

## *Money & Management*

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### CONFERENCE NOTEBOOK

#### **'The Campus of the Future': Financially Sound and Well-Designed, With Potato-Starch Cutlery**

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Honolulu

More than 4,000 college financial officers, planners, facilities managers, and other officials gathered here last week for the first-of-its-kind joint meeting of three higher-education associations: the Association of Higher Education Facilities Officers, the National Association of College and University Business Officers, and the Society for College and University Planning. The meeting, dubbed "the Campus of the Future," focused on key issues and trends in the coming decades.

To open the meeting, four experts laid out the issues they expected to occupy the time of college officials in the future. Money, of course, was one of them.

In the years ahead, most of the nation's colleges might find it difficult to provide the same level of service they offer today without making substantial changes in how they manage their endowments and fund-raising operations, said one of the experts, Michael H. Strauss.

"We're going to be challenged if we don't improve productivity or efficiency or bring in new dollars," said Mr. Strauss, chief economist and chief operating officer of Commonfund, which manages endowments for hundreds of colleges.

He predicted that over the next two decades, institutions with endowments greater than \$1-billion (there are about 60 now) would get an average return on investments of 9.8 percent, compared with 8.4 percent for the many more with endowments between \$51-million and \$100-million. Assuming that, he projected that 64 percent of the wealthier institutions would be able to provide the same level of service as they do today, compared with just under 50 percent of the poorer institutions.

He said colleges with small endowments are too liquid, and could learn a lesson from wealthier institutions in how they allocate their portfolios. Wealthier institutions, meanwhile, should be concerned with how much their endowments currently support their annual operating budgets. At institutions with endowments greater than \$500-million, those funds cover 17 percent of the yearly budget. (They provide 14 percent of annual budgets at colleges with endowments between \$101-million and \$500-million.)

"It will be difficult for the number to go much higher," Mr. Strauss said, given the current return rates of endowments and the flow of donations.

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Technology has actually become so advanced that architects and college planners do not have to design for it anymore. Now they have a tougher job: They have to go back to designing college spaces for people.

That revelation came in a session focused on "planning for the informal learning landscape." Today's college students — who are part of a demographic group called the "Net generation" or the "millennials" — are known to thrive in (or at least prefer) informal and nontraditional learning. They like group study, real-world problems, experiential learning, and improvised study environments. They do as much or more learning outside the classroom as in it.

They are also deeply engaged with technology. But technology has gotten so small and portable that it makes fewer demands on space design, said the session's leaders, Shirley Dugdale, director of learning environments at the design firm DEGW North America, and Philip Long, senior strategist for academic computing at the Massachusetts Institute of Technology.

So buildings designed for the new generation of learners should be designed with flexible spaces, movable furniture that allows students to spread out, and a lot of natural light.

Designers should also find ways to make use of "transitional space" — the places where students gather before and after classes. Those places might be outfitted with wireless Internet access or outlets to support the technology that students bring.

Mr. Long said the transitional spaces might also include public chalkboards, which can support conversations about the topics of a class after that class is over, as students and professor spill out into the hall.

Institutions should encourage the development of "blended spaces" — where students can mix eating and relaxing with study and discussion. Designers can exploit food as an attraction, but Ms. Dugdale pointed out that the new generation wants higher-quality, healthful food. She said that some cafes now have "open-source menus," where students contribute recipes and food suggestions.

And, amid the triumph of technology, colleges should preserve "sanctuaries," like the quiet spaces of a library or the serenity of a green spot outdoors, where students can meditate and reflect.

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Unless college leaders do more to identify and nurture new talent, higher education will face a leadership crisis in the coming decades as the baby-boom generation of college officials retires, and the pool of potential replacements shrinks.

That warning came from two consultants from Witt/Kieffer, an executive-search firm, during a session on creating a leadership pipeline.

Searches for senior college executives take longer and produce small pools of less-qualified candidates, where the finalists often decline offers in favor of other opportunities, said Jane Courson, one of the consultants.

Ms. Courson said a smaller number of people ages 35 to 44 are ready to take the places of retiring baby boomers.

But demographics are not the only issue. Ms. Courson said colleges lag behind the private sector in finding and developing talent. The corporate world, she said, "is quicker to react and is more creative and proactive" about succession planning.

Companies do a better job than colleges of identifying "visible career paths" for key employees, creating work-life balance, and, most of all, of putting in place different types of compensation and bonus policies.

With employee turnover at colleges averaging 17 percent a year, the impact on an institution's bottom line is great, said Alice Miller, another consultant at Witt/Kieffer. The cost of replacing an employee is at least one and a half times his salary. There are indirect costs as well.

Retirements of particular concern are those of administrators at the vice-presidential level. Several attendees said a focus on reducing administrative staff in recent years in an effort to cut budgets had decimated their ranks to the point that few people were left in the succession pipeline. That has forced colleges to look outside higher education for senior executives, who then have to learn the peculiarities of how colleges are managed.

Ms. Miller said "it's already too late" for colleges to make changes that would smooth the transition for retirements happening soon.

But she and Ms. Courson, along with four college administrators on the panel, did offer some suggestions on how institutions can better develop leaders. They recommended that colleges:

- Forget the old ideal that people want to work at colleges because they are educating the future; tell people why they should work there.
- Always do searches for top jobs, to build the creditability of internal candidates or to establish the creditability of outside candidates.
- Recruit alumni to work at the institution.

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When it comes to the state of sustainability in higher education, the good news is that colleges seem committed to doing something about it in the future. But they have a long road ahead, and, in some cases, they are traveling in the wrong direction.

That was the conclusion of Shelley M. Kaplan, associate vice president for facilities management at Babson College, and Ellen Watts, a principal at the firm Architerra, based on their surveys of 11 colleges in the Boston area.

If all of those colleges adopt sustainable practices, their impact could be huge: The colleges together operate 60 million square feet of office space, more than the entire commercial office market in Boston. They have 32,000 parking spaces and 2,700 acres of land, about three times the size of Central Park. And they are the homes and workplaces of 135,000 people.

But the colleges' commitment to sustainability varied widely, and in some cases, the colleges were taking steps back. For example, even though energy costs have gone up considerably since 2003, energy use per person on the campuses also went up an average of 60 percent from 2003 to 2005.

Their progress on sustainable practices also varied. Of 29 practices included in the survey, including campuswide recycling and participation in "green building" programs, the most sustainable institution was participating in more than 80 percent of the practices, while the least sustainable ones were participating in 40 percent.

Some institutions were participating in the building-certification system of the U.S. Green Building Council's Leadership in Energy and Environmental Design program or had LEED-certified buildings on their campuses, while others had no plans whatsoever for green buildings.

Their research showed that buildings constructed to LEED standards don't cost more than those of standard construction. Cost control and sustainability "do not need to be mutually exclusive," Mr. Kaplan said, adding that buildings themselves can become teaching tools. "If we do not inculcate sustainability into the classroom, we are missing a huge opportunity."

Of 1,200 buildings in the Boston Consortium, only six were LEED certified.

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Colleges need to refocus their missions to help American students compete in a global economy, Thomas L. Friedman, author and *New York Times* columnist, told a standing-room-only crowd.

Mr. Friedman, author of *The World Is Flat: A Brief History of the Twenty-First Century*, said that China and India would challenge the role of the United States as a superpower in the 21st century, and that the United States would "not win by default."

Regarding America's ability to prevail in that battle, Mr. Friedman said he was much more optimistic now than he was when he finished his book in late 2004.

Since then, he said, he has traveled throughout the country and realized that America's entrepreneurial spirit and political and economic systems confer a big advantage. Unlike China, he said, the United States does not "censor Google."

Still, he warned, if the United States is to succeed in maintaining its economic dominance in the world, the country's education system needs to improve and change. "We don't just need more education, we need the right kind of education," he said.

Students, he said, will need to be synthesizers, explainers, and adapters, as well as leveragers, who can figure out how one person can do the jobs of 20, and "localizers," who can discover local angles to global businesses.

They must also have skills as collaborators and "passionate personalizers," he said, and as developers of "green," or environmentally sustainable, enterprises.

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Continental Airlines' current in-flight magazine notes that a jet plane can burn some 30,000 gallons of fuel on a long trip — the sort of journey that thousands of administrators made to get to this conference. On average each person attending the conference traveled about 8,000 miles and was responsible for the release of some five tons of carbon dioxide along the way.

Since sustainability was a theme of the conference, organizers offered a way for attendees to soften the environmental impact of the trips. For a tax-deductible \$25 donation, people at the meeting could support programs in alternative energy, energy conservation, and reforestation — and thereby offset the carbon dioxide they dumped into the atmosphere to get to the island.

Anthony D. Cortese, president of Second Nature, a nonprofit organization that works with colleges on environmental issues, helped devise the carbon-offset program. He was not sure how many conferencegoers participated. In the future, he said, the associations that organize conferences might give people the opportunity to purchase carbon offsets when they register.

The "Campus of the Future" organizers tried to minimize environmental impacts in the conference's everyday operations as well. Paper handouts and conference programs were limited — people will be able to download materials from Web sites instead. Leftover food from the breakfast and lunch events was donated to local social-service organizations.

At the opening reception, where college administrators and corporate sponsors noshed on Hawaiian delights, beer bottles were thrown into bins for clear, green, and brown glass. The hors d'oeuvres plates were made from sugar-cane pulp, and the cutlery was composed of potato starch.

"Most people realize that they are creating a big impact by coming here," Mr. Cortese says. "If they are not, they're unaware of the impact of their everyday lives."

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