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Silver Linings Playbook

From crisis management to business recovery, universities' responses to Covid-19 are presenting opportunities to transform the sector

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April 2020

Silver Linings Playbook

From crisis management to business recovery, universities' responses to Covid-19 are presenting opportunities to transform the sector

SUMS Consulting has been talking to university leaders about managing the Covid-19 crisis and their visions for the future. With views gathered from a series of one-to-one interviews, SUMS' Community of Practice Groups meeting virtually, along with student surveys, SUMS is able to take a service-by-service review of university operations. It has found a sector eager to change and seeing positives in adversity.

To introduce the findings, **Joel Arber, SUMS' Managing Consultant** takes an overview of the sector response to the crisis – and its implications for the future.

Introduction

As the calendar clicked round into September at the start of the academic year 2019/20, it already promised to be a challenging one for many universities. An increasing number had posted financial deficits in 2018/19. This year represented the demographic nadir of 18 year-olds in the UK. Efforts were focussed on student recruitment, in an ever more competitive market. The reality of Brexit and its myriad consequences for the HE sector loomed large. Uncertainty continued following the publication of the Augar Review and a new regulator was beginning to flex its muscles in a way that felt both unfamiliar and uncomfortable.

SUMS Consulting's work across the sector at the start of this academic year largely reflected the challenges universities were facing, with many asking us to help design target operating models for professional services, or create efficiency programmes to reduce operating costs while driving up performance. It was rare for us to speak to universities who thought all was 'well with the world'.

Fast-forward to January. Covid-19 crept silently, malignantly, destructively across the globe. As global businesses, universities had to take action in order to mitigate the impending crisis. Rather than absorbing Covid-19 as another kick to a sector that was already down, the sector responded positively. SUMS has found that universities' responses have seen the sector at its best.

As we draw to the end of the second semester, working in enforced lockdown, we can reflect on the way our universities have risen to the challenge. Some are already moving from crisis management to business recovery and are identifying ways in which the changes they have made in adversity can be sustainable – changing higher education forever, and for the better.



“What we do now will be remembered”

Whilst much of the Covid-19 response has been focused on practicalities – *what* universities did and *how* they adapted – it is worth beginning our reflection at the strategic level. This is particularly pertinent given the financial pressures the sector was already experiencing, and the anticipated damage that the impact of the crisis will have on core income streams.

At the outset, each university needed to agree a strategic positioning for their decision-making that would drive their institutional response. At one end of this positioning spectrum is ‘financial health’, safeguarding university finances; at the other is ‘social value’, recognising both the direct and indirect importance of universities on the lives and social mobility of their students, the value of the knowledge they generate through research, and the socio-economic impact they have on their locales. This was not a binary choice to make – a battle of social good over fiscal evil – but instead a balancing act to carefully judge.

In speaking with a range of university leaders we have discovered that for many, whilst recognising the importance of ‘balancing the books’, their university decision making was driven by a moral obligation to ‘do the right thing’. As one chief operating officer put it, their approach reflected the reality that, “What we do now will be remembered for a long time. Our city is looking to us. We will be judged on the decisions we make”.

Nuanced across the sector, this strategic approach covered a number of key priorities. At the top of everyone’s list was doing the best to ensure the health and safety of students and staff. This quickly extended to continuing academic and service provision to students, with universities rapidly transitioning to virtual teaching and learning. On these priorities we encountered little variation.

Safeguarding the jobs of staff has been a far more contentious issue. Whilst many academic and support roles have transitioned relatively smoothly to working from home, several functions, for instance cleaning and facilities management roles, have not. For some, notably teaching-focused universities with strong civic responsibilities, it is a moral imperative to retain these staff, fully paid, even if they are unable to deliver services. Others have chosen to furlough in order to protect staff salaries and university finances. This does raise a broader ethical question: is it justifiable for quasi-public sector organisations with values and mission statements focused on ‘doing good’ to further burden the public purse by accessing furlough schemes? For universities that have tipped the strategic scale towards financial security at all costs, it would seem the answer is ‘yes’.

An area on which universities have typically agreed is that the HE sector has a massive contribution to make as the country navigates its way through Covid-19. The sector has been showcased in government decision-making: experts are back in vogue as politicians look to academic modelling to judge the scale and speed of the crisis, and expert advice on how best to mitigate contagion. Universities are also at the forefront of the race to create both reliable antibody tests and preventative vaccines. Beyond research universities are fast-tracking the training of doctors, nurses and other practitioners to boost frontline NHS resources; are inviting use of their estates for Nightingale hospitals and temporary mortuaries; are using 3-D printing resources and their fashion departments to help meet the PPE shortage; and are offering NHS accommodation in their halls.

A number of universities are actively demonstrating their roles as economic anchors for their locations. This is perhaps best demonstrated by the application of ethical procurement practices, supporting local companies and in particular local SMEs in their supply chains. Many are prioritising payments to these same suppliers, recognising universities’ moral responsibilities in the economic landscape. Whilst this has been a theme for heads of procurement for some time, the economic crisis brought about by Covid-19 has elevated this item to the desks of university leaders.

The sector is renowned for employing highly educated, talented, passionate people: Covid-19 has provided a focal point for their cohesive efforts as UKHE stands side-by-side with the NHS in facing up to the challenges presented by this deadly disease. Having fallen out of favour with

politicians and policy makers in the wake of the Brexit debate, the collective contribution will do much to restore the good reputation and recognise the value of a strong higher education and research sector.

The tortoise becomes the hare

Universities are large and complex businesses. But higher education has lagged behind other complex sectors such as local government and the NHS in terms of implementing major change programmes. This is for a number of reasons, notably including academic autonomy and devolved decision-making. But at the top of the list are cumbersome governance structures that slow down approvals, and the absence of a 'burning platform'. Covid-19 has provided the fuel and lit the match. The sector has responded with remarkable alacrity and pragmatism.

The majority of universities SUMS has spoken to adopted the major incident management structure of Gold and Silver Command. However, the timing of that response has been far from homogeneous.

At one end of the spectrum, a large post-92 university with a strong Chinese student base began its major incident planning at the beginning of January as Coronavirus cases escalated in South East Asia, acknowledging the reality that whilst it was not yet in the UK, 'it was coming'. The benefit of this approach was in preparedness: "Because we started early, it never felt like an emergency – we've managed to do things at our pace." The extra preparation time has enabled university leaders to continue to focus on other things, including a major efficiency and cost-containment programme, rather than be wholly consumed by crisis management. They are far from unique: a structured approach with weekly Gold and Silver meetings escalating to daily during March, mirrored by daily executive team meetings, enabled rapid decision making on key issues in many universities.

There are exceptions to this. We spoke to one university whose senior management away day in the second week of March included no discussion of Covid-19. But despite this late start, the university rose to the challenge of the emergency to safeguard its staff and students, and quickly moved into financial scenario planning. The main deficit for this late starter is that it remains in crisis management mode now whilst some others have now disbanded their major incident management teams or scaled back their frequency.

A number of universities pointed to the role of good communications being central to the success of their efforts. From twice a week to every day, universities scaled up their Covid-19 specific communications across a range of channels. Clear, succinct, regular communication to staff and students was key to university communities transitioning to the current state of working from home and is acknowledged by university leaders as a critical success factor.

University councils and boards have supported rapid decision-making and themselves showed flexibility, with Chairs or committees closely engaged with executive teams, or at one Midlands university we spoke to, the full board increasing the frequency of its meetings. The importance of making major decisions at pace, whilst recognising governance structures, drove a pragmatic shift to the established order. Universities did what was necessary; what was right.

Ultimately, the response to the crisis has shown what the sector is capable of. A sector that has previously found change so challenging has been pushed into it and discovered the reality that 'ripping off the plaster' can be less painful than dragging things out over months of engagement and committee meetings. UKHE can make big decisions – tough decisions – quickly, and with an evidence base. And whilst it may have taken a pandemic to show that the archaic committee and governance structures are capable of adapting or being cut through when need dictates, the very fact that this has been achieved is to be celebrated. But it also begs a key question: Why try to revert to business-as-usual when a once-in-a-lifetime opportunity exists to make fundamental improvements to the fabric of HE?



Deliverables, not desk-time

Universities are inherently social: “We are a community of communities”, as the marketing director at a research intensive university told us. Yet as entities that thrive on academic collaboration, socialisation, and in most cases a strong sense of ‘place’, necessity has dictated personal physical isolation.

Working from home has become the new norm – at least for now. Wherever possible, both academic and professional services staff have migrated to this reality. Colleagues across the academy have moved their working lives online as Teams, Zoom, Google Hangouts, Skype et al, have opened a window into our co-workers kitchens.

The reluctant have been forced to change – sometimes quite creatively. In response to more than 200 office-based staff asserting that they *had* to work from the office and were unable to work from home, one university facilitated this...by enabling them to work from the university library while the rest of the campus was closed for office working. When presented with this option, all but 19 found that home working was feasible after all.

Many university IT directors and change leaders are celebrating that they have finally got the traction they needed to roll-out software adoption, with Office 365 and Microsoft Teams leading the tech field. “Everyone is learning through the emergency – which is like having a crash course out of necessity. But it is working!” as a university registrar put it.

However, getting the tech in place to enable working from home was the easy part. Shifting long-established cultures to optimise its effectiveness has provided far greater challenge for university leaders.

As historian Eric Hobsbawm famously commented, “Industry brings the tyranny of the clock”. This time-tied approach to work remains core to many university workers in 2020 even though its relevance is better suited to the first industrial revolution than Industry 4.0. Yet presenteeism and hours worked remain pervasive and are still incentivised in many universities through outmoded mechanisms such as Time-Off-In-Lieu.

The home office setting adds contextual complication to the concept of working ‘core hours’. Thanks to Covid-19 university staff are having to balance other commitments with home working, such as home schooling children or supporting elderly parents and neighbours. They are willing, but not necessarily able to work within the traditional constraints of the 9 to 5. It similarly presents challenges for managers, unable to oversee a presenteeism model within this context. As a sector, HE has failed to get its head around the reality that outputs are a more relevant measure than hours. This has to be done on the basis of trust – a word overused in universities’ value sets, but one that needs to be actively deployed between employer and employee in the future of work.

Adjusting to the more flexible working patterns required by staff during this lockdown presents an excellent opportunity for universities to make the leap. Their employees can then focus their energies on delivering what is needed, not on clock watching.

The shift to working from home has also made a positive impact on university meeting culture. Many universities are seeing online meetings as being more effective. They are typically shorter and more intense: attendees have to focus and make decisions. Others specifically referenced that it has cut out some of the politics and posturing – with less scope for people feeling they need to be seen to be making a point. The greater concentration required makes back-to-back meetings problematic. Full days of meetings are all too familiar for senior leaders on campus. If the shift online has taught us that shorter meetings with more gaps between them is a more effective way of operating, the sector should do all it can not to simply revert when universities reopen their physical spaces.

A digital future, today?

Through extraordinary efforts UKHE has moved its operations into the virtual world, virtually overnight. Despite the obvious upheaval, this has been achieved remarkably smoothly.

The response to the crisis has driven forward the digital learning agenda at pace, and all universities that SUMS has spoken to agree that they have seen real benefits and cannot simply allow things to return to business-as-usual when the restrictions are lifted.

In terms of digital teaching and learning, one teaching intensive university reported that in a number of subject areas they had seen higher attendance and engagement at online lectures than they had experienced on campus. With a high proportion of mature and part-time students, the working hypothesis of this university is that their students may well find digital delivery a preferred option for passive content, such as lectures. Their students would see greater benefit from making the trip onto campus for more interactive, value-added sessions such as tutorials and seminars.

Somewhat inevitably, universities reported that their academic teaching staff had widely varying skill-levels, experience and attitudes when it came to online learning: not everyone is operating at the same level. The onus is therefore on universities to both upskill its front-line staff to improve the quality of online content and presentation – supported by culture change. One chief operating officer captured this challenge: “Some of our lecturers can’t wait to get back on campus, back to their old rooms, and go back to doing things as they’ve always done them. That can’t happen. Teaching online – that will remain in place. But we are going to need to help those people get better, get comfortable with it...so they don’t want to go back to how things used to be”.

SUMS has undertaken a survey of undergraduate students to ask them about their experiences on the receiving end of online teaching in the first two weeks of lockdown. Nearly half of our

respondents said that their experiences of remote learning had so far been ‘somewhat effective’. Only one agreed that their experiences had been ‘very effective’. Perhaps this is not surprising given the newness of approach for many students, institutions and lecturers. One student called out real concern for their progression to their second year – “All my exams have been cancelled and as I progress onto year two, I am finding it hard to develop essay writing skills”.

In discussing this predicament with an experienced HE online learning designer, he draws out the key point which must be taken on board to enable HE educators to enhance remote learning delivery: “We need to be setting up the online environment not just to teach, but as a conduit for students to learn – there’s a key difference between what is taught and what is learnt, and this shouldn’t be overlooked”.

If a mixed experience of online teaching and learning from both providers and recipients may have been expected, perhaps more surprising is that it has highlighted digital inequality in some universities. The working assumption of the transition online has been that students are digital natives; but access to the technology is seemingly not ubiquitous. One registrar explained the problem: “We identified a much larger group of both staff and students than we expected who are digitally deprived in their own homes making remote working and remote learning very difficult. They don’t have stable internet access and appropriate devices. I feel as though we should have known this already given how important the access to our VLE and online learning materials is in every programme. We will have to pay more attention to this in the future and have better ways of bridging the gap”.

As the sector continues to support social mobility through participation and access agreements, ensuring that digital inequalities don’t widen the gap further needs to move higher up the priority list.

Much of the focus of this immediate academic response to the Covid-19 crisis has been on teaching and learning. One senior academic we spoke to was keen to emphasise that research is not an isolated activity. And whilst many disciplines are directly involved in research to support the response, the majority are not – and remain the lifeblood of the knowledge economy. Human interaction in the real world, and a sense of identity that is place-based are important to researchers. Yes, many can continue to work at home, but this is limiting. Team coaching has been identified as a way to help build resilience and effectiveness and help these groups thrive post-lockdown.

There is much to celebrate in higher education’s move online. However, there is also agreement across the sector that this rapid digital revolution is not simply a case of ‘*four legs good, two legs bad*’. Universities need to exist in the real world as well as online. Academic collaboration is social; and whether its highly skilled research teams or undergraduate tutorial cohorts, the need for collaboration extends beyond digital interaction.



Are friends electric?

As the weeks of lockdown go by, economic modellers' predictions of the global financial future have become increasingly bleak. Universities are realistic in their anticipation of a short-term collapse of the international student recruitment market. This will not impact all universities to the same extent. For instance, SUMS' 26 member universities' reliance on international student fees as a proportion of their total income represents a spread from just 4% to a daunting 30%. But any decrease in fee income presents a challenge to a sector where flat income and rising operating costs, notably for pension provision, have left many needing to make efficiency savings. The latest figures published by HESA, based on the 194 providers submitting financial data for the 2018/19 year, show 75 providers in surplus and 119 in deficit: not the strongest financial platform from which to fight the Covid-19 crisis.

In the last 18 months, SUMS has seen an increase in two main tranches of work reflecting the consequences of HE funding challenges. Firstly, we have been asked to support a range of universities to reshape their operating models to both reduce costs and improve services to students; secondly, we have seen a spike in projects to improve universities' student recruitment and admissions.

A degree of uncertainty still clouds the landscape. However, all policy indications suggest that the Government will act to re-impose Student Number Controls on a fixed-term basis to prevent those universities set to lose most from the depletion of international students from over-recruiting UK students. Were a truly free market allowed to operate, the likely impact would see many

universities fail. This is not tolerable for UKHE – nor by a Government that values higher education as one of its top-five export sectors.

These controls will be particularly important given the absence of Year 13 examinations this year. This has added greater uncertainty to offer making, offer acceptance, student choice and Clearing and Adjustment. During the current hiatus universities have told us that they are focussing their efforts on digital experiences to aid conversion.

The effects of this transition are encouraging and beginning to change thinking in this area. One recruiting university shared that their “Virtual Open Days were as successful as our physical days”, supported by technology-enabled interaction and live Q&A. A director of service at another university focused on student recruitment told us that their Applicant Days had been better attended with fewer applicants not attending having signed up. The qualitative feedback received pointed to the digital events being ‘less nerve-wracking’. Open Days and Applicant Days on campus have traditionally been viewed across the sector as the most effective interventions in the student journey for driving applications and acceptances respectively. The early fruits of shifting these events online are reshaping the thinking behind that student journey – pushing it to be more focused on what students want. A university registrar told us they are seeking “More engagement with students in the way *they* would like to engage”.

With no date set for an end to the lockdown, along with the anticipated continuation of social distancing measures for some time to come, a large number of universities are scenario planning with a view to Semester One of the 2020/21 academic year being delivered online. Universities are exploring with Government and the Student Loans Company whether they can increase fees for distance learning provision to 50% of on-campus fees.

As current students have adapted to online learning and prospective students to online events, this would surely seem a manageable next step. SUMS thinks this underestimates student motivations for university study. Existing students may have coped with the move as short-term to get through a crisis; but for new students, the prospect of going to university but not *going* to university is quite a different prospect. Beginning their university careers without the opportunity to develop real-world social and academic networks; experience what it is to be a student on campus; engage in clubs and societies; and for some – live away from home and develop independence as a rite of passage, does not have the same appeal. If it did, then bluntly the Open University would not have reported an operating deficit of £100m+ last year.

To return to an earlier theme, universities are inherently social. The response to Covid-19 has shown us that there is a digital future for universities, but one balanced with their real-world existence. The digital world is there to support and enhance – not to be a replacement.

Conclusion

Covid-19, what a catalyst you turned out to be

Covid-19 has seen the higher education sector respond well under pressure. It has showcased the importance of our universities as generators of knowledge, original research, new thinking, and educators. And it has shown that these often lumbering organisations can be decisive and fast-moving.

Whilst the doom-mongers predict dark days for university finances, the unintended positive consequences of the sectoral response are there to show us all how we turn the challenges we face into opportunities. Looking at how the sector has adapted has demonstrated that it is more open to change and different ways of working; it employs resilient, effective teams of people; it can think fast and make decisions quickly within governance structures that have proved to be less rigid than one might have imagined. These realities will help reshape the sector in the aftermath of this pandemic.

Our conversations with university senior leaders point to there being three large shifts:

Firstly, the sector must embrace the financial challenges to transform its structures, processes and systems for good. If a 'burning platform' is required to drive major change, then this crisis is a tremendous opportunity. Universities do many things – deliver many academic programmes, research a wide range of themes, and support academics and students with a vast array of services. Many are inefficient and could be improved. Some are a luxury that universities may no longer be able to afford. The sector has a chance at this time to reduce or cull its non-essential business areas. As a university registrar mused, "Some of the areas that we have closed – maybe we will never actually open them again in the same way. Maybe we will decide to stop providing that service or to stop running it in house as we do now". Do this from an evidence base – review the data, undertake research where required – so universities can make the hard decisions. But don't let the opportunity pass.

Secondly, the digital transformation of universities will enhance rather than replace the physical campus; it is here to stay and *will* transform the physical landscape of the sector. The days of packed lecture halls should be consigned to history, with digital delivery of passive content being a major improvement to take from the crisis response. Home working won't completely replace being on campus, but its lasting legacy will be greater flexibility of location and time. The need for 'space' will be reduced. How does this sit with a sector spending £3 billion+ a year on capital and the same on estates maintenance, according to the Association of University Directors of Estate? "We see the future as being investment in a smaller, but higher quality estate", a chief operating officer told SUMS, with increased investment in IT infrastructure and systems.

Finally, the crisis has called into question the flexibility of the traditional university calendar. University leaders are predicting a transformation of the academic year – creating a flatter year

with more enrolment windows, with students joining at times that suit them, reducing the reliance on the September start date. “We already have January and May entry dates for many courses and we think this fault line might make those entry dates even more important in the future”, we heard from one registrar. But that could just be the start. We need only look to larger global private providers to see far greater optionality with a roll-on, roll-off approach to modules. This shift has the potential to ease recruitment congestion and the over-reliance on Clearing as a sweep-up mechanism.

It has taken a global pandemic to shake up higher education in the UK – but shake it up it has. The opportunities it has presented point to ‘business recovery’ to a new model, rather than returning to the old ‘business as usual’.

SUMS’ consultants are gathering in-depth views from university leaders across the full breadth of university operations. We’ll be publishing their service-by-service findings later this month. **Register [here](#) to receive your copy of our full sector report.**



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