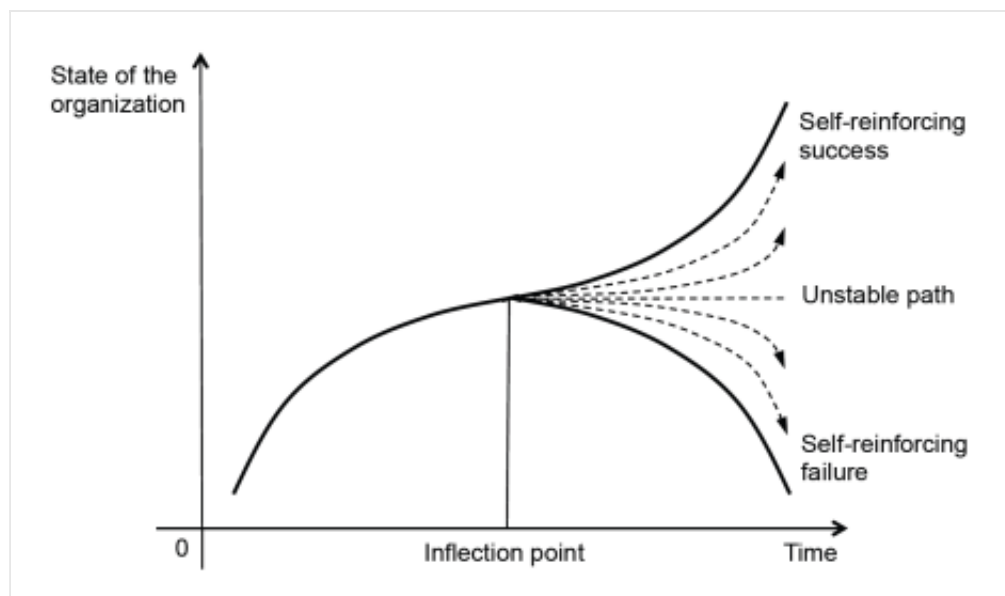


# HIGHER EDUCATION AT A STRATEGIC INFLECTION POINT

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It is a fall day in Boston in 1996. I am sitting in my office working on my commentary for the *Harvard Business Review* on the just-published bestselling business book *Only the Paranoid Survive* by Andrew Grove, the legendary CEO of Intel Corporation. I am writing about my favorite idea in the book, which is Grove's notion of a "strategic inflection point." As Grove puts it: "[A] strategic inflection point is a time in the life of a business when its fundamentals are about to change. That change can mean an opportunity to rise to new heights. But it may just as likely signal the beginning of the end."

Here is a diagram of the notion of a strategic inflection point (which I'll refer to as a SIP). This is Grove's original diagram, embellished to emphasize that the status-quo path is highly unlikely. The business will go either way up or way down.



## King Canute Gets Wet

Today, universities find themselves at about the biggest SIP one could imagine. The

increases in tuition in recent years are unsustainable. Even if there is a global moneyed class that can continue to afford these increases, they are inconsistent with a university's mission to serve the world, not just a small subset of the world. New forms of competition to conventional education are arising at a very fast rate, with a great deal of innovative talent and money behind them. The MOOC (massive open online course) providers Coursera, edX, and Udacity have received enormous media attention. But, many other types of new educational models are springing up, as well. (In business education — the area I know best — new startups targeting education for budding entrepreneurs are announced more or less every day.) As for universities themselves, they do not have a strong track record of innovating and embracing change. They are in many ways highly entrenched institutions. All these factors point to the very real possibility that many universities, if they do not evolve rapidly, face a less-than-bright future. No doubt, different universities are in different positions. Some — those at the top — will certainly fare well in almost any circumstance. But many universities are in a much less protected position.

What about the flip side of being at a SIP? What opportunities do universities have to rise to new heights? The biggest opportunity comes from the digital revolution, which, by dramatically reducing cost and increasing access, offers the chance to make education available for the first time to several billion people around the world. Universities can be at the forefront of this revolution.

Stewart Brand, founder of the visionary 1960s magazine *Whole Earth Catalog* (referred to by Steve Jobs in his famous 2005 Stanford University commencement speech), coined the phrase "Information Wants to Be Free." To some people in the world of universities, this is a threatening situation and they are talking about the need to keep knowledge inside the walls of academia.

However, my own education growing up taught me a different lesson. We were told the story (or, at least, the legend) of King Canute, an 11th-century Anglo-Saxon monarch who, to demonstrate his power, had his throne set down on the seashore one day and

ordered the tide not to come in. Needless to say, the king got very wet.

## Joining the Future

Will universities fight or embrace the sea change coming to higher education? I hope they will embrace the change. Of course, the skeptic will say: “Wouldn’t universities, in this case, be acting against their own self-interest?” I think not. It is surely the smart bet to be a part of a revolution that will bring affordable education to more and more of the planet. Opportunities to make a living from such a grand enterprise will surely emerge – and it will surely be much harder to take advantage of these opportunities from the sidelines.

I am not going to try to predict in any precise way the future of higher education. I prefer to live by the adage that goes “The future cannot be predicted, but futures can be invented” (penned in 1963 by physicist Dennis Gabor, inventor of the hologram). I would like to see universities build a future in which they offer a variety of forms of education. Some forms – perhaps entirely online – will be free to all. Some forms – with significant amounts of face-to-face teacher-student and student-student contact – will be costlier to provide and will be priced accordingly. A given university will be involved in several forms of education and will manage its overall finances accordingly.

The arrival of digital technology in higher education does not mean the death of face-to-face education. The picture is much more subtle – and interesting – than that. Back to Andrew Grove, the great business strategist. In 1996, at the dawn of the Internet, when many people were declaring that clicks would replace bricks in every industry one could name, Grove took a much more nuanced view of the changes to be expected. In *Only the Paranoid Survive*, he wrote: “There will be new players on the scene to be sure, but they are just as likely to play the role of complementors as competitors.” (The term “complementor,” which I coined with my colleague Barry Nalebuff, refers to a provider of complementary, rather than competing, products or services.) Similarly, in the landscape of higher education today, online and face-to-face education will sometimes be in competition with each other, and will sometimes complement each other. The

flipped classroom — where basic lecture material is moved online and the classroom becomes a workshop — is a good example of the latter.

The future for universities will be as interesting as they choose to make it.

## **Joining the Movement**

Back in my office in Boston in 1996, where I was sitting admiring the concept of a SIP, I did wonder what it would be like to find myself in the midst of a real-life instance of one. Well, I got my wish. (As the saying goes: “Be careful what you wish for!”)

I may have been primed by my reading back in the 1990s to spot a real-life SIP. But, recently, I have been learning a lot about what happens at a SIP – in particular, about how organizations react to them. My fellow academics who are social theorists would not be surprised by the ‘dialectical friction’ that arises in organizations at such a moment. It is the tension between people who see an opportunity to break from the past and people who see change mainly as risk.

I have also been learning how much bringing about change in an organization is about building a social movement that advocates for change. As we all know, social movements today can utilize digital technology to bring people together and help coordinate action, and they can be all the more effective because of this. So, there is some irony in my publishing this piece in the old medium of an ink-on-paper publication (perhaps, though, you are reading it on the online version). Still, irony noted, I will use this opportunity to ask you, the students, as fellow members of our Stern community, to work together with my team and me to create, here and now, the best education we can.

My teammates, Jessy Hsieh and Jerllin Cheng, and I hold what we call Exploration Hours every Wednesday afternoon from 4:00pm to 6:00pm in Tisch 5-11. Please join us there so that we can work together.