CHAPTER 10

Leadership for Change: Some Simple Lessons from the University of Sydney

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In private many Vice-Chancellors are, like most academics, self-critical creatures, who can talk openly about their failures as much as they can their triumphs. But, for the public occasion, every Vice-Chancellor has a hero story in which they (though, for modesty's sake, it is usually their team) either brought an institution that was on its knees to academic and financial prosperity, or made a good institution great (again).

My hero story is broadly in the former genre, though I want to tell it for a very particular reason. Over the past seven or so years, we have brought real change to the University of Sydney and, in the process, been true to three leadership tools that I think are essential in such a process, particularly in conditions of uncertainty. I offer that story as a kind of case study in bringing change to an enormous institution more difficult to turn quickly than the *Titanic*.

In order to understand our story of change, it is important to understand something of the University to which I arrived from Oxford in 2008. The University of Sydney is enormous. It currently has 63,000 students and teaches everything from print-making to astrophysics. About 36% of our students are international students, of whom about half are from the People's Republic of China. The University is ranked within the Top 100 in all the major rankings, and in the Top 50 in the ones that we like to cite. We are said by the QS, for example, to be 4th in the world for the employability of our graduates.

The University of Sydney is Australia's oldest, and, at the time I arrived, was widely believed, at least within the institution itself and its alumni

community, to be its richest and its best. In large part, we could believe that narrative because the institution kept very poor financial information (the statutory accounts of Australian universities were essentially cash accounts), and equally poor information about the quality of our research. In the government's first research assessment exercise, for example, approximately a third of our work was not returned because our data collection systems were poor and a sizeable group of our academics believed that it was none of the University's business whether they did, or did not, produce publications. Our sense of place in the research world came crashing down when, not surprisingly, we did not do as well as we thought we ought to have done in that first exercise. Our sense of our own wealth was even less supported by the facts; we had over A$300 million of backlog repairs and maintenance, and in my first year in office there was a month in which there was the real possibility that we might not have been able to meet the salary bill. The University was (on average) the highest-paying university in (on average) the highest-paying university system in the world, but had failed to invest in critical research and teaching infrastructure for several preceding decades. Six faculties of the University were generating most of its income; while ten were losing significant amounts of money with very little accountability.

A CORE PROBLEM

In essence the University had one core problem. It had forgotten what it meant to be a single university. It was instead a loose association of 16 faculties, warring states whose influence in university decision-making had more to do with internal politics than either the quality of their work or their contribution to the University's financial sustainability. This had many consequences, not least an inability to devise meaningful institutional strategy about research and education, and a byzantine, multi-layered system of university administration. This status quo was usually supported with two arguments, each of which contains a kernel of truth, but neither of which justified the lack of a coherent institutional strategy. The first was the argument that academic strategy ought to be devised at the level of the institution closest to the core disciplines. The second was that the most creative academic work happens in an environment in which "a thousand flowers bloom", and that institutional strategies usually empower university apparatchiks to "pick winners" who invariably turn out to be "losers".

   The University is, I am pleased to say, now in a very different position. We have a coherent strategy focusing on the transformation of our undergraduate educational offerings to make them far more appropriate to the contemporary needs of our graduates; we have pioneered a new model for indigenous

education and research; we have a strategy to strengthen both our disciplinary and interdisciplinary research that is yielding significant dividends; we have a strategy to improve the culture of the institution around our core values; have simplified the design of the organization by reducing the number of faculties from 16 to six; and have invested around $2 billion in the redevelopment of our main campus, and are only half-way through our planned program of investment in research and teaching infrastructure; we have raised over $750 million in our latest fundraising campaign when fundraising levels had been very low; and are in a much more financially sustainable position. All this has been possible because we have remembered what it means to be a single university.

FOUR ELEMENTS FOR CHANGE

Four key elements in leading change have been crucial. None of them is particularly innovative, but the Sydney experience demonstrates that the combination of these elements can be very powerful indeed.

The first is a deep commitment to collective leadership, supported by absolutely transparent research, teaching and financial performance information. Once the scale of the challenge at Sydney was clear, the first thing that we did was to commit to running the University through a fortnightly meeting of representatives of the faculties and to keeping that meeting accountable against reliable information. Many sought to undermine the process in one of two predictable ways: either by entering into a dispute about the data and the methodologies of its collection and analysis, or by developing conspiracy theories about why the whole exercise was really intended to persecute this or that faculty. But the antiseptic effect of information, and the difficulty of maintaining really spurious arguments or indulging in bad behaviour with the possibility of group censure, meant that the quality of decision-making and the accountability of individuals were significantly improved. It was important in this process that I myself lost some arguments in the group about things that I thought we should do; the group needed to be empowered to take responsibility. In addition to this central university meeting, faculties were organized into groups for the purpose of joint strategy development and common budgeting, a transition measure towards the later merger of faculties (mergers which would at the time have been politically impossible).

The second key element in leading change in a highly diverse and fragmented institution was to introduce an internal resources and costs allocation mechanism that set appropriate incentives. Like most such mechanisms, ours allocated to the faculties the income that they earned less levies for: university-wide services and strategic initiatives; the maintenance of infrastructure (a

"space" charge); investment in infrastructure (a "capital" charge); the transfer of teaching income to support the costs of research in a system in which many of the direct, and most of the indirect, costs of research are met from student fee income (a "research transfer levy"); and, in a way open to constant revision, for meeting the particular costs of the ten faculties which at the beginning of the process were not breaking even financially. This last levy was obviously an important one in breaking open the activities of the faculties to university-wide conversation about choices that were being made at the local level that had university-wide implications. This was extremely challenging to the group of Deans, who had traditionally worked on the fiction that they had collective interests defined against the interests of the "University", or the "Centre" loosely understood, and who came to understand that the choices that they were making had consequences for their colleagues in other parts of the institution. The transition for them was from being advocates for their faculty in a complex political system, to being academic strategists, talent managers, fiscal stewards, fundraisers and external advocates. But the transition enabled the group to distinguish contexts in which the "losses" incurred by particular faculties were the product of external funding or other factors beyond the control of the faculty itself, from contexts in which they were the product of contestable choices being made by the faculty. In the latter contexts, the University could still take the decision to subsidise those choices, for example where an unusually expensive pedagogical method was preferred to a less expensive one because of a faculty's philosophy of education, but it was doing so knowingly and understanding what the trade-offs might be for other part of the institution.

The third key element in leading change was comprehensive and widespread consultation around the development of two consecutive five-year university strategies, that involved staff, students and external stakeholders in a variety of contexts and methods of input. Our 2010-2015 strategy involved almost 18 months of consultation with literally thousands of staff, students, alumni and external stakeholders as we educated the University community about the need for a coherent strategy, and then consulted on the shape that it should take. Inevitably our first strategy lacked the focus that a good strategy requires. In an extremely diverse institution, there was a desire by every part of the University to have their marker in the strategy, and therefore far too long a list of initiatives included within it. But it was important to accept that this was a first iteration in the exercise of attempting to become one university and in having the kind of conversations that we would need to have to become a more strategically effective organization. Importantly, the 2010-2015 strategy was positioned as the first part of a ten-year program; it is in the 2016-2020 strategy that pace of change is quickening.

One feature of a good strategy that often proves particularly elusive in a university context is its particularity. Many university strategies globally pronounce grand intentions about changing the world, and then set about investing resources in particular kinds of input into the academic process. They talk about investing in buildings, or in people, or in information systems and have various generic schemes for doing so. But a strategy ought to be focused on the core business of the university in teaching and research. And unless a university is one of the tiny handful that have almost limitless resources, excellence in teaching and research will inevitably involve concentrating strategic resources in particular disciplines or thematic areas of work. This requires real choices to be made: choices such as that between investing in existing excellence or building up new areas of work, investing in issues of great currency or trying to predict emergent topics of importance. The egalitarian ethos of a university and the fragility of academic egos mean that these choices between the commitment of resources to incommensurably good ends are at least initially very fraught. Moreover, while a university level strategy is core, individual faculty strategies that dovetail with it are at least equally important, and conversations about priorities become even more difficult at the local level unless those conversations are well supported. Academics need to be convinced that being a part of a university with a truly global reputation for excellence in particular fields has a halo effect for everyone.

Of course, alongside the difficulties of particularity, the agreement of key performance indicators for a university strategy often descends into a critique of the inadequacy of the available measures. In this context, we have found that the process of convincing a community that a vision of success does need to be articulated and that success ought, however crudely, to be able to be measured, is just as important in bringing a change to the focus of an institution, as the specific key performance indicators that are agreed.

The fourth crucial element in leading change was to ensure that the strategy built upon the authentic voice of the institution and was able to capture the imagination of the academic community. For Sydney, the key challenge was to become one university in our ability to respond to a challenging and changing environment. This had to be a matter not merely of our institutional, but also of our academic life. The University had been founded in 1850 with a commitment to equality and inclusion (there is a stirring speech in the New South Wales Legislative Council in which one of its founders advocates that the University be open to "every class" and to "Christian, Mohamedan, Jew or Heathen") and for the service of the people of New South Wales. A commitment to service inevitably involves asking, not just the questions that academics are asking one another, but also questions that the community are asking. Those questions, by their very nature, tend not to fall neatly within the purview of any one academic discipline and therefore require a

multi-disciplinary response. By investing heavily in a range of multi-disciplinary initiatives from small scale seed funding schemes, all the way up to the Charles Perkins Centre, a $500 million investment in obesity, diabetes and cardio-vascular disease research, the strategy was able to draw on our tradition of community service and work against academic, as well as administrative, fragmentation in the institution.

MULTI-DISCIPLINARY RESEARCH

This investment in multi-disciplinary research has yielded extremely positive results. It has required us to develop new ways of facilitating multi-disciplinary research and therefore opened up conversations about the reducing barriers to interaction across the institution. This has been an academic conversation as we have drawn on complexity theory to think about how to create networks of academic cooperation, as well as an institutional one as we have thought about issues such as how our financial model can be used to incentivize participation in the multi-disciplinary activities. Our work in multi-disciplinary research and education has enabled us to recruit incredibly well in the core disciplines as scholars from around the world are attracted to some of our initiatives. It has attracted both philanthropic and industry support. One of the attractions to Microsoft in their significant corporate investment in research in quantum computing on our campus has been not only our existing expertise in that area, but the work of the Australian Institute of Nanoscale Science and Technology in drawing together disciplines such as engineering and physics in solving problems in quantum computing. Sometimes our commitment to multi-disciplinary research has simply allowed us to better develop existing work that was going on. For example, we have over 200 people who work across the disciplines on the issues facing China and a slightly larger number on issues facing Southeast Asia. By better coordinating their work in multi-disciplinary centres, we have been able to build on incredible existing strengths in these fields of area studies.

It was crucial in the development of strategy that the connection between our institutional life and our academic life was maintained. Becoming one university was not merely about "efficiency" or being more "agile" or being able better to respond to external pressures; it was also about recovering one of the academic purposes of the institution in multi-disciplinary research.

Leading change in a complex and large university such as my own has proved to be about empowering collective decision-making in conditions of information transparency; having a mechanism for the allocation of costs and resources that reflects University priorities; setting a strategy after a process of wide consultation that has a realistic number of achievable initiatives; and

ensuring that the strategy of the institution captures the imagination of the academic community.

ACADEMIC LEADERSHIP

Of course, much of this is basic academic leadership. But it does require particular skills of a Vice-Chancellor and her team. Aside from the technical skills required to run a complex organization, there are three roles that I think a Vice-Chancellor has a particular duty to discharge during a process of significant institutional change.

The first is that she must be the chief advocate for change, and the most articulate in describing the good place towards which change is taking the institution. Much is made in the literature of the so-called "burning platform" as a justification for change. But, in my experience, academics, particularly at heritage institutions, never quite believe that the platform is on fire. Tales of constrained resources or declining standards of performance, or challenges from the digital revolution, are never as motivating for change as a story of how the university could be a better place in which to work and study, how it could contribute more, or how it could be more true to its founding ideals. Of course academic staff are trained to identify bogus claims at 1,000 metres, and so the story about change that the Vice-Chancellor offers must be simple, evidence-based and clear in its description of the process from the current to the future state. This is, of course, extremely challenging, because in practice much change delivers unanticipated benefits (and costs) and it is not always easy at the beginning to see every step in the way forward. But constant, consistent and honest messaging from the Vice-Chancellor and her team is crucial.

Second, and this is perhaps most difficult of all, the Vice-Chancellor needs to have a strong sense of the pace of change that an institution can bear. I mentioned that our two five-year strategies are part of what has been effectively a ten-year program of change. Throughout this period there has been a constant tension between the university's staff, who have found the pace of change almost dizzyingly quick, and the members of our governing body with a commercial background, who have found it painstakingly slow. Only the Vice-Chancellor and her team can mediate this issue of the pace of change. Going too slowly can result in a failure to achieve strategic objectives, but so too can endangering a program of change by pushing the institution far too quickly.

In 2011, in an attempt to meet a pressing financial challenge, we needed to undertake a redundancy program. We decided to achieve the required savings in a way that would increase the pace of cultural change that we were bringing

to the institution and, in particular, the sense that our academic staff had an obligation to contribute to the University's research effort. We initiated a scheme that made around 100 academics redundant on the basis of a test of "contribution". If an academic had not produced the equivalent of a piece of research a year over the preceding three years, her name was submitted to a local panel of her peers to determine whether that was a fair assessment of her research output in the relevant period, and whether she was so essential to the teaching mission of the relevant unit that she ought not to be made redundant. If her name remained on the list as someone liable to be made compulsorily redundant, it went to a university-wide panel of her peers who determined whether the local panels had been fair and consistent in their treatment of individuals. In an institution in which a third of academic staff saw no obligation to report their research work to the University for submission to the research assessment exercise, and in which only around 25% of academic staff annually participated in a performance development conversation, this redundancy program let off a cultural explosion. There was no doubt that it increased the pace of cultural change in the organization; within a year 85% of academic staff were participating in a performance development conversation and there was a greatly increased sense of the need collectively to address issues in the research performance of the institution. But there were some ways in which the program pushed the culture of the institution to breaking point by bringing a change in expectations quite so quickly. It is a key role of the Vice-Chancellor to oversee the pace of change.

Finally, a Vice-Chancellor must not only be an advocate and apologist for change, she must not only oversee its pace, but she must also model the behaviours and attitudes of the institution that she hopes to see. A large part of our 2016-2020 strategy is work to bring change to the culture of the organization, so that we are not merely one university, but one university of a particular type. We have identified values of courage and creativity, respect and integrity, diversity and inclusion and openness and engagement as hallmarks of the institution that we want to be. Perhaps surprisingly, given the characteristically cynical caste of the academic mind, this part of the strategy is that which has garnered most staff discussion and which is bringing most strongly the sense of being a sense of a community with a common culture across close to 10,000 staff. I have been actively leading this conversation in the institution, because there is an imperative that if we are to think through what it means to embody those values, a demonstrable commitment to them must begin with the most senior leadership. In particular, staff must see university leaders take decisive action in contexts in which, for example, an institution's commitment to academic freedom, is called into question. It is these moments that build trust in leadership in a mission based organization.

THE HERO'S VULNERABILITY

In every good hero story, the hero must also be plagued by a vulnerability, a weakness that almost undoes the happy ending. My story of our work at Sydney is no different, and it relates to this third requirement of a Vice-Chancellor. In retrospect, I ought to have done more, and more quickly, to ensure both the calibre of my own team, and that it was working together effectively, modeling the type of unity and coherence that I was trying to build across the University. This was a challenge less easily met than it might seem because, arriving from overseas, and taking over a team in which there had been quite a bit of churn, I was keen not to replace too many of my deputies too quickly. Yet several of my team had a significant investment in the existing modus operandi, and there was deep spirit of competition amongst them. Moreover, I made some weak early appointments and could have invested more energy in creating a team out of my immediate reports, concerned as I was to get the Deans working together more closely. This meant that the core team did not very consistently model the ways of working together that I was trying to encourage across the University. I was fortunate to have some really fabulous individuals in the group, who deeply shared the vision that we were trying to implement, including my current Provost with whom I work extremely well. But it was only when the central team was strengthened that the project really began to gain momentum. In a context of change, it is crucial that the team at the centre is both highly capable and also working in lock step together.

Collective decision-making against transparent quality and financial information; a resources and costs allocation mechanism that sets the right incentives; a clear strategy the formulation of which involves extensive and genuine consultation and captures the imagination of the academic community; leadership that can communicate a vision, can moderate the pace of change, works effectively together and lives the values of the institution. This is not a complex recipe for change, but we have seen it to be a very powerful one even in an extremely fragmented and enormous institution with very different cultures across its different faculties and schools. I believe that it is going to become even more crucial as universities need to adapt more quickly to the increased pace of global competition and the challenges of technological change.