

Clayton M. Christensen and Henry J. Eyring (2011) The Innovative University: Changing the DNA of Higher Education from the Inside Out (San Francisco: Josey Bass), pp. 475, (h/b), ISBN 978-1-118-06348-4.

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Abstract: *This review is an attempt to understand the role played by disruptive innovation in higher education in the United States. The theory of disruptive innovation was pioneered by Clayton Christensen originally in the context of industries like automobiles, computers, and steel, but it is being applied now in the context of higher education. The main argument in this review is that while the Harvard model of education is being disrupted by online education and the spurt of two and four year colleges, Harvard remains indifferent to these innovations. The reason for this indifference is explored in terms of the trade-off between scalability and brand-building in expanding higher education within the Ivy League. The fantasy structure of applicants to Harvard is also explored in order to arrive at the paradox of higher education. This paradox, simply stated, is that Harvard will remain the role model in the Ivy League even if it gets disrupted in the future since a Harvard degree is not reducible to the functional goal of just getting a college or university degree. It is important to incorporate these fantasy elements in an Ivy League education to understand why Harvard University administrators are indifferent to being disrupted by newcomers or to forms of online technology that can deliver educational content more effectively. That will also make it possible for the reader to understand why Clayton Christensen continues to remain a Harvard Business School faculty despite having spent a lifetime in researching the theory and practice of disruptive innovation.*

Keywords: *Academic Administration, BYU, Business Model, Disruptive Innovation, Harvard, Higher Education, Sustaining Innovation, Value Chain*

I. Introduction

What is interesting about this book is its methodology: it systematically compares Harvard University with Brigham Young University at Idaho. It tells the story of how BYU-Idaho went from being a two-year college to a four year college. There is nothing terribly remarkable about this transition at first sight. This is the sort of thing that happens in the US educational landscape all the time. Why should such a transition warrant an entire book? The answer to that question relates to the fact that this book has been written by faculty who are positioned as experts on 'disruptive' innovation. This form of innovation - as opposed to 'sustaining' innovation that is based on incremental improvements to a product or service - is a way of understanding how newcomers challenge; and incumbents respond, to situations in the market when a firm must decide whether it wants to compete at the higher end of the value chain or try to address the needs of those who have hitherto been non-consumers. This book should therefore be of interest to those who are interested in business model innovation with specific reference to the educational sector. Clayton M. Christensen is a Professor at the Harvard Business School and Henry J. Eyring is an administrator at BYU Idaho (having served previously as a consultant with the Monitor Company at Cambridge). Needless to say, their interest in Harvard University and its departments and schools is a result of having studied the Harvard business model for any number of years. The main question that they seek to address in this book is this: How much longer will the Harvard approach to education remain a role model? Their reason for asking this question should be obvious: the Harvard model is tremendously expensive. Not all university presidents have the ability, or the willingness, to serve as full-time experts on raising funds as is the case at Harvard. Those who track Harvard will know that Neil Rudenstein, the former President of Harvard, had to be hospitalized for sheer exhaustion; the main source of this exhaustion was the endless rounds of fund-raising that he had to endure as University President. So if the realities of American higher education demand such a high level of endurance from university administrators, they are left with precious little time for scholarly pursuits, thought leadership, and the life of the mind as was the case with President Charles W. Eliot. The main question going forward then is whether such a model of education can be emulated by colleges and universities which simply cannot afford the hard and soft infrastructure which Harvard itself can barely afford despite having the largest endowment in American higher education.

II. Kim Clark At BYU-Idaho

This book also narrates an interesting story about Kim Clark, the former Dean of Harvard Business School, and how he became the President of BYU-Idaho. Kim Clark, a devout Mormon, got a call from Gordon Hinckley, the President of the Church of Latter-Day Saints, asking him to take over at BYU, and that is what he went on to do. This is not something that is well-known. But it is a story that must be shared in this review since there would be simply no basis for writing a comparative history of Harvard and BYU in the form of a book (as opposed to a brief case study) if somebody of Kim Clark's stature had simply refused to go to BYU since he was not only the Dean of the Harvard Business School when he got the call, but was highly successful as a Dean. Clayton Christensen, incidentally, holds the Kim Clark Chair at HBS. This event is what gets the comparison started, but what is really at stake is not the fact that BYU poached a Harvard faculty successfully, albeit through the Mormon Church, but that it gives Christensen and Eyring (who are both devout Mormons) a chance to pose more fundamental questions about the future of college and university education in the United States. Christensen, as those acquainted with the theory of disruptive innovation will know, is an ardent exponent of on-line education and has spent a number of years thinking about the implications of online learning platforms for the business models of universities in the United States. He is also interested in the growth of smaller colleges which offer two year programs in lieu of the regular four year college degree because of its disruptive possibilities (given that is both affordable and widely accessible to students and their parents). While Christensen's claim is not necessarily that Harvard has already been disrupted or that its days are numbered, it is certainly the case as Christensen maintains that new colleges and universities are talking about graduating students in the millions (to the few hundreds or thousands of students that campus-based education at Harvard can at best cater to). In order to understand how the situation came to be what it is now in the contemporary academy, Christensen and Eyring call attention to what exactly ails the university as it now exists. Their argument is that the contemporary university has a number of business models packed into it. So, for instance, a university is a teaching shop, a think-tank, and a solutions shop at the same time since faculty teach, do research, and serve as consultants in their areas of expertise. The administrative complexities in a university are related to the fact that each of these activities is best served by a different value chain and that a business model which juxtaposes a number of conflicting value chains will see a corresponding increase in operational costs and complexity that will make it difficult to administer or even make sense of in the years to come. Rudenstein's exhaustion when he was president of Harvard is only symptomatic of this ever growing complexity.

III. The Innovator's Dilemma

Additional problems in conventional business models of education also relate to the fact that technology platforms can deliver educational content in a way that is much more exciting for participants than the usual sort of lectures that constitute the staple diet of the university curriculum. Not all departments can offer instruction through the case method, simulations, and other interactive models of education that students want in a visual culture. It is therefore time to rethink what, if any, are the legitimate sources of business model innovation in the context of contemporary higher education in the United States. This is not only a question of great importance to Americans but educators around the world since Harvard is the default model for both undergraduate and graduate education everywhere. The main argument here is not that the Harvard model is flawed but that it is not affordable. There is also the problem of scale. What really bothers Christensen and Eyring in addition to affordability and accessibility is that the Harvard model is not scalable even within Harvard. What is really at stake then is not Harvard per se, but the model of education that Harvard represents. The authors predict that the disruption of American education is not an event that is expected to happen in the near or remote future, but has been underway for a number of years now though it is an open question whether the disruption of higher education is the same as the disruption of Harvard. The extent of disruption has gone to a point that it is not only obvious to educators, but also to business professors who feel compelled to study the emerging value chains in the newer lot of schools, colleges, universities, and online programs in order to make sense of these startling developments. There is no other book that I can think of which will help the reader to understand better the strengths and weaknesses of the Harvard model of college and university education. Even those who are only interested in reading about Harvard, its professional schools, its areas and departments, its deans and presidents, and its influence on education throughout the world will find this book fascinating. Every college or university administrator in the United States should read this book because they will – whether they know it or not – have to come to terms with 'the innovator's dilemma.' This, simply put, is whether they should to 'go up' or 'go down' – not so much in the political or ideological sense of the term, but in the sense in which they must decide whether their administrative policy will be an attempt to ascend the value chain and serve 'the best and the brightest,' or whether they should take advantage of the millions of customers who are not being served by the colleges and universities in place by descending the value chain. This is by no means an easy question to resolve. This book doesn't pretend that it is easy to solve. The innovator's dilemma is another way of asking how educational institutions should compete. Should they compete on cost, volumes, or

differentiation? Should they attempt to spin-off a few more units to cater to a larger number of prospective students? What would the implications of doing so be on their brand equity? And, most importantly, can they really afford – can anybody really afford - to lose millions of students in the years to come? Most university administrators resolve this problem by stubbornly refusing to think about it, but this is going to be the problem in the near future. Both university departments and university presses must find an answer to this question. Those who take the trouble to read this book, and grapple with the difficulties that it calls attention to, will be much better equipped to deal with the innovator's dilemma in the context of higher education. So, for instance, Harvard Business School occupies only the top of the value chain, but Harvard Business School Press wants to cater to a more popular audience and sell books in large numbers by offering nuggets of managerial wisdom for its readers at affordable prices. HBS Press offers both academic and non-academic books for sale precisely because it is trying to come to terms with the innovator's dilemma. It is not possible for HBS to scale up its offerings, but it is certainly possible for HBS Press to scale up as customary readers and reviewers of its offerings know.

IV. Scalability And Brand Building

The main reason that the authors take a historical approach to these problems is because they believe that it is not possible to anticipate the future without understanding the past. The model of comparative history that they deploy is a way of coming to terms with the two different business models that Harvard and BYU represent. An area of concern that they could have discussed more is brand equity. What is the trade-off between scalability and brand building? I think that is the nub of the matter. Most university presidents are not in denial about the disruptive scope of online education and the need to serve the underserved in their respective communities. What is really holding them back is the need to also preserve their brand equity. So while Christensen and Eyring have made a tremendous start by forcing these difficult questions onto the agenda of the educational system, what I would like them to address more explicitly - not only in a future edition of this book, but more generally within a theory of disruptive innovation is the problem of brand building. An important contention in the theory of disruptive innovation is that incumbent firms will flee upwards and leave the lower end of the market to disruptors, but it is not always clear why that should be the case from the point of view of profits. What is it that incumbents want when they try to ascend the hierarchy of products and services in any given market? What is so great about serving the best and the brightest when it is much easier to survive and even thrive by serving non-consumers? The innovator's dilemma then has to be thought through in the context of both branding and firm identity. The desire to ascend the value chain is actually related to a firm's sense of itself as being the best and the brightest and not merely because it wants to serve the best and the brightest. So there comes a point when the firm's brand is not merely a means to attracting customers, but also a way of refusing customers even when they are available in large numbers – those who are traditionally described in marketing theory as the 'underserved.' That is the missing element in this book. So while it is true that Harvard and the Harvard model of education will be disrupted to some extent in the future, it is also important to examine why Harvard is indifferent to this disruption. Is it merely arrogance? Is it foolishness? I don't think so. It is related, I think, to a brand's need to be 'exclusive' even while there is political compulsion to be 'inclusive' in a democracy.

V. Getting Into Harvard

The Harvard fantasy is basically about getting 'into' Harvard and not about what happens after the applicant gets in unless it happens to be the first year of Harvard Law School or Harvard Business School. This is, quite simply, the reason that there is any number of popular representations about 'getting into' not only Harvard, but any number of Ivy League schools which play up to the same fantasy in applicants year after year. This I think is the most important element in how Ivy League universities are marketed, and unless this element of brand building is incorporated into a theory of disruptive innovation, it will be difficult to understand why there is so much resistance to reading about and making sense of theories of disruptive innovation in these universities. These universities are also 'sources of identity' for students and alumni as the problem of 'legacy admissions' (where children of alumni are given preference to those who have no prior contact with the university) demonstrates; that is another reason why these universities are not too preoccupied with the ideal of efficiency in the delivery of educational content to students. Students also acquire contacts, date, make friends, join honors societies, or even get married with members of their peer group; these activities and experiences are not possible within the disruptive models of online education to the extent that they are possible at Harvard. Here's one last example that resists explanation within a theory of disruptive education: it is well-known that there is a huge obsession with going to Law School in the United States even though many graduates of the best law schools will not practice law or even aspire to practice law. This is as true of the students as it is true of the faculty themselves who teach law. This fantasy however doesn't make much sense in a business school. In an Ivy League business school there is such a huge onus on placements to determine the rankings of the school in

the business media, and on its ability to attract the very best, that neither the students nor the faculty who teach there would have any contempt whatsoever for the practice element in business or management. The law school experience unlike the business school experience is not preoccupied with placement, but on getting into and savoring the law school experience. Students in law school also have a much higher regard for their faculty than students in a business school even though law school faculty are paid less than business school faculty and are a lot more interested in theoretical work when they do research.

VI. Conclusion

These then are the sort of differences in the fantasy structure of applicants that must be incorporated into a theory of disruptive innovation if there is to be serious progress in impressing upon administrators in the American Ivy League the need to take their underserved customers seriously in the years to come (should they decide to move beyond the Harvard model in the attempt to increase the number of two and four year colleges than those presently available). If that is not done, we will observe an interesting paradox. Harvard and other Ivy League universities will be disrupted by newcomers, but these schools will not respond to these forms of disruption. Or they will remain indifferent to disruption in the educational sector in ways that are fundamentally different from what happened in industries like automobiles, computers, and steel that serve as the prototypes of disruptive innovation in the work of Clayton Christensen. Education then is an interesting case example because it serves as the limit case of disruptive innovation rather than as its best example. Harvard might well remain the role model of higher education in the United States and elsewhere even if it becomes financially unviable for it to do so in the years to come; that, then, is the paradox of higher education in the Ivy League. That is probably why Clayton Christensen continues to serve as a Harvard Business School faculty despite having spent his entire career in the study of disruptive innovation in a host of industries. It could be argued that Christensen's brand equity itself is based on straddling this paradox of a Harvard professor who argues endlessly that Harvard is about to be disrupted, should be disrupted, or will eventually be disrupted, but shows no desire to get out of Harvard before the disruption actually happens. Christensen probably knows intuitively then that education in the Ivy League is the limit case for the theory of disruptive innovation that he has spent a lifetime developing. Conspiracy theorists might even want to maintain – if only for fun – that Harvard Business School uses Clayton Christensen effectively to manage the envy of those applicants who are not accepted by Harvard Business School. In order to do so, Christensen is asked to tell rejected applicants in conferences and seminars on disruptive innovation that since they are all about to be disrupted at HBS anyway, it was not such a terrible thing to be turned down by HBS. In any case, Clayton Christensen, deep down in his heart, must be grateful to the Good Lord that unlike Kim Clark he was not asked to become President of BYU-Idaho, but to only research the theory of disruptive education as the Kim Clark Professor at the Harvard Business School. Clayton Christensen's career at HBS represents then the very paradox of disruptive education in the American Ivy League. The test case for Christensen then would be whether he would accept an offer from the most successful disruptor in American higher education and leave HBS. If not, his refusal would only reinforce my claim that Harvard Business School cannot be disrupted in any meaningful sense of the term and embody the paradox of both Christensen's career at HBS and education in the American Ivy League.