

Stevens Institute of Technology

www.stevens.edu

FTE Enrollment – [6,037]

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Stevens Institute of Technology

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Stevens Institute of Technology's Dramatic and Comprehensive Turnaround: 2011-2017

“Turnaround” is not too strong a word to describe the transformation that has taken place at Stevens Institute of Technology since 2011. When Dr. Nariman Farvardin became Stevens’ seventh president on July 1, 2011, the university had recently settled a complaint by the New Jersey Attorney General related to poor governance, fiscal mismanagement, and excessive compensation practices for its executive leadership. The university routinely relied on a line of credit to meet its regular financial commitments such as payroll. Enrollment, especially at the graduate level, was unstable, and retention and graduation rates, as well as competitive research funding, had decreased. Alumni were disillusioned; philanthropic support had declined; and town-gown relations were strained. Morale among faculty and staff was at an all-time low.

Immediately upon taking office, President Farvardin began the work that has led to a dramatic turnaround. Together with a broad-based group of university stakeholders—faculty and staff, alumni and students—President Farvardin spearheaded the development of an ambitious 10-year strategic plan, *The Future. Ours to Create.*, published in 2012. The process itself was deliberately inclusive—led by two Deans, a steering committee with broad representation, six working groups comprised of faculty, staff, students, and alumni, and multiple opportunities for input and feedback from all stakeholders within the Stevens community.

The plan led to the identification of 46 ambitious goals—most with quantitative metrics and target dates—necessary to build a world-class university. Focus was placed initiatives that would add significant value to students’ education and campus experience, and that would build a world-class academic and research enterprise.

Six years later, the evidence speaks for itself. Over the period, 2011 to 2017, progress has been dramatic across all areas of the university:

Students, Faculty and Academics

	2011	Present	Change
Undergraduate Applications	3,600	8,336	Up 132%
Undergraduate Enrollment	2,427	3,125	Up 29%
Freshman SAT	1190-1390	1320-1470*	Up 130-80 points
Retention Rate	92%	95%	Up 3 points
Graduation Rate	79%	83%	Up 4 points
Placement Rate	92%	96%	Up 4 points
Graduate Applications	3,342	7,622	Up 128%
Graduate Enrollment	3,024	3,742	Up 24%
Full-Time Faculty	241	295	Up 22%

Financials, Fundraising and Endowment

	2011	Present	Change
Operating Revenue	\$174.5 million	\$247.8 million	Up \$73.3 million (42%)
S&P Credit Rating	BBB+	A-	Up
Annual Gifts	\$4.7 million	\$23.4 million	Up \$18.7 million (397%)
Endowment	\$134.2 million	\$185.1 million	Up \$50.9 million (38%)
Alumni Donors	2,275	3,202	Up 41%

In addition:

- In September 2017, Carnegie Corporation of New York recognized President Farvardin with the 2017 Academic Leadership Award citing Stevens’ investments in “faculty members, support services for students, new academic and research facilities, and classroom technology....[as well as] experiential learning opportunities as a way for students to connect their education to work in their chosen fields.” The award noted a 365 percent increase in students participating in international programs and increased applications and improved retention and graduation rates.
- An article, “Turnaround University: Quant School on the Hudson,” in the September 5, 2017 issue of *Forbes* called Stevens “one of the most desirable STEM colleges in the nation.”
- *U.S. News & World Report’s* rankings of national universities showed an increase of 19 places in six years (88th in 2011 to 69th in 2017), making Stevens the second-fastest rising university in this

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category in the nation. Also, Stevens' ranking in the Payscale College ROI Report increased from 31st in 2011 to 10th in 2017.

Infrastructure, operational, and reputational improvements have also been significant:

- Ninety-five percent of classrooms have been renovated, including state-of-the-art technology upgrades, since 2011. An engineering center expansion opened in 2016, a new 17,000 s.f. academic building opened in 2017, and construction has begun for a 90,000 s.f. academic building to open in 2019. A new student residence hall and university center, currently in design, is scheduled to open in 2021.
- Complete modernization of the campus IT infrastructure has taken place through the entire network of hardware and software, wireline and wireless; a new data center; creation of a new high performance computing capability; implementation of a voice-over-IP communication and collaboration environment; acquisition and implementation of state-of-the-art enterprise systems (Kuali Financials, Workday HCM, Workday Student; CANVAS, Slate; Raiser's Edge, and the pioneering Virtual Learning Network, a private, cloud-based approach providing access to educational software and collaboration tools).
- A highly-qualified and experienced leadership team has been recruited, and a shared and transparent governance model with significant faculty representation on the Board of Trustees and its component committees has been institutionalized.
- New, mission-focused initiatives have increased awareness and strengthened the reputation of the university. Examples include: first place in the 2015 U.S. Department of Energy Solar Decathlon; the establishment of the [President's Distinguished Lecture Series](#) a forum for internationally-recognized speakers on issues related to science, technology and their implications on society; research leadership in key societal issues, such as coastal urban infrastructure resilience in the

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aftermath of Hurricane Sandy; *OnStage at Stevens*, a performing arts series featuring the New Jersey Symphony Orchestra for the Stevens and neighboring communities; the Stevens Venture Center, an incubator for technology-based companies launched by faculty and students; and recruitment of exceptional new academic leaders (Provost, Dean of Engineering and Science, Dean of the School of Business, Dean of the College of Arts and Letters, with search for the new dean of the School of Systems and Enterprises currently underway).

Also in 2016, the strictures imposed by the settlement with the New Jersey Attorney General immediately preceding President Farvardin's arrival were completely lifted. Furthermore, as a symbol of the value placed on Stevens as an engine of economic growth for the State of New Jersey, Stevens received \$7.25 million in 2013 in state support to enhance its IT infrastructure, and in 2016 the university received an additional \$19.25 million in State capital grant and bond funding, the largest award to a private institution of this program. The university was recognized by the New Jersey Technology Council with its 2015 "Knowledge is Power" award, and its "CEO of the Year" award was presented to President Farvardin in 2012. In 2016, the New Jersey Research and Development Council named President Farvardin "Educator of the Year."

Threats: Dire Conditions in 2011

The circumstances which led to the actions by the New Jersey Attorney General—poor fiscal and operational management, neglect of the physical and IT infrastructure, a lack of transparency in institutional governance, among others—also resulted in immediate and critical challenges to the university's viability in 2011. Budget practices were not sustainable. Not only did the university regularly tap its line of credit for routine expenses, it also regularly borrowed from its own endowment. Instability in graduate enrollment, which accounted for approximately 35% of annual projected revenue, caused significant discrepancies between budget projections and revenue, resulting

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in major disruptions to academic and administrative operations in the middle of budget cycles. In July 2011 when President Farvardin joined Stevens, the university was on a path toward bankruptcy, with no cash on hand and no debt capacity to fund what would become its ambitious 10-year strategic plan.

These internal issues had external impact. A front page article on the cover of *The New York Times* in December 2009 stated: ...[C]harges are swirling over [Stevens Institute of Technology](#) in Hoboken, N.J. The state attorney general has sued the institute and its president, [Harold J. Raveché](#), accusing him of plundering the endowment and receiving \$1.8 million in illegal low-interest loans for vacation homes, with half of them later forgiven.” The Development Office compiled a list of “Disaffected Donors,” totaling more than 100 names by the time it was handed to President Farvardin upon his arrival, of alumni donors who never wanted to hear from Stevens again.

Town-gown relations were no better. Headlines in the local Hoboken, NJ paper regularly reported about troubles at Stevens and the unethical practices of its administration, including on land use issues related to the university’s capital projects. The university was sued by a local waterfront activist group for allegedly proceeding with construction before approvals had been secured and for illegal handling of hazardous materials. A counter suit followed, and relations further eroded.

Opportunities

The turbulence of the post-2008 economic meltdown, particularly in the New York metropolitan region, led to an increased recognition of the importance of science, technology, engineering and mathematics (STEM) to economic recovery. STEM funding by federal agencies increased, as did the emphasis and value placed on STEM degrees by prospective students and families. Together, these conditions provided a significant opportunity for Stevens to position itself as an institution that produced great value for its graduates and for its sponsors. Stevens has exploited this opportunity during the last six years through innovative curricular offerings, increased marketing

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and outreach efforts, and intellectual engagement in critical issues such as healthcare, coastal urban resiliency, energy, financial systems, and defense-related research.

Stevens' location was also an unrealized asset. A bucolic, 55-acre campus in the middle of a small, trendy city on the west bank of the Hudson River overlooking and easily accessible to New York City provided untapped opportunities for student recruitment, co-operative education and internship experiences with media, financial and many other technology-based industries, as well as corporate partnerships and cultural experiences.

Another significant opportunity was the energy and sheer will of the Stevens community to coalesce around a vision to realize an ambitious plan "to become a premier, student-centric, technological research university." After the period of low morale, the Stevens community was ready to collaborate to rebuild the university into a place of pride.

Consultation, Planning, Marshaling Resources

Literally upon his arrival, President Farvardin began planning for the development of a new strategic plan: identifying potential members of the steering committee and co-chairs, organizing the effort, gathering benchmark data and identifying aspirational peers, and soliciting input from Trustees and other key stakeholders. The planning process kicked off in October 2011 and concluded on Aug. 1, 2012; in between, more than 500 faculty, staff, alumni, students had actively engaged with the strategic planning process—providing input, coalescing around a new vision and mission for the university, negotiating priorities, and setting ambitious targets for the future to hold themselves accountable to achieve those lofty goals. A strategic plan emerged, *The Future. Ours to Create., Strategic Plan for Stevens 2022*, in which the Stevens community articulated its vision for the future: *Stevens will become a premier, student-centric, technological research university.* It outlined 46 specific and largely quantitative goals to get there.

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An important consideration was estimating the cost of implementing the strategic plan and identifying sources of funding. The strategy to finance the strategic plan was included as an integral element of the plan itself. This was a critical aspect of the plan's efficacy, as the university's financial position was far from healthy in 2012. Three elements of the strategic plan would fund the university's ambitions: (1) enrollment growth—increasing the undergraduate student body by 60% and converting the largely part-time graduate student body to a predominantly full-time graduate population with associated modest growth, providing significant new revenue and allowing the university to realize economies of scale; (2) maximizing efficiency and reducing waste; and, (3) significantly increasing philanthropic support. All three strategies have been enacted with remarkable results.

Implementation of the Plan

The detailed internal version of the strategic plan—with very specific quantitative targets—was published in December 2012 and disseminated to the Stevens community, after endorsement by the Board of Trustees, the Executive Committee of the Alumni Association, and the Faculty Senate. An implementation framework and monitoring system was developed, which included: (a) assignment of each goal with a priority (Year 1, 2, or 3 start) and an “owner,” a Vice President responsible for making defined progress each year; (b) annual progress targets for each of the goals, included in each Cabinet member's annual “objectives letter” for the following year, with compensation increases tied to progress; (c) two days of leadership retreats held annually in the summer to review progress, discuss challenges, and plan for the following year; (d) publication of annual progress reports in December of each year on the university web site. In addition, regular meetings of the President and his direct reports and bi-weekly Cabinet meetings also review progress on various initiatives.

Challenges to implementation have occurred: (a) during leadership transitions; and (b) where a goal was insufficiently well-defined or lacked an obvious champion. Overall, however, Stevens has

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made extraordinary progress across all areas of its strategic priorities, meeting or exceeding a number of its mid-point targets a year or more early.

Assessment is an integral part of implementation; the transparency and accountability embedded within the implementation framework—in particular, the publication of the annual progress report on the university web site—have had a significant impact on progress. As of Fall 2017, 44 of 46 goals are underway and have made good progress. A mid-point revision of the 10-year plan was completed in early 2017, effectively sharpening and re-calibrating goals based on current conditions.

How Actions Taken Have Repositioned the University to Thrive

Stevens has experienced a comprehensive and dramatic turnaround, as illustrated by the changes across all areas of the university from 2011 to 2017, a process that is still underway. Under the leadership of President Farvardin, an organizational renewal and transformation has occurred. A leadership team, possessing significant experience in other institutions and a commitment to ethical stewardship of university resources, has been recruited. Through each new Cabinet appointment, fresh perspectives and objective scrutiny have replaced insularity and old habits. These values and approaches are reaching all units within the organization.

Essential to the overall progress to date have been well-defined, specific, and quantitative goals; regular and public reporting of progress; and an unrelenting commitment to accountability, transparency, frequent communication, attention to detail, judicious and ethical allocation of resources, and shared governance at all levels of the organization.

The university has embraced a culture of continuous improvement; the progress has been dramatic so far.