

GROUP ASSIGNMENT

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IN PARTIAL FULFILMENT OF THE
REQUIREMENTS FOR STRATEGIES IN STRATEGIC DECISION MAKING COURSE

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AUC (Atlantic Union College) A Case Study Review and Analysis

SECTION 1 – ABOUT ATLANTIC UNION COLLEGE (AUC)

Background

Atlantic Union College, a Christian college in the Seventh-day Adventist tradition, was organized to educate diverse individuals who would graduate and excel in their service-centered professions and actively engaged in their communities. As a Seventh-day Adventist institution, it exists to serve a wide range of needs. Its original purpose and still is its primary purpose—to help young people of the Atlantic Union Conference prepare for Christ-centered and fruitful lives within the Church and in the wider society. The College also serves the educational needs of adults who cannot study in conventional scholarships; and offers programs designed for students ranging from preparatory to retired adults. The College views itself as a resource center for learning that is genuinely life-long. It is committed to the belief that each person has the capacity to learn and to change, no matter what the age, socialization or background.

As an academic institution in a region rich in cultural resources, the College seeks to establish a campus environment in which diverse learning can flourish. As a part of the world of higher education, the institution has a responsibility to contribute through scholarship to the advancement of learning and to a critical and creative response to events; and it has a responsibility to address through community service the needs of the society in which it exists. The College attempts to establish a caring and responsive community within which the multi-racial and multi-national group of students, faculty and staff can live, study and work together, and within which social as well as intellectual development can take place.

As a diverse learning community, the College aims to offer to all its students, whatever their age, background, religion, race, nationality, or sex, an academic environment in which attitudes, values, and goals can be examined in the light of expanded knowledge and understanding. The emphasis on the campus is on a personal relationship between faculty and students. Working together, faculty and students create an atmosphere within which a community of scholars may discover, organize, and disseminate knowledge and apply value judgments to human thought and activity. By encouraging students to work

while they learn, the College is committed to the concept that work is the active expression of knowledge. By establishing a campus in which study and work occur within the framework of Christian faith, the College is committed to the belief that knowledge and action can best be turned into creative power in society when individuals see their entire lives as gifts of service to a loving Creator.

Introduction

South Lancaster Academy started as a secondary school in 1822. During that time, the school administration recognized a need for education beyond the secondary level and advanced the school into a Junior College in 1918. In 1922, the name of the institution was changed to Atlantic Union College (AUC) offering Bachelor of Theology and Bachelor of Religious Studies degrees. Eleven years later, AUC was authorized to grant Bachelor of Arts degrees. In 1954, this fine Christian institution started to grant Bachelor Science degrees. In 1990, authorization was granted to the college to provide graduate courses leading to a Master of Education degree.

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Student Population/Market Segment

The northeast has become the home of many immigrants, and the SDA church is no exception. The Adventist church in the region is very diverse. In the Southern New England Conference alone, 47% of membership and 51% of churches are non-English (All Nations, Cape Verdean, Chinese, Ghanaian, Haitian, Korean, Portuguese, and Spanish). This percentage could be

higher if we looked at the union wide data. This is unique in the North American Division. No other union is so diverse. AUC provides limited scholarships to encourage this diversity. These members are not wealthy but are loyal to the SDA beliefs and faithful tithe payers. Christian education is their dream for their children. They send their children to public schools when they really have no other choice.

Blue Ocean Theory

AUC is not is Blue Ocean Concept as it does not distinguish itself in teaching, curriculum or operation from most other colleges. This Red Ocean organization needs to keep looking for ways to set itself apart from the colleges and universities by uniquely segment the market to offer a product or satisfy a need that students would appreciate and value.

Actions

Atlantic Union Conference Executive Committee and Atlantic Union College Board of Trustees Voted to suspend the baccalaureate program at AUC. After the unfavorable results of a feasibility study, commissioned by Atlantic Union Conference; at the February 2018 Committee meeting the AUC Board of Trustees and the Atlantic Union Conference Executive Committee voted to end the Baccalaureate program at the end of the academic year; and phase out the certificate programs in a teach-out manner no later than December 2018 due to financial exigency.

SECTION 2 – THE CHALLENGES FACING AUC

AUC, a 135-year old tertiary institution is one of the many Seventh-day Adventist co-educational institutions in the United States' North East. During the past ten years, the college encountered many problems, mainly in three areas: accreditation, financial support and student enrollment.

In 2011, New England Association of Schools and Colleges (NEASC), the accreditation body, discontinued the college's accreditation. In addition, AUC relied heavily on church subsidies.

In April 2017, the Southern New England Conference voted to reallocate \$800,000 of the funds they normally give to AUC to help college-aged youth in the conference. The Union further concluded that the college was not in a position to service the college-aged youth of the Conference, although the college is within the Constituency. It is important to understand that the Conference primarily supported the college so that its youth could obtain a college education without travelling too far away. The issues were further exacerbated when the United States Department of Education's College Scorecard and the New England Association of Schools and Colleges listed AUC among its defunct schools. In summary, the primary issues are:

- Loss of accreditation due to severe financial constraints
- Dire financial constraints
- Low student enrollment
- Loss of subsidy from parent organizations
- Student visas cannot be granted to students from abroad, due to lack of accreditation status.

Discussion

These issues negatively affected the college's reputation; resulting in decreased enrollment and overall good name of the institution suffered. Since there are many choices in academic institutions, and because students are the customers and contribute heavily to the financial health of academic institutions, any negativity as it relates to the standards of academic institutions will have a negative impact. In recent years, AUC reduced its tuition in order to remain competitive and to attract students, but while many Seventh-day Adventist students found the school attractive, some student found alternatives, because of limited curriculum.

TOWS Matrix Analysis

The study group examined the threats and opportunities and the weaknesses and strengths of AUC in order to make meaningful recommendations. Currently the following *Threats* are confronting the college:

- The college is facing closure
- The college is in danger of not obtaining reaccreditation
- Stiff competition from Adventist and non-Adventist colleges and universities vying for students.
- Attracting qualified faculty and staff without the benefits of financial security.

Amidst these threats, we found there are also various *Opportunities*:

- Reorganization of the institution
- Restructuring its tuition policies
- Create a work plan for students to earn money to assist with tuition payment and other expenses.
- Reorganizing the college and change its name to eliminate the negativity surrounding its current name.
- Seek out new source of funding and have a strategic plan for eliminating debt and dependency upon the Union and Conference
- Reconsider the segment it wants to serve

The analysis discovered the following *Weaknesses*:

- Damaged reputation
- Unsuccessful management practices
- Limited curriculum

The following are among AUC's *Strengths*:

- Faith in Jesus/Christian values
- Prime real estate owned by the college
- Part of a world-renowned Christian organization with many other academic institutions with outstanding leaders and administrators.
- Large body of alumni that could be engaged to raise funds

PESTEL

Political factors

There are not many political factors affecting Atlantic Union Colleges' operations. The closest factors that are remotely political are the accreditation agencies. NEASC the local accrediting body that withdrew accreditation from AUC, but I suspect that there were no political influences. On the other hand, if there were, it would be unlikely to ascertain for sure.

Economic factors

Atlantic Union College exists to serve a wide range of needs. Its original purpose is still its primary purpose: to help young people of the Atlantic Union Conference prepare for fruitful lives within the Church and in the wider society around it by providing them with an education in a Christian setting. The College also serves educational needs of adults who cannot study in conventional programs and offers programs designed for students ranging from preparatory students to retired adults. The College views itself as a resource center for learning that is genuinely life-long. It is committed to the belief that each person has the capacity to learn and to change, no matter what the age or background of the individual.

Social factors

As an academic institution in a region rich in cultural resources, the College seeks to establish a campus environment in which diverse learning can flourish. As a part of the world of higher education, the institution has a responsibility to contribute through scholarship to the

advancement of learning and to a critical and creative response to events; and it has a responsibility to address through community service the needs of the society in which it exists. The College attempts to establish a caring and responsive community within which the multi-racial and multi-national group of students, faculty and staff can live, study and work together, and within which social as well as intellectual development can take place

Technological factors

Technology is very important to most businesses and remains a primary means to recruit students, staff, vendors and other business partners. A user-friendly designed website can enhance marketing strategy and assist in establishing branding and communication to the customers and the outside world.

The world relies on technology. We need technology to operate the most basic things. As an institution of higher education, Atlantic Union College uses technology for communication, information dissemination information and for students' instruction. AUC prepares students to be outstanding servant leaders who provide service to God and our fellowmen. We cannot imagine any institution of higher education without technology.

Environmental factors

As a diverse learning community, the College aims to offer to all its students, whatever their age, background, religion, race, nationality, or gender, an academic environment in which attitudes, values, and goals can be examined in the light of expanded knowledge and understanding. The emphasis on the campus is on a personal relationship between faculty and students. Working together, faculty and students create an atmosphere within which a community of scholars may discover, organize, and disseminate knowledge and apply value judgments to human thought and activity.

Encouraging students to work while they learn commit the college committed to the concept that work is the active expression of knowledge. By establishing a campus in which study and work occur within the framework of Christian faith, the college is committed to the belief that knowledge and action can best be turned into creative power in society when individuals see their entire lives as gifts of service to a loving Creator.

Legal factors

Atlantic Union College, like every other institution, has to abide by the laws governing our country. I would think even more so, because we are representatives of Christ and must live by the laws of the land as long as they do not conflict with the Law of God; and if they do, we must abide by the Law of God. : Currently, the school can operate providing that it meets all the legal requirements such as the necessary license(s), accreditation and abide by other local and federal laws. Although this college is a Christian institution, the laws still allow it to provide education to the public as well as Seventh-day Adventists. Otherwise, there is no legal threat against AUC.

Market Segmentation Analysis

AUC is a segment in academia that provides higher education and training for young men and women to serve the church community as well as other enterprises while demonstrating the love of God in word, work and lifestyle. While AUC exists to prepare Seventh-day Adventist young men and women to fulfil the mission of the church to go and preach, teach and prepare people for the second coming of Jesus; the college also accepts non-Seventh-day Adventists who will abide by the principles that the college espoused.

Environmental Factors

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the school into a Junior College in 1918. In 1922, the name of the institution was changed to Atlantic Union College (AUC) offering Bachelor of Theology and Bachelor of Religious Studies degrees. Eleven years later, AUC was authorized to grant Bachelor of Arts degrees. In 1954, this fine Christian institution started to grant Bachelor Science degrees. In 1990, authorization was granted to the college to provide graduate courses leading to a Master of Education degree.

Critical Success Factors (CSFs)

Below we list some Critical Success Factors that we believe are necessary in order for this school to regain its position and progress into a path of success:

- Strategically and secure initial operating funds to reopen and sustain AUC and fulfil the financial requirements for reaccreditation.
- Establish a Board to review educational costs reduction and future increases
- Rename the college, invite and offer partnerships to other Seventh-day Adventist higher education institutions.
- Offering scholarships so that students from Seventh-day Adventist home could attend without too much financial strain on their families.
- A comprehensive review of the institutional expenditures and develop better policies to ensure accountability and transparency
- Develop a student work program to assist students with financial needs
- Renew relationship with the Southern New England Conference and resume dialogue to identify the differences to resolve the differences
- Meet the requirements for accreditation
- Re-establish relationship with other Adventist Colleges and universities and work on joint programs and other joint efforts that can mutually benefit each institution

- The college has over 100 acres of land. Explore lease/rental or even sale to liquidation current debt(s).
- Explore the possibility of offering more majors to attract more students' interest
- Re-organize an alumni association to establish an endowment fund
- Select a new governing Board capable of making the necessary changes in policies, culture and staff to ensure an efficient North organization that are meeting the needs of the community and the students

Corporate Social Responsibility

Atlantic Union College is located in the Northeastern United States. The Seventh-day Adventist Church in this region is very diverse. In Southern New England Conference, where the college is located is home to all nations, Chinese, Ghanaian, Haitian, Korean, Portuguese, and Spanish—no other Conference is said to be as diverse as this Conference. Over the years, AUC was a beacon to the community. It contributed to the workforce in the region by providing jobs for community residents. The community was family oriented. Since AUC was the only Seventh-day Adventist educational institution in the region, its ethical and moral values shone brightly.

Strategic Capabilities

Atlantic Union College is situated on several acres of prime real estate here in the North East United States. It is one of the oldest colleges of the Seventh-day Adventist Church. It has several buildings in good condition. It has a state of the art library with several hundred volumes. AUC is the only Seventh-day Adventist college in the North East. The college serves at least five local conferences and a Union. There are over one hundred thousand members and several hundred churches that the college serves

VRIN/Benchmarking

In 2011-2012, around the same time when AUC began its downward spiral, other private educational institutions in the region were closing their doors. The Chester College—a 144-student higher education institution closed. Other private colleges in Nebraska, Mississippi and Tennessee had similar issues. This signaled to colleges such as AUC that students are moving away from home to attend colleges farther away. However, the following are worthwhile considering:

- With AUC the only Seventh-day Adventist College in the area, the other schools that closed cannot be compared—it had value
- The college's offerings were unique, as it relates to Seventh-day Adventist education. Other private and public colleges in the area cannot duplicate its capabilities
- There is no substitution for Seventh-day Adventist education.

With the exodus of students, AUC had to brace itself for decrease in student enrollment.

Full-time faculty and staff were rescheduled in order to keep the college afloat.

The college's is at its lowest since its inception 135 years ago. There was a time when AUC flourished in the community, and shone like a beacon. It was perceived as a great Christian institution of higher learning until student, faculty and staff migration began. However, the college's current situation should not be allowed to dictate its future and potential. This is a fine institution and it would be a mistake to think that it is "dead." Great consideration should be given, considering its great history boasts of past success where scholars have passed through its doors. Since benchmarking has to do with analysis and comparison of data, we do not have sufficient information to do the analysis for this project.

Cultural Web Analysis

With the social and cultural chemistry of the region and even the nation changing, the immediate constituency of AUC changed also. The college was not immune to the challenges facing other private higher education institutions.

Strategic Capabilities

In 1942, the college bought the William Kilbourn farm with 100 acres along the George Hill Road in South Lancaster, Massachusetts. In addition, they purchased the 42-room Thayer Mansion. They have a recently-built state of the art cafeteria. The men and women living quarters are in good condition, the library with its many volumes is envied. With AUC being the only Seventh-day Adventist college in the region, there are great potentials.

SECTION 3 – SOLUTION TO ATLANTIC UNION COLLEGE’S PROBLEM

Summary

A summary of the pressing issues facing AUC are as follows:

- Dire financial constraints
- Loss of accreditation
- Very low student enrollment
- The Vote to discontinue and phase out by parent organizations.

Recommendations

We cannot allow this fine and historic institution to close its doors. Among the suggestions for revival and continuation are the following:

- Since finances are the most pressing need, crowd funding should be considered. All other Seventh-day Adventist institutions should join the cooperative effort to save AUC.

- Other Seventh-day Adventist Colleges and Universities should be lobbied to bring their best programs and offer them from the AUC campus. This partnership should generate revenue from the colleges and universities. This should include SDA colleges and universities from all over—not just in North America. For example, Universidad de Montemorelos could offer their doctoral programs at AUC.
- Change the name of the college from AUC to Founders University—this would give it a new start.
- Do not allow the process of accreditation to be discontinued.
- Reconsider the vote to discontinue and phasing out.
- Engage or reengage the Alumni Association with constant events and fund-raising.
- Form a new Board of Trustees, to include people from various backgrounds, not just pastors who are employees.
- Formulate new five-year strategic plan.
- Have an all-roads-lead-to AUC fund-raising event. This would generate immediate funds. If this is successful, this could become a yearly event. The event could be held elsewhere, such as cruises, etc.
- Have a massive student-enrollment drive. This should include scholarships for students from all over.
- Return to the Adventist Mission—where all the programs are mission-focused. A clause that all students should go on at least one mission trip before graduation.
- AUC had a strong Nursing program. With all the other colleges and universities supporting the college with their best programs, Founders' University could be the crème-del-la crème of Adventist Education in the North East United States.

We are not suggesting that it is going to be easy to bring about the changes that we are advocating. However, we serve a Big God! This is His work! We are His servants! He promised to give us the power, resources, and the determination to carry out His work! The Scriptures admonished us that if anyone lacks wisdom, let him ask of God, Who gives generously. With God, all things are possible. If we have faith, we can say to the mountain of financial lack—be Gone! The earth is the Lord's and the fullness thereof; the world and they that dwell therein.

ATLANTIC UNION COLLEGE EVENTS TIMELINE

- The Five Year Conditional Approval from the Massachusetts Department of Higher Education ends June 30, 2018 (2013-2018).
- AUC Classes started fall 2015.
- A request to the Massachusetts Department of Higher Education to offer Associates degrees was denied. AUC must first meet the conditions of the current five-year conditional approval before a request will be reviewed.
- A request to extend the five-year conditional approval to reflect the original request and intent of operating five years was submitted; however stopped, when the Atlantic Union Conference Executive Committee voted in February 2018.
- The NEASC (New England Association of Schools and College) Accreditation application was stopped, when the Atlantic Union Conference Executive Committee voted in February 2018.
- The next AUC Board of Trustees meeting is Sunday May 6, 2018.
- The next Atlantic Union Conference Executive Meeting is May 9, 2018.
- The Special Constituency Meeting to vote on the direction of Atlantic Union College is Sunday May 20, 2018.

ATLANTIC UNION COLLEGE FINANCIAL TABLE

- ✦ The gross budget with full subsidy is approximately \$6,100,000 yearly \$4,400,000, is from subsidy.
- ✦ The payment of the remaining long-term debt, dating as far back as 2004, is close to \$56,000 per month.
- ✦ Currently the net income is calculated to be approximately \$2,500,000.
- ✦ The primary reason for the initial loss of accreditation was financial instability.
- ✦ Verification of the existence of financial sustainability must be evident to continue the accreditation process.
- ✦ At the February 2018 Atlantic Union Conference Executive Committee meeting and Board of Trustees meeting it was made clear that the financial subsidy remaining was not enough to continue the college operation as currently existing.
- ✦ Through the Adventist Accrediting Association application process, a Feasibility Study was commissioned. Among the items to be covered in the report will be an Alternative Mode for Delivering Higher Education in the Atlantic Union Conference. It is anticipated the report will be shared at the May 2018 meetings.

AUC ACTION TIMELINE

- ❖ The Conditional approval from the Massachusetts Department of Higher Education expires on June 30, 2018. At the vote of the Atlantic Union Conference Executive Committee, Feb. 2018, the request for an extension was withdrawn.
- ❖ The application process for accreditation with NEASC (New England Association of Schools and Colleges) was withdrawn at the vote of the Atlantic Union Conference Executive Committee, Feb. 2018.
- ❖ Verification of sufficient funds and financial stability-proof that the funding will continue; should be submitted to the Massachusetts Board of Higher Education before the conditional five year approval expires on June 30, 2018. Otherwise, the process will need to start again to get conditional/standard approval to operate an institution of higher education in Massachusetts.
- ❖ The direction of the operating of Atlantic Union College is scheduled to be discussed and voted at the May 20, 2018 Special Atlantic Union College Constituency Meeting. A plan for financial sustainability should be presented at this meeting in order to inform the discussion.

References

Majors matrix. (1996). *Campus Life*, 55(5), 60.

Ambassador (2018) A Publication of Atlantic Union College, 2018(2).