Market influences and competition for revenue are evident throughout the higher education landscape (Newman, Couturier, and Scurry, 2004). Writing in 2004, Newman, Couturier, and Scurry noted that competition within the Higher Education sector, though evident for the past several decades on a minimal scale, had long remained basically benign. Today, however, competition is serious and powerful. Universities that were accustomed to an established place in their segment of higher education and within their geographic area now finding that “the competition crossed both these boundaries” (p. 3). Seeking sources of revenue has become a constant pressure, and identifying opportunities for growth and strategic positioning is now essential to survival.

Washburn (2005) reinforced this aspect of the university as a constant seeker of revenue and therefore acted more business-like than academic. She noted that, through market pursuits, university administrators had adopted the language of business. Students were referred to as customers, and courses and ideas as products. The business attitudes of higher education adopted from industry were carried forward by educational administrators who had, she noted, been recruited from industry specifically for their business acumen, not their educational experience. She indicated that “even university presidents were chosen for their ability to raise money and their close ties to the corporate sector” (Washburn, 2005, p. 204).

Slaughter and Rhoades (2004) expanded beyond Washburn’s concept of the student as consumer relative to the university as marketer. In this type of environment, concepts of “profit centers” and “academic capitalism” were introduced. Universities were now using mechanisms such as marketplace analysis, managerial capacity, part-time faculty, copyright, and information technology to create profit centers that linked them to a network of actors that included both other universities and corporations. The authors stressed: “The present situation was not links but spheres of interactivity that had no boundaries. Issues such as commercialization were discussed as they relate[d] to profitability” (p. 11). The authors further noted an internal infrastructure of “profit oriented activities as points of reorganization (and new investment) by higher education to develop their own capacity, (and to hire new types of professionals) to identify and market products created by faculty who developed commercial-able products outside of (though connected to) conventional academic structures” (Slaughter and Rhoades, 2004, p. 11).
Initial activities related to academic capitalism were responses to fiscal shortfalls. In higher education, fiscal crises created a climate that emphasized the need for the development of new sources of revenue above and beyond the ever relied-upon tuition increases. The authors emphasized institutions’ continued need to reinforce revenue streams externally (Slaughter and Rhoades, 2004).

These responses to fiscal shortfalls had coincided with what the authors termed the “new economy” (Slaughter and Rhoades, 2004, p.14). They noted that higher education had been responsive to external market forces throughout history. The authors indicated that in the last quarter of the nineteenth-century, “universities integrated with the industrial economy, shifting from a focus on theology, moral philosophy, and education of gentlemen, overseen by the clergy, to science-based disciplines ranging from chemistry and engineering to the social sciences” (p.14). However, at the turn of the twenty-first century, the authors stressed, higher education “[could] not ignore corporations because knowledge was not easily separable from the new economy. In the information society, knowledge was the raw material to be converted into products, process, or service” (p.15).

The authors claimed that universities were now viewed as a major source of “alienable knowledge,” and “were in the process of establishing new relations with the global economy. Autonomy, the preferred but perhaps always fictive position of universities with capital, was now less a possibility because of this positioning” (Slaughter and Rhoades, 2004, p.15). The authors stated that universities were participating in redefining and re-drawing the boundaries of the private sector. As such, universities favored boundaries that allowed them to participate in a varied array of activity intended to generate external revenues.

Additionally, Slaughter and Rhoades (2004) noted that a great deal of cost-center and revenue generation for higher education was now taking place at the department level through entrepreneurial activity. They noted, that in some cases, departments had raised revenue by serving as employment agencies “tapping into employers’ need for students to generate funds” (Slaughter and Rhoades, 2004, p.193). The authors noted that corporations, unlike the academy, often are unable to make long-term research commitments because of their relatively short-term—two- to five-year—planning orientation. As a solution to this limited timeline, Slaughter and Rhoades identified and indicated that select universities were responding by offering opportunities such as a corporate partners program in which they charged a fee to identify and recommend top-performing students.

Slaughter and Rhoades (2004) mentioned that we should not be surprised at the academy’s related concern with this new revenue strategy. However, they stated that the new knowledge/information economy was a reality, and that, while tuition revenues continued to represent the fastest-growing share of annual operating budgets, many departments in higher education were increasingly offering educational services aimed at generating external revenues.

Regardless of the traditional model of the academy, “American higher education was being transformed by both the power and the ethic of the marketplace,” according to Kirp (2003, p.4). He noted that the American university had been busily reinventing itself in response to intensified competitive pressures. “Entrepreneurial ambition, which used to be regarded in academe as a necessary evil, ha[d] become a virtue” (Kirp, p.4).

Kirp stressed that priorities in higher education were not necessarily determined by the institution but by external constituencies such as students, donors, corporations, and politicians. He identified new business-type thinking within higher education in which departments were viewed as “revenue centers” (Kirp, 2003, p.4).
highlighted the *Atlantic Monthly* March 2002 article that examined multimillion-dollar deals between industry and higher education. Kirp stated that “disinterested inquiry” was becoming harder to achieve in higher education because universities were behaving like for-profit companies (p. 208). Kirk also addressed Derek Bok’s position in his 1982 book *Beyond the Ivory Tower*, which had extolled the virtues of industry/academic partnerships, and noted that more recently Bok had adopted a somewhat different perspective on these arrangements between the academy and industry, cautioning that mounting requirements of industry demands would come at the expense of academic freedom (Kirp, 2003).

American institutions of higher education are clearly facing serious financial constraints. Kirp (2003) states the need for institutional leadership to develop a more entrepreneurial orientation toward generating revenues. Because universities today confront an overload of burdens, while being badly constrained by their traditional financial infrastructure, they must become more proactive and entrepreneurial. “If they do not,” he cautions, “they will put themselves at considerable risk during the first decades of the 21st century” (p. 1). New avenues of revenue development are needed for higher education institutions. Opportunities must be identified, and cultivated.

The market environment in which higher education operates is competitive for both revenue and students. This situation presents immense challenges as well as opportunities for higher education leader who possess the skills and can marshal the needed resources to shift their institutions’ focus away from the traditional methods of revenue generation and identify new and expanding opportunities which are unique, marketable, and profitable.

Colleges and universities must take more innovative approaches toward financing. Institutions must develop resource systems that enable them to continually identify and apply fresh ideas to increase revenues.

The argument remains concerning higher education’s resistance to change and the need for the developing processes to collect, analyze, and disseminate information more effectively as universities increasingly encounter threats to their operations (Hughes and White, 2005).

**Adopting a Competitive Intelligence Framework in Higher Education**

Historically, adopting a competitive intelligence (CI) infrastructure within an academic organization has posed challenges and raised objections from both internal administrative and academic quarters. Though CI techniques have been adopted successfully within the business landscape, these methodologies have not yet gained general acceptance as an asset within the not-for-profit educational arena.

CI methodology analyzes and disseminates external information that can assist with organizational decision making and the design of strategic plans (SCIP, 2004). According to Hughes and White (2005), CI practices in corporations continue to grow at a substantial pace, and annual CI spending is estimated to be in excess of $2 billion. However, according to Hughes and White (2005) the majority of CI activities within higher education have remained focused on developing academic programs and curricula to prepare accredited competitive professionals. CI activities within higher education have not directly impacted or benefited the higher education strategic planning process.

The emerging threats that universities now face include but are not limited to:

- Shrinking enrollment.
- Rising costs.
- Demographic changes.
- Online competition.
- Increasingly competitive fundraising environments.
- Accreditation pressures.
might cause a university problems related to public relations.

**Competitor Assessment**

Competitor assessment techniques include the analysis and evaluation of operational activities of a university's competitors. These competitors include emerging institutions as well as traditional rivals. Specific institutional activities to compare could include marketing, operation, intellectual property policies, research and development, finance, information technology, and the profiling of top-level administrators. Additionally, Hughes and White suggest, universities can also analyse new processes, services, and technologies within their competitive landscape. Another useful area might be analyses of how well their competitors are dealing with legislation impacting higher education, or with regard to cost saving, and outsourcing decisions.

**Win-Loss Analysis**

Defined as a customer service activity, win-loss analysis applied to higher education could involve contacting students, donors, and alumni following a course, program, or event to determine satisfaction levels. When applied to higher education administration, Smith and Hughes note that win-loss analysis can increase student retention rates, identify more efficient fundraising methods, and better determine the effectiveness of an event.

**War Gaming**

According to Hughes and White (2005), war gaming is a competitive intelligence technique utilized to help an organization respond to a crisis or surprise event. This analysis involves both predicting future alternatives and determining how to respond to unexpected events. By utilizing methodology such as scenario building, contingency planning, and simulations, a university can better assess the probability of an event oc-
curring as well as planning in advance how to react in specific situations.

Network Analysis

According to Hughes and White (2005), network analysis is developed through strategic alliances for the ultimate goal of broadening the university’s knowledge base. For higher education, network analysis can assist a university in judging the value of pursuing alliances with other institutions to reduce costs or enhance innovative programs.

Conclusion

Academic leaders face enormous internal and external pressures and challenges. Guiding their institution appropriately, meeting ever-increasing fiscal demands, remaining competitive and relevant to the marketplace are all key to success and survival.

Historically noncompetitive, the higher education sector is now having to adjust dramatically to new and increasing demands on numerous levels. To remain successfully operational within the higher educational market universities today must consider all relevant forces which can impact present and future planning. Those institutions that were quick to seek information relative to their competitive landscape are more likely to have positioned themselves securely for future growth.

Adjusting to this changing landscape is a necessity, not an option. How to navigate operations effectively in today’s dynamic environment demands a concerted effort to reframe an organization’s programmatic delivery environment as well as its institutional mentality. Expectations of growth based simply upon reputation no longer exist. A concerted effort towards changing functions is obligatory.

The CI process within higher education notes that programs must be competitive and relevant, operations must be efficient, networks must have cross functionality and the institution must have in place systems that seek pertinent and relevant information from within and across their sectors. Innovation will be a cornerstone in these processes; resistance to change must be eliminated.

The CI methodology outlined in this article can enhance and improve a university’s ongoing strategic planning processes. All initiatives must be deliberate in nature and based on current and relevant research. Benchmarking, background checks, competitive assessments, and win-loss analyses are all important elements of an academic CI structure that universities should adopt if they wish to survive and flourish in the higher education arena. Academic leaders must seek out CI professionals who can initiate, administer and manage the CI function within their institutions.

References


