The College as Investor in its Mission

ACCT 2017 Las Vegas
Northwestern Michigan College

Chris Bott, Vice Chair and Trustee
Marguerite Cotto, Vice President for Lifelong &Professional Learning
Timothy Nelson, President
Contextual Frame

Where and Who We Are
Our Location
Four Campuses
Regional Characteristics

- Six county population 170,000
- 94% Caucasian
- Ages 45-75 is growth sector
- Major economic sectors
  - Tourism, Manufacturing, Agriculture (value added and commodity), Healthcare, Water
  - Public organizations
  - Predominantly “small companies”
- Labor and housing shortages
Northwestern Michigan College - Context

• 5,100 unduplicated credit students annually
• University Center, Museum, Radio Station, Training and Community Extended Education combined with credit students yields 50,000 “learners”
• AQIP - HLC
• Five on-campus housing facilities
• Baccalaureate programming
• Policy governance organization
• $54M enterprise with $40M Foundation
• 1 of 28 state supported community colleges
Leadership Positions

• Top 5 “Best for Vets” nationwide
• 12th for short term study abroad nationwide
• 10th out of top 15 Best Drone Training Colleges
• 11th out of 50 “Best Choice Schools for Culinary” nationwide
• Only ADCI Certified ROV Pilot Technician Training Program in the World
• Top 20 Foundation endowment per student
• Award scholarships $800,000 to $1 million/year
• First community college baccalaureate in Michigan
• Dennos Museum – “U.S.A. Premiere Exhibitions”
Understanding Why and How We Took This Journey ...

Critical realities
Community College Business Realities

External Subsidies
- Federal
- State
- Local

Low Price Alternative

Low Margins

Strategies
- Efficiency
- Effectiveness
- Cost reduction
- Productivity

DECLINING

- Geographically Bounded
- Regulated Oligopolies
- Trapped by Demographics and Geography
Underlying Principles

<table>
<thead>
<tr>
<th>Traditional – Who We Have Been</th>
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<tbody>
<tr>
<td>• Place Based</td>
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<td>• Time Based</td>
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<td>• Knowledge Transfer</td>
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<td>• Public Good</td>
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<td>• Long Development Cycles</td>
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<td>• Access</td>
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## Transformation Needed

<table>
<thead>
<tr>
<th>Historical – Who We Have Been</th>
<th>Future – Who We Must Be</th>
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<tbody>
<tr>
<td>• Place Based</td>
<td>• Content Based</td>
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<tr>
<td>• Time Based</td>
<td>• Competency Based</td>
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<tr>
<td>• Knowledge Transfer</td>
<td>• Synthesis and Application</td>
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<tr>
<td>• Public Good</td>
<td>• Private Good</td>
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<tr>
<td>• Long Development Cycles</td>
<td>• Short Development Cycles</td>
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<tr>
<td>• Risk Averse</td>
<td>• Risk-taking</td>
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<tr>
<td>• Reactive</td>
<td>• Proactive</td>
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<tr>
<td>• Access</td>
<td>• Success</td>
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Phases of the Industry Life Cycle

Source: 1980 Michael Porter modification of Ryan & Gross, 1943
Original Study
Phases of the Industry Life Cycle

Source: 1980 Michael Porter modification of Ryan & Gross, 1943
Original Study
Living in a VUCA world

➢ Volatile
➢ Uncertain
➢ Complex
➢ Ambiguous
Structural Shifts

• Articulated new Values and Vision statements
• Articulated sector planning assumptions based on
  – Demographics, competition/partnerships, educational delivery and process, talent/culture
• Adopted strategic agenda and directions
• Established Division of Lifelong & Professional Learning
• Adopted models for future
Strategic Directions and Agenda

- Ensure NMC learners are prepared for success in global society and economy.
- Establish National and international competencies...
- Deliver learning through networked workforce.
- Establish lifelong relationships with learners.
- Transcribe most learning to establish credentials of value.
Our Response: 2009+ NMC Strategic Agenda

External Subsidies

Low Price Alternative

Strategies
- Efficiency
- Effectiveness
- Cost reduction
- Productivity Increase

$\$\$

RISK

Strategy
- Differentiated products with higher pricing to alternative markets

Earned Subsidies

B/C

A
"ONE NMC" with Two Engines

Leverage, Integrate and Exchange:
- Resources
- Revenue
- Reputation
- Results

Characterized by:
- Value
- Quality
- Reputation
- Success
- Access

Characterized by:
- Specialized Reputation
- Alternative Delivery

Portfolio A

Portfolio B/C
Models and Toolbox

- Decision Making Model
- OCAI
- DIA Model
- Funding mechanisms
NMC Decision Making Process

**Stage 1**
*Introduce Idea*
1. Initiated by NMC faculty or staff: Complete Idea Summary
   - Present rationale
   - Fit with NMC mission, strategic directions, strategic plan
   - Answer preliminary market questions with sources
2. Initiated by community member: NMC point of contact completes Idea Summary

**Stage 2**
*Market Research* (Mktg Resource and Point of Contact)
- Who is the intended customer? Where are they located?
- Is the market existing or new?
- If the market is new, how will we create a market?
- Is the market growing or declining? Short or long term?
- How big is the market and what drives market size?
- Will the idea create jobs/lead to jobs? For whom?
- Who are our competitors in this market? How will we compete?
- What is the window of opportunity to act on this idea?

**Stage 3**
*Define Business Models* (Business Modeling Resource and Point of Contact)
Develop summary of scenarios around business model(s) to address:
- What will NMC do for whom at what value? What is NMC’s differential advantage?
- What are the resource implications (labor, capital/equipment, space, licensing, etc.) and are they one time or ongoing?
- What is the financial goal – break even, maximize profit, etc.
- Will it contribute to other things the college is doing?
- Define collaboration/partnerships needed.

**Stage 4**
*Create Implementation Plan* (Point of Contact)

**Implementation Plan**
- Planning & Budget Council Review
- Curriculum Committee (new programs only)

**Communicate to Stakeholders**
- Plan for implementation
- Project Closure Summary

*Revision Date: 04/17/2014*
Cultural Assessment - Talent

OCAI @ NMC: Overall NOW & FUTURE

Flexibility and Discretion

Internal Focus and Integration

External Focus and Differentiation

The CLAN

The ADHOCRACY

The HIERARCHY

The MARKET

Stability and Control

Source: Kim S. Cameron and Robert E. Quinn, 1999
DIA Model

**Discovery**
Creation, recognition, elaboration, articulation of opportunities.

**Incubation**
Evolving the opportunity into a business proposition

**Acceleration**
Ramping up the business to stand on its own

**Exploration**
- Basic Research
- Internal Hunting
- External Hunting / License / Purchase / Invest

**Experimentation**
- Technical
- Market Learning
- Market Creation
- Strategic domains

**Exploitation**
- Focus
- Respond
- Invest

*Source: 2005 Dr. Gina O'Connor, Rensselaer Polytechnic Institute*
Components of Innovation Management System

Source: 2005 Dr. Gina O’Connor, Rensselaer Polytechnic Institute
## Innovation Funding Mechanisms

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<thead>
<tr>
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<th>Funding Source</th>
<th>Dollar Amount</th>
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<tr>
<td><strong>Discovery</strong></td>
<td>Discovery Foundation, President’s Office, External</td>
<td>Approx $5,000 each</td>
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<tr>
<td><strong>Incubation</strong></td>
<td>President Office Strategic Fund, General Fund, and External funds</td>
<td>Up to $35,000 each. Cumulative up to $250,000 per year</td>
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<tr>
<td><strong>Acceleration</strong></td>
<td>Fund for transformation &amp; External</td>
<td>As prescribed in plan. Fund has $1.2 million balance</td>
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# Targets and Types of Transformation and Innovation

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- **Product**
- **Process**
- **Business Model**
- **Talent**
Successes ... and ... Not So Successful
Investing in Discovery:

NMC Innovation Grant

• Aviation UK partnership exploration.
• Costa Rica EARTH University exploration.
• Student team UAS equipment request.
Supporting Incubation

• NMC marine related programming
• China Partnerships
Accelerating: Engineering Technology
Unmanned Systems and Robotics

- Marine
- ROV Systems & Operations
- Underwater Acoustics & Sonar
- Marine GIS & Data Processing
- Applied Marine Technologies

- Unmanned Aerial Systems
- Introduction to UAS
- UAS I
- UAS II
- Private Ground School
Acceleration Examples

• Great Lakes Maritime Academy – Portfolio A
• Aviation – Traditional – Portfolio A
• Global Opportunities Funding
Sometimes it doesn’t go...

- Micro brewing and distilling
- Hydroponics
- Viticulture
The Outcome We Pursue

• NMC will continuously transform the learning experience and its global relevance to those we serve through innovation, agility and thoughtful risk-taking.
Some ideas to share with you...

- The value & cost of funding....
- The nature of risk...
- The space for failure...
- The public’s perception on “your place as a community college...”
Thoughts on Innovation

• We believe innovation occurs when two or more dissimilar people or organizations collide. So work to create collisions.

• Believe we can overcome barriers and take the risks.
Questions

Thank you!

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• Timothy J. Nelson, President  tnelson@nmc.edu
• Marguerite Cotto, VP  mcotto@nmc.edu