Relevance of Strategic Management for Universities (*)

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ABSTRACT

This article tries to identify the crucial dimensions of strategic management in universities. To do so, the author looks at some practical cases of successful strategic decisionmaking in European universities.

This case study approach is motivated by the conviction that in universities strategic management should be done with a permanent eye on their specific organisational environment rather than by an analysis of the applicability of yet another prescriptive model from yet another management school.

As a result, special attention goes to the astonishing power of networking: more and more a modern university appears as a set of overlapping networks kept together by a broadly shared mission. Also important is the delicate task to strengthen the steering core without losing the innovative and mobilising benefits of decentralised decision making. Looking at the strategic management models in the literature, undoubtedly the learning school offers the best guidelines for a successful steering of academic institutions.

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Dit artikel beoogt de meest cruciale factoren voor een succesvol strategisch management in universiteiten naar voor te brengen.

Hiertoe worden enkele geslaagde voorbeelden van strategische beslissingen in Europese universiteiten besproken. Deze case study benadering wordt verkozen boven een onderzoek naar de toepasbaarheid van de diverse bestaande managementmodellen omdat het voor de academische wereld meer dan voor de industrie, belangrijk is de specifieke organisationele omgeving in de analyse te laten doorwegen.

Verrassend is de enorme kracht van netwerking naar voor: hoe langer, hoe meer komt een moderne universiteit naar voor als een verzameling van elkaar overlappende netwerken bij elkaar gehouden door een gemeenschappelijk gedragen visie. Belangrijk is eveneens de delicate opdracht de centrale "steering core", te versterken zonder de innoverings- en mobiliseringskracht te verliezen die besloten ligt in een ver doorgedreven decentralisatie van de beslissingsmacht. Wat de gangbare strategische managementmodellen betreft, is het ongetwijfeld de zg "learningschool" die het best inspeelt op de complexiteit van moderne universiteiten.

I. A CHANGED UNIVERSITY ENVIRONMENT

This paper does not intend to make an extensive analysis of strategic management models which might be useful for higher education (Sporn (1999)). Instead it will start from a concrete and successful case of decision making in a particular university. This is done in the conviction that in search for management relevance, much more can be learned from case studies, benchmarking and interuniversity comparison (Clark (1998)), than from yet another prescriptive model from yet another management guru conceived for another environment (Verdin (1998)). Of course this does not mean that such models could not contribute in providing a framework for orderly thinking, but, in developing a strategy for universities or polytechnics, it seems rewarding to keep a permanent eye on the specific organisational characteristics of that sector and to move from practical observations to generalising formalisation, instead of the other way around. Looking at today's environment, universities must realise that the old days are gone and never will come back[1]. They now live in a completely different world with different requirements.

A first predominant observation is that, almost everywhere in the world, governments are increasingly unable to take up the full bill for Higher Education: in relation to other priorities, modern universities have indeed become too expensive to be funded only with public money (The Economist (2005)). Moreover, governments are not only unable but also unwilling to do so for the simple reason that in the knowledge society of today, a broad range of university products carry considerable benefits for those who have acquired them. Who profits from it, should pay at least part of the cost. As a consequence, universities have become "hybrid" institutions: semi-public and semi-private. At least for part of their activities they are forced to operate in a globalising market with powerful new competitors sometimes coming from the most unexpected corners: multinationals turning their internal training centres into "accreditated" corporate universities, are good examples of this trend. The same is true for the virtual open universities and the thriving "for profit educational institutions".

In the second place, universities face the challenge of a real science explosion. Today, knowledge is simply too vast to master. For their teaching approach it means a compelling switch from ex cathedra teaching to individual learning and, from knowledge accumulation to acquiring skills in handling information. More important, it also means that any single university, be it Harvard or Oxford, is too small to do everything on its own. They either have to be selective in what to do and what not, or to go into mergers and networking. The merger movement is especially clear in the non-university sector with its much smaller polytechnic colleges. The networking solution is more common in universities.

Third, because knowledge has become so important for society, governments, business and individuals, all these "stakeholders" keep a critical eye on what universities do and how they do it. They require accountability

not only about the use of their resources, but also and even more about the quality of their products and the societal relevance of their activities. In public goal setting for universities, more and more valorisation of their research findings is gaining importance. Recently also corporate governance has made its entry, stressing transparency and bringing universities closer to the ways of business.

II. THE IMEC CASE (Imec (2004))

The first case that is put forward in this paper is a story from KULeuven. This institution is an old (1425) internationally oriented research university in Belgium. It has a student enrolment of 29000 and a staff of about 6500 Full-time-Equivalents (FTE) with another 6000 in its hospitals. It has a medical faculty and an engineering school. In the European Publication and Citation Index, it ranks among the best performers in Europe. Via "Leuven Research and Development" (LRD) its excellent industry-university interface that started already in 1972, a bias towards industrial valorisation is strongly present. In recent years more than 50 spin offs have been established aided by an innovation-incubator centre, a venture capital firm and a science park for new industrial intiatives (Declercq (2002))

The story starts in the mid-eighties. K.U.Leuven had a relatively advanced micro-electronic department. It was highly valued in scientific circles and it was popular with the Belgian high-tech industry. However, for the department head, it had become clear that the resources at his disposal were, by far, insufficient to allow his 120 top researchers to work on an international level. In an expensive field of study, it was feared that very soon he would be forced to abandon the scientific rat race, somehow one could not come up with investment money for a new laboratory of about 60 million Euro and a yearly budget of 30 million. The university was simply not able to come even close to those high figures; they indeed amounted to 1/6 of the overall university subsidy. The threat of losing an important centre of excellence, however, led to a strategic brainstorming. It resulted in the following plan which afterwards proved to be a brilliant initiative.

Among the Flemish universities, only K.U.Leuven had chosen to develop its micro-electronics to an international top level. With this idea in mind, the other universities of Genth, Antwerp and Brussels were approached and invited to join forces in a new interuniversity micro-electronic laboratory (IMEC).

It was argued that this would allow them to upgrade their own theoretical and practical know-how in micro-electronics to a top level in one single jump. A further attractive feature of the proposal was that each participating university would link up with their neighbouring polytechnical colleges, which in turn, could do the same with the local industry of their region. The whole construction would then constitute an extensive network extremely beneficial not only for scientific research but also for its

valorisation in industrial ventures. The only, but important conditions from K.U.Leuven were that the central laboratory with its sophisticated clean rooms and infrastructure should be located on its engineering campus and that the director general would be from K.U.Leuven.

With this strategic concept, the university went to the regional government which at that time intended to launch the so called "third industrial revolution for economic revival". The negotiations resulted in a deal that the government would take up 60 pct. of the yearly budget. The remaining 40 pct. ought to come from contract research, royalties, spin-offs and training activities. In the meantime also industry had joined up.

For K.U.Leuven such a move meant giving up a major comparative advantage and even the ownership of one of its most successful laboratories. However this was more than compensated for by a new funding source and by an enormous extension of its action radius. Moreover, it was decided to keep the old laboratory, be it on a reduced scale and with a completely different focus than that of the new IMEC. Indeed it did not seem wise to put all micro-electronic eggs in the same basket.

In 1984 IMEC started with a budget of 34 million Euro. In 2004 it has grown to 145 million euros. It now employs 1300 people coming from 50 different countries. It has created 20 industrial spin offs. The government subsidy has fallen from 60 pct. to 23 pct. An intensive multidisciplinary collaboration with other laboratories of the engineering faculty has been very rewarding for K.U.Leuven even beyond the field of micro-electronics. The same is even truer for the other participating universities (IMEC (2004))

At present, IMEC's central mission is scientific research that precedes industrial needs by 3 to 10 years. Its fields are: micro-electronics, nanotechnology, design methods and technologies for ICT systems. This mission is specified by a special attention for equilibrium between basic and applied research embracing the full trajectory from chip design, chip production to packaging and micro-systems. IMEC has developed a unique business model allowing industrial partners to participate in different research teams. A micro-electronic training center provides specialised up-to-date courses and on the spot coaching. Creating spinoffs is equally an explicit objective as well as the permanent upgrading of micro-electronic knowledge and operational knowhow in universities, politechnics and industries.

This practical example teaches us several lessons about *strategic management for universities*:

- The astonishing power of *networking*.
- The importance of a *widely shared mission statement*, firmly imbedded in the attitudes and culture of the university.
- The importance for a university to *delegate* initiative and a large part of decision making *to the lower levels in the hierarchy*.
- The need to combine this delegation with a *stronger steering core*, be it of a certain type.

- The importance of choosing the most *appropriate model* or *framework for strategic management* among the many that exist in recent literature.

III. LESSONS FOR STRATEGIC DECISION MAKING

A. *The importance of an explicit mission (K.U.Leuven)*

Most universities in Western Europe now have an explicit mission statement. However, not many have succeeded in going beyond a public relation document mainly intended for marketing purposes. In order to be useful, a mission statement should have a widely shared and clear view on what the university aims at and how it will pursue it.

In its mission, K.U.Leuven propagates that it wants to be an international research university where, in the tasks of academic staff, fundamental research and scholarly publications prevail. At the same time, however this predominant objective should go hand in hand with an active search for market relevant opportunities *originating from the same research*. This application-oriented attitude intends to contribute to the economic and cultural benefit of the Flemish region. Also that focus is explicit in the mission statement. The IMEC initiative fitted this mission perfectly well. It provided a safe guidance for decision makers. They knew what course of action they could follow. They were pretty sure, that afterwards, they would not be called back by an accidental majority in one or other council or by one or other lobbying group of deans and professors which accidentally were thinking that it was not such a good idea after all.

The mission statement of an university is somehow its "constitution". As such it also is an *important precondition for decentralised decision making*. If everyone really understands the mission, then the leadership can work by broad objectives instead of rigid top down command: "that is the way to go, how you as an individual should do it, is pretty much your own business; there will be control not ex ante, but ex post, and together, in a permanent proces of selfevaluation the institution will learn from its successes and failures".

B. *Delegation, an important principle for universities*

In the second place, the IMEC-story illustrates the crucial importance of delegating initiative and a large part of the decision making power to the lower levels in the university hierarchy, in this case a department in the engineering faculty. Indeed, according to organisational theory, universities have to be classified as "professional organisations". In such organisations, the expertise is not to be found at the rectorate or in a far a way government

agency, but with the scientists in their labs and teaching halls. If the expertise is there, so should be a large part of the decision making power (Mintzberg (1991)).

By doing so, the *innovative capacity of the institution* can be broadened enormously and actively mobilised.

C. *A stronger steering core?*

In the third place, a plea should be made in favour of a somewhat stronger steering core than is common in a university environment. Here however one faces an important and often painful dichotomy. On the one hand modern technology and increasing economics of scale require setting priorities and resisting the traditional pressure within higher education in favour of an egalitarian resource allocation. At the other hand there is the need to preserve the mobilising power of the freedom to explore ever-new lanes of scientific research and fresh paradigms as well for individuals, as for their work units.

D. *The power of networking and strategic alliances*

The IMEC example shows, that by setting up a network with other universities, polytechnics and industrial firms, the boundaries of what is possible can be shifted in a dramatic way. Suddenly it becomes possible to work in a different world with new partners unthinkable before and with research contracts of a completely different size. Hence, one should realise that in these modern times, any single university is too small to do everything alone. It requires either selectively cutting down certain activities or rely on networking.

Looking at higher education in Western Europe today, this networking is most probably the dominant new feature in the organisation of universities and their way of working. To understand more fully its possible implications, in what follows two additional examples are commented upon.

- *LERU, the League of European Intensive Research Universities*

In the last decades, most European Universities have become acquainted with interuniversity networking. Not in the least, this is due to the "EU Framework Programmes". Most of the time, this European funding mode requires a transnational participation of other universities very often also with an active involvement of industrial partners. Undoubtedly these framework programmes have been important attributes for internationalisation and "average" quality improvement of European Research and Education. However, in comparison with the USA, they have apparently been much less performing in truly top basic research and its wealth bringing innovations. Their set up is very much top down

and does not always escape the criticism of a short run outlook and bureaucratic inefficiencies.

In that perspective, in 2002, 12 universities[2] have decided to establish a new strategic alliance under the name of LERU, the League of European Research Intensive Universities with its secretariat in Leuven. Their aim is to shift the European funding effort away from short run applications to long run basic research. It is argued that this fundamental research will find its best nurturing grounds when it is heavily concentrated in centres of excellence within a limited number of top comprehensive research universities, working at the boundaries of human knowledge, in an international competitive environment, with research and teaching firmly intertwined and where excellence is the only criterium for reward and for obtaining additional resources. Any increase in European research fundings should prioritise basic research. It is also important to state that successful centres of excellence are not created by one or other decree, but ought to be the result of greater European-wide competition (Veugelen (2004)) among bottom up projects.

Undoubtedly, this view matches the new trend, which articulates itself worldwide, most certainly with the Anglosaxon countries in the lead. In a globalising world this evolution seems unavoidable and will grow stronger over the years. The creation in 1995 of Flanders Interuniversity Institute for Biotechnology (V.I.B.) supports this thesis. V.I.B. is a virtual organisation that has taken over from the collaborating universities large parts of their most prestigious groups for gene technological research and their scientific infrastructure. It is virtual as its 800 researchers remain on their respective university location whereas the general strategy, their patent policy, property rights, spin offs, project organisation and their industry collaborations, all are cared for in common headquarters. Here again a considerable funding of government has been a major incentive. Looking for implications, a most probable outcome of autonomously working institutions might indeed very well be sharper hierarchy of universities (O'Leary(1996)). As in the USA, also on the European continent a new "Ivy league" seems to be in the making (Geuna (1998)). It has at the top a few excellent institutions, which are growing stronger every year, and at the bottom an increasing number of schools, which are pushed back into a role of post secundary education and "me too research" with little societal value. Apparently what is going on is a self-enforcing and cumulative process by which talent and resources from all over the world, concentrate in the same institutions. Having proven their quality, they become even more attractive for new resources, minds and sponsors. Their competence base and their scientific climate keep on growing. Hence their comparative advantage continues to increase. To this mechanism should be added the enormous advantage of belonging to a global network of top schools seeking out each other. This brings refreshing exchanges of new findings, renewing paradigms and intensive collaboration among talented academics. In

writing out its mission, each university should be realistic enough to take this new reality into account. With a strong research based ethos throughout Higher Education much resistance can be expected (Leru (2005)). However, international figures of economic growth and unemployment suggest that Europe does not have much choice. This should however not be the misunderstood: the future of Europe's competitive position in the world, does not only rely on the presence of performing research universities. Equally important is the existence of a rich diversity of higher education ranging from the very research top, to teaching universities, professional polytechnics, and institutes for further education. To flourish in a global world, the educational system should be such as to mobilise all possible talent whatever its content. Essential hereby is the inbuilt possibility for any individual to grow through the different systems in individual learning trajectory. This brings us to the second example at K.U.Leuven where such a solution is being tried.

- *New associations in Flemish Higher Education*

For many years, in Flanders the coexistence of university programmes, two-cycle-polytechnic education (masters) and one-cycle-professional bachelor studies, had led to an unworkable confusion. In order to clarify the situation, the government launched the concept of associations of polytechnics each time under the guidance of one single mother university.

Next to the two cycle schools also the one cycle ones are expected to be integrated in the new associations. They however keep their vocational and professional character and are not subjected to the academisation (Tavernier (2004)).

At first, in Flanders the chosen vehicle was planned to be the "regional association". A *regional association* intends to bring together all "polytechnic schools" of the region in a collaborative network under the supervision each time of a local university.

Respecting, at least for the moment, the institutional autonomy defended by universities and polytechnics alike, joining ought to occur on a voluntary basis. However, to get money from *a special academisation fund*, "belonging to an association" is added as a precondition. This forces every institution into a sometimes difficult choice.

Launching the association concept proved to be a real catalyst. Most universities have not waited for the approval of the new law before engaging in that direction. Success is due to unexpected competitive reasons but also because it appeared as a powerful new instrument to solve some old problems hitherto stuck in "good intentions only".

The association has a first important task to steer the academisation process for the two cycle programmes. This ought to be done by actively involving assistants and teachers from the polytechnics in the university research and by inbedding the concerned curricula in their relevant

research domains at the mother institution. By *concentrating all research responsibility at the university,* the legislator hopes to avoid fragmentation and inefficient uses of scarce research monies.

The whole development appears to be a breakthrough in a long-standing ambition of the polytechnics. However many are afraid that it might be a poisoned present. Even stressing the applied character of polytechnic research, for most institutions and most teachers it will be a formidable task. Looking at publication records, little has been realised up to now. It will take years to change vested behavioural patterns and attitudes. Besides, they still have to keep open to their comparative advantage in vocational contacts and entrepreneurial consulting.

Of course, many see the "association" as a forerunner for further reaching mergers between many institutions. This might very well be the philosophy behind the largest association around K.U.Leuven. K.U.Leuven distrusted the regional dimension of the politically conceived construction. Leuven has indeed very few polytechnics in its region and hence might lose a considerable part of its students' influx especially in its advanced studies and doctoral programmes. Therefore, in a bold and fast move, it decided to anticipate the new law and established a nationwide association. It now encompasses 11 polytechnics in one single network. Together the new association represents 42 pct of all Flemish students in higher education. In that way the Leuven-association will carry a heavy weight and a considerable influence in the political decision making too. The originality and, maybe, the effectiveness of the construction is that each partner has accepted to replace its own "general assembly" by a new one which for 66 pct has the same composition for all partners. On association level, strong decisions will be possible and, leaving the association on eventual disagreement, will practically be impossible.

Although not in the same intensive way, the Universities of Antwerp, Genth, Limburg and Brussels have done the same but stick to the regional approach.

Next to the academisation objective, for the association there is a secondary agenda. Looking at the new law submitted to parliament, it strikes the attention that, by combining issues, the government wants to realise a series of other difficult objectives.

In the first place, there is the *issue of size and the economics of scale* which comes with it. In the nineties, a major merger movement had already reduced the number of polytechnics from 160 to 21 in Flanders. Average size however, is still not more than 4700 students, each with a too broad and overlapping programme supply. This begs for *further rationalisation.* This tedious issue, very often with annoying personnel consequences, is now pushed into the lap of the associations. They are requested to "optimise" the programme structure among their partners. As can be read in the law, other tasks are: the *harmonisation of the curriculum profiles,* creating the conditions for *flexible learning*

trajectories and especially making *bridges from bachelors to masters*. Important also are the joint multi-year programmes for *teaching innovation*. Finally should be mentioned the responsibility over the way the academisation subsidy has to be spent.

For the academic profession, undoubtedly much will change. The protection of a stable and familiar environment and the collegial attitude of "live and let live", with room for personal considerations, will be jeopardised. Economics of scale will lead to a much more professional approach for quality management. Weeding out underperforming and less attractive programmes will be easier and, flexible career tracks for professors a normal outcome. Collaboration in centres of excellence as aimed for in K.U.Leuven-association will be challenging. Most of all, however, the association means more performance pressures and higher standards.

For one-cycle schools, it possibly might be a tough task to maintain the vocational character in an environment where the dominant university is strongly research biased. Indeed, for this last one, to move from a selective research status to become the champion of *mass education as well*, is not evident.

E. *The importance of an appropriate model of strategic decision-making*

In fifth place, the IMEC-story suggests the crucial importance of choosing from the existing models of strategic management, the one which is most appropriate for a given university in a given environment. To clarify this point, it is worthwhile to dwell for a while on the basic outlines of three schools of thought.

IV. ANALYTICAL FRAMEWORKS FOR STRATEGIC MANAGEMENT

A. *The traditional framework for strategic management*

To a large extent, the popularity of strategic management is due to its simple common sense and to its straightforward approach for decision-making. In fact, it all starts from three basic questions, namely: do you know where you are? Do you know where you go? Do you know how to get there? In answering these questions, traditionally a sequence of essential steps is advocated. First comes a systematic scanning of the environment. An internal audit should reveal Strengths and Weaknesses in the organisation and an external audit focuses on the identification of Opportunities and Threats (SWOT-analysis). Based on this thorough understanding of its socio-economic, technological and political environment, an attainable and realistically reachable mission statement is written out. This mission should explain what the organisation does, what it tends to accomplish and what values ought to steer its behaviour. Especially when it is clarified in separate policy statements for each field of activity, a mission which is widely shared throughout the whole institution, is a powerful tool for coherent decision making. It is also the precondition for decentralisation and makes top-down command less necessary. A mission becomes operational through the formulation of concrete objectives which leads to a mission driven budget allocation and desired organisational adjustments. Finally, continuous evaluation of performances and feedback to decision-makers is a last crucial component.

In the course of the years, this basic framework for strategic decision making has been enriched and diversified into different schools of thought. This has happened not in the least by taking into consideration the lessons of "organisation theory" about the sectoral differences in behaviour and desired structures. For instance, the mass production industry might require another approach than the Higher Education sector. But even within Higher Education, one university can prefer to use one specific model rather than another. This will depend on its size, the complexity of its offerings , its traditions or the impact of government regulations. Important is that it is coherent and goal oriented.

In what follows, a short explanation of three schools of thought will be given , each time together with a short outline of the strategy of a particular university that applies it: *the planning school* is the basic pattern for the London School of Economics (LSE); the *learning school* is very present in the approach of the Copenhagen Business School (CBS) and, in a more implicit way, also at K.U.Leuven; the *entrepreneurial school* is the model for the University of Twente in Holland.

B. *The planning school*

The planning school defends the necessity of a strong formalisation of the basic framework of strategic management. Important is the separation of thinking from doing and the central role of a plan that subdivides the process into a sequence of steps. Each step is neatly delineated and documented by hard data and technical analysis. The general strategy is broken down in substrategies, each with a series of targets to be attained and a budget to make it possible. Strict control mechanisms are used to control whether the planning instructions are carried out as specified in the plan.

Undoubtedly, in such an approach the danger exists that the top governance of the institution loses its impact in favour of an isolated bureaucracy of highly skilled technicians who enforce upon the institution a rigid and inflexible "official plan". Very often, such a model also neglects the organisational climate and the cultural requirements necessary for an efficient implementation.

In the beginning years of strategic management, the planning school has been very useful by its insistence on the necessity to found decisions on real data, hard analysis, a coherent framework and clear objectives.

Despite its critics, the planning school is still applied today and it works. The prominent example is the London School of Economics and Social Science. Looking at the strategic document of LSE (LSE (2000)), one is surprised by the concise formulation of its mission statement. It is a kind of a mobilising battle cry in no more than 16 words. It sounds as follows: "To be a world class university centre of the social sciences in the heart of London". It is clarified what it means, also in an equally brief way: international reputation requires academic diversity, a solid financial foundation and the creation of an excellent learning environment so as to attract the brightest staff and students; the London School of Economics explicitly aims at being the real guardian of social sciences worldwide: they consider it their mission to lead the scientific debate in all areas of social sciences, which of course, requires that LSE covers all subjects and that cross subsidisation is sufficiently high to keep also the less remunerative subdisciplines working on an international level; "In the heart of London" refers to the regional responsibility, not in the least by creating chances for disadvantaged students of the London area.

Most impressive in their strategic management is the extreme detail of their goal setting: at a certain moment, LSE went as far as to formulate 29 strategic objectives with 85 subobjectives and not less than 320 concrete targets. In a yearly process, for each target the degree of attainment is examined and amended for the future. Moreover, for each target the required resources are explicitly specified. The whole constitutes is an impressive planning document. It is built up and yearly reviewed in the interplay of an academic planning and resource committee, a planning team, a finance committee and, finally, the university council.

Preparing for the strategic planning period 2004-2009, some revisions have been made, apparently without changing the general organisational set up of the planning exercise. The mission statement for that period stresses even more than before: globalisation, interdisciplinary thinking, excellence of teaching through its reliance on cutting-edge research and a framework for identifying emerging trends and a speedy response to them (LSE (2004)).

The corporate planning statements 2004/2005 specify senior managements priorities for these years. It again reviews in a systematic and detailed way, the school's performance against planned activities and targets (LSE (2003)).

Regarding the immense success of LSE, this approach of strategic management apparently works well. The question is whether it is equally suited for more multidisciplinary and more complex comprehensive universities.

C. *The learning school*

That is apparently the implicit position taken by the Learning School. For the adherents of this school, the world is too complex for central planning from an all informed headquarters. They also remind us that, according to "organisation theory", universities are to be classified in the category of "professional bureaucracies", therefore decision making has to be devolved as much as possible from the central headquarter to the operational level of the professors in their departments. Another most exciting starting point is the thesis that one should break out of the traditional boundaries of one's playfield as it is deducted from a traditional SWOT analysis. It is important not only to play the same game better but also, to look for a different playground or, even better, to look for completely new games.

From these starting points, a model is developed that stresses the improvement within the institution of the so called *four competences of learning* which are: the capacity to absorb new knowhow; the capacity to diffuse knowledge throughout the institution; the capacity to generate new knowledge and the capacity to exploit it. Not only should these learning capacities be developed, but attention should also go to a systematic effort to

reduce *learning blockages* such as: the refusal to learn from past experiences and from one's own errors.

Logically, such a school of thought prefers a more vague, but also a more ambitious "vision statement" above the previous concept of a realistic and attainable "mission". Stressing the need to decentralise, the university governance is advised to move to a kind of *leadership* that inspires and encourages. It should be its duty to create an organisational climate that mobilizes all possible competences and innovative creativity everywhere in the university.

Top management should explicitly create *favourable condition for risk taking* and experimentation. Examples for such an approach are: special rectors funds, abolishment of the hierarchical chair system and, especially, competitive project funding.

The above discussed networking strategy fits equally well in this school of thought.

The learning school corresponds to what is implicitly done at K.U.Leuven and is even explicitly mentioned by the Copenhagen Business School as a dominant pillar of its strategy. In this respect it is worthwhile to have a look at the strategic document of CBS.

CBS is a middle-sized university, with one faculty for social sciences and one for the humanities. An interfaculty department constitutes the platform where both collaborate on intercultural communication and management. CBS summarizes its mission as follows: "CBS wants to make a major contribution to value creation for Danish Business and Danish Society; it wants to train graduates for the international job market and its research-based knowledge is realised in an intensive partnership with other organisations".

Three strategic pillars sustain these objectives, namely: internationalisation, partnership with business and, above all, its concept of the learning university.

The internationalisation implies that research and teaching at CBS are planned in an international context. Its standards are international. So are its benchmarking partners. CBS strives to participate in as many international research and teaching consortia as possible and English is used as the language for a large number of its graduate programs.

Partnership with Danish business materialises through jointly conceived training programs for business executives and by setting up "Business Research Centres" in different areas of interest. For their interpretation of the Learning University, reference is made to what is explained above about the learning school of thought.

D. *The entrepreneurial university*

It is felt that the learning school with its extensive learning capacity and with its enormous mobilizing power is the right approach for a complex

organisation in times of change and turbulence. Critics however point to the danger of wasting resources because of learning and engaging in wrong directions. That is exactly the correction that an influential author like Burton Clark suggests in his book about the "*entrepreneurial universities*" in Europe (Clark (1998)). His thinking is close to what is explained above about the learning school. He however adds the explicit need of a "stronger steering core". It remains however important that this steering fully respects "*the academic heartland*". Equally interesting is his use of so called *outreach offices* to escape the rather rigid and slow bureaucracy which is so typical in West European Universities. Outreach offices work under direct supervision of the rectorate and outside of the normal administrative procedures of the university. At K.U.Leuven, a good illustration is the industry-university interface Leuven Research and Development .

V. CONCLUSIONS

In recent years most institutions of higher learning have embarked upon one or other form of strategic management. Very often results have remained below expectations. The main reason for it most probably lies with the temptation to thoughtlessly copy the models used for industry. It is too easily neglected that such constructions are conceived for a completely different world. More than what is true for business, in higher education strategic management needs to be worked out with a keen eye on the specific organisational characteristics of that sector. To find out what is really important for strategic decision making in universities, instead of relying on yet another prescriptive model of yet another management guru, it is much more rewarding to start out from comparative benchmaking and to look at concrete cases of decision making in some major universities. Doing so, most striking in the educational world of today is the astonishing power of networking and strategic alliances that result from it. In a globalising world interuniversity competition for talent has become very real. Attracting and retaining best staff and students requires an allocation system that rewards excellence, allows for decentralised decision-making and makes bottom up growth of centres of excellence possible. In the egalitarian tradition of academic freedom, this last is not evident. For most universities it means a strengthening of the steering core. But that counteracts not only university tradition but also the decentralised decision-making. It is a delicate balance that can be reached not by top down command but by inspiring leadership of the flag waving type. Such steering is driven by a broadly shared vision over years slowly imbedded in the corporate culture of the institution.

On the condition that they are thoroughly adapted to the specific characteristics of higher education, some of the traditional models for strategic management from industry might contribute to an orderly approach of strategic decision-making. Among them the so called learning school stands out for dealing with the complexities of a modern university, which

more and more appears as a set of overlapping networks kept together by a well embedded mission statement.

NOTES

1. Reworked from a text presented ar the International Conference on Strategic Management and Institutional Research in Higher Education, Moscow, 3-4 December 2002.
2. Cambridge, Edinburgh, Geneva, Heidelberg, Helsinki, Karolinska, Leiden, Leuven, Milano, München, Oxford, Strasbourg.

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