

CASE STUDY



BETHEL
UNIVERSITY

How Bethel University Unleashed Its Innovative Potential

ABSTRACT

Like many private schools, the Great Recession of 2008 hit Bethel hard. Enrollment dropped more than 10% over the next six years and competition for students became more fierce as typical prospective students considered public and non-traditional educational options. Their endowment funds only a small portion of their operating budget. It's an opportunity for forwardthinking higher-ed. leaders to find new ways to thrive as they live their mission.

Background

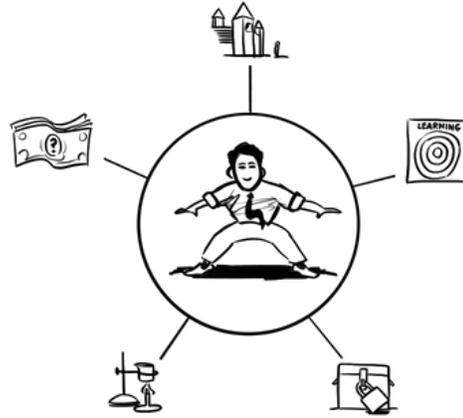
Bethel University provides liberal arts education to traditional and post-traditional undergraduates, graduate students, and seminarians. Based in St. Paul, Minnesota, the school began as a training institution for pastors. Over the past 150 years, Bethel evolved into a full-service liberal arts institution with particular strengths in healthcare, the natural sciences, K-12 education, and business. These educational strengths added to Bethel's DNA as an institution that produces graduates of high integrity, trained in a multi-disciplinary, liberal arts setting, and rooted in their faith.

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Following a joint trustee/administration/faculty strategic planning process, the university set the vision to become "the Christ-centered university of choice for this century." To accomplish this, leaders identified three core imperatives: 1. Make a Bethel education more valuable, 2. make a Bethel education more accessible, and 3. make a Bethel education more affordable.

To make Bethel more valuable to prospective students, the planning coalition explored pathways that built clear lines into, through, and from Bethel into specific industry sectors. The coalition chose to focus on the healthcare industry because it represented an intersection between Bethel's immediate marketplace and its core strengths.

The broader healthcare ecosystem represents 18+% of GDP. Societally, providing quality healthcare for all ranks among the top issues in the United States. Bethel's Minneapolis-St. Paul location places it in close proximity to marquee providers (Mayo Clinic and University of Minnesota), leading product companies (Medtronic, Boston Scientific), and one of the industry's largest payers (United Health Group).



Bethel has a large alumni presence in this ecosystem. Minneapolis-St. Paul healthcare companies represented half of the top twenty employers of Bethel alumni, who played a variety of clinical and business roles in these organizations and came from the full breadth of Bethel's academic programs. Missionally, healthcare represents a challenging cultural issue and Bethel has a history of engaging in tough issues in a conciliatory and constructive manner. This combination of factors made the healthcare ecosystem a fruitful starting point for entrepreneurial innovation.

Five Code-Cracking Entrepreneurial Practices:

Our culture is fascinated by entrepreneurs and we love stories of people who see the world differently, take on risk and uncertainty, and heroically overcome the odds to grow something from a garage to an iconic powerhouse. In the higher ed context, we mean something slightly different.

Most universities are well past the garage phase, but they still need to explore and manage initiatives with a lot of uncertainty - about how to achieve a particular goal, how a particular market will respond to their actions, or both. The entrepreneurial practices we chose are designed to help universities manage their risk and uncertainty in a way that unleashes creative problem solving rather than paralyzing it in endless questions, analysis, and debate.

We gleaned these ideas from leading academics and practitioners such as Rita McGrath (Columbia), Ian MacMillan (Wharton), Clayton Christensen (Harvard), and Steve Blank (serial entrepreneur and Stanford faculty). They're useful in situations like this because they help established institutions to do what often confounds them: explore options full of uncertainty in an environment that craves stability.

1.

Get Off Your Campus

It's easy to spend weeks or months in conference rooms on campus, trying to identify the strategies that will change your institution's trajectory. But for most institutions, the right answers are often outside your building and off your campus. Start by exploring your broader environment.

How Bethel Got Off Campus...

We identified senior leaders in the local healthcare ecosystem with connections to Bethel or its friends. Over two months, we met dozens of leaders from 20+ healthcare organizations (Providers, Payers, Product) to understand their perspective on the shifting needs in healthcare.

While each conversation was slightly different, we intentionally asked a consistent set of questions. The protocol started with their business and moved toward its talent and intellectual capital implications. Questions included:

- In what ways do you see common trends in healthcare impacting your organization?
- Based on these trends and their impacts, what are the short, intermediate, and long-term imperatives for your organization?
- What are the talent implications of these imperatives?
 - What do your people have to be exceptional at to meet those imperatives?
 - Where do you foresee talent scarcity in the coming five years? Where do you foresee talent surpluses?
 - What do you expect people to know when they join your company? What do you expect to teach them yourselves?
 - What would make incoming talent stand out in your organization?
- What experience does your organization have partnering with institutions of higher ed? What would move a university from the "courtesy call" category to being on your speed dial?
- What experience do you have with Bethel graduates? What impressions do you have of their strengths or limitations in comparison to graduates of other institutions?

The responses to these questions - and the broader themes across these interviews - provided a rich data set on which to build the rest of our experiment. For instance, while we were not surprised that employers were looking for a baseline understanding of the healthcare ecosystem

in new graduates, we were struck by how many of them showed real enthusiasm for working with a university who would truly listen to their input.

Most only had experience of universities seeking internship opportunities for students, something that employers find time-consuming and of only marginal short-term value. Many of Bethel's prospective partners expressed strong interest in shaping the outcomes of the educational process, particularly when it included experiential learning. This showed us that simply giving employers real influence in shaping educational outcomes was a simple way to differentiate Bethel from most universities.

We anticipated resistance on the part of some faculty to this influence, particularly from for-profit organizations. To mitigate that risk, we carefully distinguished between partners' input to educational outcomes and the institution's role in determining the best educational process to achieve those outcomes. In most cases, this distinction met the interests of both partners and faculty, particularly as both parties had more opportunity for interaction and mutual influence.

Other themes included:

- A strong value for emerging capabilities such as entrepreneurship/innovation, human-centered design, and lean thinking
- A common interest that, while graduates will need more specific training in their sector, they have a baseline understanding of the healthcare ecosystem
- A deep belief in the value of experiential learning in the field in addition to coursework

We were particularly interested to hear the perceptions of Bethel graduates by these employers. For those who had exposure to them, Bethel alumni were seen as deeply principled team players with an adeptness for working across disciplines and organizational boundaries. When compared to Ivy League graduates sought by the largest employers, graduates from Bethel and its peers lacked one key dimension: while Ivy League graduates sought and tackled the toughest problems in the organization, Bethel alumni tended to ask for more direction.

2.

Tap Alternative Currencies

Exploratory efforts often start with modest funding. Many traditional organizations struggle to engage influential faculty and staff in disruptive work with little or no financial backing. That's not surprising since faculty and staff have often seen a number of leaders and initiatives come and go in their long tenure.

For any innovative work to survive, you need a number of your institution's opinion leaders involved. To do so, you have to invent non-financial currencies to engage influential people. These alternative currencies are tangible or intangible sources of value craved by people in your institution. These can include recognition, resourcing, opportunity, or power.

Currencies at Bethel

Engaging faculty at Bethel presented a particular challenge. Because of the healthcare focus, most faculty not directly involved in preparing clinicians assumed the effort was irrelevant to them, their students, and their academic agenda. To address this, we gathered and shared facts in an interactive "Chalk Talk" conversation that clearly demonstrated healthcare's relevance to every part of Bethel. Simply put, only one-third of Bethel alums in the healthcare ecosystem were clinicians. The other two-thirds came from virtually every academic department and performed virtually every role conceivable in an employer. While it took time, many faculty eventually realized that our project was about helping all of Bethel help all of healthcare.

As we tackled this perception issue, we also sought alternative currencies with which we could engage a small faculty/staff group we dubbed the Launch Team. To do this, we interviewed key faculty and staff to better understand what mattered to them so that we could shape engaging alternative currencies. Not surprisingly, we discovered that faculty valued

- Interacting with the best students and
- Exposure for their academic agenda.
- Both faculty and staff valued interacting with external partners, learning about new approaches to innovation, and working together with capable colleagues.
- We were struck by how valuable relatively small amounts of money to fund pet projects would be for them. Some projects were stalled because of the lack of sums as small as \$1000, amounts that could easily be raised from partner organizations if positioned properly.

These insights guided our thinking on how we shaped the role of the combined faculty/staff launch team we assembled for the healthcare initiative. We carefully selected a small group of respected members of the Bethel community and showed them how their participation would expose them to people and opportunities they simply wouldn't get in their normal roles. We were careful to select faculty and staff known for their creative thinking, ability to work across disciplines, and influence within their peer groups.



3.

Identify and Test Hypotheses

The early days of any exploratory effort must focus on learning. While it's tempting to build something big immediately, the first focus must be on getting the operating model right before you scale it. Scaling a bad model wastes resources and precious political capital. Here are the key steps to identifying and testing hypotheses behind your model: paint a picture, surface assumptions, rank those hypotheses, then, test them.



While somewhat daunting, this exercise brought a level of clarity that galvanized our team.

At Bethel, we identified 19 key assumptions as we examined our Reverse P&L. These ranged from industry partner assumptions (Can we attract partners? Will they invest time and money in our joint work? Will they provide preferential internships and job opportunities for our students?) to prospective student assumptions (Will they consider or choose Bethel as a result of our focus on healthcare? Will they engage in healthcare-specific activities once they enroll?) to faculty assumptions (Will our best faculty choose to invest in our efforts?) and donor assumptions (Can we attract significant donations to support the effort?). In total, these assumptions provided the research agenda for the launch phase of the project.

We prioritized our assumptions about engaging partners since we believed that our ability to show compelling destinations for Bethel's healthcare pathways was the key to differentiating Bethel with prospective students and their families.

we framed almost all of the early efforts around healthcare in terms of hypothesis testing. We tested partner and faculty engagement by hosting partner roundtables where leaders from across the ecosystem came for open discussion about common issues in healthcare. We tested student engagement by creating a student advisory group and hosting student events. We tested partner investment appetite by pulling together a specific segment of the healthcare employer market and pitching a specific pathway into their industry that required their financial investment.

Bethel's Hypotheses

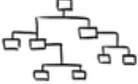
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4.

Be Frugal

Any entrepreneur tells stories about their lean approach to running the organization in its earliest days. Entrepreneurs don't staff up a big organization during the exploratory phase since founders are the ones best suited to discovering a model that works. They don't move into expensive office suites when a garage will do. They borrow or scavenge wherever possible. They rent when they can't do that. They only buy when absolutely necessary.

	SPENDTHRIFT MENTALITY	FRUGAL MENTALITY
ORGANIZATION	 BIG	 LEAN
OFFICES	 OFFICE	 GARAGE
RESOURCES	 BUY	 BORROW
PLAN	 COMPLACENT	 URGENT

Squeezing Pennies at Bethel

At Bethel, our healthcare initiative started on a shoestring. The Launch Director used a converted closet as an office since he was rarely in the office. He borrowed administrative help from another administrator. Since he lived out of town, he used a vacant campus apartment instead of a hotel when he was on location. And while we envisioned compensating faculty through course relief and variable compensation for contributing to this project at some point, we recruited an initial launch team of willing volunteers.

5. Change the Scorecard

Mature efforts focus on results. They demand scale. Exploratory efforts need to be patient on financial impact and scale while being impatient for learning.

Bethel's Scorecard

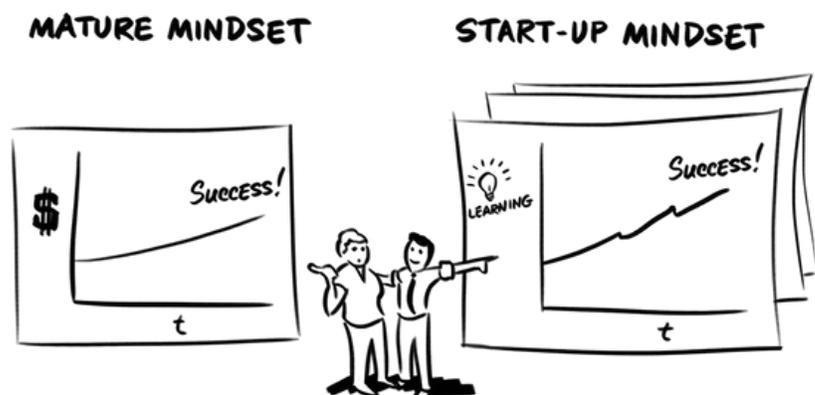
At Bethel, we created a document called a Discovery-Driven Plan. Based on the work of Rita McGrath (Columbia) and Ian MacMillan (Wharton), this living document tracked our Reverse P&L, Assumptions, and Hypothesis Testing.

We summarized all of those inputs into a One-Page Plan that we shared with trustees on a regular basis. Even our most astute board members, many of whom had run established businesses instead of entrepreneurial ones, had to be reminded that we were using a different approach, one more suited to projects with uncertain outcomes.

The Results

Recent accomplishments for Bethel's Center for Healthcare Excellence include:

- Designed and launched the Health Technology Start-up Internship Scholarship program - provided a total of \$50,000 in scholarship money to 10 student participants
- Secured commitments for over \$400,000 in external funding (from Center partners and foundations) to support Center work over the next two academic years.
- Launched two new healthcare pathways that are available for undergraduate students of all majors, providing practical, hands-on experiences in areas such as healthcare administration and senior-care leadership.



Lessons Learned

Several years later, the healthcare pathway project continues at Bethel. But from the first 18 months of its existence, we gleaned several important lessons applicable to future efforts at Bethel and beyond:

ON CAMPUS LESSONS

- Never underestimate the challenge of communicating the intent and strategy for an innovative initiative in an established institution. Faculty and staff - particularly those who have a long history with the organization - understandably have well-established ways of thinking about how things work. It takes multiple exposures to the message for many to grasp the idea.
- In every constituency - trustees, faculty, staff, and students - identify open-minded opinion leaders and engage them in the effort early. They will help you understand the mindset of their peers and lend credibility to your project.
- Walk down the hall instead of sending email. Higher ed institutions tend to have diffused power structures, and relationships make all of the difference. Plus, many long-time community members will ignore new efforts communicated in impersonal ways. Show up in their office and they will pay attention.
- Keep preaching the virtue of experiments. Universities are learning institutions, so speak in terms of learning instead of results.
- Be willing to break rules and cross boundaries. Entrepreneurial innovation requires a certain constructive subversiveness. You will have to cross organizational boundaries, convene people who don't normally work together, and challenge unwritten rules. Do it with a smile on your face and always with the best interests of the institution at heart.

OFF CAMPUS LESSONS

- Capitalize on your alumni. They are your best sources of intelligence, connections, and good will.
- Listen, listen, listen. Potential partners want to know that you care enough to be influenced by their point of view.
- Know your value. In Bethel's case, partners began to realize that beyond the obvious benefits of working with Bethel, the university could also be a neutral place where members of the healthcare ecosystem can gather to discuss tricky issues of mutual concern with like-minded people they don't usually meet.
- Show a sense of urgency. Potential partners expect universities to be relatively slow and unresponsive. Use this to your advantage by surprising them with your level of action.
- Find your niche. You won't be a good fit for every potential partner or constituent in the external market. Don't try. For instance, we realized that Bethel was going to be more successful with potential partners in the middle market than with global behemoths since those larger companies operate slowly and recruit from a broader applicant pool.

The Authors



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Ted's background includes leading the professional services division of Wilson Learning Worldwide. He has helped facilitate and implement plans for a variety of well-known organizations in technology, industrial, professional services and nonprofit environments in the U.S. and Western Europe. He also provides leadership coaching to a select group of senior and emerging leaders.

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