



UNIVERSITY OF OREGON
Lundquist College of Business

FACULTY EXCELLENCE FUND



THE CHALLENGE

The academic leadership and teaching delivered by our faculty are at the heart of the Lundquist College of Business and every other top business school in the nation. Faculty who are world-renowned and terrific teachers are rare. Like stellar employees in any business, great faculty have many options. From time to time, the Lundquist College of Business is successful in attracting a tenured associate or full professor from another university. We use endowed chairs and professorships to be competitive for these stars. But, because of our limited endowments, we are not in an economic position to do this very often. Instead we bring in promising, young untenured researchers and teachers and nurture and grow them into superb faculty. We have a great track record of doing just that.

The most critical challenge facing the Lundquist College of Business is attracting and retaining faculty. To achieve the goal of procuring the best young talent available and preserving the most productive members of our core



faculty requires considerable private funding support.

The college must expand summer research support beyond the first three years and hire several new tenured faculty to meet the needs of our growing student enrollment and expanding programs. This fall alone, total UO enrollment hit an all-time high of 21,544—with a record-breaking freshman class of 4,229 (30 percent

higher than anticipated). Nearly one-third of those new students identified business as their intended major. Our current faculty numbers cannot accommodate this influx in student demand. If this enrollment trend continues (projections show it will for at least the next three years), we may need to hire as many as twenty-eight new faculty in the next five years. These new faculty will also require summer research support.



ATTRACTING NEW TALENT

The Lundquist College of Business has been presented with an unprecedented opportunity. The University of Oregon has committed the resources to enable the college to hire ten new business faculty members over the next five years. The college's intent is to add two new faculty annually beginning in 2009–2010. In addition to these ten new faculty "lines," the Lundquist College of Business will be involved in an annual cycle of replacing faculty who leave the College for a variety of reasons (for example, retirement, resignation, and so forth). Typically, the

college replaces two to three tenure-track faculty positions each year.

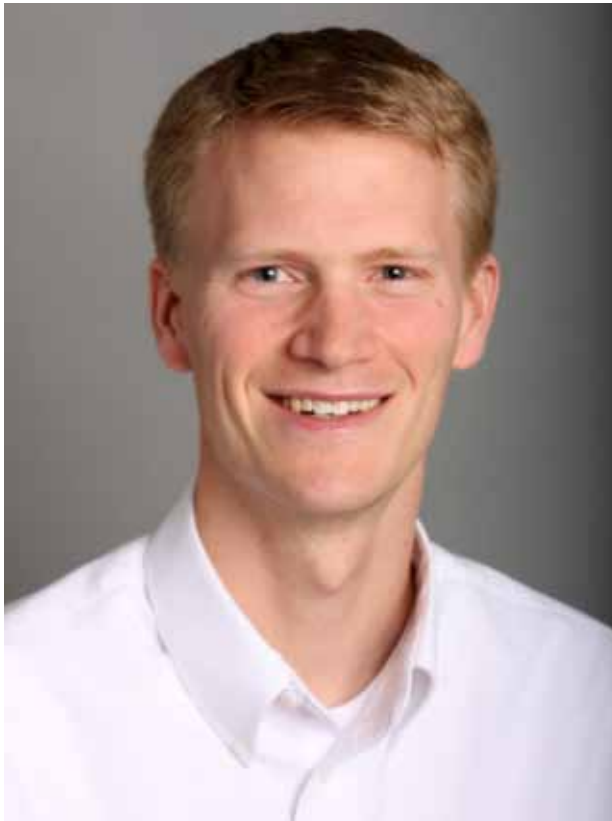
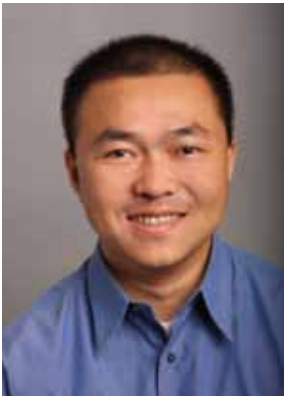
Taken altogether, the college can anticipate adding or replacing more than half the full complement of tenure-track faculty over the next five years. The replacement and infusion of new talent at this magnitude is a rare opportunity. The hiring decisions we make will have a profound impact on the culture, quality, and competitive position of the Lundquist College of Business for the next twenty or thirty years.

Over the past two years the college has had unprecedented success in attracting top new talent from among the elite business schools in the country, including Michigan, MIT, and Stanford. In order to effectively compete for these stars, we have had to offer the going market rate. Private support has been absolutely instrumental in our ability to compete effectively, allowing the college to offer nine-month base salaries at competitive rates as high as the seventy-fifth percentile of the salary range of peer institutions.



But the price of competing for the best and brightest continues to climb. According to data from the national accrediting organization for business schools, the Association to Advance Collegiate Schools of Business (AACSB), the median salary paid for a new doctorate in finance by our twenty comparator business schools was \$170,000 (for accounting, it was \$162,000). This figure represents only the nine-month base salary and does not include overhead, which currently amounts to 34 percent of base at the University of Oregon.

In addition to this base salary, the college's standard offer to a new assistant professor includes guaranteed summer research support. The Lundquist College of Business provides summer support at an average of 22 percent of base salary for the first three years of a new appointment. In contrast, our peer competitors guarantee a full six years of summer support.



The Lundquist College of Business has not been able to guarantee new hires summer support beyond three years because the college's summer support has been derived from annual operating funds. The college has not had the resources to extend summer research funding beyond three years. Over the past decade, on average, the college has provided summer support to six or seven faculty. Approximately \$400,000 annually is currently required to fund summer research support for key members of our faculty.

In order to procure the best and brightest for the ten new positions we will be filling, we must guarantee summer support for a full six years. This means that the college will not only have more faculty receiving summer research funding but also for a longer period of time.

Consequently, summer research support funds must grow appreciably if the Lundquist College of Business is to compete effectively for new talent. Private assistance will be critical to supporting our faculty development.



RETAINING OUR CORE

Faculty retention at the college is a top priority. To illustrate our challenge, in 2008, the Lundquist College attracted six top entry-level faculty from such institutions as Stanford and Michigan.

However, in the same year, we lost six key young faculty members. The major contributing factors to those departures were a lack of summer research support and a much higher than average workload. The college's tenure-track workload is 169 percent of UO average.

This retention issue is aggravated by several other factors. As we become more competitive in procuring new talent (paying at median salary levels in an increasingly expensive market), we find the college has become the victim of a severe salary compression problem—and even in some cases inversion. We have faculty we don't want to lose who are making as much as 25 percent less than our recent hires. Even within the same department, we have new faculty being paid considerably more than tenured faculty at the associate rank.

Although the college has worked very hard to address these equity issues, we have a long way to go. It is amazing that the Lundquist College of Business has been able to retain such an incredibly productive senior faculty cadre. However, the college cannot count on this good fortune to continue. The biggest concern is that we will be particularly vulnerable in just a few years as this compression problem increases. So much of higher education is driven by reputation. We must support our faculty at competitive rates.



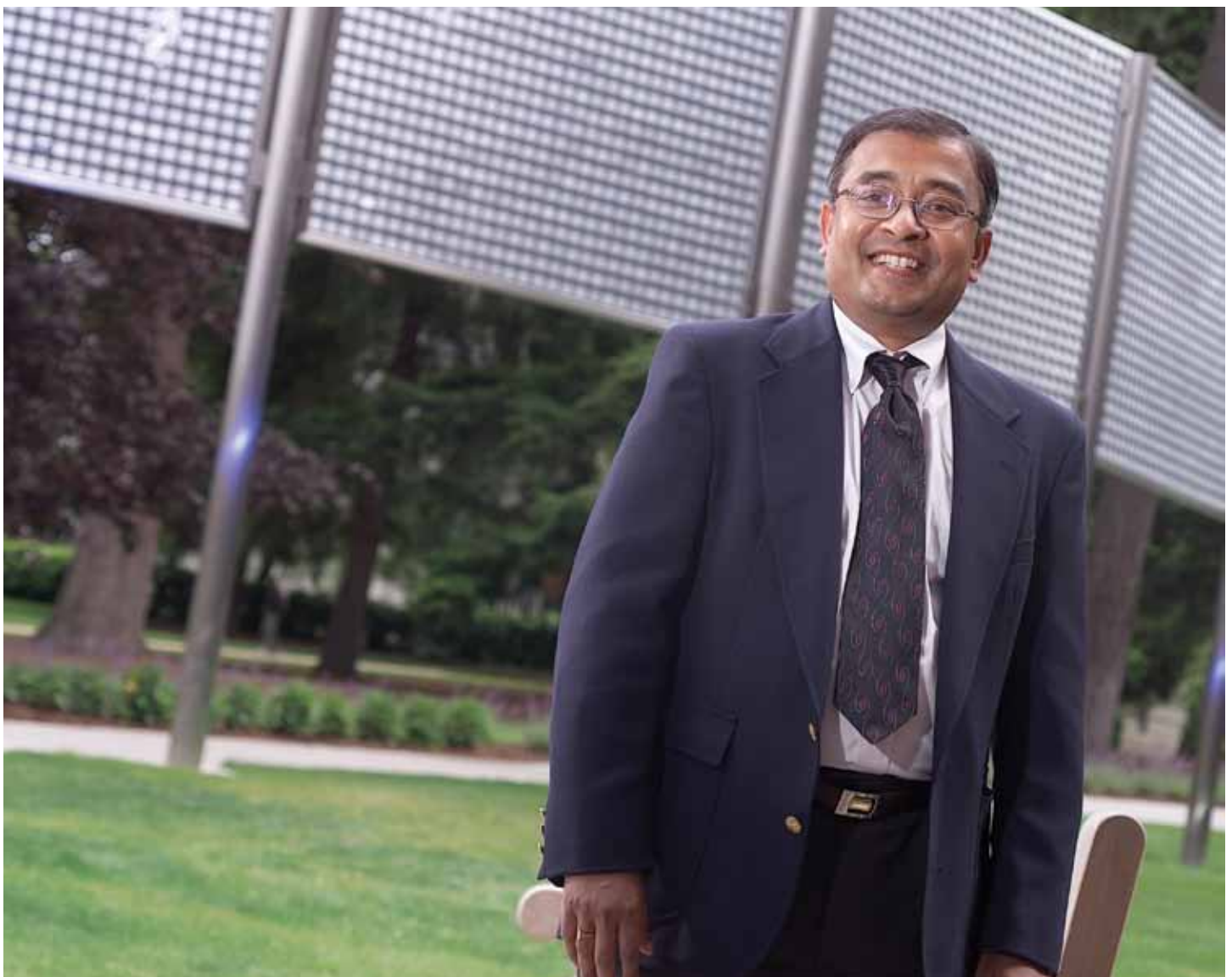
FACULTY EXCELLENCE FUND

To address the issues of attracting and retaining our faculty, the Lundquist College of Business has created the Faculty Excellence Fund, a flexible quasi-endowment fund that provides immediate revenue to focus on attracting and retaining the best and brightest faculty as competition for talent at top business schools intensifies.

The college's primary focus will be on securing commitments that will generate \$400,000 annually. Traditional

endowments may be the answer in the long-run but help is needed now. Therefore, creating faculty fellowship and associate giving opportunities will give the college the greatest flexibility.

The Lundquist College of Business faces both tremendous opportunities and unprecedented challenges. Only by supporting and empowering our most vital resource—our faculty—will the college achieve its objectives and make a difference in students' lives.



EMPOWERING SUCCESS



The Faculty Excellence Fund will enable us to attract and retain the very best faculty who are both world-class scholars and terrific teachers, which strengthens our curriculum and enhances the student experience. By supporting the Faculty Excellence Fund, alumni and friends of the college can help the college transform lives and businesses by providing our students with a faculty that enables them to meet their personal needs, interests, and ambitions—to be the most knowledgeable and motivated business leaders of tomorrow. ■





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