

DOWN AND OUT: FACULTY DOWN-SIZING AT CU

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INSTRUCTORS' NOTES

CASE DESCRIPTION

The primary subject matter of this case concerns higher education leadership and handling personnel (particularly faculty) expenses during challenging financial times. Secondary issues examined include HR (Downsizing), organizational culture, Business Ethics, Change Management, and finance. The case has a difficulty level of six, appropriate for second year graduate level. The case is designed to be taught in two (2) class hours and is expected to require two (2) hours of outside preparation by students.

CASE SYNOPSIS

CU ("Case" University) provides an interesting example of higher education leadership and handling personnel (particularly faculty) expenses during challenging financial times. This case will explore the history of CU; the context of the financial challenges; the leadership actions taken toward faculty, particularly the faculty in the College of Business (COB); and ramifications for organizational culture and possible lessons learned for corporate (organizational) governance. We will focus on the events of the 2008-2009 school year in particular since this time frame provided the context for the down-sizing actions covered by this case. Hopefully the example and lessons learned can be applied widely to other institutions as a case study of what not to do in handling the down-sizing that can result from a financial crisis.

ASSIGNMENT QUESTIONS

HR (Downsizing): Review material and/or carry out research about best practices in down-sizing. Compare and contrast with CU's approach at the top level (Provost); at the departmental level (COB).

Business Ethics: Point out any potential ethical issues from the case. Why did they occur and what could have been done differently?

Change Management: Review best practices in change management (i.e. Kotter, *Leading Change*). Compare and contrast with CU's approach.

Organizational Culture: Describe the culture at CU and particularly COB. Analyze the actions of CU leaders (at Provost and COB levels) and how actions helped or hurt culture. What could they have done differently?

Finance: What could CU have done from a finance viewpoint to manage their challenges? Make recommendations for what they could have done to be better prepared to meet the challenges that occurred. What could they have done in the short run? ... Long run?

TEACHING NOTES

HR (Downsizing): It was reported that CU cut faculty by 10% overall in the 2008 academic year, whereas five other local universities used other means to control costs: All the others cut operation budgets. They limited new hires and reduced raise amounts as a way of working with faculty but none of the schools chose to dismiss large numbers (or any number) of faculty like CU. Also note that CU may have wanted to remove "dead wood" faculty since the school was moving in a different direction and saw these financial issues as an opportunity to do so. But the faculty who were let go seemed to be the opposite of "dead wood." Help students understand how and why organizations let certain people go and not others.

Business Ethics: Point out the business ethics issues: inconsistent forming and application of policy (having no policy in place to guide evaluation process) and how evaluations in COB were handled and how COB Dean was selected. Discuss lack of openness about how decisions were made. Help students understand how these issues should have been handled.

Change Management: Review Kotter's material (from *Leading Change*) or some other article on effective change management. Note that there seemed to be some positive change management steps when the new President came on board. Point out example(s) from the case and how they compared or contrasted with best practice steps.

Organizational Culture: Have students describe the culture as the new President was coming on board. ... during the down-sizing ... afterwards (i.e. use COB as an example). Discuss the issue of how seemingly incompetent people do well in organizations and why high performers sometimes appear as a threat to organizations. ... and how managing the political landscape sometimes seems more important than focusing on productivity. Both are pertinent but what does it do to culture when performers are let go? Use the COB aspects of the case as examples.

Currently, only four faculty are left in COB from 2008. The Dean who was appointed at that time has left to take a teaching position at another university. The new Dean seems like a solid hire with extensive research experience. The Center for Ethics is doing well and the Business School continues to offer programs at the undergraduate and graduate levels. Their moral focus seems to be weakened but is still present. The school has obtained funding to be names and branded.

The Provost left CU abruptly a year after the events described in this case and was replaced by an individual who seemed to recreate some of the positive faculty culture at CU. So, it was wondered if the Provost was brought in just to downsize ... there are no clear indicators either way.

Finance: CU seems to be holding their own financially. Time will tell but they seem to have enough Board and other support to remain solvent.