



The future of higher education today, series 2

Episode 2: How do higher education institutions lead strategic change? – Transcript

Aaron Porter

Thank you for joining us for the Future of Higher Education Today. The podcast bringing people together to talk about the biggest issues facing universities and higher education. A series produced by Universities UK and Advance HE. My name is Aaron Porter, Associate Director, Governance at Advance HE and I'm hosting this four-episode series with a focus on governing and leading change and transformation in the higher education sector.

Today's episode looks at the drivers for strategic reviews in UK further and higher education institutions, as well as some indicators of successful change programmes.

Joining me today for our session is Professor Sir Steve West, Vice-Chancellor and President of the University of the West of England.

Steve West

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Aaron Porter

Debra Gray, Principal and CEO of Hull College. And Trusha Lakhani, CEO of Great Business Matters.

Debra Gray

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Trusha Lakhani

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Aaron Porter

I'm going to kick off with our opening question.

And I just wondered if they could share some thoughts on what the circumstances are that have led them to embark on a strategic review of their business model in their respective institutions and how that went about? So, we'll start with you, Steve.

Steve West

Thanks Aaron. Great to be here. I guess the starting place for me was if we continued doing what we were doing, we would quickly hit a brick wall in that our model, predated on, I guess, a similar model that we were using over the last ten, fifteen years was running out of steam. And that really was the focus.

We had a number of shocks around inflation uplift not being available to us. The international students and reducing numbers. But also increasing costs within a university and complexity within the things that we were doing, which was becoming unmanageable. And really those things came together, and we took the opportunity just to reflect on our 2030 strategy and asked ourselves:

Are we on track? Are we likely to deliver this strategy, or do we need to change some of what we were doing in light of the circumstances that we found ourselves in?

Aaron Porter

That's a really helpful sort of scene setter for us. And as you say, we'll unpack some of that detail in just a second. Thanks, Steve. Debra, I wonder the circumstances for you at Hull College and more generally across the college sector.

It's a really interesting question. And Hull College is certainly a case study of why looking long term strategically at your business model pays off.

Debra Gray

The real simple answer is we were in financial distress, and we had been subject to government intervention. The role of the FE commissioner and our funding bodies. And that brings with it a whole range of challenges and becoming principal of a

college that's already in financial distress, you have a very limited number of levers at your disposal.

But essentially, we had found ourselves in this position for reasons that, in theory at least, could have been predicted or protected against. And I think it's very similar to some of what we're seeing, certainly in the HE sector with our colleagues in HEIs. So, we'd seen kind of overoptimistic recruitment targets, which meant that potentially from September you were already in deficit unless your budget was absolutely spot on. We'd probably missed opportunities for digital transformation and hadn't really controlled resource management as well as we should have done, particularly staffing.

And I think we hadn't had the foresight to adapt to those financial realities. And that for us meant, you know, we'd got declines in student numbers. We'd got very significant upswings in operational costs. Utilities alone were incredibly high. And when I think about those things, that's all on the downside. That's what triggers. But also what's a real trigger is how do we lead.

So, the college had suffered from this distress. And as a result, they hadn't led from the sector basis on anything. So, a review of the business model wasn't just how do we save money, how do we become more efficient, how do I bank cash to invest for staff and students? It was also how do we position the college as a leader in its field?

How do we take our rightful place on the national and international stage in AI, in digital transformation, in student mobility, all the things that we're really, really good at. So, it was two pronged. It was to control costs, to bank cash for investment and also to place the college really at the forefront of what it did very well.

Aaron Porter

Trusha, if I might turn to you and I know that you've worked with a number of organisations, sometimes in interim ways. So, you might be thinking about a number of institutions as you offer some reflections.

But I wonder if there are any kind of general principles which have been have applied successfully when you've worked with institutions thinking about strategic reviews of their business model.

Trusha Lakhani

Educational organisations are facing financial pressures. You know, sometimes it's in declining enrolments. Sometimes and quite often, you know, it's the funding hasn't

quite reached the inflationary levels. And there is increased competition between institutions as well. So, everyone's marketing for the same level.

So, that adds to financial pressures, whether people see it or not.

Now, when you've got financial pressures to invest in technologies quite hard because you're looking at the day to day running rather than the growth. So, the technological pressures and everyone knows that applying good technology reduces the cost.

But before you do that, you've actually got to spend money in putting these things in. So, it's ensuring that educational institutions have the ability or the funding to get the right technologies in place for themselves. Part of it operationally to help them run the organisation. And the other bit it's to help them teach differently to educate people differently because organisations, especially any educational organisation, is multi-layered.

So, you've got to apply it in different layers.

Employer expectations change and it's keeping in line with them. So, it's planning the courses. So, you've actually got to plan three or four years ahead. So, it's having the conversations with employers for skills and the courses that those skills require.

And it's also linking up with the right businesses and stakeholders as well. So, you understand the demands that the market is putting across on the educational institutions.

Aaron Porter

I'm going to move the conversation on to a related point, but, around sort of the milestones of success. I think we've set out clear reasons to make the change.

But then I wonder, were there particular performance indicators or milestone or measures that you would point to along the way that you felt right, we have perhaps delivered this particular change or made this amount of saving?

Steve West

So, I go back to the strategy and having a very clear long-term vision about what you want to be. If you haven't got that, then in effect, you're just, if you're chasing the finances, you end up, frankly, salami slicing everything. And that never is a good thing to do. So, we set sail having a very strong balance sheet and a real vision of what we wanted to be. And we classified it under three headings.

Our purpose. What's our core purpose?

Being really clear what our institution is about, what it stands for, what its values are, what we believe in, both in respect of our learning and teaching and our research and innovation and our contribution to the civic community that we serve. So, clarity and purpose number one.

Then secondly, we looked at our people, both staff and students and our external stakeholders. And then the third thing that we had was around place. What do we want to say in terms of place shaping.

And that really aligned to the 2030 strategy. And so, we set sail on this three years ago. And that's the other thing that I would say. We took action way before we hit any financial stresses. And that's important because that allowed us to get upstream in terms of some of the investments that we needed to make in order to shape our future.

So, what we did, we set up a university transformation programme. It does have a very clear leadership. I am the executive sponsor of it. I chair that group and every programme and every project that we're doing within a framework programmatic and project transformation led by those workstreams led by individual sponsors, but all reporting into one board crossing the academic space, the research space, and the professional services space.

And we were looking to broadly take out 15%, one-five % of our total operating costs.

In the first year, we delivered 11 million. Second year, 20 million. We're now going into the third year, which is 22 million.

And we delivered on the money, or we're delivering on the money. But we need to do it without breaking the university. And that, because in the end, we want the university to thrive and prosper and to continue to do more of what we believe is the right thing for us as an institution.

And one of the early pieces of work we did was a subject readiness review. Which was looking at our academic portfolio, the market, our performance and our attractiveness and the outcomes.

And we looked back, three, four years and then we projected forward three or four years. And that's giving us some KPIs that we're now monitoring and managing. We did the same for our research. So, a research readiness review. And we looked at where have we got real strength.

Then the final piece was a professional services review, which we've just completed, which tipped the professional services on their head. Why do they exist? How do they support the core purpose? Where are the overlaps? Where are the bureaucracies

And the final bit was recognising as a university we need to be more agile and fluid. So, the days of having one intake a year, remember those days? Whilst half the university enjoys and would love to be in that space, the vast majority of the world has moved on beyond that.

And it's not unusual to have six, seven or eight intakes a year. So, the whole university structures and business models have to be able to change in order to deliver that agility. But why is that important? Well because that's what the market wants. And in the end, it's best if you can stay ahead of the market and easily respond to it, rather than running and trying to catch up afterwards.

So, those were the things that the board were tracking and wanting to understand. And of course, because we're doing this in live time, what they're really interested in is: are we doing any damage to the staff and students who are here now? Because promising them in two, three, four years' time that it's going to be fantastic doesn't cut it.

It has to be delivered now.

Aaron Porter

It's really interesting what you've said, Steve. And at one level, having measures which really go across the strategic ambitions of the institution. So, student experience ones, research measures, civic measures makes total sense because you said in answer to the previous question, actually, it was the strategic drivers of the institution that drove, that initiated or in part initiated this.

I think Debra will kind of recognise, you know, the organisational changes. But it sounds like you had a slightly different kind of burning platform that was more immediate to you.

And I wondered if that meant that the measures that you were looking at were more obviously financial, or were you able to keep that wider organisational perspective?

Debra Gray

Again, a really interesting question. And I've been listening to Steve very intently. Because he's absolutely right that the earlier you catch this and the more strategic foresight you have, the better prepared you are to deal with the outcomes.

I didn't have that luxury. I'd inherited a college that was already in very, very challenging circumstances. Financially, quality, reputationally. Anything that that could go wrong, had gone wrong already.

Working with the board became easy because at that point you really, really have got only one way to go. But context, I think, is everything. So, if you'll just indulge me for a moment.

So, although I lead a large further education college, we are also a higher education institution in our own right. We have foundation degree awarding powers, and we serve the city of Hull, which is the fourth most deprived local authority in England. So, what we see here is quite unique in terms of the pattern of our students, where they go and what they do. And inheriting what is essentially a college that has failed means you have to make a very clear line in the sand between then and now.

I was very clear, as were my team, that Hull College, whether that's FE or HE, you need it to be world class.

Because being good won't cut it in an area that serves the level of deprivation that we do. And I make no apologies for having that ambition.

We will be world class. It is our journey. We own it and we will make that happen.

So, what does that look like in our context? Because, you know, world class is a very nebulous thing, isn't it? Well, for us it was about the financial metrics. So, we needed to move what was essentially an inadequate financial position to be an outstanding financial position. And we did that.

We did that in two years, which was faster than I thought we could. And we did it without making redundancies, which is something I'm very proud of.

You know, essentially as a new senior leader, you can do evolution or revolution, can't you.

Those are the two back pocket tools you have. And I couldn't afford revolution because of the washing machine the college had already been through. It would just break it further. And I didn't have the time for evolution. So, I kind of did something that I'm terming evolution at pace. I took all the evolutionary moves, but what you would have done over maybe ten years or so we did in about two.

So, we secured financial stability. We were able to move from a very significant deficit to being an operating surplus within two years. We also had very significant quality problems. So, we were graded as requires improvement twice on the bounce by Ofsted. And we were under observation I think it's fair to say by the OFS. And from our point of view, that's our core business.

If we can't get that right, well what really is going on there? So, we gutted and rebuilt our curriculum to match local labour market intelligence and regional labour market intelligence. We built in proper scrutiny for our teaching practices and really highly effective continuing professional development for our teaching practitioners at all levels HE and FE.

We challenged very robustly our support teams. I was very pleased to hear Steve have those same conversations.

Why do these processes exist? What do they do for the institution? Are you doing it for you? Are you doing it for the students? Is the tail wagging the dog? And kind of gutted and rebuilt all of those relationships.

Our reputation had been really very, very badly damaged.

So, we got shoe leather out on the road. I went to see every CEO within like a 30-mile radius. I didn't send my team out. I did it, you know, and I wasn't after their business because at that point we weren't strong enough to really take their business.

but I wanted to open the door to the relationship because it was the relationship that mattered, not the business. We also wanted to validate all of that by securing external recognition. And we had gone for maybe 15 years or so without winning kind of a single award. Last year we won 18, some of them international.

And we also have absolutely established ourselves as a thought leader in AI and digital transformation, particularly with marginalised groups like English for speakers of other languages and SEN students.

What I would say is we started absolutely with the end point in mind. In four years, we will be a world class further and higher education college. That's what we will be.

So, what are the steps that you need to go through to make that happen? And then you start and then you go, and you don't stop.

And although that was a four-year movement and we're kind of just over two years into that now, I don't anticipate that stopping because world class doesn't stop. You don't hit a marker and think, okay, we've done it now. I'll just, you know, I'll hang my principal shoes up and, you know, do something else. What does the next iteration of world class look like?

What will the fourth and fifth industrial revolutions bring to us? How do we aid our communities and our employers with inward investment? The Hull is an incredibly deprived region, but rich with opportunities. What's our part to play in that? How do we take our stage regionally as well as nationally and internationally? So, I hope that gives you some sense of how we put those markers in the sand.

Aaron Porter

Trusha, I'm going to move to something slightly different and wonder if you've got any perspectives on. We've heard two really fascinating and fantastic examples of institutional change and indeed ongoing change also.

But I wonder if there are some things that are common missteps or common challenges which often are encountered when going through sort of strategic change like this. Are there things that can perhaps commonly go wrong, or perhaps are sensible safeguards to have in place to avoid common mistakes from happening?

Trusha Lakhani

Really good question, Aaron. And yes, you know, when you're going through change, whether it's delivered with strong financial resources or you've got to, you know, you create a vision, you create goals, you create plans. And it's bringing other people along with you. And so, it's within the goals in the plans it's also to understand where the resistance to change might happen. Because there will be, you know, the people who have been in the role for a long time, done things a particular way and suddenly they feel challenged in that, and they can't see the big picture.

And it's taking them along and you know, being, it's what I call creating that empathetic leadership that we're seeing with what Steve and Debra have said. You have to be tough with it. But you've also got to understand that the people on the other side don't always see it from your point of view.

They only see it from where they're sitting, and they feel a bit of pain but not quite understanding where the pain's taking them. So, it's understanding them and taking them through that. So, you can have vision and goals. But to me a goal is if I could describe a goal in the way I see it sometimes it's like it's like on a GPS. On a sat nav.

It is the, it's your postcode, so you know exactly where you're landing. And a well-set goal always happens as Debra's just said, you know, that they hit a goal in two years. You know, they thought it would take longer. So, well set goal would always happen. And the plan is the roadmap. So, you know, if you give people a roadmap it seems hard.

But a goal sometimes helps bring them along the way. The other one that is, you know, it's most organisations feel is resource limitations. And I'm not just going to say finance because finance is the obvious one. But sometimes you have gaps in skills or finding the right people, or training gaps. So, there are lots and lots of resources, even space sometimes,

or sometimes you've got too much space, you don't know what to do with it. So, it's all of those things that need to be managed whilst you're managing the resistance to change.

Let me ask a final question, which is really about advice. And we've had quite a lot of it already in this discussion. But I wonder whether you've, if you've, if you particularly received any valuable advice when you went through or have been going through the process? Or if there's any advice that you would want to share with others that are maybe about to go through a similar such process in their institution?

I think the best piece of leadership advice I was given was always just be authentic.

So, I started as a further education practitioner. I'm still, I'm a teacher in my bones. I love what I do. I love the further education sector. But I actually got my start in higher education. So, this isn't just a job for me. This is absolutely why I get out of bed every single day. I care about every one of my students and every one of my staff.

And I didn't hide that in anything I did. And I think that authenticity, walking the floors, making sure I was connecting with people really mattered and really made the difference. Particularly because I was new, coming into what was quite a turbulent time. And I think the other piece of advice that I was given, and this was way, way back in my career was, you know, be transparent and be decisive.

If you are if you can't make a decision, how do you expect your team to have any confidence that you can lead properly? And if you can't explain that decision in ways they can understand, what are you doing?

In terms of what I would say to others who find themselves in challenging circumstances.

And, you know, let's be honest, in our sector, whichever phase you are in, there are many of us in that position. I would say be brutally honest with yourself. You know, if you have outdated models that don't work, face that truth. Because your institution survival depends on it. And more importantly, so does your students. And those students matter.

Their lives matter. Their futures matter. It's not something you can afford to ignore because it's inconvenient. Sugar coating does not solve problems, it prolongs them. I think the next thing I would say, being a Yorkshire woman, you might expect this from me, but line by line, penny by penny analysis of where your money is going. Because you might find some absolute howlers in there where you just like, Really? We spend this much on this? And it might help make some strategic decisions.

So, transformation really isn't glamorous. You know, I'm 21. It just, it's taken the years off me. So, it's not glamorous. It's granular. So, during our overhaul, we evaluated every penny line by line, because every pound wasted was a pound stolen from front line services. And if you're not ready to dig that deep, don't bother starting.

I think the next thing I would say is data is your lifeline. You have to operate on the basis of what you understand, and you only understand what you have credible data to support. You really shouldn't make bold moves on the basis of guesswork and gut instinct, because you can be wrong, and you can be biased. And I think the last thing I would say, and it's probably less of an issue for the further education sector because, you know, cards on the table, we've never been flush with cash.

But you really need to eliminate any vanity spending. It's not about looking good on paper. It's about building sustainable success. So, cut what doesn't serve the mission. As Steve rightly said, the missions is everything. Where are we going? What are we

going to do? Cut what doesn't serve the mission. And that's kind of the advice I would give.

Aaron Porter

You've offered lots of lots of bits of advice. I don't if there's any final nuggets that either Trusha or Steve would like to throw into the pot.

Steve West

I've been at the university almost 30 years. Coming up for 20 years as the vice-chancellor. So, this place, I'm invested in this place, and I admit we got some things wrong.

So, I was really clear from the outset that to be authentic you have to be able to admit when it's not quite working and build the team with determination that is going to make sure that you don't repeat those mistakes, or you try and avoid them as best you can. So, for me it's about painting the big picture. Providing the hope, providing the direction and then sticking to that, even when it got slightly difficult.

So, inevitably, you know, vice-chancellors' pay and all the other bits and pieces that get thrown at you all the time. In the end, it's about doing the best you possibly can for the institution. Any vice-chancellor, principal, chief executive is there for a moment in time. Our job is to make it better for whatever follows.

And most important of all, we need to ensure that we give the students who are with us the best possible opportunities and the best quality of education we can provide. Because promising it tomorrow isn't going to help them.

Aaron Porter

I think that driving ambition of seeking to ensure the organisation and its stakeholders, its community, is better served by the time you finish or into the future compared to where it is now.

You know that what that constant quest for improvement is something that can, you know, make sure that you can keep getting up every day and face those difficult decisions that inevitably come with these sorts of processes. So, I think that's really helpful to hear. And Trusha, the final voice to you, final opportunity to you, any final reflections that you'd want to add into the conversation.

Trusha Lakhani

Again, what Debra and Steve have said is exactly under the leadership that the reviews are. And, you know, the mistakes that can make when you're doing reviews like this, you know, you accept them as a leader, and you own them. But at the same time, it's the differentiation, because everyone looks at higher education organisations and think, well, it's all the same. But you are all different. Each and every one that I have met is different. The way you approach it. And it's so you attract the students and the staff that then honour your difference. So, if that's always kept in the vision and goals, you thrive.

And so, to me it's what makes you different and have that always as a question for yourselves. And that's where I've seen organisations do really, really well.

Aaron Porter

Fantastic. Well, that's a lovely note to finish on. It's been so wonderful to hear three fantastic perspectives on, you know, realising and pursuing change. I think what's interesting also is that none of you have said it's job done.

We can, you know, we can lie back. I think this is a feature of the environment that we're in.

So can I thank Steve, Debra and Trusha for some fantastic insights. Thanks for listening. And we'll be, we'll join you for the next session in due course. Thank you.