

# What's the Next

AS HIGHER EDUCATION INSTITUTIONS and their governing boards face a new year, what should be their primary concerns over the months ahead? What new issues—or new aspects of old issues—are on the horizon that boards should be addressing? What crucial topics are missing from many boards' agendas?

# Big Thing for Boards?



## Some Key Agenda Items on the Horizon

- 1 Crisis management
- 2 Intercollegiate athletics
- 3 Issues of access and affordability
- 4 Leading change
- 5 The viability of the institutional business model
- 6 Reinvigorating the case for higher education
- 7 Regional stewardship
- 8 Strategically targeting limited resources
- 9 Technology, especially new social media
- 10 Program relevancy and strategic thinking in a competitive market
- 11 The value-price equation
- 12 Being prepared for the next big thing

The following nine people have years of broad and varied experience in higher education and its governance. As members of the AGB Consulting team, they have worked with and advised numerous boards across the country, representing all types of institutions. *Trusteeship* asked each of them for their views.

**Alvin J. Schexnider**, president of Schexnider & Associates, LLC, and trustee of Excelsior College; former president of Thomas Nelson Community College and chancellor of Winston-Salem State University:

Boards need to develop a means to react quickly to unforeseen emergencies. While the problems at Penn State come to mind, numerous other crises have arisen from natural disasters or human tragedies like the shootings at Virginia Tech a few years ago. **Crisis management** requires expertise that may not be found on a board—in areas such as emergency planning, specialized legal or crisis communications, and executive coaching of senior leadership in damage control. Crisis or disaster management can perhaps be handled by an existing committee of the board, like the executive committee. Alternatively, boards may need to think about adding people with expertise in such areas to their ranks.

Also, it is increasingly clear that **inter-collegiate athletics** is fraught with substantial risk to the institution and student-athletes. Boards should pay particular attention to appropriate oversight of their athletics programs. This is an issue that will not go away and will likely be exacerbated by growing demands for equity and compensation for student-athletes in the next few years.

In addition, American higher education is trending toward declining financial support of public colleges and universities. In Virginia, some public universities claim to be state-assisted rather than state-supported due to sharp reduc-

tions in funding. Increasingly, families must fill the gap unless an institution's endowment is adequate to the task. There appears to be no end to states' fiscal woes, and that means that families will be called on to bear the increasing costs of a college education. Boards must grapple with **issues of access and affordability** if higher education is to be viewed as a public good.

**Ellen-Earle Chaffee**, former president of Valley City State University, Mayville State University, the Association for Institutional Research, and the Association for the Study of Higher Education:

Some years ago, the first internal audit report on a major health system startled its board into stunned silence. The report could have been about many health systems then. Now it could be about many colleges and universities.

The system's biggest risk, the report said, was its *organizational culture*. The board had expected something the CEO could fix in a few months but soon realized this would be a board-CEO priority for years. Cultural concerns included incentives focusing employees' attention more on their work than on patient welfare, employees lacking information and authority to help control costs, lack of communication across departments, and no systematic use of best practices.

Today, higher education has comparable issues and more. Learning is measured more by seat time than outcomes. A degree and its requirements are a mix of judgment, academic politics, tradition, and institutional financial incentives, rather than an empirically verified qualification to meet life's challenges in the 21st century. The iron triangle of relationships among cost, quality, and access remains a deeply embedded belief—for example, that for quality to stay high, costs must also rise and access diminish—even

though some faculty members are proving it false by increasing instructional quality and decreasing cost simultaneously.

Our relatively qualitative approach to management leaves us with inadequate data and analytic tools to find the handles on cost-control or our economic engines. Our commitments to tradition and extensive consultation before decisions are at odds with unprecedented economic, political, and social disruptions; extraordinary technological advancements; and the relentless pace of change. We try to manage risk away rather than learn to take risky but promising innovative paths.

So the next big thing for boards and presidents is **to lead change**. We cannot turn back the clock, and hope is not a strategy. What we can do is reaffirm our values, face the challenges, and apply our formidable talents and loyalties. Boards can start by asking presidents whether what I've described fits their institution, with ample time for discussion.

**Theodore E. Long**, president emeritus of Elizabethtown College and trustee of Capital University:

A combination of long-term trends and the great recession has made it imperative that every college and university board reconsider **the viability of the institutional business model**. Demographic changes; new college career paths; the challenge of affordability; accountability for learning outcomes; competitive new delivery modes and institutions; reduced family financial capacity; and cutbacks in state funding for institutions, students, and research have combined to undermine conventional business models in all sectors of higher education, from liberal arts colleges to research universities. As a result, fundamental realignments are under way, and the question now before us all is how we can deliver a stronger quality of education and research, with less tuition revenue or state support, while strengthening the sustainability of our institutions and their infrastructures.

This problem is a board issue par excellence. It involves all the major elements of the institution, from academic to financial. It addresses fundamental issues of



# 10 Fundamental Good Practices

Even as the pace of change accelerates, certain good practices remain constant. Boards can be in a strong position to deal with the next big thing if they:

**1. Select the right president.** That means taking your time, adopting a purposeful step-by-step process, and learning from the myriad of institutions just like yours that have balanced success with a lot of *faux pas*.

**2. Select the right board chair.** Do not automatically anoint the wealthiest and most generous among the trustees, or the longest serving and hardest working, or the trustee who has campaigned vigorously for the position.

**3. Empower the committee on trustees.** Make its

members work. Insist that this committee thoughtfully and analytically develop a master plan for board composition.

**4. Insist on a strategic vision.** This is the glue that holds together the system of governance. Without it, the work of the board is disconnected, lacks forward thrust, and drifts from the trivial to the innocuous.

**5. Set goals and assess performance.** These are the short-term steps that must be achieved this year so that the strategic plan becomes operating reality. All governance leaders must adopt these goals and objectives so that they serve as benchmarks for the assessment of their personal performance.

**6. Understand and monitor academic policy.** Why single out academic policy among other policies? The

answer is that if you work hard at academic policy—typically the most difficult of all board oversight functions—and get it right, much of the rest will fall into place.

**7. Develop future board leaders.** Don't let your board-leadership pool stagnate. Maintaining the same board and committee chairs year after year blocks innovation and suppresses opportunities for talented new leaders to blossom.

**8. Structure the board strategically.** Align the work of the board with the strategic plan and the annual goals and objectives derived from the plan. The missions or charges for the board's standing committees should mirror the institution's principal strategic thrusts.

**9. Embrace board education.** Trustees need exposure

to evolving best practices as they are developed, tested, and implemented by peer institutions. What's more, trustees must learn the subtleties of many complex issues—student life, enrollment policies, tuition and aid formulas—and be able to compare their institution's strategies with those of its competitors.

**10. Make trusteeship enjoyable.** The best boards weave a social schedule in and around the board's business agenda so that trustees really do get to know one another; mutual respect, loyalties, and friendships follow, as does board cohesion.

—Adapted from “It All Boils Down to This...” by E. B. Wilson, board chair emeritus of St. Lawrence University (Trusteeship, September/October 2005).

institutional viability and vitality. And it requires the exercise of ultimate leadership in setting direction and committing the institution to a future course of action. If the board doesn't do it, no one else can or will.

What makes this so crucial for boards is that, over the next 10 to 15 years, most institutions will either have to change their way of doing business or struggle to remain viable. Of necessity, that will involve basic changes in how we deliver education and engage students, how we balance teaching and research, and what research is conducted. And there is no roadmap for the journey; each board will have to find its own way to a workable new model for its college or university.

Boards that deal with these issues well will distinguish themselves and their institutions.

**Gerald B. Fischer, president emeritus of the University of Minnesota Foundation and life trustee and former board chair of the Interlochen Center for the Arts:**

Given the magnitude of problems facing America, we seem to have lost our moorings to values that have sustained and defined our country throughout its history. “Equal opportunity” is one such value that has been diminished through the reduction of governmental financial support to all levels of education. The

unfortunate results include reduced preparation for and access to college, as well as graduates who must begin their careers with crippling debt loads. Our country is crying out for leaders who compel us to noble pursuits consistent with the values that have enabled the American Dream.

Looking ahead, I would challenge boards to prioritize the externally oriented issue of **finding fresh and compelling language to reinvigorate the case for education**—in particular, for higher education. Who is in a better position to do that than governing board members of colleges and universities and directors of university-affiliated foundations? The collective intellect—indeed, genius—of these boards is informed and committed.

They see daily the transformative power of their institutions on individual lives, as well as the impact their institutions have on local communities and economies—often expanding to a global impact. We must tap into this extraordinary resource of talent and wisdom across the country to reframe and strengthen the case for the multiple constituencies served by our colleges and universities.

Words are not enough, however. Boards must design an action plan, as well. The Morrill Act of 1862—which established the land-grant university system and which celebrates its 150th anniversary this coming year—and the GI Bill of 1944 are arguably the two highest ROI pieces of federal legislation in our history. The GI Bill alone is widely regarded as the single-most-important determining event to the economic prosperity and quality of life for at least 50 years following its enactment. What could be the equivalent event for the 21st century?

Again, boards should apply their individual and collective knowledge, dedication, and imagination to encouraging and helping design new federal laws or perhaps creating collaborative, bold, and strategic initiatives among governments, corporations, nonprofits, and other educational institutions. Those initiatives could refocus our nation on how crucial an investment in education is for sustaining our freedom and ability to compete and thrive as a society.

**Aims C. McGuinness, Jr.,** senior associate at the National Center for Higher Education Management Systems and former chair of the board of trustees for the state colleges in Colorado: States throughout the nation are increasingly committing to long-term goals to improve the educational attainment of their populations to globally competitive levels. Key actions needed to achieve those goals include: 1) improving the college-

and career-readiness of students, and 2) ensuring student learning and degree completion throughout the postsecondary education pipeline. Yet a number of forces are increasingly drawing public institutions away from deep engagement in state and regional issues:

- Pressures to move up in rankings of various kinds are pushing institutions to become more selective and to abandon historic commitments to ensure access and success for less-well-prepared students;
- As public institutions depend more on tuition than state appropriations for financial support, they are pursuing enrollment-management strategies to maximize revenues by recruiting outside their traditional service areas—including out-of-state and internationally—instead of drawing from students in their regions; and
- Institutions' traditional support for regional economic development and civic engagement is being curtailed—unless such activities

can contribute demonstrably to the institution's revenue targets.

Boards must take deliberate steps to ensure that their institutions do not neglect their important role in **regional stewardship.**

Waiting for changes in state policy to provide external performance incentives would be a serious lapse in board leadership.

Board members should be asking whether their institution's goals align with the state's public agenda and if the budget contains explicit incentives for faculty members, administrators, and students to pursue these goals by:

- Engaging with the region's schools to improve students' college and career readiness;
- Collaborating with schools, community colleges, and other institutions to improve college completion for the region's population through accelerated learning opportunities, smooth transfer and articulation agreements, competency-based assessment of prior

learning, a more coherent curriculum, improved student advising, early intervention, and other services; and

- Revising promotion, tenure, and other reward policies to provide incentives for faculty engagement in regional initiatives like K–12 education and for linking research to regional issues.

Even if grappling with severely diminished state appropriations, public institutions that abandon their public missions will face the prospect of still deeper cuts and aggressive actions by state leaders who are angered by those institutions' neglect of their commitments to the state and its people.

**Thomas C. Meredith, former commissioner of higher education for Mississippi, chancellor of the University System of Georgia and University of Alabama System, president of the National Association of System Heads, and president of Western Kentucky University:**

How can we maximize these times and position our institutions for the future? Enrollment growth is phenomenal at most institutions, which results in additional tuition dollars. That, of course, helps counterbalance a startling downhill slide in state appropriations. According to Paul Lingenfelter, president of the State Higher Education Executive Officers, "In 2010 constant dollars, state and local support per student sank to the lowest level recorded in more than 30 years."

The good news is that enrollments are expected to increase throughout this decade. The bad news is that tuition is dangerously close to the "only the elite" level—which means fewer students are able to attend or that tuition is capped. The additional bad news is that there is no relief in sight for state funding.

It is time to look for new ways to do our business with a consistent focus on the most effective ways to provide quality instruction, prove our students are learning, and embrace multiple forms of instruction. We must limit the breadth of our offerings academically, focus on those things we do well, and eliminate those we



don't do well or that are tangential to our institutional mission.

We must be driven by the facts and hard data. What our constituents want from us is reflected in the enrollment in our programs. We don't have to offer a major in a program if the demand is for only a few courses. Now is also the time to "scrape the barnacles"—to determine which centers or departments are no longer viable or have lost their original outside support.

In other words, we should use this unique time **to strategically put limited resources where they need to be**. Boards should be prepared for when the student numbers begin to decline, tuition hits a ceiling, and federal and state monies are even less. Boards must challenge the status quo and be proactive. It will never be any easier than it is now.

**Zeddie P. Bowen, former vice president and provost of the University of Richmond and past chair of Franklin Pierce College:**

Many governing boards are not prepared in two key areas: **technology** and **strategic thinking**.

Boards are often not sufficiently tuned in to the "technology tsunami" that is rapidly threatening to engulf higher education. Young people, our current and future students, are in control of it, and we are not ready. Few trustees are significantly involved with social media—Facebook, Twitter, YouTube—the way that our students are. Most of us have not yet fully grasped the impact of smartphones, instant messaging, and 24/7 connectivity on the marketing and reputation of our institutions and on the entire educational process. Access to knowledge through the Internet and the availability of open courseware, for instance, may change the fundamental roles of the faculty.

The second area, strategic thinking, may seem like a ho-hum topic, but it starts with serious questions: "What will put us out of business if we do not respond? How do we avoid becoming irrelevant in an intensively competitive environment?"

Boards must face the fact that the difficult economy has placed a number of

pressures—declining home values, lower wages, and unemployment—on the ability of families to pay for higher education. As a result, some parents are questioning the value of a liberal arts education more than ever—especially at private institutions. They seem more interested in their children graduating with a good job with benefits and low debt than with a well-rounded liberal arts education. Like it or not, institutions will have to respond. This is where strategic thinking will be needed.

The first question that enrollment-challenged institutions may need to ask is not how to broaden their market reach or how to improve their admissions efforts, but whether they are offering the programs their students want and need. Boards need to ask, "How do we keep our programs relevant? What changes will be needed to attract and retain the students we want to enroll?"

Higher education may never return to where it was before the economic crises. It is a new challenge for boards to think strategically when things are changing so rapidly. Perhaps the most important thing we can do as trustees is not to assume business as usual, ask lots of questions, and help our institutions adjust to the next big thing, whatever it is.

**Elizabeth Bulette, senior consultant at Harvard University's Center for Public Leadership, vice chair of the board of Maryville College, and former trustee of Hood College:**

Difficult decisions requiring significant change lie ahead for higher education boards and presidents. The issues developing now challenge our traditional college and university structures and assumptions, and their resolution calls for additional resources, particularly in the near term. To remain relevant, competitive, and respected will be especially difficult for financially strapped institutions.

The challenges include:

- Revamping a time-honored delivery system now vulnerable because of the undeniable benefits technology provides in the learning process, as well as the growing acceptance of the distance-

education model for its cost-effectiveness and convenience;

- Adjusting operations for an increasingly diverse student body with wide-ranging academic preparation, abilities, and learning styles; and
- Reconsidering the undergraduate curriculum as needs change regarding the knowledge and skills necessary to be productive in today's "flat world."

Collectively, these challenges contribute to what may be an even more significant problem affecting institutional viability: **the value-price equation**, which must be at the center of board discussions in the coming years. At an estimated \$25,250 per undergraduate, average student debt compares unfavorably to the limited employment opportunities students experience upon graduation, creating a mismatch in the value-price equation. That mismatch has grown large enough in the current recession that it threatens to overturn the conventional wisdom that a college degree is worth the investment.

The high regard our institutions have long received is eroding as more Americans question higher education's value. Boards cannot ignore that, at some point soon, tuition increases will no longer be able to defy economic gravity. As colleges and universities set their course to manage the challenges and inevitable changes ahead, boards need to engage their institutional leaders in serious discussions on how to best deliver quality education with clear purposes, using substantially less expensive means.

**Trudi W. Blair, chair of the board of Wilson College and former senior vice president of marketing at Arbros Communications:**

In recent years, boards have been coping with an increasingly complex array of forces shaping their decisions. Those forces include, among others: rapidly changing financial circumstances in the wake of a challenging and volatile economy, the persistent but perhaps now more pronounced tension between revenues and costs, continuing public and government pressure to limit tuition increases, constantly evolving requirements from accrediting organizations, and, for some

institutions, growing regulatory and public scrutiny of the role of athletics.

The list is extensive, varied, and includes both long-standing and emerging challenges. Perhaps the most significant challenge is not that of any one entry on the list but rather that of fashioning a strategy to cope with the full range of issues as they continue to evolve. Indeed, the next big thing for boards is **to be prepared for the next big thing**—no matter what it is.

Boards can do that if they focus on a mission of their institution that is widely shared by all involved, if they maintain discipline in implementing steps to realize that mission, if they have adopted a culture of board assessment and development to adapt to changing circumstances, if they have built a climate of mutual trust and candor, if they view themselves as partners with the administration, and if they ensure all voices are heard and the right questions are asked as decisions are considered and made.

The fundamentals of effective board governance have never been so important. AGB provides many tools to guide us, and I find myself returning most to the advice from E.B. Wilson in his September/October 2005 *Trusteeship* article, “It All Boils Down to This....” (See box on page 13.) In it, he provides a checklist of what to do to achieve effective governance, such as empowering the committee on trustees, structuring the board strategically, and understanding and monitoring academic policy. I have used that article often to help me stay prepared for the next big thing in my role as a board chair. ■

### Related Reading

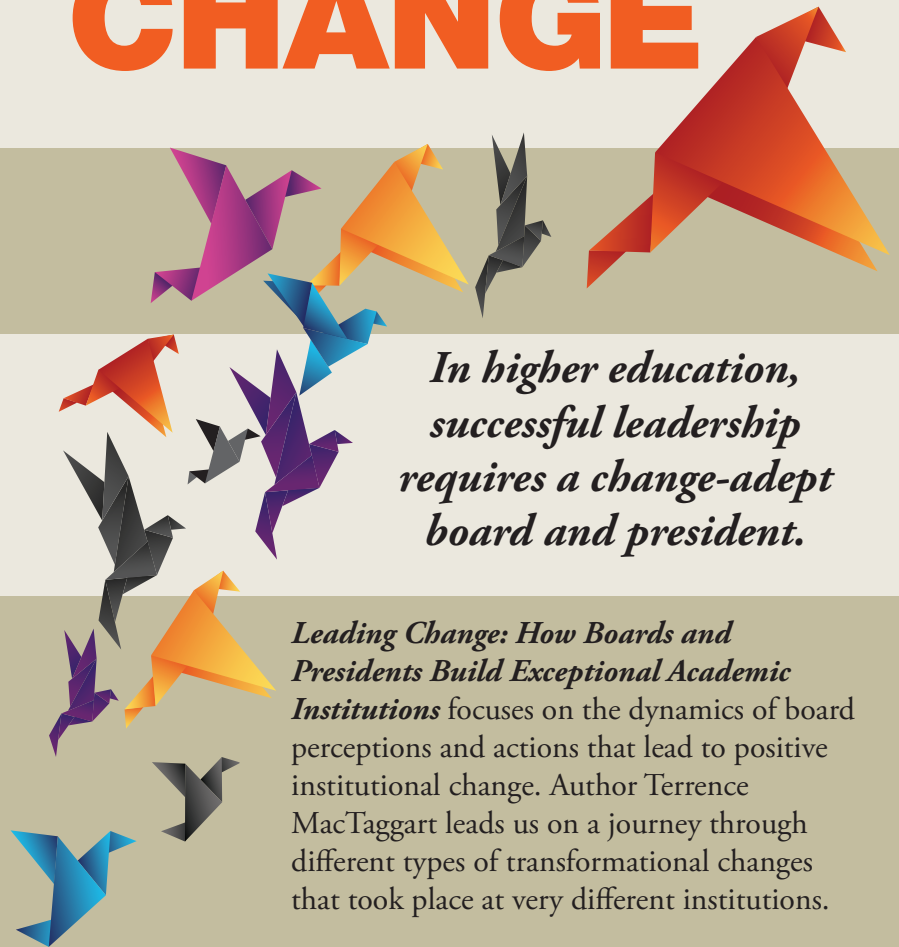
MacTaggart, Terrence. *Leading Change: How Boards and Presidents Build Exceptional Academic Institutions*. (AGB Press 2011)

*Strategic Imperatives: New Priorities for Higher Education*. (AGB Press 2009)

“Top Public Policy Issues for Higher Education in 2011 and 2012.” (AGB Press 2011)

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