Reforming University Administration
To Enable Excellence

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It is a great honor for me to have the opportunity to speak twice in two months at this wonderful university. Last month, my topic was the process of innovation in Chinese higher education. Drawing on my experiences over the past seven years at Peking University and at NYU Shanghai, In those remarks, I was focused on China's efforts to ensure that some of its research universities are world class – world-class providers of leadership higher education, world-class producers of important academic research, and world-class attractors of talent that have "snowball effects" on their communities.

In those remarks, I discussed some of the structural barriers to reform, and I shared my suggestions for how those barriers can be overcome. The remarks are posted online, and I won't repeat them here.

Instead, I would like to build on those observations by discussing a particular area of potential reform: university administration. I want to focus on this particular area because it has multiplier effects. To the extent Chinese universities lag behind international standards in this area, it dramatically undermines efforts to rise in many other areas. If even one Chinese university can successfully reform itself in this area, the benefits will ripple across everything that it does. If Chinese think tanks can help to develop a reform template that can be followed by many Chinese universities, the benefits will ripple across all of Chinese higher education.

I should say that the reason I have been focused on this topic is the Shanghai Municipal Education Commission. I currently serve as the Vice Chancellor of NYU Shanghai, a Sino-American joint venture university that was founded through an agreement among the City of Shanghai, the District of Pudong, New York University, and East China Normal University.

That agreement, which was pushed forward by the city of Shanghai and was signed in April 2010, declared that NYU Shanghai was to establish "a new model for Chinese universities, with the highest standards of excellence, administration, management, research, funding, and teaching." I have long been struck by the order in which those terms are listed. Why would administration and management be listed at all? And certainly why would they be listed before research and teaching?

The answer is that the city of Shanghai recognized an important truth: if administration and management are not set at the highest global standard, it will be impossible for research and teaching to reach those standards.

Modern scholarship about organizations distinguishes between an organization's "core functions" and what are sometimes referred to as "business enabling functions." If the administrative culture is not appropriate, the business enabling functions can become business disabling functions; they can interfere with the organization's ability to achieve its primary goals.

This is just as true of universities. A university's core functions – its primary goals – are excellence in teaching and research. The employees who have the greatest responsibility for achieving those goals are the faculty members. But faculty members do not constitute not the majority of the people who work at a university.

The majority of a university's employees constitute its administrative team, and their work should all be "enabling." The administrative staff enables the university to attract talented faculty to carry out core functions as well as they can, and the administrative staff enables the university to attract talented students and give them a valuable learning experience.

The span of enabling work is enormous. It includes tasks that are often described as "academic" (such as course registration, student advising, library work, and laboratory operations), tasks that are often described as "operational" (such as public safety, facilities maintenance, and development), and tasks that are often described as "procedural." This last, procedural category comprises a set of tasks that pertain to how the university operates as an institution (such as budgeting, purchasing, human resources, and legal compliance).

Modern organization theory has taught us a great deal about how universities can improve performance of all their enabling functions, and the best world-class universities are incorporating that learning into their operations. The starting point is the fact that a university's core functions of teaching and research are very different from the core functions of a factory. Excellence in those functions demands creativity and innovation.

Organizations that are devoted to creativity and innovation depend on employees who are motivated and happy, employees who are willing to go beyond the minimum, to help promote the organization's success. A high-performing university administrative culture therefore encourages employee initiative, prudent risk taking, mutual trust, and mutual support. If NYU Shanghai is working well, morale among employees will be high. The university as a whole will have higher productivity and reduced turnover; more importantly, employees will feel better about their lives.

I would like now to describe ten principles of university administration that, I would respectfully submit, are not always followed at universities today – inside or outside China. When these principles are followed, universities are able to realize their true potential. When they are not followed, a university will be less effective than it should be, given the student, faculty, and staff talent it has attracted.

1. Focus on Operational Excellence. Operational excellence means promoting the organization's core functions effectively and efficiently. It means doing everything at the highest level of quality, without wasting resources. Successful organizations take pride in the effectiveness and

efficiency of their operations. And they are constantly searching for ways to do better.

2. <u>Enable, Don't Disable</u>. Administrators are responsible for promoting certain process goals such as "consistency," "fairness," and "record-keeping." These goals are very important. But they are not the university's only goals; they are not even its primary goals.

In low-performing universities, administrators make the mistake of thinking that their responsibilities are the most important responsibilities. They start to describe their jobs as "managing" the faculty, "managing" the students, and even "managing" each other.

In high-performing universities, administrators always remember that their functions are "enabling functions." They commit themselves to building "service cultures." They train their teams to "always search for a way to say yes." They define success to be when whether others see them as "helpful" rather than "not helpful," "supportive" rather than "controlling."

3. <u>Recognize Bureaucracy As An Existential Risk</u>. In low-performing organizations, administrators who have responsibility for process goals tend to advance those goals by constructing bureaucratic systems that waste other people's time and energy. By doing so, they reduce the university's ability to carry out its primary functions of research and teaching at the highest possible level.

Skillful administrators who are committed to operational excellence are constantly thinking about the burdens their procedures are imposing on others. They design their procedures according to the principle that they must place no unnecessary demands on the time and energy of the rest of the organization.

4. <u>Find Solutions</u>. All organizations promote multiple goals that are sometimes in tension with one another. In a university, such goals might include, "Follow the rules," "Treat all students the same" and "Give students the support they need." Low-performing organizations develop a culture in which employees are trained to fear criticism. In such a culture, workers make one goal – "follow the rules" – into a key goal that

drives their behavior, and they try never to do anything that might risk being criticized as undermining that goal. In practice, they end up spending much of their time saying, "Mei Ban Fa," or "That's Not My Job."

Successful organizations develop a different kind of culture. They train their employees to treat goal tensions as puzzles. The challenge is to find a creative way to serve both goals at the same time. Is there a way for me to help this person without breaking any rules?

5. <u>Promote Simplicity and Agility</u>. In large organizations, procedures tend naturally to become more complex and inefficient over time. Successful organizations embrace the principle that "Less Is More." They constantly review and update their operational systems, policies, and practices, with a mandate to "simplify, simplify, simplify." That concept makes the organization more agile by eliminating rigidities. And it makes work life more enjoyable and sustainable for every employee.

6. <u>Create a Culture of Connectedness</u>. In military organizations, hierarchical pyramid structures can promote operational effectiveness. In universities, however, such structures damage effectiveness and efficiency by creating information silos and worker alienation. High-performing universities develop a "culture of connectedness" that promotes communication and solidarity across units. They do not force artificial, group decision making; instead, they empower individual judgment and encourage widespread sharing of information.

7. <u>Align Individual Incentives</u>. Successful organizations recognize all their workers as talented individuals who detect and respond to the incentives around them. Such organizations are alert to the benefits of healthy incentives and the dangers of perverse incentives. To encourage effort, they emphasize merit over seniority. To encourage creativity and avoid risk aversion, they celebrate success publicly, correct mistakes in private, and teach managers how to be coaches, not disciplinarians.

8. <u>Encourage Everyone To Speak Up</u>. Successful organizations recognize that "leaders" do not have all the answers, or even all the questions. They encourage all employees to identify things that are not working well, and to propose improvements.

9. Avoid Technological Depersonalization. Successful organizations recognize that technology encourages impersonal forms of communication that breed resentment and resistance. They use technology to make information more widely available and operations more effective, while training their employees to make sure that communications remain personal, respectful, and humane.

10. Assess The Right Things. Successful organizations articulate their goals and assess whether they are achieving them. In doing so, they recognize the dangers (to both understanding and incentives) of overvaluing what is easily measured and undervaluing what is difficult to measure. In the words of William Bruce Cameron, "[N]ot everything that can be counted counts, and not everything that counts can be counted."

In my experience, few universities are able to fully adhere to all ten of these principles. At the same time, part of why the city of Shanghai wanted NYU Shanghai to be a model for international-standard administration is the widespread perception that Chinese universities have significant opportunities to get stronger in this area.

I can think of three culture-related reasons why that might be the case.

One such reason would be the Chinese tradition of concentrating all attention on the leader. This tradition has the benefit of ensuring that the leader has maximum opportunity to express ideas. But it also has the cost of discouraging lower-level workers from speaking up.

A second such reason would be the Chinese tradition of perfectionism. Throughout their education, Chinese students are taught the importance of getting everything right, the importance of making no mistakes, the importance of never failing. This tradition has the benefit of developing a tremendous work ethic among workers. But it also has the cost of making them afraid to take risks, afraid to make mistakes, afraid to do anything for which they might be criticized.

A third such reason would be a tendency in contemporary China to distrust individuals outside a close circle. In low-trust environments, it is necessary to spend precious resources monitoring others to be sure that they are meeting their commitments. Moreover, the practice of monitor-

ing itself reinforces mutual mistrust. In high-trust organizations, those resources can be invested productively. A number of my Chinese friends have suggested that creating higher levels of mutual trust is a key element in today's continuing development of Chinese organizations.

If China is to get maximum value from its universities, it needs to find a way to develop a new harmonization between local culture and international standards of university administration. How can this be done?

My experience in China has taught me that one is unlikely to bring about meaningful improvement by imposing new expectations from above. Such initiatives usually trigger suspicion, resistance, and backlash. Change is difficult anywhere, and it is especially difficult in circumstances where suspicious people are not yet persuaded that change will be helpful.

Instead, my experience in China has taught me that the most effective path to change is a multi-step path. The first step is to find a volunteer experimenter. In this case, a Chinese university leader needs to see the potential benefits to his institution and be interested in experimenting.

The second step is strong implementation. In my experience, dramatic culture change does not come about in a large organization merely because the leader requests it. Implementation demands sustained training and repetition, making use of teaching techniques that allow each individual member of the organization to "own" the change through practice.

The third step is rigorous assessment. Other universities will not follow the lead of the experimenter unless they see convincing evidence that the experiment brings significant benefits. In this case, that means gathering data beforehand, so that before-and-after comparisons can be made. The data does not have to be gathered in an intrusive or artificial way. It can be qualitative and impressionistic. But it should nonetheless be gathered.

And this is where I believe a think tank could be enormously helpful. When one hears about changes of this magnitude, they can sound daunting. A think tank could certainly decide to turn this sort of change into an

area of expertise. It could prepare materials that document what modern management theory has to say about creating effective, empowered organizations and that offer suggestions about how to harmonize the teachings of such theory with Chinese cultural norms and expectations. It could prepare materials that would support the leadership of a university interested in implementing a program to strengthen its administrative culture. It could offer to provide personal assistance to any university that wishes to undertake such an experiment. And it could offer to conduct evaluations of the results of an experiment, and to make its findings available to the larger university community.

We are early in the process of embarking on such an experiment at NYU Shanghai. It will be a long journey, and we will encounter many unexpected successes and problems along the way. I look forward to reporting further about what we learn from this experiment in the years to come.