Mission Is Not Enough.

Making Mission the Test of Financial Recovery
What Must Universities Protect When Financial Pressure Forces Hard Choices?



Executive Summary

Financial pressure is forcing universities to make difficult choices about courses, people, estates, research and future investment. But reducing the size of an institution is not the same as strengthening its underlying model.

The August Executive Brief, Financial Pressure Is Not a Strategy, argued that intervention is not evidence of strategic progress. This revised edition of the September Executive Brief incorporates reviewers' feedback and extends the initial argument by asking what universities must protect while they recover.

For councils and executive teams, the test is not simply whether a proposal removes cost. It is whether leaders can demonstrate what problem is being solved, what capability they are prepared to lose, and why the institution will be stronger afterwards.

Mission cannot remain only a statement of intent. Under financial pressure, it must become a standard of proof. In practice, each recovery proposal should show which elements of the university's distinctive value it protects, weakens or gives up, with the same scrutiny as its cash effect.

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Dr Paul A. Phillips | Sustainable Strategy Executive Brief | Revised Edition, October 2026

Building on Financial Pressure Is Not a Strategy

The August Executive Brief argued that financial sustainability is not simply a finance problem. It is a strategy, capital allocation, capability and decision-quality problem.

This revised edition, developed in response to sector feedback, turns that argument into a sharper decision discipline and adds the people dimension of recovery.

The Problem: Mission Does Not Decide What Survives

Universities are not short of mission. The harder problem is proving what should be protected when financial pressure means that not everything can be preserved.

Most university missions are credible, but few are distinctive enough to guide retrenchment. As Sam Sanders argued in Wonkhe, shared ambitions offer limited help when leaders must decide where scarce resources should be concentrated.

Generic mission language can coexist with highly consequential cuts. The question is whether those decisions preserve the capabilities, relationships and routes to future value that make the institution worth sustaining.

The starting test is simple but demanding: what distinctive value is the university protecting, and how does the proposed decision protect it?

Mission explains why a university matters. Strategy determines what distinctive value it will continue to create when it cannot preserve everything.

When Short-Term Fixes Shrink the Future

Universities UK reported in May 2026 that 46 per cent of universities had consolidated courses and 44 per cent had closed them. More than half had cut repairs and maintenance, while almost a third had reduced academic research activity.

These decisions shape future capability, student opportunity and institutional purpose. Mission should not be used to block hard choices. It should be the test they must pass.

But the immediate saving is only part of the decision. Initially, course closures may appear to lower costs, which in turn may weaken progression routes and limit access for local learners. Deferring

maintenance may conserve short-term cash while increasing future risk. Reducing research activity may lower expenditure while damaging partnerships, reputation and future income. Cutting international teams may reduce overheads quickly, but the agent networks, partner relationships and in-country reputation they sustain take years to rebuild, putting future fee income and current students' support at risk.

A university can improve its balance sheet while weakening the capabilities on which its future depends.

When Mission Enters the Council Room

The cash position raises the standard of proof. The Financial Times reported that nearly a quarter of British universities had fewer than 70 days of cash available to cover costs at the end of 2024-25. The Office for Students reported that 35.8 per cent of institutions were in deficit in 2024-25, rising to 42.7 per cent in 2025-26. It also warned against persistent over-optimism and short-term responses.

But council, finance, staff and students may ask:

How much will it cost? What outcome will it create? When will the benefit appear? What happens if we are wrong?

A business case that cannot answer them is not yet a business case. It is a narrative hoping to become one.

Strategic fit is not enough. A proposal must show affordability, cash timing, downside exposure, implementation costs and delivery capacity. An initiative may create value in three years and be unviable if the transition cannot be financed. A saving may appear quickly and still prove false economy if disruption and lost capability are ignored. Decisions that are hard to reverse, such as asset sales, programme closures and redundancies, should meet a higher standard of proof than those that are easier to unwind, such as deferrals and recruitment freezes. Before an irreversible step, council should see the alternatives tested and the cost of being wrong.

From Saving to Strategic Consequence

A weak recovery case moves straight from action to expected saving, without showing how the action connects to sustained institutional value.

Proposed action	Immediate cash effect	Capability effect	Learner / end user effect	Future value / mission effect	Observable evidence
Illustrative: close part-time evening degrees	£0.8m a year from Year 2; £0.3m one-off teach-out cost	Loses adult-learning tutors and flexible delivery expertise	Working adults in the region lose a local route to a degree	Weakens the civic and widening-access mission; exits the adult-learner market	Savings delivered; regional mature-student enrolments; employer renewals

This matters because the same action can produce several consequences at once. Academic programme closures may reduce costs, but they may impose additional costs on the local community. The illustrative row above shows how this plays out: after a one-off teach-out cost of £0.3m, the closure saves £0.8m a year, but it narrows access for adult learners and weakens the university's civic mission.

The issue is therefore not simply whether an action saves money. It is whether the financial benefit justifies the loss of strategic and institutional capability.

Distinctiveness Must Survive Recovery

Strategic renewal plans should begin with a clearer value proposition. Which learners and end users matter most? What problems is the institution unusually well placed to solve? Which strengths create distinctive value? What must stop so those strengths can be protected? Answering these questions turns a mission statement into a basis for decisions.

Deans and heads of school are often asked to expand partnerships, executive education, apprenticeships and commercial research without the resources to deliver them. Growth requires market intelligence, pricing, relationships, routes to market, capacity and authority.

Without those conditions, universities risk cutting proven capability while budgeting for unproven income. That is not transformation. It transfers risk to units that may lack the resources to carry it.

> ***A target does not create a market.***

Capability Leaves with People

Recovery plans tend to count posts, not capability. Yet people are both what is most often cut and what renewal depends on. As discussed on Sustainable Strategy Brief Live Episode 5, where people, money and capability are not aligned behind a priority, it remains an ambition, not a strategy.

Severance takes capability with it. Voluntary schemes tend to lose those most able to leave, along with employer, funder and partner relationships that do not appear on the asset register.

Middle managers carry the change. Deans, heads of school and professional services leads must deliver savings and growth at once, often with shrinking teams, while being the layer most exposed to restructuring.

Leadership time is as scarce as cash. A team absorbed in stabilisation has no space to design renewal. Recovery plans need a capacity budget alongside the cash budget.

Mindset shapes what survives. Leaders often know where the future lies but find it hard to say, because naming a growth area means naming what is not one. Repeated cuts teach staff to defend their own area rather than take risks. Renewal needs leaders who rebuild confidence, not only control cost.

An institution that cuts the capability its mission depends on has changed its mission, whether it has changed its words.

Three Horizons, One Strategic Logic

Drawing on McKinsey's Three Horizons Framework, a university recovery plan should distinguish between stabilisation, redesign and renewal.

Horizon 1: Stabilisation. Protect cash, academic quality, regulatory compliance and institutional continuity. The objective is to create room to act without allowing emergency measures to define the institution by default.

Horizon 2: Redesign. Address the underlying causes of financial weakness by changing the course portfolio, estate, services, systems and partnerships. The purpose is not solely to reduce costs, but to prevent the same structural problem from returning.

Horizon 3: Renewal. Determine where future value will come from. This may include distinctive academic strengths, new learner markets, employer relationships, research platforms or a clearer civic contribution. Horizon 3 is where mission becomes concrete: without funding for renewal, the mission is only a hope.

Each horizon also needs different leadership capability. Stabilisation rewards control; redesign and renewal require judgement, entrepreneurship and trust. An institution that cuts the people with these qualities while hiring for control can find itself stuck in Horizon 1.

> ***These horizons are not a linear sequence. Stabilisation must create the capacity for redesign. Redesign must preserve a credible route to renewal. Otherwise, repeated emergency savings will shape the institution by default rather than by strategic choice.***

Illustrative Case: Northborough University

Northborough University faced a widening deficit, falling postgraduate recruitment and an ageing estate. Council was asked to approve severance, course closures, building disposals, deferred maintenance and shared services.

The plan removed the deficit within eighteen months. But one council member asked:

> ***Does this make Northborough stronger in three years, or only smaller next year?***

The test was whether short-term action protected the capabilities needed for long-term renewal. Severance, asset sales and shared services become strategic only when connected to a distinctive future.

Applied at Northborough, the test would not have stopped the plan. It would have changed it.

Council could still approve shared services and severance, but with a smaller, targeted scheme. It could defer selling the building that housed its employer partnership centre until a replacement was secured. And it could require each school to name the capabilities it would protect.

The deficit might close six months later. But Northborough would emerge smaller and stronger, not just smaller.

Seven Questions Councils Should Ask

Before approving a major recovery or transformation proposal, council should be able to answer seven questions.

1. What problem is the institution seeking to solve, and how reliable is the evidence?
2. What distinctive value, for which learners, employers and places, does our mission commit us to, and does this proposal protect it?
3. Which credible options were tested, including redesign, partnership, delay and doing nothing?
4. What is the cash effect, when will it occur, and what happens if assumptions prove wrong?
5. Which capabilities and people central to that distinctive value will be protected, weakened or lost, and has council explicitly accepted that trade-off?
6. Who owns implementation, and does the institution have the leadership capacity, authority, people, systems and resources required?
7. What evidence will determine whether the institution should continue, redesign, pause or stop the proposal?

Conclusion

Universities need not choose between financial discipline and mission. But financial improvement is not, by itself, evidence of strategic progress.

The real test is whether leaders can demonstrate the connection between today's decisions, the university's distinctive value and tomorrow's capability.

The next Executive Brief sets out a practical way for leaders and governing bodies to make this test routine, so that every major recovery decision shows what it protects, weakens or gives up.

Mission cannot remain only a statement of intent. Under financial pressure, it must become a standard of proof.

Three ways to take the next step

1. Define the Future to Protect

Turn the mission into an explicit list of the learners, communities, distinctive strengths, people and capabilities that must survive financial recovery. Any proposal that weakens something on the list must say so and justify it.

2. Bring One Live Decision

Select one material decision and test the evidence, cash effect, impact on mission and capability, delivery capacity and credible alternatives.

3. Set the Review Conditions

Agree in advance what evidence would justify continuing, redesigning, pausing or stopping, then review the decision against it.

To test one live decision before commitment, contact Dr Paul A. Phillips at pap@drpaulphillips.com