Higher Education Consortia: Seeking Solutions to Common Problems

Literally dozens of consortia have sprung up throughout the higher education landscape in recent years as economic pressures on colleges and universities have increased. Consortia offer their members opportunities to seek solutions to common problems outside the confines of their own institutions. Will Reed, Vice President for Finance and Administration at Wellesley College, discusses the nature of consortia and, specifically, the evolution of the Boston Consortium and its expectations for the future.
Collaboration Among Competitors

Higher education is a highly competitive environment, yet it is striking that at the same time institutions also are highly collaborative. This level of collaboration reflects the shared sense of mission and responsibility to society felt by colleges and universities; collaboration is a natural part of the culture of higher education.

Several conditions are essential for successful collaboration. First, an institution’s prestige must be maintained. Collaboration breaks down when status is at risk or when standards are viewed as compromised. Generally speaking, collaboration is not a problem as long as it does not threaten an institution’s reputation, standards, identity, distinctiveness or culture. Collaboration also must address a real need, enjoy a high level of commitment from its members, and have adequate financial resources to buy the best advice and talent. Finally, to succeed, a consortium’s members must have a sophisticated understanding of the needs of educational institutions and be able to change and grow with the times.

Two Approaches to Problem Solving

Consortia offer two basic approaches to solving common problems. The first is to pool specialized resources to eliminate redundancies, avoid or reduce costs, share and enhance technologies, and/or enrich academic programs, student services, and community outreach. Examples of this type of consortium include the Claremont Colleges in California, the Five Colleges, Inc. in Massachusetts, and the Associated Colleges of the South. The second approach is the joining together of a broad array of institutions to focus on a major problem confronting higher education. The best known examples of this approach are TIAA-CREF for retirement planning, The Common Fund for endowment management, and School, College and University Underwriters Limited (SCUUL) for liability insurance.

The Boston Consortium

The Boston Consortium seeks to combine the best features of these two approaches by creating a new type of consortium based on cooperation and shared services—specifically, the integration of administrative and financial services—but with an entrepreneurial emphasis. Its goal is to expand the boundaries of cooperation among its 11 members—unique, independent, and competing colleges and universities in the Boston area. It has both enormous economic clout and a diverse mix of institutions. Together, its colleges and universities represent more than:

- 120,000 students
- 45,000 employees
- $1.2 billion in payroll
- $13 billion in endowment

The consortium’s members range in academic focus from business to liberal arts to research; in size from 1,400 to 27,000 students; in research budgets up to $351 million; and in operating budgets from $37 million to $1.5 billion. Management of the institutions also varies widely, as does the composition of their student bodies and their locations—rural, suburban and urban. Regardless of their differences, consortium members have two key common characteristics: their location in the Boston area and the need to contain costs.

Early Efforts

The Boston Consortium has made significant strides since its start with a planning grant from the Mellon Foundation, which provided the opportunity to hire a consultant to undertake a serious, in-depth study into the costs and benefits of collaboration. The road, however, has not always been smooth. Initially, institutions identified some 60 areas where they thought cooperation and collaboration would pay off. Possibilities included needs as diverse as purchasing stationery supplies to training for the proper disposal of hazardous waste via a consortium Web site. Information technology challenges on each campus
committee expressed enthusiasm and spoke of the eventual value of working together to solve common problems. Encouraged by these positive reports, the consortium sought and received a major grant from the Davis Foundation to support its efforts over the next three years. Additionally, each institution agreed to contribute $30,000 a year to support a small office and staff.

Conclusion

In the early planning stages of the consortium, its members envisioned an extraordinary organization, one that not only would contain costs, but that also would become a dynamic marketplace of ideas. It would be a place where higher education vendors and suppliers would come to discuss service innovations and new product development, and where consortium members would share new thinking and shape new solutions.

The Boston Consortium also would create for-profit subsidiaries that would be expected to provide funds to support future initiatives. These new business enterprises would encompass activities such as custodial services and security, and would provide creative, cost-effective solutions to common problems.

Members of the Boston Consortium are currently working on a variety of projects in areas where they believe cooperation and collaboration may pay off, including:

- consolidation of backroom operations (billing, accounts payable, financial aid processing)
- contracting for healthcare services
- joint purchasing of commodity items (oil, gas, cars, stationery supplies)
- joint job fairs for recruiting for hard-to-fill positions
- joint technology training programs
- benefit administration
- local telephone service
- airline travel

also presented collaborative opportunities, including organization of an IT job fair to attract good candidates for hard-to-fill positions, technology training, and joint purchase of IT equipment and service contracts.

Although anxious for some quick victories to prove their concept, early efforts were thwarted by a lack of trust and credibility among a key constituency—purchasing agents, who initially were asked to convene. Chief financial officers, the driving forces behind the consortium, had enjoyed the opportunity to develop respect and trust for one another over time, but they had overlooked the crucial need for trust to develop among various consortium representatives before productive change could occur. Two areas that quickly proved to be unsuitable for collaboration were the joint purchase of life insurance for faculty and staff and joint contracting for removal of hazardous waste.

Having learned from their early efforts and missteps, and with continued foundation support, the consortium moved on to a variety of projects at once. Anticipated cost savings however, still were elusive. Nevertheless, the CFOs decided to continue their efforts when each project com-

Will Reed is Vice President for Finance and Administration at Wellesley College. He also is a founder of the Boston Consortium. Prior to joining Wellesley in 1990, he was Vice President and Treasurer of Williams College. Reed also has held executive positions at Kenyon College, Princeton University, the Ford Foundation, and the U.S. Atomic Energy Commission. He is a frequent contributor to professional publications.