

Book Review / Compte rendu

Massy, William F. (2016). *Reengineering the university: How to be mission centered, market smart, and margin conscious*. Baltimore: Johns Hopkins University Press. Pages: 288. Price: 41.34 CDN (hardcover).

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It is my opinion that the single most important issue facing universities, nay, higher education, in North America, is the challenge of cost. From escalating salaries, driven by inflation, to increased pressures to replace reductions in funding, from endowments and government, the balancing of the post-secondary budget has become exceptionally complex. This would be a daunting task if each institution were made up of a single academic unit. The challenge of managing institutional budgets when faculties inside the university are varied and unique, is tortuous (Aziz, Shuib, Aziz, Tawil & Nawawi, 2013). William Massy, in his book, *Reengineering the university: How to be mission centered, market smart, and margin conscious*, approaches this challenge head on.

Massy has done an excellent job of explaining the interaction between the university budget, which creates the margin, or the financial return on investment, and the role of teaching and learning being core to the university mission. He spends considerable time helping integrate and resolve the two dimensions of mission and margin. This is not an easy read. The technical details are rich and there are many financial concepts that, although Massy takes the time to explain, are complicated. To follow his arguments requires the reader to pay close attention to some very complex financial and higher education concepts. This said, the work is tantalizing in the approach towards improving the university.

Reengineering the university is five chapters, plus a conclusion. These six chapters provide the reader with a toolkit that may be used to examine the academic work, primarily teaching, that occurs in post-secondary. Massy is not unfamiliar with the dynamics within a post-secondary institution. Working at Stanford University, he is a former pro-

fessor and dean, and served as the chief financial officer. These various experiences provided him with the knowledge and experience to provide an informed analysis that seeks to teach. He states early in his preface:

I have tried to combine my analytical knowledge as a microeconomist and management scientist with my many years of experience as a professor, university officer, and consultant to produce a work that is both analytical in approach and intuitive in delivery. (p. ix)

The first chapter, “Understanding the traditional university,” describes the need for reform due to escalating costs, especially the increased cost of instruction and the reduction in confidence in higher education by the public. Massy explains how universities are different from private enterprise and how the attempt to use the variables of a market economy has not worked for helping to improve the efficiency of universities. He also describes how these differences have resulted in universities engaging in various behaviours that do not work. Massy makes the argument that we’ve reached a critical juncture where faculty are both accepting that a problem exists and are ready to embrace change. He closes by making the case for strengths of the traditional university, including challenging, cultivating and growing young minds; contributing to research and scholarship; and using the existing infrastructure of campuses, buildings, and human resources.

Chapter two, “The reengineering challenge” provides several reasons that reform is both difficult and has largely failed. This view is not unique, as other have stated that there is a need for research evidence to inform higher education; too often policy and change are due to anecdotal evidence or even beliefs (Levin, 2010). Massy speaks to flaws in the current university that underlie the reasons for the current situation:

overcentralization of teaching activity, unmonitored joint production, dissociation of educational quality from cost, lack of good learning metrics, and overreliance on market forces. (p. 41)

Each of these reasons is described in detail. This is followed by several theories of change and how a reengineering would need to follow a pattern of new initiatives and implementation and that it would take time. This chapter ends with some advice for leaders at various levels, including the board, the president, provost, and deans.

The third chapter, “The new scholarship of teaching,” dives into the main premise of the book: A change to how universities provide teaching and support learning is the only path to change. Massy encourages a hard examination of Boyer’s “scholarship of teaching” and a need to challenge how we use this as the foundational tenet to examine teaching and learning. A key suggestion is that reflective observation needs to be added to the teaching practice and that there is a need for teaching methods to be valued equally with content. For, as he describes it, “too often content is king.” Massy provides several examples of change that have been successful in Canada and the United States, including the work of Carl Wieman at the University of British Columbia.

Later in this chapter, Massy asks, “How does improvement happen?” When this question is asked by others the response is often that measuring productivity in higher education is in need of reform (Dregenbergs & Bain, 2016). Effective teaching will only occur

when universities and faculty, spend time and energy on the task of continuous improvement of teaching and learning (Devlin & Samarawickremna, 2010). To address this, *Re-engineering the university* introduces the concept of Academic Quality Work (AQW) to be added to the list of faculty activities: teaching, research and service. AQW is dedicated time and energy towards improving teaching and should be included in faculty workload. This is needed to move quality improvement from the auspices of individual faculty in isolation, to a department level responsibility.

The fourth chapter, aptly titled “The cost of teaching,” provides an overview of the costs and the concept of cost containment for teaching. Massy quantifies the cost of teaching and consolidates the cost with revenues and margins. His recommendation is that all activities be considered, while recognizing that not all activities cost the same. Knowing exactly the cost of each activity allows for the best decision making process. Massy provides an overview of five different approaches to academic financial models. His conclusion is that cost and quality must be considered together and that the activity-based costing approach is the only one that holds up to the scrutiny of close examination.

Chapter five, “Financial planning and budgeting,” provides a synthesis of the other chapters, addressing three issues facing budget planners, “the need for a comprehensive financial planning framework, a budget decision support system, and a good model for making the trade-offs between mission and money...” (p. 164). This is a rich chapter, combining many concepts from the previous chapters into a discussion of how an integrated financial planning and budgeting process can be developed. The mechanics of creating the system are delegated to the appendix, but great details are provided on the various levers, drivers, and other variables that must be considered in a course-centred activity-based costing model. Massy delivers masterfully here, providing a rich, instructive chapter that gives the reader the implementation techniques to put the theories provided in the first four chapters into a budget model. Reminding the reader about the need to attend to both margin and mission, Massy’s work is clear, direct, and all the while detailed.

The final chapter is a “Conclusion” that provides an overview of the previous five chapters and includes a statement or two for each, described as Massy’s “overwhelming take-aways.” He concludes the book by reiterating that the goal has been to provide presidents, provosts, CFO’s, and all academic staff (deans, chairs, faculty) with the tools to find solutions. This he has done.

If you find yourself with the opportunity to influence the resource allocation or budget process at a post-secondary institution, you will be well served by spending time absorbing, contemplating, and acting upon Massy’s *Reengineering the university*. 🍁

References

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