Higher Education Leadership Survey Results – Addressing Tough Decisions

by Nick Wallace

The annual higher education outlook theme this year is the higher education business model. Two major industry associations—the National Association of College and University Business Officers and the Association of Governing Boards in Higher Education (AGB)—recently launched initiatives to help colleges and universities rethink their business models.

These two industry associations are analyzing and making suggestions to the higher education business model. This analysis is necessary, but creating the necessary fundamental changes requires strong leadership.

BKD National Higher Education Group’s goal is to provide higher education leaders with great data and insightful commentary, as boards and top administrators need to make tough decisions. Without data, difficult choices become even more complex and answers more elusive.

The most recent background papers on new economic models bundled by the American Council on Education found two emerging needs:

1. Financial data transparency
2. Data-driven leadership at all levels of the institution

We hope the leadership survey results will shed light on other places that need attention.

Although data related to institution size is available, we’ll only report on the broad spectrum of public and private institutions. These are the enrollment statistics of the surveyed institutions:

**Public Universities**

<table>
<thead>
<tr>
<th>Enrollment Range</th>
<th>Percentage</th>
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<tbody>
<tr>
<td>More than 10,000 students</td>
<td>68 percent</td>
</tr>
<tr>
<td>4,000–10,000 students</td>
<td>18 percent</td>
</tr>
<tr>
<td>2,000–4,000 students</td>
<td>14 percent</td>
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</tbody>
</table>

**Private Universities**

<table>
<thead>
<tr>
<th>Enrollment Range</th>
<th>Percentage</th>
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</thead>
<tbody>
<tr>
<td>More than 4,000 students</td>
<td>13 percent</td>
</tr>
<tr>
<td>2,000–4,000 students</td>
<td>27 percent</td>
</tr>
<tr>
<td>1,000–2,000 students</td>
<td>40 percent</td>
</tr>
<tr>
<td>Under 1,000 students</td>
<td>20 percent</td>
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The schools were geographically clustered in the Midwest and Great Lakes area with a few in the Northeast, South, Southwest and far West states. We asked 11 questions focusing on topics related to institutional leadership that primarily focused on structure and relationships. The questions reflect the opinions of key leaders, mostly chief financial officers.

We predicted the data would show us colleges needed to focus on leadership structures, relationships and practices, and the responses supported our hypothesis.
Review of Survey Responses

Leadership Transition

Leadership transition is in full swing in many areas of higher education, and institutions need to be prepared. This has been well documented for a number of years. In our survey, more than 62 percent of respondents agreed or strongly agreed they will soon need to replace a significant number of key faculty and staff.

For financial stability, it will be important for boards to sustain institutions and leadership during times of high turnover and difficult economics. Boards should plan ahead for known key transitions. Equally important will be the way institutions monitor and react to campus morale issues.

Leadership Development & Innovation

Fifty-seven percent of schools surveyed agreed or strongly agreed they had top authorities, *i.e.*, president, and the cabinet involved in leadership development.

In addition, we found 65 percent of the schools agreed or strongly agreed that a cabinet-level spirit of innovation was present.
According to recent industry literature on strengthening economic models, the central feature of sustainability is innovation—especially in the areas of academic programs and other revenue-producing activities. Some schools are simultaneously focused on revenue production and expense reduction, and others have ideas for consolidation or collaboration as priority action items.

Leaders and boards of both public and private universities need to consider if their leadership development and innovation efforts are enough to turn the current negative economic tide and help build a sustainable business model.

**Effective System of Shared Governance**

When schools struggle economically, additional pressure is placed on the relationships among the board, administration and faculty. Having a strong, cohesive working relationship that shares the institutional governance creates a much higher likelihood of initiatives being thoughtfully constructed for maximum effectiveness.

Fifty-seven percent of surveyed schools agreed or strongly agreed they had an effective operational system of shared governance.

While it’s a positive sign that more than half the schools surveyed believe an effective shared governance is in practice, 43 percent of schools are still uncertain or unconvinced. Building a great shared governance system, which requires years of trust, is a good starting place for creating a sustainable business model.

**Board Chair & President Relationship – Bold Leadership Resulting in Timely Resolution of Problems**

One of the strongest survey responses was on the relationship between the university president and board chairperson. Two of our survey topics were included in the April 2014 AGB report, *The 10 Habits of Highly Effective Boards*: a renewed commitment to shared governance and the cultivation of a healthy relationship with the president.

Related to the development of a positive and productive relationship between the board chair and president, we found 81 percent of schools in the survey agreeing or strongly agreeing that they enjoyed the benefits of a positive relationship.
While strong relationships were often reported, this unfortunately didn’t always translate into bold leadership and the timely resolution of problems. While 81 percent of schools reported the presence of positive and productive relationships, only 51 percent reported bold leadership and timely resolution of problems. This may mean schools are having trouble translating the positive impact of strong relationships into actionable steps, or it may take more than good relationships to move the institution in the right direction.

This is more pronounced in public universities than private. While 73 percent of surveyed public schools agreed or strongly agreed that positive and productive relationships were present between the board chair and president, this only translated into bold leadership and timely resolutions of problems in 45 percent of the schools. A wider spread was present in private universities, even though more agreed or strongly agreed that bold leadership and timely resolution of problems were present. While 93 percent of the private university board chairs and presidents were reported to have positive and productive relationships, only 60 percent of schools agreed or strongly agreed that bold leadership and timely resolution of problems were present. There appears to be slippage between what normally acts as a catalyst for positive action—quality and productive relationships between key leaders—and the actual results: bold leadership and timely resolution of problems.

The Work of the Board

In the series of questions regarding the board and its work, 62 percent agreed or strongly agreed the board’s work structure was evaluated and updated in the last three to five years. Only 51 percent agreed or strongly agreed their committees were effective. Related to the board selection, evaluation and retention process, 32 percent agreed or strongly agreed their process was effective. This was more pronounced in public universities, where 45 percent agreed or strongly agreed the board’s work has been updated recently, 41 percent agreed or strongly agreed their public university committees were effective, and a surprisingly low 14 percent thought their public university board member selection, evaluation and retention process was effective.

Perhaps this situation is what prompts AGB to write about effective public university boards. In its series entitled, “Building Effective Boards at Public Institutions,” author Merrill Schwartz enumerates these hallmarks of an effective board:

1. Understands and respects the vital difference between governing and managing, and nurtures and supports presidential leadership
2. Always balances the institution’s interests and welfare with the needs and priorities of the state
3. Balances advocacy and oversight
4. Observes and imposes the highest ethical standards and avoids even an appearance of conflict of interest
5. Speaks with one voice, even when sharply divided
6. Listens to and learns from the institution’s constituencies without giving any of them a veto
7. Nurtures and enhances the institution’s legacy
8. Recognizes its special responsibility to students for the quality and value of their educational experience
9. Represents and advocates for the institution in the larger community
10. Commits itself and the institution to due process and academic freedom for faculty and students
11. Commits adequate time and energy not only to its basic tasks, but also to the enjoyment of the board experience

The above list was designed with public institutions in mind, but also is applicable to private universities.
Presidential & Faculty Evaluation Systems

The final two questions pointed to processes for evaluating the president and faculty. While 59 percent of schools agreed or strongly agreed they had presidential evaluation systems with adequate specificity and opportunity for feedback, only 36 percent agreed or strongly agreed faculty evaluation systems had adequate metrics for faculty productivity.

Private universities, on the other hand, felt better about their faculty evaluation system metrics than public universities.

There’s clearly room for improvement in the way presidents and faculty are evaluated.

Conclusion

Education reformer Robert Zemsky discusses three key lessons in his book, Checklist for Change:

1. “The notion that American higher education changes slowly but purposefully is wrong.” He proposes that colleges and universities are actually “stuck where they were in the 1980’s—largely unable to control their costs ... locked in an admissions arms race.” While there are pockets of positive change and thriving institutions, many are still languishing.

2. “When it comes to changing higher education, those who matter most are not listening.”

   We are left to wonder if he’s talking about faculty, administrators or board members and will leave that to your interpretation.

3. Finally, he concludes, “reform won’t come to higher education unless the federal government becomes an active sponsor of change.”
Application

1. Great leadership results in quality decisions, but these cannot be made without solid data. Make it a priority to upgrade your financial reporting systems and methods to include best practices, e.g., dashboards and benchmarking. Consider the balanced scorecard approach that includes financial and nonfinancial data, e.g., student success and academic quality measures.

2. Consider the use of data analytic tools—including big data applications—to enhance decision-making processes. Please ask your BKD advisor about how BKD can deploy big data in higher education in cost-effective ways.

3. Consider coaching board members when they’re in need of change. Talk with your BKD advisor to discuss how BKD may be able to assist in the assessment of board systems and procedures.

Our BKD National Higher Education Group members have ideas to help you with the above applications.


iv ibid

v ibid

vi Ibid, P.16