Recently, futurists have predicted dire consequences for higher education due to a weakening of its mainstay demographics. Signal among these is a post-recession decline in birth rates of 13 percent in just five years (Grawe, 2018, p. 1). By 2017, a Moody’s Investors Service report suggested that “closure rate of small colleges is likely to triple from the rate [average was 5 per year] of the past decade” (Thomason, September 25, 2015, n. p.); and, a 2018 Moody’s Outlook continued the downward projection of “the higher education sector to negative from stable. The annual change in aggregate operating revenue for four-year colleges and universities will soften to about 3.5% and will not keep pace with expense growth, which we expect to be almost 4.0%. A growing number of universities will have even weaker revenue growth, pressuring operating performance. Public universities will face more revenue strain than private universities. The negative outlook also incorporates uncertainty at the federal level over potential policy changes” (Moody’s Investors Service, 2017, n. p.). However, the dire predictions for future enrollments for many small private institutions of higher education has been markedly apparent for several years. The Post and Courier reported that Denmark Tech may be South Carolina’s “first casualty in an impending crisis in higher education as fewer students pursue college degrees” (Pan, 2018; see also: Zaleski, 2018). The article continues: “Enrollment at colleges and universities has slid every year since the fall of 2011, according to data from the National Student Clearinghouse Research Center. Apart from for-profit institutions, two-year community colleges have witnessed the most dramatic declines in enrollment. They had 97,000 fewer students this past fall than the year before.” Low student enrollments precipitate negative financial and strategic issues for universities; and, consequentially, the increased competition for those fewer students dramatically exacerbates those vital issues. In his study of the merger of Clarkson University and Union Graduate College in New York State, Eisenberg also postulates that impactful “emerging technologies in education are changing how students engage with learning institutions” (Eisenberg, 2016, p. 20). Prior (1960 to 1994) U.S. private college closures and mergers time-series data indicated “that private college mergers occur more often than empiricism suggests [and, except for the 1970’s, ‘at a greater rate than general businesses’]. Multiple regression analysis of the exit and merger decision reveals that private college closures and mergers are more likely when the real tuition rate declines and real faculty salaries rise at private colleges” (Bates, 2000, p. 267). In addition to these metrics, Bates’ microanalysis of aggregated a posteriori data indicate that private four-year college closures and mergers are more likely when “the student pool dries up, and religious institutions dominate less” (ibidem, p. 275). In combination with the aforementioned aggregated macroeconomic factors, clearly the microeconomic implications of Bates’ “non-linear [merger data] patterns” (Li, 2012, p. 735) percolate into the present.
Coincident to these market imperatives (Zemsky, 2017, *passim*) was also ACICS’s 2016 loss of U.S. Department of Education recognition and the concomitant loss of financial aid by its many member schools. However, *Inside Higher Ed* indicates that a Federal court has ordered the DOE Education to re-litigate ACICS’s fate. Most recently, the DOE states that ACICS “would again be eligible to serve as a gatekeeper of financial aid” (Kelderman, 2018, n. p.). Taken together, such dire issues constitute a cataclysmic “perfect storm” striking at the very heart of institutions of higher learning. Li posits that organizations are impacted by myriad social, political and economic vectors and by “ecological contingencies imposed by this environment require that organisations design strategies to defy unfavourable social changes” (Li, 2012, pp. 755-756).

One turnaround response to these issues has been a higher incidence of complementarity-based (AKA horizontal-based) mergers – as manifested in more traditional Wall Street corporate mergers. Reminiscent of the sentiment articulated in the title of Jack Trout’s landmark 2001 marketing book, *Differentiate or Die*, Rabinowitz proposes “Partner or Perish” as a competitive expedient. One such complementarity-based merger between Capella Education Company and Strayer Education, Inc. has implications for 80,000 students across all 50 states. As a result of that proposed merger, a new corporate brand will debut: Strategic Education, Inc. “under which both Capella University and Strayer University will continue to operate as independent and separately accredited institutions” (Strayer, 2018, n. p.). Conceptually, mergers of multiple non-Wall Street higher education institutions would accord with similar entrepreneurial best-practice strategies by which not only remediation of current stagnation might be achieved, but also sector growth (Boling, 2017, abstract). This paper focuses on the 2017-8 Sullivan University System merger within the context of other prominent recent complementarity-based mergers within the SACSCOC region.

“Merger,” the Coordinator of Policy Development in the Office of the President at Dalhousie University in Halifax, Julia Eastman observes “is a flexible instrument that is available to many organizations to achieve various ends” (Eastman, 2001, p. 3). Among public sector motives driving higher education mergers, she predicates building capacity, improving efficiency and achieving economies of scale. Yet, she also allows “higher education merger has managerial as well as economic dimensions. It reduces the number of separate organization for which executive responsibility must be taken…governments and the intermediary ‘buffer’ agencies that act on behalf of governments often find consolidation attractive for this reason, even if it does not reduce costs (*ibidem*, pp. 5-6). Notable among SACSCOC mergers are those occurring within the University System of Georgia (USG), which parses its institutions into four Research Universities; four Comprehensive Universities; and, ten State Universities and ten State Colleges ([http://www.usg.edu/institutions/](http://www.usg.edu/institutions/)). Bolbanabad has generalized widening access to higher education, improving quality of teaching and research, and increasing efficiency of higher education institutions as merger desiderata positively affecting university performance (Bolbanabad, 2017, from abstract). More specifically, Sigo notes that Moody's analyst Dennis Gephardt suggested USG’s “mergers will reduce administrative costs, enable lower tuition increases and reinforce the value the system provides to Georgia taxpayers”(Sigo, 2013, p. 8). Such systemic efficiencies are outlined in Figure 1, below:
USG Regents approved the following guidelines for assessing merger potential:

1. increase opportunities to raise education attainment levels;
2. improve accessibility, regional identity, and compatibility;
3. avoid duplication of academic programs while optimizing access to instruction;
4. create significant potential for economies of scale and scope;
5. enhance regional economic development; and
6. streamline administrative services, while maintaining or improving service level and quality.

(Hayes, 2015, p. 73)

To these USC merger-worthy considerations might be added the following generalized considerations:

- Defines the issues and resources that are of value, allocating crystal-clear responsibility for them and measuring progress toward their delivery;
- Empowers people to set their own objectives in the context of corporate goals;
- Creates a results-oriented performance culture, rewarding the delivery of outcomes rather than the management of resources;
- Organizes around results rather than skills;
- Challenges and justifies partners’ and support units’ outcomes, replacing adversarial service-level agreements;
Integrates and automates planning, budgeting, resourcing, measuring, reporting, and rewarding, thus releasing managers and support staff to deliver growth outcomes;

- Combines business and individual performance management;
- Identifies core processes and prioritizes initiatives;
- Continuously reveals duplication, streamlines processes, and optimizes the allocation of resources;
- Aligns information technology with the business through the IT alignment matrix;
- Integrates people and other resources around common goals after a merger or acquisition.

(Business: the ultimate resource, p. 83)

Regarding those “various ends,” Sir Peter Scott offered this perspective on post-industrialized higher education in Britain over twenty years ago: “massification [i. e. the process of bringing a good or service to a mass audience] is not so much the product of the ‘internal’ dynamics of the system, of its autonomous self-development, as of ‘external’ influences” (Scott, 1995, p. 9).

Stewart (2003, passim) suggests a post-merger assessment be performed to inform organizational directionality. Parsing the benefits of merger into the structural, procedural, contextual and performance categories, Bolbanabad cites these additional positive ramifications:

**Structural:**
- Extending physical resources
- Developing human resources
- Expanding educational programs

**Procedural:**
- Extending the activities
- Integration of services

**Contextual:**
- Cultural interaction
- Organizational learning

**Performance:**
- Improving academic ranking
- Increasing efficiency
- Improve quality of teaching and research

(Bolbanabad, 2017, p. 250)

Among USG mergers are the: formation of Georgia Regents University by consolidating Augusta State University and Georgia Health Sciences University; formation of University of North Georgia by combining North Georgia College and State University and Gainesville State College; formation of South Georgia State College by merging Waycross College and South Georgia College; formation of Kennesaw State University by merging Kennesaw State University and Southern Polytechnic State University; formation of Georgia State University by merging Georgia State University and Georgia Perimeter College; formation of Georgia Southern University through consolidation of Armstrong State University and Georgia Southern University; formation of Abraham Baldwin Agricultural College by consolidating Abraham Baldwin Agricultural College and Bainbridge State College; consolidation of historically black Darton State College into Albany State University; and, formation of Middle
Georgia State College by consolidating Macon State College and Middle Georgia College (USG web page; Monaghan, 2017, n. p.; and, Sigo, 2013, p. 8). Additionally, under a proposed Florida bill - notwithstanding opposition (Prevost, 2018, n. p.) - the USF System USF could eliminate separate St. Petersburg and Sarasota-Manatee’s Level-III accreditations to merge the entire system into one Level-VI unit (McNeill, 2018, n. p.). In Louisiana, Acadiana Technical College and nearby South Louisiana Community College merged in 2013. More recently, the Louisiana Community and Technical College System (LCTCS) plans realignment of several other technical college campuses to community colleges as part of its “Strategic Sustainability and Growth Plan” Similarly seeking strength as Monaghan may have observed, Carilion Clinic’s Jefferson College of Health Sciences will become part of Radford University in Roanoke, Virginia. Resulting in two strong institutions combining “resources together for a more effective and more efficient delivery of health sciences and human services education here in this region.” (Rife, 2018, p. 1). Nashville’s Belmont University will acquire O’More College of Design in order to “try to secure the legacy, mission and programs of O’More” (Balakit, 2018, n. p.).

Yet, often due to those same concerns for legacy, mission and programs, not all mergers are successful: “when embedded cultures of un-complementary institutions collide, they become a potent force that can retard or prevent organizational change” (Harman, 2002, 110). Yet, even in seemingly complementary institutions, these factors result in demergers: Zalaznick notes “there are so many complex logistical issues alone inherent in merging two campuses that the process can snag at any point for good reasons not initially apparent when the consolidation was proposed.” Sometimes, as he points out, host communities fear being shortchanged by mergers and rescind them, e.g.: the two small Christian institutions of Point University in Georgia and Montreal College in North Carolina (Zalaznick, 2015, p. 16).

Ten years ago, Bill George, the Harvard Business School’s Henry B. Arthur Fellow of Ethics, predicated that an organization’s cultural “true north,” encompasses their “most deeply held beliefs, values, and the principles” (George, 2007, p. ix, passim). A more recent Harvard Business Review article insightfully defined culture as “the tacit social order of an organization: It shapes attitudes and behaviors in wide-ranging and durable ways. Cultural norms define what is encouraged, discouraged, accepted, or rejected within a group. When properly aligned with personal values, drives, and needs, culture can unleash tremendous amounts of energy toward a shared purpose and foster an organization’s capacity to thrive” (Groysberg, 2018, p. 46). Groysberg, et al., also predicate successfully merging corporate culture’s attitudinal and behavioral dynamics, resulting in a beneficial correlative “merger of minds” within the organization. Harman labels this sociocultural process as “post-merger integration of ‘coherent educational communities’” (Harman, 2002, p. 91). As outlined below, these specific dynamics accord with Maslowian “Standards and values that define how people in an organization are expected to behave, especially in their relations with each other” (Conley, 2017, p. 203).

In a merger, designing a new culture on the basis of complementary strengths can speed up integration and create more value over time. Mergers and acquisitions can either create or destroy value. Numerous studies have shown that cultural dynamics represent one of the greatest yet most frequently overlooked determinants of integration success and post-merger performance...Once they had agreed on a culture, a rigorous assessment process identified leaders at both organizations whose personal style and
values would allow them to serve as bridges to and champions for it. Then a program was launched to promote cultural alignment within 30 top teams, with an emphasis on clarifying priorities, making authentic connections, and developing team norms that would bring the new culture to life. Finally, structural elements of the new organization were redesigned with culture in mind. A model for leadership was developed that encompassed recruitment, talent assessment, training and development, performance management, reward systems, and promotions. Such design considerations are often overlooked during organizational change, but if systems and structures don’t align with cultural and leadership imperatives, progress can be derailed.

(Groysberg, 2018, p. 50)

The Sullivan University System (SUS) Merger

As defined in its Mergers, Consolidations, Change of ownership, Acquisitions, and change of Governance, Control, Form, or Legal Status Substantive Change for SACSCOC Accredited Institutions policy statement (http://www.sacscoc.org/subchg/policy/Mergers.pdf), such significant modification or expansion of the nature and scope of an accredited institution warrant a substantive change. More specifically, SACSCOC defines a “merger” as “the acquisition by one institution of another institution's assets. An example includes an institution accredited by SACSCOC acquiring the assets of a non-accredited institution” (p. 3). Institutions seeking merger initiate the subchange process by completing a ten-part Substantive Change Prospectus comprising:

1. ABSTRACT
2. BACKGROUND INFORMATION
3. ASSESSMENT OF NEED AND PROGRAM PLANNING/APPROVAL
4. DESCRIPTION OF THE CHANGE
5. FACULTY
6. LIBRARY AND LEARNING RESOURCES
7. STUDENT SUPPORT SERVICES
8. PHYSICAL RESOURCES
9. FINANCIAL SUPPORT
10. EVALUATION AND ASSESSMENT

Once approved, the institution completes a more comprehensive Report of the Substantive Change Committee Merger-Consolidation of SACSCOC Accredited Institution(s) with Non-SACSCOC Accredited Institution(s), by which demonstrate compliance with about 50 standards.

To effect a proposed merger of Sullivan University (SU), a private, for-profit institution currently wholly-owned by the Sullivan University System, Inc., with Spencerian College (SC) and the Sullivan College of Technology and Design (SCTD), pro forma, the university submitted the requisite substantive change document, the SACSCOC Merger-Consolidation of SACSCOC Accredited Institution(s) with Non-SACSCOC Accredited Institution(s) report. In sum, the three institutions will merge into a single institution, i.e.: Sullivan University. Due to administrative
structure and control regional accreditor mandates, all Sullivan University branch campuses, extensions and divisions are evaluated during reviews for reaffirmation of accreditation and they are dependent on the continued accreditation of the Sullivan University Main Campus. Posited that all three institutions have the same ownership, the same Board governance, and similar philosophical *modus operandi*, the merger of the three institutions will result in a single institution that remains committed to quality education and the fulfillment of its responsibilities for compliance with SACSCOC’s *Principles of Accreditation (PoA)*. Coincidentally, Sullivan University received its ten-year SACSCOC reaffirmation in December, 2015; and, the current state of the university is essentially at the same high standard as at the time when its *Compliance Certification* and *Focused Report* were written and last reviewed.

Though already philosophically-aligned, the faculty and staff, as well as the policies and procedures that now exist at Spencerian College and at Sullivan College of Technology and Design, will - through the complex review processes limned below - be merged with those of Sullivan University. As with all post-merger areas within Sullivan University, academic programs, student and academic services, and administrative units will fall under the purview of the Sullivan University administration (President/CEO, Provost, et al.). As well, the SU Planning and Evaluation Coordinating Council (PECC) will review and evaluate all units’ departmental and programmatic assessment plans. Once during an assessment cycle, each unit’s dean, director or department head submits these assessment plans to the PECC via a formal presentation/review process. This meticulous interactive review provides a basis for IE accountability and affords the various academic and nonacademic department heads detailed feedback and suggestions from an SU council of resident assessment/IE experts. While Spencerian College and the Sullivan College of Technology and Design already have ACICS-aligned assessment and institutional effectiveness measures in place, all aspects of those institutions will merge into Sullivan University’s SACSCOC-aligned processes and means of operation.

Significantly, a single Board of Directors serves as the Sullivan University Board. This Board also serves as the Sullivan University System, Inc., Board of Directors; and, by extension, it serves both Spencerian College and the Sullivan College of Technology and Design. The rationale for merging the three institutions owned by the Sullivan University System, Inc. pre-dates the recent unanimous vote of the Sullivan University/Sullivan University System, Inc. Board of Directors. Therefore, such received knowledge, gestating for over a decade, signified that the university propounded its decision to merge sister institutions was with consummate regard and consideration. Conclusively, single institution with combined assets and means of operation would best serve SU students now and in the future.

**Clarifying Cultural Priorities**

Anticipatory of effecting a merger with both Spencerian College (SC) and Sullivan College of Technology and Design (SCTD) in 2017, Sullivan University clarified cultural priorities by empaneling 16 work groups to review all interrelated policies. Policies were identified in the university’s catalog and subsequently parsed by assigned specialty work groups comprised of representatives from all three schools. Collaterally, these work groups’ reviews also exposed pre-merger cultural dynamics, which “represent[s] one of the greatest yet most frequently overlooked determinants of integration success and post-merger performance” (Groysberg, 2017, p. 50). Twelve SUS project managers, who normally manage strategically important projects for the
system's Project Governance Committee (PGC), facilitated work groups’ process flow and workflow. While already-SACSCOC-approved SU policies received perfunctory priority during these merger lead-up review processes, they did not go unchallenged. Ultimately, the disparate work groups produced unified and inclusive systemic policies for the merged institution. These processes included:

- a 1st review was completed by work groups assigned to examine one or more of the academic or non-academic policies. As noted, for the specific policy(ies) being reviewed, these work groups consisted of subject matter experts from all campus locations.

Following this initial review, the work groups recommended either:

- Using the Sullivan policy, as is, or revising the policy to incorporate the needs of Spencerian or SCTD (primarily due to programmatic accreditation requirements).

After the first review, a second leadership (school directors and deans) review involved evaluating each work group’s policy recommendation and either accepting the recommendations or making changes. Any policy revision required a rationale and supporting documentation, such as programmatic accreditation evidence. The policy was finalized following leadership's review/changes.

As required by SACSCOC Principles of Accreditation and also stipulated in “Appendix A: Chart of Standards and Requirements” of the SACSCOC Resource Manual for the Principles of Accreditation (i.e.: “implicit in every standard mandating a policy or procedure is the expectation that the policy or procedure is in writing and has been approved through appropriate institutional processes, published in appropriate institutional documents accessible to those affected by the policy or procedure and implemented and enforced by the institution”), the university has herein submitted its institutional policy as part of its response to this standard/requirement. To puzzle out procedural enactment of policies reviewed by the aforementioned policy committees, beginning in June 2017, a similar administrative process review work group strategy was charged with codifying these deliverables:

- Develop a common SOP for every process completed by the department.
- Identify functionality in Campus Nexus that can be used to perform/support the process and incorporate that functionality into the final process.
- Prepare a single common set of documents used by the department.
- Develop single set of activities that can be utilized across the University.
- Develop common sets of triggers.
- Develop the flow (Perceptive Content).
- Define what data and information are needed (reporting).
- Prepare a written SOP for each process using the template provided.

To better explicate the merger process for stakeholders, the system has also generated an intranet web page.

For merger compliance, completing Report of the Substantive Change Committee Merger-Consolidation of SACSCOC Accredited Institution(s) with Non-SACSCOC Accredited
Institution(s) was comparable to drafting half a full reaffirmation in just 4 months. Starting from scratch and scaling the Xitracs learning curve, the university completed the 2015 Compliance Certification (CC) in less than two years. That CC comprised 500 pages supported by 2000 evidentiary files. In contrast, the 2017 merger report contained proportionately 50% more evidence. Without the full 2015 Compliance Certification and the March 2017 Merger Prospectus already archived in Xitracs, then the merger report’s short timeline would have been much more difficult to achieve. As it was, those prior reports were relatively easily C&P’ed into the appropriate Xitracs template for updating and supplementing. Much of the updating and supplementing focused on incorporation of narrative and evidence from the to-be-merged schools.

Also, since SACSCOC intimated that CR 2.5 (IE) and CR 2.8 (faculty) may be problematical, special efforts were made to ensure bulletproof compliance with these sometimes-nettleesome standards. For the former, evening/weekend part-time librarians data-mined SpenLou and SpenLex’s departmental Program Effectiveness Plans (PEPs). Fortuitously, as it turned out, the schools had recently prepared these PEPs for potential ABHES (Accrediting Bureau of Health Education Schools) accreditation in the event of losing ACICS accreditation.

Afterword

Obviously, mergers have been occurring within the 805 SACSCOC membership for some time and – predicated upon this essay’s data, will likely continue. Merger will have incalculable implications for the resultant organizations. More specifically, the university has undergone a SACSCOC merger subchange visit at the time of this writing and is awaiting the commission’s final approval which is expected to occur in early June 2018. In the meantime, the merger-specific infrastructure requisite to support a larger, more complex Sullivan University also continues to be codified.

References


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