



Realizing Strategic Priorities Through Integrated Planning and Improvement

By Barbara J. Sherlock

Pennsylvania State University's (Penn State) strong and evolving experience with continuous quality improvement (CQI) and strategic planning is allowing us to better address the difficulties of declining funding and increased expectations from our stakeholders.

Penn State's CQI and planning efforts go back more than 25 years, but the approaches have evolved over time. The journey started in 1983, when Penn State established the office of planning and analysis and began its strategic planning. Penn State studied CQI in the early 1990s after corporate partners expressed concerns about the skill sets of recent college graduates who were hired and had to be retrained in systems thinking, teamwork and quality principles.

Paying attention to the needs and expectations of those who hired Penn State graduates, the university embarked on its formal quality improvement and innovation journey in the fall of 1991 when it established the University Council on CQI and the CQI Center to facilitate improvement initiatives within academic and administrative units and across the university.

In 1996, the CQI Center merged with the Office of Planning and Analysis to become the Center for Quality and Planning, later renamed the Office of Planning and Institutional Assessment. This merger represented the beginning of the cultural integration of planning, improvement and assessment at Penn State. In the following years, Penn State developed its first universitywide strategic plan, identified universitywide strategic performance indicators and initiated an integrated planning model incorporating enrollment, staffing, facilities, budget and academic planning across the campuses. Planning continued in three to five-year cycles universitywide and at budget-unit levels.

Identifying opportunities

During these planning cycles, all academic and administrative units were encouraged to identify savings and improvement opportunities. For 18 years, through internal recycling—annually identifying ways to reduce unit budgets by 1 to 2% and returning those funds to central funding—Penn State has reduced internal budgets and reallocated about \$190 million to academic priorities and programs identified in the strategic plans. Additionally, more than 900 CQI teams have been established through spring 2010, many of which have focused on uncovering efficiencies and cost savings.

Paying attention to the needs of today's beneficiaries and constituents still makes good sense. In a time of fewer resources, higher education is expected and challenged to maintain or improve the quality of its institutions. Thus, many of our peers are adopting lean and Six Sigma tools, expressing renewed interest in CQI and reaffirming the importance of strategic planning. But what is the most effective way to frame and implement these continuous improvement and cost-saving efforts?

With a focus on process improvement but no link to overarching goals, it is often a challenge to reduce costs and improve quality at the same time. With an emphasis instead on planning and analysis as the way to target improvement and savings initiatives, it is possible to strategically move resources from less mission-centric programs and services to programs and services that add greater value for beneficiaries and constituents. These targeted programs and



services are likely to be more central to the core mission of the institution and to be where additional resources are more likely to enhance quality.

Many institutions are learning that, given the current economic realities, efforts to reduce costs and improve quality must be closely linked to institutional goals and priorities, and strategic choices need to be made about how to best fulfill their mission and vision.

On the front line

Units at Penn State use traditional CQI teams to address front-line immediate improvements and to use CQI tools and approaches to implement identified strategic initiatives. At the same time, the university has recognized it can no longer be all things to all people. This has led to more focused planning and strategic reallocation of resources.

During the most recent strategic planning cycle, Penn State identified goals, strategies and measures to advance its mission and vision. The seven overarching goals address student success, academic excellence and research prominence, globalization, access and affordability, outreach, technology, and cost control and efficiency.

There are 38 strategies and corresponding performance measures for each of the seven goals. Some strategies may result in cost savings and make resources available for reinvestment. Other strategies are cost neutral or will require new sources of funding. Funding priorities will be guided by the strategy's alignment with Penn State's vision, mission and goals.

Going beyond the approach of past strategic plans, Penn State closely tracks the implementation of the strategies needed to reach the goals. Each strategy has one or more leaders charged to implement the strategy, and the strategies have been prioritized so not all begin in the first year. Mid-year and annual progress reports will provide updates on implementation.

Several goals and strategies are directly related to increasing efficiencies while maintaining excellence, including:

- Goal 2—Advance academic excellence and research prominence, strategy 2.4: Consolidate academic and administrative programs through targeted reviews.
- Goal 7—Control costs and generate additional efficiencies.

In October 2009, to further these goals and strategies, Penn State President Graham Spanier assigned the Academic Program and Administrative Services Review Core Council (chaired by Executive Vice President and Provost Rodney Erickson and comprised of 13 faculty, staff, and administrators) to analyze programs, find efficiencies and free resources for strategic investments in the university's future.

The council's work is supported by three coordinating committees comprised of faculty, staff and administrators that will focus on specific academic and support areas of the university. A multipronged review process is being used.

The initial screening for academic programs includes the review of items such as enrollment trends and under-enrolled sections. The more detailed review of selected programs considers items such as contribution to the core academic enterprise, general education, retention, graduation rates and placement data. Review of support services may include data such as scope and size of service provided, mission centrality of the function, and efficient and effective use of resources. All reviews include discussions with deans, program heads and other senior academic or administrative leaders.

The council is expected to work for about 18 months, with a goal of identifying permanent cost savings or non-tuition revenue enhancements of \$10 million annually in each of the next few years.



Penn State has clearly identified a starting point to address the current economic situation while remaining committed to quality and excellence in teaching, research and service. How we continue to address these issues in the coming years will evolve, as our previous quality and planning approaches evolved, to best use resources within the institution to meet the stakeholders' needs and economic, social and political environment changes.

For more information on Penn State's current planning and improvement initiatives, visit www.psu.edu/president/pia/index.htm.

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