THE MEANINGFUL ROLE OF CEO AT THE LEADING AMERICAN UNIVERSITIES IN THE CONTEXT OF STRATEGIC MANAGEMENT

Abstract. The article is dedicated to the investigation of the essential CEO role in the contemporary processes of the leading American universities development. It reveals the necessity of business strategy and tactics implementing it the structural work of the scientific-research and educational units. It is proved that the logic of CEO activity should be correlated with strategic thinking and strategic planning. The innovations are estimated as stimulant factors of effective university work led by CEO aware of the newest business trends and techniques. Manager skills are proved to be the most adequate CEO activity pattern.

Keywords: CEO, strategic management, strategic thinking, strategic planning, university, business strategy, innovation

Introduction. The role of CEO at the leading American universities is meaningful in the context of strategic management. The comprehensive analysis of CEO is based on the two leading American universities research: Stanford University, one of world-famous traditional research universities, and University of Phoenix, the largest private non-traditional university in the United States. A university is observed as a complex whole system, which consists of several subsystems – interconnected, interrelated, and interacting elements, such as university top senior executives, C-level executives, as well as wide range of functional units. Their structures and characteristics of the excellent university senior executive influence the strategic management dramatically.

The main ideas and concepts are investigated in the following works: "Deep Dive: The Proven Method for Building Strategy, Focusing Your Resources, and Taking Smart Action", written by Rich Horwath in 2009. He analyzes three critical elements of strategic thinking, divides them into simple and achievable skills. Another work is "Management Challenges for the 21st Century" written by Peter Drucker, in 2012. Peter F. Drucker discusses how the new management paradigms have changed. "Strategic Management" written by Neil Ritson is free textbook on strategic management. Neil Ritson introduces to various approaches and schools within the framework of strategic thinking. The study also uses materials from books "Successful Business Plan: Secrets & Strategies" by Rhonda Abrams, and "The Curve Ahead: Discovering the Path to Unlimited Growth" by Dave Power.

Literature review and the problem statement. The purpose is to discover leading American universities Experience, which demonstrates the increasing role of CEO in the current process of modernization of educational and research institutions. The strategy of a university takes over the business tradition and now prefers strategic management in the organization activities.
That is why CEO of the university should be especially good manager, aware of modern management business models that can be incorporated into the up-to-date reform process. The basic methods of this researching are analysis and synthesis, hermeneutics method, comparative method.

**Research results.** University business strategy is a part of general strategic management. It is a long-term plan of action designed to achieve a particular goal or set of goals or objectives.

It is worth to emphasize that business strategy is different from vision, mission, goals, priorities, and plans. It is the result of choices executives make, on where to play and how to win, to maximize long-term value.

Our interviews with both universities senior executive show that creating business strategy, its permanent review and, when necessary revisions, is a core management function.

However, as they admitted, having a good strategy and executing the strategy well, does not guarantee success. Universities can face unforeseen circumstances and adverse conditions through no fault of their own. Like for example, it happened these days to University of Phoenix, when shortsighted decisions of the previous executive management drove the school to the drastic failure of its stock, and as the result, university’s acquisition in February 2016.

According to majority of scholar research works, Strategic Planning is a systematic process of:
1. envisioning a desired future, and
2. translating this vision into broadly defined goals or objectives and a sequence of steps to achieve them.

In contrast to long-term planning (which begins with the current status and lays down a path to meet estimated future needs), strategic planning begins with the desired-end and works backward to the current status.

Analysis of various literature sources, as well as interviews with university executives allows to make a conclusion that strategic management at the university is a set of leadership and managerial decisions and actions that determines the new phase(s) or rebirth of the long-run performance of an university or parent corporation [Neil Ritson 2013].

The five tasks of university strategic management are:
1. Deciding what business the company will be in and forming a strategic vision of where the organization needs to be headed - in effect, setting the organization with a sense of purpose, providing long-term direction, and establishing a clear mission to be achieved.
2. Converting the strategic vision and mission into measurable objectives and performance targets.
3. Crafting a strategy to achieve the desired results.
4. Implementing and executing the chosen strategy efficiently and effectively.
5. Evaluating performance, reviewing new developments, and initiating corrective adjustments in long-term direction, objectives, strategy, or implementation in the light of actual experience, changing conditions, new ideas, and new opportunities.

The main highlights of business strategy [Rhonda Abrams 2014]:
- although strategy does not precisely detail all future deployments (of people, finances, material and other resources), it does provide a framework for managerial decisions;
- a strategy reflects a company awareness of how, when, and where it
should compete; against whom it should compete; and for what purposes it should compete.

Grand and generic strategies:
- grand Strategy or Long-Term Strategy – the strategy, which is based on a core idea about how the firm can best compete in the marketplace;
- generic Strategies: core ideas about how the firm can succeed in Grand Strategy implementation;
- grand Strategy is based on the set of Generic Strategies.

Offensive and defensive business strategies:
- offensive (for example, in marketing) warfare strategies are strategies designed to obtain some objective (market share, from a target competitor, key customers, high margin market segments, or high loyalty market segments);
- defensive marketing warfare strategies are strategies designed to protect your market share, profitability, positioning, or mind share.

According to Rich Horwath: "Strategy is not aspiration, best practices, or caution. Strategic Thinking is the generation and application of business insights on a continual basis to achieve competitive advantage" [Rich Horwath 2009].

Therefore, Strategy is different from vision, mission, goals, priorities, and plans. It is the result of choices executives make, on where to play and how to win, to maximize long-term value.

Encompassing core elements of company’s sustainability and all-embracing success are presented as a subsystem consisting of sixteen elements: Competitiveness, Innovation, Breakthrough Technology and IT, Change Management, Re-engineering and restructuring, Organizational Development, Globalization and Outsourcing, Human Capital (f. HRM) Management, Executive Team and Shareholders Management, Employee Knowledge Sharing and Development, Investment and VC Management, Marketing & Social Media, Enrollment, P&L, Sustainable Development, Exit Plan Management.

CEO is a unique blend of talents, wisdom, knowledge, skills, abilities, experiences and intellectual innovative ideas able to boost organization’s effectiveness and generate wealth and success across operations for encompassing core elements of company’s sustainability and all-embracing success.

Characteristics of a University President and other Senior Executives with a great reputation are very important.

What the public thinks of a university’s President CEO drives much of what they think of the university itself and has a lot to do with determining the university’s success. Therefore, for the sake of the university they oversee, senior executives spend more and more of their time cultivating their own, personal "reputation premium".

The highly regarded President CEO Senior Executive:
1. Has a clear vision for the university.
2. Inspires and motivates VPs, C-level executives, deans, department chairs and students.
3. Is honest and ethical.
4. Is a good communicator internally.
5. Care that the university is a good place to work.
6. Has a global business outlook.
7. Is decisive.
8. Is focused on students and faculty.
We must admit business leaders are at a pivotal point. They are emerging
from a period in which CEOs kept fairly low profiles, raised to the public spotlight only by crisis or scandal. While they were keeping quiet, the media landscape exploded around them, effectively crowding out carefully crafted message points and spawning increasingly distracted audiences only interested in 140 characters at a time.

Fortunately, CEOs have entered a golden age of opportunity in which to tell their company stories. They are far less dependent on traditional media to profile their biographies and echo their future strategies. CEOs can now take their storytelling content directly to stakeholders without negotiating with the media, through content marketing and social media.

CEO’s systemic vision of business strategy includes:
1. Competitiveness.
2. Innovation.
3. Breakthrough Technology and IT.
5. Re-engineering and restructuring.
6. Organizational Development.
9. Executive Team and Shareholders Management.
10. Employee Knowledge Sharing and Development.
11. Investment and VC Management.
12. Marketing & Social Media.
13. Sales.
14. P&L.
15. Sustainable Development.

Strategic management means CEO should combine such skills as strategic thinking and strategic planning. We offer the table comparing these to qualities (Table 1).

**Table 1 – Comparison of qualities**

<table>
<thead>
<tr>
<th>President or CEO</th>
<th>Strategic Thinking</th>
<th>Strategic Planning</th>
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<tbody>
<tr>
<td>Vision of the Future</td>
<td>Only the shape of the future can be predicted</td>
<td>A future that is predictable and specifiable in detail</td>
</tr>
<tr>
<td>Strategic Formulation and Implementation</td>
<td>Formulation and implementation are interactive rather than sequential and discrete</td>
<td>The roles of formulation and implementation can be neatly divided</td>
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<tr>
<td>Managerial Role in Strategy Making</td>
<td>Lower-level managers have a voice in strategy-making, as well as greater latitude to respond opportunistically to developing conditions</td>
<td>Senior executives obtain the needed information from lower-level managers, and then use it to create a plan which is, in turn, disseminated to managers for implementation</td>
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</tbody>
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Control

- Relies on self-reference – a sense of strategic intent and purpose embedded in the minds of managers throughout the organization that guides their choices on a daily basis in process that is often difficult to measure and monitor from above.
- Asserts control through measurement systems, assuming that organizations can measure and monitor important variables both accurately and quickly.

Managerial Role in Implementation

- All managers understand the larger system, the connection between their roles and the functioning of that system, as well as the interdependence between the various roles that comprise the system.
- Lower-level managers need only know his or her own role well and can be expected to defend only his or her own turf.

Strategy Making

- Sees strategy and change as inescapably linked and assumes that finding new strategic options and implementing them successfully is harder and more important than evaluating them.
- The challenge of setting strategic direction is primarily analytic.

Process and Outcome

- Sees the planning process itself as a critical value-adding element.
- Focus is on the creation of the plan as the ultimate objective.

Source: own development

CEO should be open to innovations, yet he/she needs to analyze them deeply and find out more and less effective ones in order to use the best novelty samples.

The research helps to indicate several innovations’ categories:

1. Disruptive Innovation. A disruptive innovation is an innovation that helps create a new market and value network, and eventually disrupts an existing market and value network (over a few years or decades), displacing an earlier technology. Disruptive innovation, a term of art coined by Clayton Christensen, describes a process by which a product or service takes root initially in simple applications at the bottom of a market and then relentlessly moves up market, eventually displacing established competitors.

2. Sustaining Innovation: in contrast to disruptive innovation, a sustaining innovation does not create new markets or value networks but rather only evolves existing ones with better value, allowing the firms within to compete against each other's sustaining improvements. This is the type of innovation that Apple excels at, where there is a clearly defined problem and a reasonably good understanding of how to solve it.

When Steve Jobs first envisioned the iPod, it was simply a device that allowed you to put "1000 songs in your pocket". That meant you needed to have a certain amount of memory fit into certain dimensions. Those were difficult problems that took a few years to solve, but it was pretty clear what was involved and who was capable of solving them.
Types of innovations by degree of novelty & depth:
- Incremental innovations - a series of small improvements to an existing product or product line that usually helps maintain or improve its competitive position over time. Incremental innovation is regularly used within the high technology business by companies that need to continue to improve their products to include new features increasingly desired by consumers;
- Radical innovations (sometime referred to as breakthrough, discontinuous or disruptive innovations) provide something new to the world that we live in by uprooting industry conventions and by significantly changing customer expectations in a positive way. Ultimately, they often end up replacing existing methods / technologies. You often find smaller companies and start-ups being much stronger at radical innovation. Big companies are much better at incremental innovation than they are at radical innovation;
- Systemic innovations - an intentional and organized process to evaluate opportunities to introduce change of which the sources of innovation may be internal or external to the enterprise.

Systematic Inventive Thinking (SIT) is a practical approach to creativity, innovation and problem solving, which has become a well-known methodology for innovation.

At the heart of SIT's method is one core idea adopted from Genrich Altshuller’s TRIZ which is also known as Theory of Inventive Problem Solving (TIPS): that inventive solutions share common patterns. Focusing not on what makes inventive solutions different - but on what they share in common - is core to SIT’s approach.

There are several sources of innovation impulses [Peter Drucker 2012]:

I. Internal impulses:
1. Unexpected event/Unexpected success.
   - What will the use of the offered opportunity mean to us?
   - Where will its introduction take us?
   - What do we need to do for its implementation?
   - How can we achieve that?
   - Unexpected failure.
   - Unexpected external event.
2. Contradiction.
   - non-compliance with economic reality;
   - contradiction between reality and anticipations about it;
   - contradiction between the anticipated and real behavior of customers and their values.
3. Change of work process.
   Necessity of change, based on:
   - identification of the weak point of the chain;
   - convenient, feasible solution for implementation;
   - change in the structure of industry or market;
   - rapid growth of the industry;
   - identification of new market segments;
   - convergence of technologies (e.g. use of computers in telecommunications);
   - rapid change of the industry and resulting need of a structural change;
   - external impulses.
4. Demographic changes.
   New emerging demographic groups’ needs:
– generation "Babyboomers";
– generation "Youth";
– mobile device users;
– e-commerce users.

S-curve of the growth of university enrollment would show a rapid, exponential increase in enrollment for a period time, followed by a tapering or leveling off. The tapering occurs when the population of new students declines, like it happened with the University of Phoenix in 2012-2016. At this point growth is slow or negligible, and is sustained by existing interested individuals who continue to apply for university programs.

There are numerous graphic presentations of the S-curve analytical methodology [Dave Power 2014]. Let us examine some of them (Figure 1, 2).

![Figure 1](image1.png)

**Figure 1** – Graph of Correlation of Performance and Effort
Source: own development

![Figure 2](image2.png)

**Figure 2** – Graph of Correlation of Performance and Time
Source: own development

**Conclusions.** The research of existing publications on university Executive Management, as well as a dozen of interviews with Senior Executives of Stanford University and University of Phoenix during our on-site visits and shadowing
them allowed to make a conclusion that innovations followed by university Change Management system (which includes implementation and monitoring processes) is a core of university Senior Executive Managers business strategy for achieving desired results and outcomes. Positions of President, CEO, Vice President, Executive Director are about business strategy, first. The core element of every university senior executive (or future senior executive) business career is business strategy.

References

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