universities grow by adding without evaluating. That is, we simply add courses, programs, or faculty. We rarely subtract. As we approach cuts, we must be willing to close programs or activities that we cannot afford or that do not help us reach strategic goals. At UHD, we will look carefully at every degree we offer and do our best to identify efficiencies.
- **Responsive to student needs**—These universities change when, where, and how we offer students courses—whether that be at night, on weekends, at distance learning sites, on shortened schedules, fully online, or in hybrid formats. This summer, UHD opened a new campus in Northwest Houston, colocated at one of the fastest growing community colleges in the state. We also are increasing the number of online courses and degrees that we offer.
- **Future-oriented**—Entrepreneurial universities develop and teach courses based on competencies students will need in the future and develop new degrees and majors geared to future industries and the global economy. At UHD, some of our criminal justice professors learned of a critical need for higher-level executives focused on managing corporate security. They quickly worked with industry executives to establish a unique master's degree in security management.
- **Engaged**—Entrepreneurial universities understand that problems of society and university service need to be addressed, strong partnerships need to be built, and students and faculty need to be engaged in service learning, internships, and research that contribute to addressing societal needs. We are consciously building partnerships and seeking support from local industry, city, and state government; federal agencies; and community nonprofits. As we develop high-impact experiences that will become the hallmark of the UHD experience, we are actively pursuing relationships that will help strengthen nearby urban and minority neighborhoods and schools.
- **Aggressive and cooperative**—These universities identify and expand into new markets, find distinctive niches, seek out new revenue streams, and build the university's brand. Entrepreneurial universities also build partnerships, participate in consortia, and leverage resources with other institutions. Our industry and agency partners provide internship opportunities, mentor our students, and many teach courses at the university. For example, our students can now choose the recently established bachelor's fine arts degree that focuses on the business side of running a gallery, museum, or other venue. This degree ties into UHD's focus on serving Houston, and we developed it with advice and help from local leaders in the art community.

We have made significant changes in a very short time. But we still have much to accomplish. During this academic year, we will complete our strategic plan and new business model. We will share our experiences and lessons at national conferences. For those of you who would like to learn more about our experiences, I encourage you to read my blog at <http://uhdprez.blogspot.com>. I look forward to your comments.



Dr. William V. Flores is the fifth president of the University of Houston-Downtown (UHD). In October 2009, *Hispanic Business Magazine* named Dr. Flores as one of the 100 most influential Hispanics in the country for his service to education. In November 2009, the Hispanic Association of Colleges and Universities tapped him for its national board.

Prior to joining UHD, Dr. Flores served as Deputy Secretary for the New Mexico Higher Education Department. From 2001 to 2007, he served as Executive Vice President and Provost of New Mexico State University. In 2003, he served as Interim President for one year. During Dr. Flores' tenure as provost, the University increased student enrollment; expanded distance education programs, including online degrees; opened a center in Albuquerque; and dramatically increased fundraising.

Born in San Diego, Dr. Flores attended the University of California in Los Angeles, where he graduated with a Bachelor of Arts in political science in 1970. He received his Master of Arts in political science from Stanford University in 1971 and his Ph.D. in 1987, also from Stanford University, in social theory and public policy, with a focus in organizational behavior and healthcare policy. He has been a Ford Foundation fellow, a Compton-Danforth fellow, and a Rockefeller senior fellow in the humanities.

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