Changing the Landscape at the University of Southern Indiana Through a Locally Developed, Customized Environmental Scanning Process

by Matthew J. Hanka, Kevin J. Valadares, and Linda L. M. Bennett

This exercise proved to be successful in presenting a new lens through which USI can look to position itself for both the short and long term.

INTRODUCTION

This article is the first in a series describing the locally developed, customized environmental scanning process that was followed at the University of Southern Indiana (USI) in Evansville, Indiana. This article provides an overview of the university and the situation that led it to welcome an environmental scanning process as an element of its overall strategy. We provide an exposition of the literature on environmental scanning as it pertains to academia and discuss how and why USI’s model diverges from those found in the literature and in practice. The university’s environmental scanning process is unique in that it analyzes the institution’s distinctive competitive strengths with respect to trends in the external environment in the categories of business, demographics, higher education, science and technology, and governance. The analysis and outcomes will help inform the next iteration of USI’s strategic plan, which looks beyond 2015.

The second article will be a deeper exploration of environmental trends co-authored by two graduate students who contributed to the analysis. The third article will be an in-depth analysis of a series of qualitative interviews with internal and external stakeholders in the Evansville area co-authored by two of our interviewees (one internal stakeholder and one external stakeholder).

The final article will use the GE-McKinsey nine-point matrix as a framework for analyzing the results of the environmental scan performed by each academic and administrative unit at the university, including USI’s four colleges (Business; Liberal Arts; Nursing and Health Professions; and Science, Engineering, and Education) and other administrative units such as Student Affairs, Outreach and Engagement, Athletics, and the USI Foundation.

THE UNIVERSITY OF SOUTHERN INDIANA: FROM PAST TO PRESENT

USI was founded in 1965 as a branch campus of Indiana State University and referred to as Indiana State University-Evansville (ISUE). In 1985, legislation signed into law by Governor Robert Orr, an Evansville native, established the institution as an independent public statewide university, and the abbreviation changed from ISUE to USI. With strong support from a significant portion of the regional business community and other leaders, USI was created to provide education to an underserved part of the state and serve as an engine for economic development. Both in 1965 and 1985, USI was considered to be a disruptive force in its region, and it set a course and mission based on the needs of its community. There are echoes of the land-grant philosophy in USI’s
identity that extend into its vibrant outreach and engagement activities today.

The university is located on 1,400 acres on the western edge of the Evansville city limits in Southwestern Indiana and has four colleges: the College of Liberal Arts; the Romain College of Business; the College of Nursing and Health Professions; and the Pott College of Science, Engineering, and Education. Approximately 9,500 students are enrolled in 80 different undergraduate majors, 12 master’s programs, and one doctoral program. From its inception, USI has functioned as a regionally responsive university with consistent growth as measured by its campus footprint and student enrollment.

In 2009, USI embarked on the process of developing a strategic plan, the first formal strategic plan in its 44-year history. The creation of a formalized strategic plan was the first charge by the Board of Trustees to the then-new president Dr. Linda Bennett.

The strategic planning process involved feedback from discussion and focus groups consisting primarily of faculty and staff. While some external realities had an impact on the plan, it was primarily a response to internal constituents and their agendas. One overarching external reality was that the State of Indiana was changing the funding criteria for higher education by moving from an enrollment-based funding formula to a performance-based scheme using multiple formulae. This fundamental shift shaped a good part of USI’s new strategic plan as the institution relies heavily on state appropriations for much of its operating base. In the summer of 2010, a five-year strategic plan (2010–2015) was unveiled along with a revised mission statement and a newly articulated vision statement, as shown in figure 1.

USI moved forward with operationalizing many aspects of its strategic plan between 2010 and 2013 while simultaneously being attuned to short-term political and environmental trends affecting its actions. In those three years, USI, much like many other state-based institutions, experienced reduced state funding support, demographic changes in the student body, and the entry into the market of new providers and programs (both online and for-profit). All the while, the university forged ahead with its mission to be an engaged learning community. In 2008, USI was recognized by the Carnegie Foundation as an engaged university as a result of its efforts to integrate engagement into the curricula and expand its network of partnerships with regional businesses and public organizations.

One partnership that has had (and continues to have) an impact at USI is with the United States Naval Surface Warfare Center (NSWC) in Crane, Indiana, one hour north of Evansville. The partnership, which began in 2012, has blossomed into an active exchange of ideas, programs, and strategies for enhancing innovative practices at both organizations. Within two years of forging this educational partnership, USI placed a full-time staff member at NSWC-Crane to facilitate collaboration between USI faculty and students and NSWC-Crane employees. One result was the development of a Technology Commercialization Academy that brings students (largely from engineering and business fields) together to brainstorm commercial uses for the technology developed at NSWC-Crane for strategic military purposes.

Through this partnership, USI learned that NSWC-Crane had recently transformed itself as an organization. This deliberate transformation was completed not as a component of strategic planning but rather as a mechanism for survival. The organization was on the Department of Defense’s base realignment and closure list throughout much of the 1990s and early 2000s. Rather than face permanent closure, NSWC-Crane went through a comprehensive repositioning process that included retooling its mission, vision, and priorities. This process was combined with a thorough external analysis focused on an environmental scan that sought to examine trends germane to NSWC-Crane’s success. The outcomes suggested that NSWC-Crane should reposition itself as an organization from one focused on doing and
support (2009) to (by 2018) one committed to becoming a valued innovative leader and, as a consequence, trusted and treasured for its approach, focus, and relationships (T. Wappes, pers. comm., December 20, 2013).

Unlike the more imminent organizational closure realities faced by NSWC-Crane, the position of USI was relatively stable; yet, there existed an underlying feeling of stagnation and complacency as it entered the maturity stage of its organizational life cycle (Jawahar and McLaughlin 2001). In July 2013, Dr. Bennett attended the summary presentation of NSWC-Crane’s repositioning and environmental scanning efforts and realized that USI would benefit from examining whether it should be engaged in a similar exercise using an analogous framework but with a process that fit the university’s culture. The timing of such an effort seemed appropriate as USI’s strategic plan would formally conclude in 2015 and a new iteration was on the horizon. As well, there was no formal external analysis conducted as part of the first version of the university’s strategic plan. Therefore, an environmental scanning project was born at USI that necessitated a review of the role of environmental scanning as a component of an external analysis within the strategic planning process.

OVERVIEW OF ENVIRONMENTAL SCANNING

Environmental scanning has long been posited as an essential component of the strategic planning process. The Society for Human Resource Management (2012, ¶1) views environmental scanning as a process that systematically surveys and interprets relevant data to identify external opportunities and
threats. An organization gathers information about the external world, its competitors and itself. The company should then respond to the information gathered by changing its strategies and plans when the need arises.

Lapin (2004); Morrison and Held (1989); Simpson, McGinty, and Morrison (1987); Morrison (1986–87); and Morrison and Mecca (1989) are a few examples of studies focused on applying environmental scanning and strategic planning in a higher education context. Bourgeois (1980) views an institution’s or organization’s engagement in an environmental scanning process, especially one that looks at the trends affecting the organization, as an essential component in developing a strategic plan. In higher education, the strategic planning process has heartily embraced the traditional strategic planning elements of vision, mission, and institutional goals. However, how those elements are created and articulated may or may not be based on a systematic, in-depth look at data and research on external trends that might support goal achievement.

Bourgeois (1980, p. 31) identifies environmental scanning as part of the secondary level of strategy making that results in risk assessment and “perception of uncertainty.” Further, Bourgeois (1980, pp. 26, 31) sees the environmental scanning process as a way to select and identify which “competitive weapons” give an organization its “distinctive competence.”

As Morrison (1992) notes, in a traditional model of strategic planning (see figure 2) environmental scanning is classified as one of the activities that make up the external analysis conducted on the pathway to developing a strategic plan. Once this is combined with other externally focused activities and then merged with an internal analysis of an organization, strategies can be formulated.

Environmental scanning specifically examines trends existing in the external environment that may affect an organization’s core functions. Morrison and Held (1989) define a trend as a longitudinal statement of the general direction of a change (gradual or long term) in the external environment that shapes the future of an organization, region, nation, or society (see also Lapin 2014). Further, Morrison and Held (1989) distinguish trends from other changes that can occur in the external environment, such as an event, which is a fixed occurrence; an emerging issue, which may come from a trend that requires a response; and a “wild card,” which is an event that has a low probability of occurring (less than 1 in 10), but an extraordinarily high impact if it actually does (Lapin 2014; Rockfellow 1994). Wild-card events in the 20th century, such as the invention of computers and the fall of the Soviet Union, have challenged governments and strategic planners to anticipate them with contingency plans rather than wait for them to happen (Rockfellow 1994). USI’s process focused on probable and plausible trends, which are defined later in this article.

Environmental scanning specifically examines trends existing in the external environment that may affect an organization’s core functions.

Based on the literature review, a summary of environmental scanning best practices, and an insider’s view of the NSWC-Crane repositioning process, USI decided to create its own homegrown, customized environmental scanning process that more directly fit its culture. First and foremost, the president directed that this process be a bottom-up exercise rather than a top-down administrative or consultant-driven activity. What follows is a description of that process.
OUR LOCALLY GROWN, CUSTOMIZED ENVIRONMENTAL SCANNING PROCESS

The primary objective of USI’s environmental scanning process was twofold: to provide meaningful objective information to better position the institution for the next iteration of its strategic plan (commencing in 2015) and to examine how best USI could again be a force for positive disruption as it was during its founding in 1965 and its formalization as an independent university in 1985.

As noted, the environmental scanning process was directed to be a bottom-up exercise so that it would be grounded within the university and its regional communities. Two faculty members (authors Hanka and Valadares) were chosen to oversee the process with the assistance of two graduate students from the master of health administration (MHA) and the master of public administration (MPA) programs.

As a result of its exposure to the NSWC-Crane repositioning process, USI became interested in using the GE-McKinsey nine-box matrix as a conceptual model (see figure 3). Developed in the 1970s, the nine-box matrix offers large organizations a systematic, multidimensional approach to determine where best to invest. The placement of business units within the matrix provides an analytic map for decision making. Through a visual representation, organizations can judge a unit based on two factors: the attractiveness of the relevant industry and the unit’s competitive strength within that industry (Coyne 2008).

While USI was not at a point where it wanted to use the full nine-box matrix to segment its units, the two main axes of the matrix, industry attractiveness and competitive strength, provided a different and useful lens through which to view the environmental scanning process. As such, USI’s customized environmental scanning process developed into a merged model of environmental scanning, as further detailed below.

EXTERNAL ANALYSIS OF TRENDS

Fahey and Narayanan (1986) define levels of the environment used in the scanning of trends. The authors defined the environment at the macro level where changes affect organizations both directly and indirectly. Grummon (2013) identifies five common categories for examining trends: demographics, economics, global education, politics, and technology. In contrast and as previously mentioned, we defined our categories as probable and plausible and did not analyze direct impact environmental and political trends or wild card events, as outlined in figure 4.

Probable trends are those considered likely to occur based on supporting information demonstrating that the trend is developing. Plausible trends could occur and currently exist in the form of knowledge that may develop into a trend. We chose to exclude environmental and political trends since, as a state-funded university, we have an engaged governmental affairs office that keeps abreast of those trends in the region and state. And, as previously mentioned, wild card events (such as the effects of the ongoing worldwide Ebola crisis) are

Figure 3 GE-McKinsey Nine-Box Matrix

addressed ad hoc; because these events usually do not have a longitudinal impact on an organization’s mission, they were excluded from the analysis.

Our environmental scan settled on five trend categories for analysis: demographics, business, science and technology, governance, and higher education (figure 5). We focused on probable and plausible trends that were longitudinally structured from a global, national, state, and regional perspective. Our rationale for selecting these five trend categories was based partly on what NSWC-Crane used in its environmental scanning process, but more importantly, on how these themes can be applied to the next iteration of our university’s strategic plan.

**TREND ANALYSIS METHODOLOGY**

The two graduate students functioned as the scanners. Their academic experience, particularly in synthesizing research into usable pieces of information, proved to be beneficial in the process. They had access to a variety of internal and external sources and were trained by the faculty leads who had experience with trend analysis in their respective disciplines (public policy/administration and the health care sector). Throughout the process, the environmental scanning team met regularly to synthesize and prioritize the trends; the team also apprised the president of the progress on a regular basis. The richness of the environmental scanning process was most apparent in the team’s meetings and debriefing sessions, which were consistently captured and archived as a record of the process (see figure 6).

The outcome of the trend analysis was a set of suppositions for each category. While each was different, there were connections between categories. For example, it was noted that there was a trend in the business, science/technology, and governance categories that emphasized the use of big data and real-time analytics to measure and improve decision making and performance. These results provided valuable
information related to USI’s infrastructure as well as its programs, curricula, and teaching practices.

Concurrent with the trend analysis, an assessment of USI's competitive strengths was conducted by the lead faculty. This was not done within the framework of a typical strengths, weaknesses, opportunities, and threats (SWOT) analysis, but rather through a series of qualitative interviews with internal and external stakeholders.

**ASSESSMENT OF COMPETITIVE STRENGTHS**

As shown in figure 1, external and internal analyses are traditionally seen as separate activities within a strategic planning process. Using the GE-McKinsey nine-box matrix as a model, USI's customized environmental scanning process treated these elements as connected and interdependent. Further, because the team was very interested in bringing a variety of external elements into the strengths assessment, it did not believe a traditional SWOT analysis would be appropriate. During a three-month period, the lead faculty met with 30 individuals, both internal and external to USI, for one-hour qualitative interviews. The internal interviewees all held senior leadership positions at USI, and the external interviewees were community and state leaders. A descriptive list of the interviewees is presented in figure 7. Each interview asked a series of questions related to educational value, USI's competitive strengths, and its positioning for the future:

- What are USI's (distinctive) competitive strengths?
- Will these be our (distinctive) competitive strengths in 10 to 15 years? If not, what might they be?
- What opportunities exist for USI in the future?

The interviews were transcribed, synthesized, and used to form the basis for identifying USI's strengths as they related to the environmental scanning process. Five particular strengths emerged from the interviews based on the number of times they were mentioned during the interview process (see figure 8). A segment of the qualitative interview (two minutes from a 50-minute interview) conducted with Dr. Bennett is included at www.scup.org/phe/v43n2/bennett.
USI’s Prioritized Strengths

USI’s Customized Environmental Scanning Strategy and Internal Dissemination

As noted, the GE-McKinsey nine-box matrix provided the structure within which to formulate and execute USI’s customized environmental scan. The overall environmental scanning process provided valuable information by integrating the trend analysis with the prioritized strengths. Figure 9 depicts the environmental scanning summary product.

When the outcomes from the trend analysis were compared with the prioritized strengths, an overarching question emerged: How should we leverage our strengths to respond to the trends, distinguish ourselves, and position USI for future success? This question is applicable to the university and to each of its operational units, and, for the first time in its history, USI now has information to guide it in leveraging its internal strengths to address external challenges and opportunities.
SUMMARY PRESENTATION TO PRESIDENT’S COUNCIL AND “NOW WHAT?”

The USI environmental scanning process included a constant feedback loop between the environmental scanning team and the president. This effectively allowed a natural continuous quality improvement process to occur. Following the environmental scanning work, the President’s Council convened for a summary presentation of the process and a deeper-dive discussion into the outcomes. This group consisted of all of the direct reports to the president and provost. The discussion generated a host of conversations and summary points related to the relationship between USI’s strengths and the trend analysis. Some of the perspectives taken from the discussion are noted in figure 10.

FUTURE RESEARCH AND NEXT STEPS

The environmental scanning process at USI focused on compiling and analyzing the university’s strengths within the context of external trends. This exercise proved to be successful in presenting a new lens through which USI can look to position itself for both the short and long term. Currently, the outcomes of the environmental scan are being presented to university stakeholders at the unit and program level. The goal is to help stakeholders embrace this work and to demonstrate how the environment matters to their duties, responsibilities, and the future of their programs, and, by extension, the university.

Deeper-Dive Perspectives

» We must provide options that relate to flexibility and diverse ways of delivering education.

» Eighty-four percent of students have taken part in experiential learning. Why can’t 100 percent of students have taken part?

» If our major focus is to continue to build on our highly recognized programs, there will be a cascading effect for other programs.

» Part of the strength of our campus footprint is the capacity for expansion.

» We can be creative and flexible with what a credit hour/class means. Just because you have 15 or 18 weeks doesn’t mean the class has to be paced that way. We can look at shifting the length and pace of classes.

So Now What?

» Use information from the environmental scan to create short-term, intermediate, and long-term positioning statements.

» All campus constituents should be engaged in what trends might also need to be addressed.

» How do we effectively convey this message about flexibility?

» How to we help faculty understand how flexibility is defined and what role they play? Our message must be very clear for all those who are listening.
REFERENCES CITED


REFERENCES CONSULTED


AUTHOR BIOGRAPHIES

DR. MATTHEW J. HANKA is an assistant professor of political science and the director of the master of public administration program at the University of Southern Indiana. His research interests include housing policy, community development, urban policy and governance, social capital, and historic preservation. His work has been published in such journals as American Review of Public Administration, Community Development, Housing Policy Debate, Housing and Society, Journal of Urban Affairs, Journal of Urbanism, and Local Environment.

DR. KEVIN VALADARES is an associate professor of health administration and the chair of the master of health administration program at the University of Southern Indiana. He is actively involved with a number of regional health care organizations in governance, consulting, and teaching capacities from both a leadership development and organizational ethics standpoint. He was involved in the planning and execution of USI’s first official strategic plan.

DR. LINDA L. M. BENNETT became the third president of the University of Southern Indiana in July 2009, after serving as provost and vice president for academic affairs since 2003. In her first year as president, she led the effort to establish the university’s first strategic plan. Since coming to USI, she has led initiatives focused on enrollment and retention management, outreach and engagement, faculty development, the retention of intellectual capital, accreditation renewal, and long-range planning. Her scholarship focuses on public opinion about American politics and political institutions as well as issues in higher education administration.
Integrated planning is the linking of vision, priorities, people, and the physical institution in a flexible system of evaluation, decision-making and action. It shapes and guides the entire organization as it evolves over time and within its community.

**Benefits of INTEGRATED PLANNING**

**ALIGN INSTITUTIONAL PRIORITIES WITH RESOURCES**
Three years of using an integrated budget process, one where funding decisions were transparent and clearly tied to strategic goals, brought about "the end of whining" for a Midwestern, regional university.

**MAKE ACCREDITATION WORK FOR YOU**
The SCUP Planning Institute helped put integrated planning to work at a Southern university and it resulted in a "no concerns or problems" accreditation review.

**CONTAIN AND REDUCE COSTS**
As part of a comprehensive sustainability effort, integrated planning meets the requirements of the American College and University Presidents Climate Commitment (ACUPCC), and that adds up to savings in utilities for campuses across the country.

**Core Competencies for INTEGRATED PLANNING**

Senior leaders excel when the people who report to them understand how essential it is to

» engage the right people
» in the right conversations
» at the right time and
» in the right way.

Integrated planning might not solve every problem on campus, but it is sure to provide a solution to the most important issues. To be effective, and for you as a senior campus leader to be successful, everyone who plans on your campus needs these core competencies:

**ENGAGE THE RIGHT PEOPLE**: Identify the people who need to be in the room and work with them effectively.

**SPEAK THEIR LANGUAGE**: Create and use a common planning vocabulary for communicating.

**KNOW HOW TO MANAGE A PLANNING PROCESS**: Facilitate an integrated planning process and manage change.

**PRODUCE A SHARED PLAN**: Produce an integrated plan that can be implemented and evaluated.

**READ THE PLANNING CONTEXT**: Collect and filter relevant information.

**GATHER AND DEPLOY RESOURCES**: Identify alternative and realistic resource strategies.