

## Strategic Readiness in the Higher Education Sector

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In 2012 two sectors of the Australian economy will change forever. The 'Aged Care' sector will begin its transformation under the recommendations of the Productivity Commission Inquiry Report "Caring for Older Australians" and the implications of the Bradley "Review of Australian Higher Education Report" will force universities and TAFE to embrace more competitive business models. In both sectors empowered consumers will test an organisation's market responsiveness and generate previously unseen levels of competition.

As Bradley foreshadows:

*'The more demand-driven, student-entitlement system will require a greater focus on accreditation, quality assurance, evaluation of standards and use of outcomes measures. Placing more choice in the hands of students requires a different approach to quality assurance and accreditation'*

Compounding these quality and governance challenges is the fact that many tertiary institutions are already struggling with smaller schools, courses, research centres and commercial programs operating with modest capabilities, no effective point of market difference and high levels of cross subsidisation. Meeting the challenges generated by deregulation of the higher education (HE) sector is further complicated by the need to address new national quality standards and regulatory arrangements generated by Tertiary Education Quality and Standards Agency (TEQSA) and by the 2012 Excellence in Research in Australia (ERA) process.

In a more contestable consumer-driven environment these factors are likely to further damage some reputations, see an erosion of market share and profitability; inevitably leading to restructuring and downsizing and exacerbate existing pressures on staff and administrators.

For most HE institutions, especially those outside the top tier, the stakes are high. If past experience with industry deregulation is anything to go by decades of competitive advantage could be won, or lost, on the basis of an institution's 'strategic readiness' i.e. its ability to capitalise on the upside of sector volatility in a sustainable manner without being over-exposed to downside risks.

Strategically ready HE institutions will be well placed to develop successful and sustainable local and international commercial operations; to strengthen research outputs and teaching standards, and to develop seamless awards pathways from vocational to higher education. Most importantly they will strengthen institutional sustainability through enhanced 'brand equity'

In this new era the Strategically Ready HE institution will be one prepared to

- develop a clear and compelling strategy, including making tough choices about research fields, schools and courses it will grow, maintain or abolish;
- reform anachronistic structures, governance and accountabilities to create organisational flexibility and align core processes and systems with its strategic direction;
- embrace capability based strategy to drive excellence in teaching and research and balance these with commercial acumen and risk management; and
- assess levels of contemporary educational leadership.

In this session we examine the scope and potential impact of these measures and explore some of the mechanisms available to complete evidence-based evaluations of an institution's strategic readiness.