



Transformation
Collaborative

Implementing and Surviving Transformative Change: Not for the Faint of Heart

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I'M DOING FINE



HOW YOU DOING?



Table of Contents

1

The Need for Transformation

2

Why Transformation Is So Rare

3

What Is Required to Achieve Transformation

4

What Successful Transformation Looks Like

Introduction

- There is a reason that transformative change is so rare. It's hard, it's risky, and most people prefer what they know. Moreover, successful transformation requires a level of skills, commitment, resources, and perseverance that are rare in institutions more accustomed to preserving the status quo.
- This webinar is based on research, real world examples, and contributions provided by focus groups of leaders in higher education who have navigated change themselves.

Definition

Transformational change is a *radical departure* from the status quo in an organization, leading to foundational changes in the *nature* of the entity. This can be cultural, structural, behavioral, the business model and market, product strategy and even the organization's mission and purpose.

Unlike transactional or incremental change, transformational change requires a deeper focus on culture, mission, and motivation, and often goes to the core of why people are in the organization to begin with.

Is Transformational Change Really Necessary?

History | The 12 Year Crisis | Shift to Market Forces

Incremental Change Has Worked for Centuries

Why mess with something that has worked?

Historical Reality	Current Reality
More Demand than Supply	More Supply than Demand
Publicly Funded	Privately Funded
Monopoly Access	Market Access
Exclusive Credential	Commodity Credential
Positive Public Opinion	Skeptical Public Opinion
Price Elasticity	Hard Price Ceiling
Limited Internal Competition	Unlimited External Competition
Fixed Academic Calendar	Just in Time Offerings
Growing Customer Market	Shrinking Customer Market
Policy Driven	Market Driven

Consumer Behavior

Historical Reality	Current Reality
Would Borrow to Pay Tuition	Won't Take on Debt
Would Put Up with Poor Service	Demands Low Friction Experience
Would Accept What's Available	Shops Around
Would Accept Institutional Information	Relies on Customer Reviews

The Biggest Difference...

Then

Policy



Now

Market

“Your future has relatively little to do with gov’t policy and regulation and a great deal to do with market forces.”

The 12-Year Contraction in Higher Education

- Demographics (Declining Birthrates)
- Economy
- Economics (Cost of Education and Debt)
- Negative Societal Opinions about Higher Education
- Shift Away from Degrees Required for Employment
- **Alternatives to College Programs**
- ***COVID-19 Pandemic***
 - Declines in Female and Minority Enrollment
 - Increase in Attrition
 - Increase in Family Financial Stress

The 2018-2019 and 2019-2020 and 2020-2021 year over year enrollment declines were the largest of the entire decade-long contraction.

Nearly 1,000 IHEs have closed and 9,500 locations have been shuttered since the mid-2000s

The Reality of COVID-19

The COVID-19 crisis has been a powerful accelerant of existing trends:

- Higher education as a retail business
- Remote delivery of services and instruction
- Shorter, non-degree programs (CBE, certificates)
- Centralized decision making
- Reduced, long-term public funding
- Move away from the traditional calendar
- Rich get richer; poor get poorer
- Only three states saw an enrollment increase in Fall 2021

The only higher ed sector where enrollment is up is four-year, for-profit institutions.

Key Data Points

- Steepest birthrate declines in American history over last three years.
- 4 million fewer students since 2010.
- 1.4 million/10% fewer students since 2019.
- 3 million students leave college each year because of a time-sensitive financial crisis of \$500 or less.
- Dropouts are up 8.6% since 2019.
- There has been a dramatic decline in percentage of high school grads intending to attend 4-yr college from 71% in 2019 to 48% in 2022.
- 70% of college students now say that affordability has affected their enrollment plans.
- 36% of parents took money from their children's college funds to compensate for pandemic related financial challenges.

Key Data Points

- AWS Educate committed to training \$29 million learners for free.
- Adult learners who earn credit for prior learning are 17% more likely to graduate than those who do not.
- 39 million Americans have college credit but no degree.
- Average student debt is over \$30,000 and 20% of debtholders owe more than \$100,000!
- 82% of graduates of short-term, non-credit programs say it was worth it.
- 70 million adults have skills through alternative routes, but no college credential.
- Over 50% of Americans no longer believe that higher education is good for society.
- 1,500 schools have closed, merged, or been acquired under duress since 2011.
- Virtually all growth in less than 100 of 5,800 Title IV institutions.

Non-Degree Program Research

- 62% of adults would prefer a non-degree program over any degree program.
- 51% of non-degree programs are offered by non-college organizations.
- 42% of workers feel that employers' involvement in their education makes for a better learning experience.
- Alumni outcomes of non-degree programs are higher than associates degrees, but slightly less than bachelor's degrees.
- Labor market outcomes (pay and job satisfaction) are better for non-degree programs than associate degree programs, and the highest value programs are in health sciences.
- Adults who combine any college degree with a non-degree program report the highest quality and value.

Research reported by Strada Education on 7/28/21

<https://cci.stradaeducation.org/wp-content/uploads/sites/2/2021/07/PublicViewpointCharts-072821.pdf>

According to the Department of Labor, the average tenure for American jobs was down to 4.1 years in 2019, but the average life span for work is 60 years. Therefore, a college degree has to provide value for 15 different jobs over six decades!

<https://www.bls.gov/opub/ted/2020/median-tenure-with-current-employer-was-4-point-1-years-in-january-2020.htm>

Strada Education: <https://cci.stradaeducation.org/pv-release-july-28-2021/>

Economics of Higher Education

- Tuition has increased 40% in the last ten years.
- Since 1989, tuition has doubled, after inflation (eight times faster than increases in wages).
- Total student debt is now \$1.75 trillion (exceeding both credit card and auto loan debt).
- Average student debt is now over \$32,000 per person and roughly 20% of students owe more than \$100,000 dollars.
- Half of all borrowers were making interest-only payments before the pandemic.
- The combination of time and money required for a traditional degree program is becoming untenable for many post-secondary students.
- We may see massive default rates when Covid-based loan deferrals expire.

- The cost of education has exceeded customer elasticity.
- Many students now feel that the ROI is either not positive enough or is actually negative.

Deepening Trends

- Growth in non-credit market (Opportunity).
- Increase in number of college dropouts (Opportunity).
- Growth in combined program models: Guild, Grow with Google, etc. (Opportunity).
- Continued decrease in 2 and 4 yr enrollments (Threat).
- Worsening demographics (Threat).
- Worsening public opinions about the value of higher education (Threat).
- Shift away from college degrees as employment credential (Threat + Opportunity).
- Persistent resistance to proprietary education by public funding sources and policy elites (Threat).

In the Past, We Were Bailed Out By:

- GI Bill
- Vietnam War
- Community Colleges
- Pell Grant
- Women Entering Higher Ed
- Online
- International
- Military

All of these have been tapped out. CARES Act was temporary.

Have and Have Nots

“

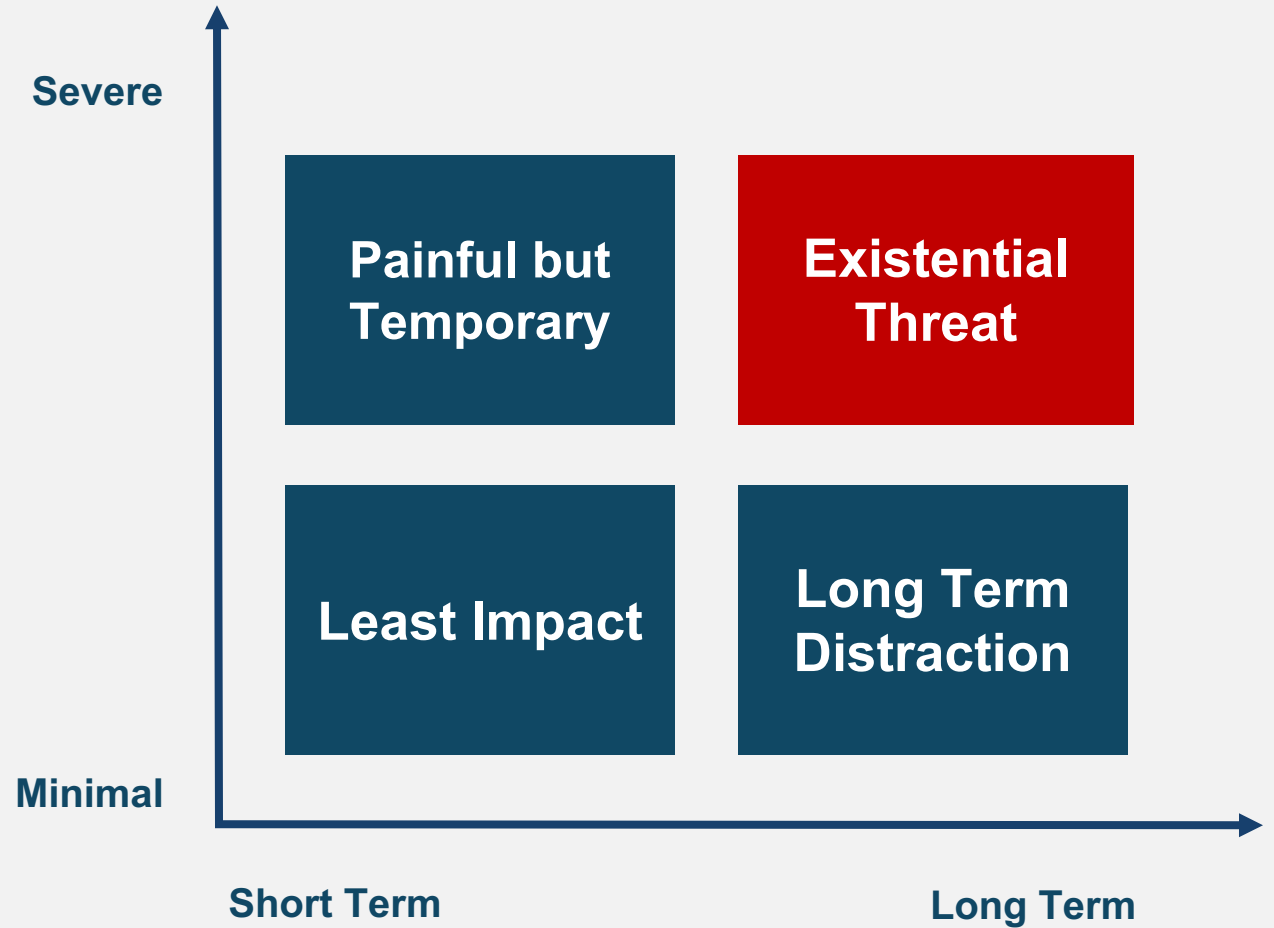
Once the federal dollars are gone, the post-pandemic landscape will resemble the pre-pandemic one, with the same pressures, and one of the outcomes from those pressures is continued bifurcation, continued strong getting stronger, weak getting weaker.

”

Emily Wadhvani, Fitch Ratings

The Current Crisis (It Started 12 Years Ago)

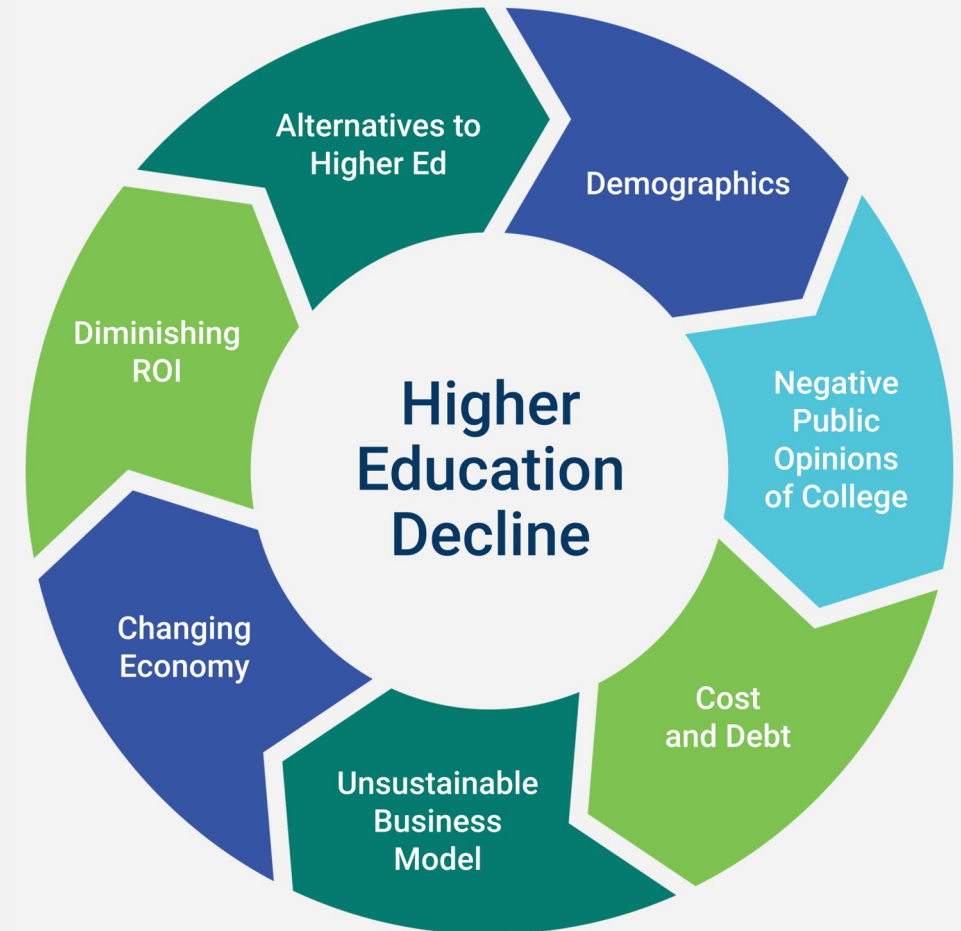
The current crisis is long-term, severe, existential, and we will not return to the previous normal when it's "over."



The End of Higher Education As We Know It

- Higher education is at an existential crossroads in which a combination of external factors have conspired to render the traditional financial and operational models obsolete for a majority of institutions.
- About a third of all colleges and universities enroll students with some level of exclusivity, but as enrollment continues to decline the top will cannibalize the schools below it, decreasing exclusivity for all.
- A very small number of extremely exclusive and well-funded colleges can continue to operate much the way they have. This represents less than 10% of all IHEs.

There is a difference between being “open” and being relevant, robust, and sustainable.



<https://wallacekpond.com/2021/01/02/the-end-of-higher-education-as-we-know-it/>

Why Transformation is So Rare

Culture | Leadership | Governance | Inertia | Fear

“

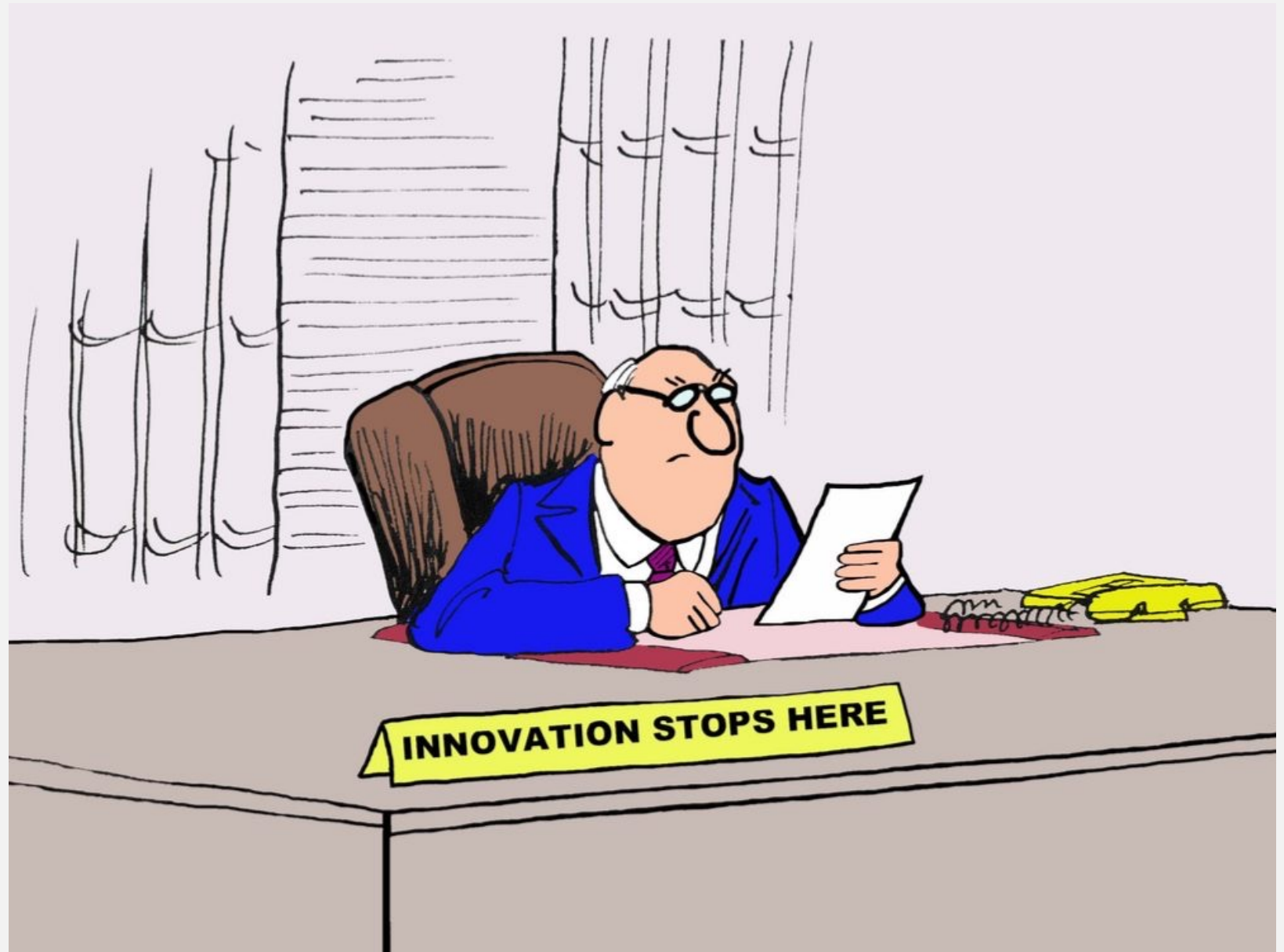
It's really bloody hard!

”

And...

- It's high risk and unsafe.
- It exceeds the capacity of most leaders.
- It exceeds the capacity of most organizational bandwidth.
- It is outside the lived experience of most people involved.

Most
Commonly with
Boards,
Owners,
Investors, etc.



Factors that Mitigate Against Transformation

The Big Five



Colleges and universities were literally designed to perpetuate the status quo!

Factors that Mitigate Against Transformation

- Culture, values and governance designed for the status quo
- Turf and political battles (self-interest vs. collective interest)
- Regulatory barriers
- Leadership egos, misaligned skills, and lack of courage
- Low quality collaboration
- A preference for control and comfort over risk and potentially better outcomes
- Failure to recognize need for transformation rather than incremental change
- Higher ed grows its own in environment that doesn't develop transformational/entrepreneurial leaders

Misconstruing change that is hard, expensive, time-consuming, etc. as transformative.

What Is Required for Transformation

Culture | Leadership | Governance | Forward Inertia |

This may sound familiar!



**“I want you to find a bold and innovative way
to do everything exactly the same way
it’s been done for 25 years!”**

Requirements for Successful Transformation

The Big Five



This is the minimum.

Requirements for Successful Transformation

- **Long term, unambiguous** executive and board commitment
- Functional governance structure and process
- Capable executive leadership
- Adequate resources to run the daily operation, plan for change, and implement change
- Amenable culture
- Purposeful change management
- Aligned organizational structure, operations, strategy, technology, etc.

The Transformational Leader

Behaviors | Traits | Skills | Values

Elements of Transformational Leadership

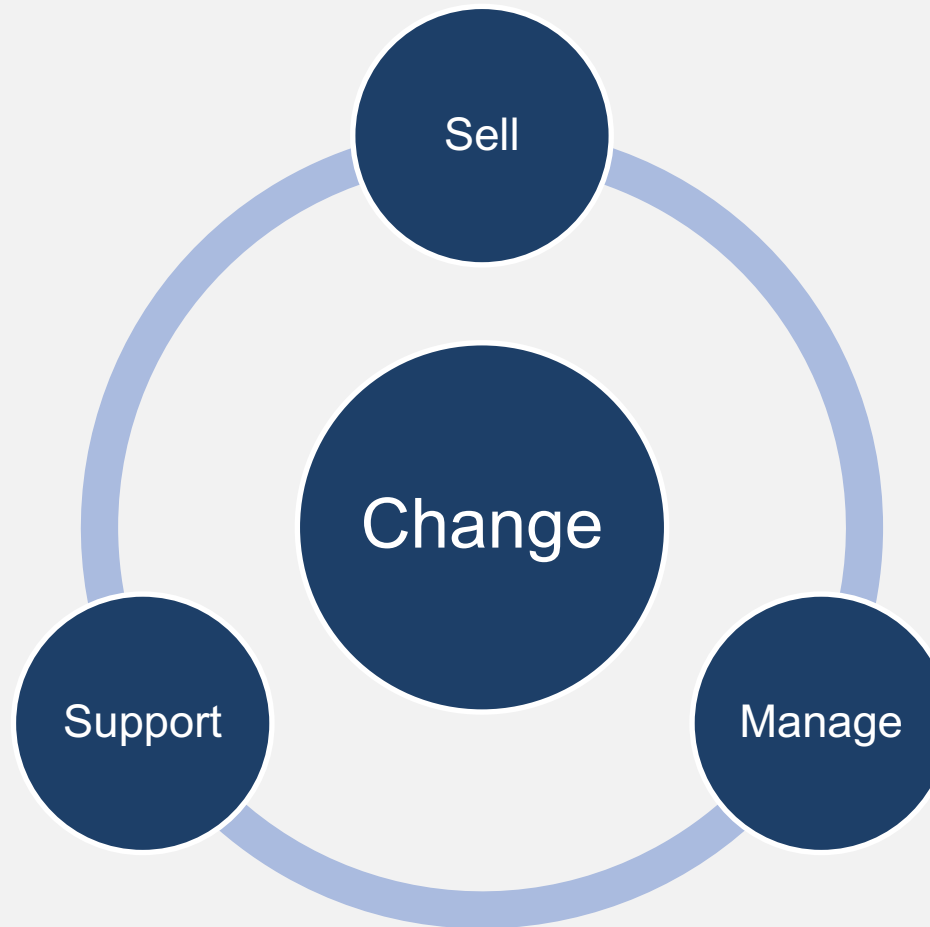
The Big Five



These are the foundational elements of the [transformational leader](#).

The Role of the Transformational Leader

The transformative leader must drive change as a process of *reinvention* in which even the “sacred” is open to transformation. In short, leaders must counteract all of the reasons why transformation is so rare!

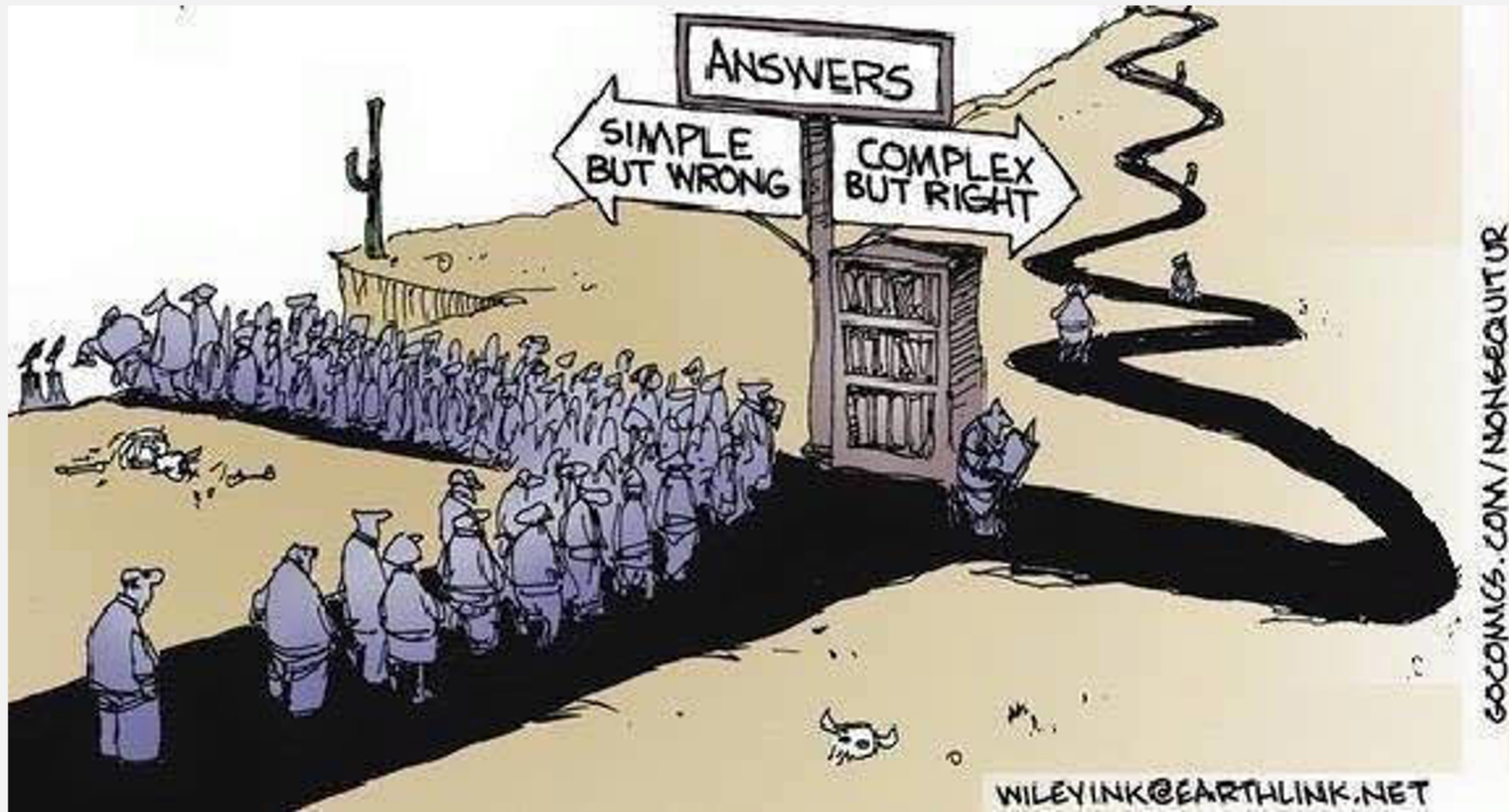


The Transformational Leader

At a minimum, the transformative leader must have:

- Vision
- Tolerance for risk
- Courage
- An ethical and moral true north
- The trust of his/her/their followers
- Disciplined view of what needs to be accomplished
- Optimism
- Resilience
- Self-awareness

The capacity to actively manage change as a people-centered process





“

Genuine transformative change is often a high-risk proposition for the change leader, who, even if successful, may threaten established centers of power and traditional ideas of “value.”

”

A View of Successful Transformation

Reinvention | Innovation | Sustainability | Resilience | Impact

Elements of Successful Transformation

The Big Five



Transformation is defined by a radical departure from the status quo.

Elements Common to Successful Transformation Initiatives

- Clear vision and purpose
- Clear leadership support (board and executive)
- Required leadership behaviors, traits, skills, and values
- Amenable culture
- A purposeful, sustained change management process
- Adequate organizational resources and bandwidth
- Aligned structure, operations, strategy, technology, etc.

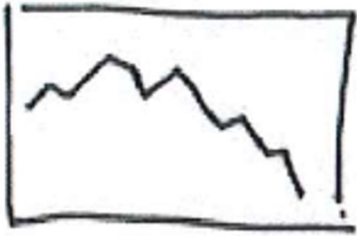
Organizational bandwidth can be augmented with external resources.

Typical Transformation Outcomes

Reinvention not only results in a radical departure from the status quo, it generates high value ROI (and not only financial).

- Reinvention
- Sustainability
- Organizational Resilience
- **Growth and Value Creation**
- **Organizational Health and Wellness**
- **Positive Impact** (financial, social, organizational, etc.)

By definition, successful transformative change cannot be easily undone and takes on its own inertia.



Let's plan for
good luck.



Managing the current crisis is essential to surviving, but *purposeful* transformation is required to thrive in the next normal.

Summary

Higher education is currently facing the greatest challenges in its centuries-long history. Even before the pandemic, the industry was in the 9th year of consecutive enrollment and revenue declines precipitating nearly 1,500 reorganizations, mergers, and closures. The traditional, credit-bearing, degree granting sector of the post-secondary education ecosystem is shrinking and will continue to decline for the foreseeable future. It is essential that when the shakeout is complete that the market, though smaller, be more dynamic, nimble, customer-centric, and better integrated with other elements of the post-secondary ecosystem than it is today. There is a critical role for higher education to play in the ecosystem, but only if there is broad transformation, leading to a compelling value proposition and concrete ROI across multiple stakeholder groups.

Contact Information

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Thought Leaders Who Execute™

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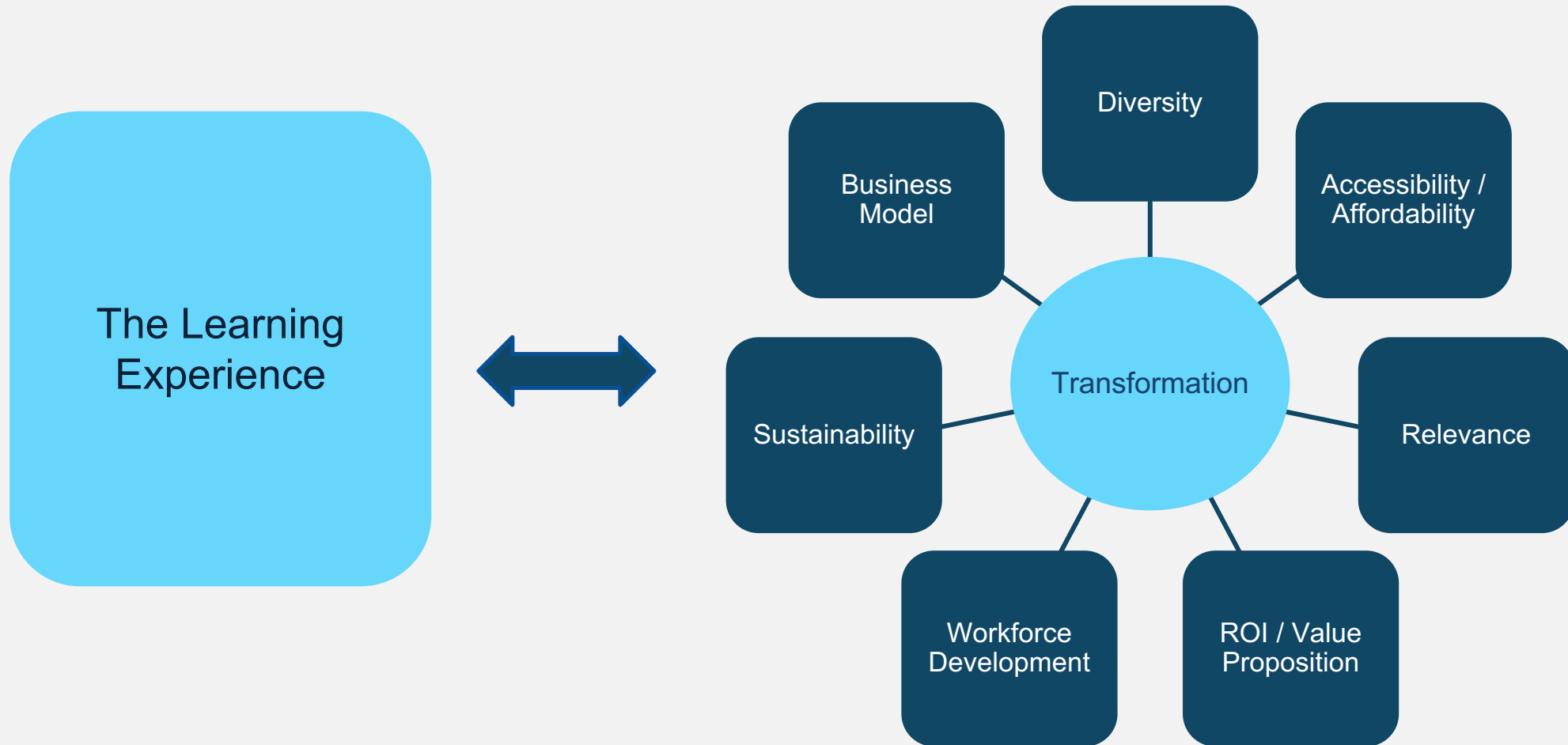
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<https://www.coachanda.com/>



Appendices

Foundational Issues| The Process| What To Do Now

Foundational Issues to Be Solved



The Process

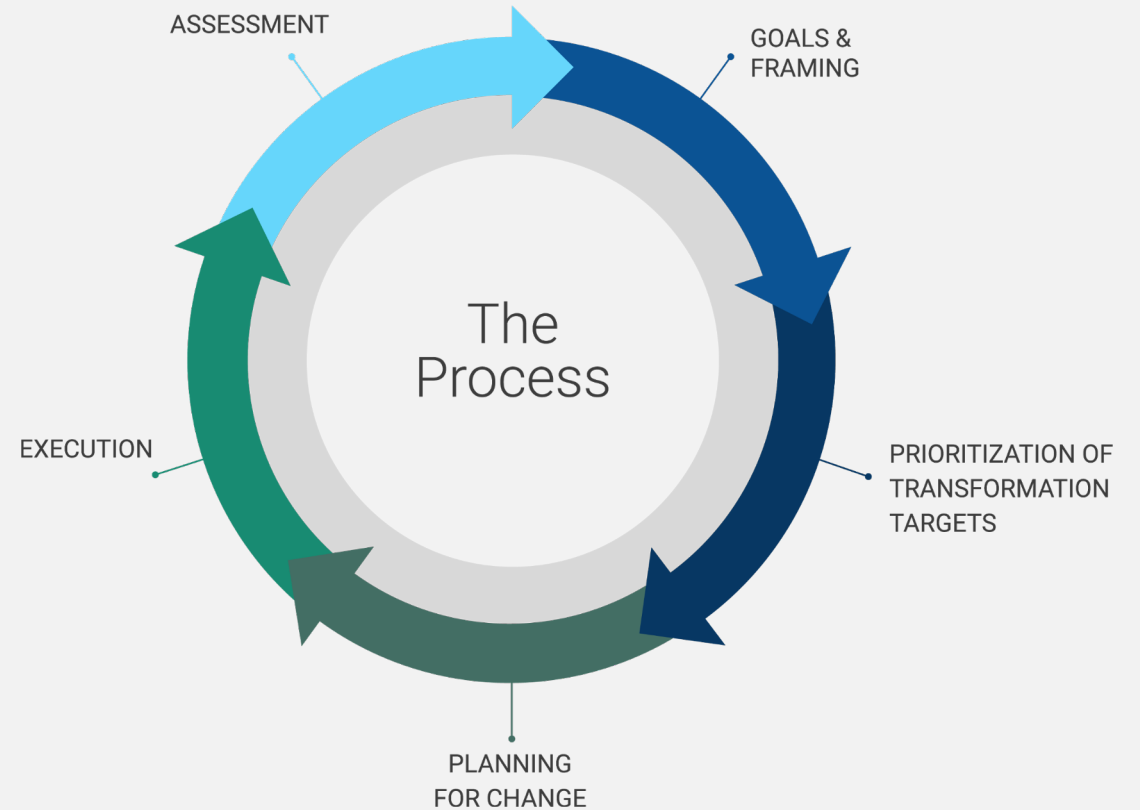
ANALYSIS

PLAN FOR CHANGE

IMPLEMENTATION

FOLLOW UP

- Risk analysis and benchmarking using a proprietary model
- Development of transformational change plan based on research and best-practice
 - Life changing educational experience
 - Support of operational excellence
- Execution of the change plan, capacity building, and operational improvements



What Most Schools Need to Do Now

- Rethink your market: It's post-secondary, not higher ed
- Create market driven product strategy
- Sell workforce development rather than individual enrollments
- Reinvent relationship with industry
- Build non-TIV revenue streams
- Dump “one and done” for long-term customer relationships
- Explore last two student markets
 - 39 million with credits and no credential (InsideTrack effort)
 - Traditionally underserved students
- Deliver compelling value proposition

