

HIGHER EDUCATION COVID-19 RESPONSE: THE PATH TO OPERATIONAL EXCELLENCE

In the wake of the Great Recession, institutions were charged with making hard decisions and implementing transformative changes. While some progress has been made to innovate and prepare the industry for financial and operational threats, many universities focused on further enhancing their revenues over the last decade have leaned heavily on higher tuition costs, more aggressive discounting, larger class sizes and the enrollment of lucrative out-of-state and international students.

Institutions often have highly distributed and complex administrative support structures that impede investments in modern systems or the adoption of automated workflows. Still, throughout the COVID-19 crisis, we have seen heroic efforts from institutions to do what is necessary to get through the academic year — and several have started proactively seeking opportunities to innovate their operations and improve efficiency long term.

In a [recent white paper](#), Huron outlined a three-phase framework for higher education’s evolution through this pandemic and impending recession. In this framework, the sector enters first into a triage phase, then transitions to a period of stabilization while it begins to explore opportunities for fundamental transformation. The following table outlines both near- and long-term methods for improving the efficiency and effectiveness of institutions’ operations aligned to the three phases of this crisis response.

TRIAGE	STABILIZE	TRANSFORM
<i>Rapid response to urgent pandemic-related needs</i>	<i>Shift resources to midterm stabilization</i>	<i>Implement change to ensure long-term success</i>
<ul style="list-style-type: none"> • Freeze hiring • Limit compensation increases • Reduce nonessential spend (travel, conferences, supplies, catering) • Slow or stop nonessential construction 	<ul style="list-style-type: none"> • Focus on procurement improvements • Analyze the effectiveness of the organizational structure • Enhance processes and rethink service levels • Evaluate energy efficiency • Eliminate low-impact, noncore activities • Assess space utilization 	<ul style="list-style-type: none"> • Experiment with new operating model(s) • Operationalize cost-effective service delivery models • Leverage outsourcing as necessary • Reevaluate limited, traditional or boxed-in thinking (e.g., “sacred cows”) • Invest in technology that facilitates remote work and instructional delivery

Triage: Immediate Crisis Response

One higher education administrator recently opened her filing cabinet and dusted off a decade-old manila folder containing her institution’s immediate response to the Great Recession. Many colleges and universities have already announced and advanced their own similar short-term measures over the last few weeks: freezing hiring, freezing salaries, furloughing employees or reducing work schedules, eliminating or reducing benefits for the upcoming fiscal year (e.g., 403(b) matching), downsizing, reducing nonessential discretionary spending (e.g., travel, conferences, catering, supplies), and stopping or delaying capital projects.

These measures will not strategically inflect the cost curve of the university over the long term or materially improve operations. Rather, they are necessary reactions to combat immediate financial and operational distress.

Stabilize: Incremental Efficiencies

While the *triage* period focuses on urgently improving inefficient structures, *stabilization* actions address the root causes of those inefficiencies, typically cataloged into one of seven categories: complexity, fragmentation, redundancy, inconsistency, lack of automation, unnecessary hierarchy or misaligned cost accounting. Once leaders identify these root causes, they can take steps to shift institutional resources to the activities that will help to improve current processes and systems to stabilize the university for the foreseeable future.

Complexity	The sheer scope of institutional operations compounded by multiple levels of leadership and myriad critical stakeholders can lead to over-engineered systems and processes.
Fragmentation	Fragmentation occurs with both the distribution of support functions across institutions as well as the laundry list of responsibilities for local support staff who wear “multiple hats.”
Redundancy	Universities often struggle with duplication of efforts in each department as staff relearn how to do the same or similar work, often citing lack of service from central resources.
Inconsistency	When each department or unit has its own process or system for completing the same task, this lack of standardization creates inefficiency campuswide.
Lack of Automation	Traditional paper-based or manual processes can be time-consuming and frustrating to faculty, staff and students.
Unnecessary Hierarchy	A variety of factors contribute to additional hierarchy and subsequent bureaucracy ranging from fragmentation of units into multiple smaller departments to financial incentives requiring supervisory duties.
Misaligned Cost Accounting	University departments often incur different levels of expenses (e.g., electricity, facilities, etc.), yet many institutions do not hold individual areas directly responsible for the charges they incur.

Transform: Operational Evolution

Whereas stabilization is focused on optimizing existing resources and building a solid foundation for growth, transformation encourages leaders to reimagine how teaching, research and support services will be delivered in the future. For years, many institutions have shied away from shared service concepts, avoided online education and discounted the benefits of attracting nontraditional learners. With the onset of the COVID-19 pandemic, however, nearly all colleges and universities have shifted to a remote environment for both work and instruction. (See a [relevant comparison](#) of COVID-19 responses with actions taken by higher education leaders following Hurricane Katrina in 2005.)

It is hard to know what higher education will look like in the coming years, but the standard rules of engagement tell us that, in the face of significant disruption, the positions of industry incumbents are threatened. In times like these, having a lower cost position is a competitive advantage, and the ability to make quick, data-informed decisions better positions institutions to respond to change. Counterintuitively, those are not the traditional tenets of success in higher education where costs have grown at an unsustainable rate and decision making is frequently slow. In the midst of this crisis, higher education has an opportunity to break away from traditional stereotypes and cultural inertia to fundamentally rethink service delivery.

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