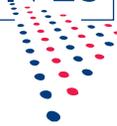


**PRESIDENTIAL
PERSPECTIVES**



a higher education presidential thought leadership series

2009/2010 SERIES: **LEADERSHIP IN THE GREAT RECESSION**

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Foreword

Tom Ingram: President-Emeritus, Association of Governing Boards of Universities and Colleges

This fourth edition of *Presidential Perspectives* is placed in the hands of college and university presidents across the nation, thanks to the leadership and generosity of ARAMARK Higher Education and the creativity of Marylouise Fennell and Scott Miller.

The book arrives in what may be one of our most difficult years in memory, perhaps in the academy's history. Together with its antecedents, this book provides a robust accumulation of practical wisdom bearing on the need to focus intelligently, strategically, and quickly on our institutions' futures—rather than their past successes and adversities. The past is unlikely to teach us much about the courageous decisions that have to be made now. The current environment is substantively different and the past is unlikely to be prologue for many colleges and universities. A new cliché, “A crisis is a terrible thing to waste,” describes how the horrible economic downturn we are now experiencing is unfortunately coupled with a string of new and incredibly pressing external threats to how we frame our missions and act on them.

The general theme of this edition of *Presidential Perspectives* is “Leadership in the Great Recession,” highlighting institutional best practices during challenging economic times. Even a casual glance at the 10 chapter topics chosen by experienced and accomplished chief executives confirms again that timely advice is within these pages.

But how best to use the advice within these and the 30 other chapters of earlier editions to adopt actionable practices consistent with your vision and priorities? Although these briefs are mainly intended for presidential readership, who among your campus colleagues should also receive and engage their powerful concepts and practices with you? Certain members of your senior staff, of course, but what about your trustees?

We know that trustees are sometimes difficult to engage in the big picture issues that keep us awake at night, in part because trustees don't read the literature we read. Yet they do respond conscientiously to requests to read information and ideas that we send to them in advance, especially when we ask for them to take the lead in discussing them in committee and board meetings. They gain satisfaction from hearing reactions to viable and relevant concepts that help focus their attention on high-level strategy bearing on their institution's future, including academic program strengths and weaknesses. It's all part of the *intellectual stimulation* that should accompany their experience as board members who come to us from vastly different cultures and experiences. Many of these article topics are superb agenda items.

We also know that one of the biggest enemies of effective trusteeship is boredom and routine—when meeting agendas are virtually identical from one meeting to the next; agendas are dominated by staff presentations or overly preoccupied with the financials; or committee chairs seem to justify their committees' work with verbal reports that are repetitive, devoid of proposed action items, or miss opportunities to ask for trustee advice. This publication can be a great resource to bring substance to meetings and opportunities for trustee engagement.

Most of us who look forward to receiving this annual publication have long ago concluded that we all learn from one another—from colleague presidents in other sectors of higher education, leaders of institutions much smaller or larger than our own, and presidents who have vastly different career paths than ourselves.

Finally, a digression and closing proposition about the academic presidency stems from work with many superb presidents and governing boards over my career at AGB, now as a consultant since my retirement from the association's presidency a few years ago. It's a deceptively simple one—a concept that is sometimes either forgotten or not thought about enough, especially when we propose unpopular and very painful but necessary change. Succinctly put, *presidential style trumps experience, competence, and good intentions*. Other writers have offered lists of reasons presidencies have failed, but this observation is often missed even among the best of the otherwise generally dreary literature on leadership (that few of us seem to read anymore, often for good reason).

This reminder is best and most succinctly captured in the old saw: *We should see ourselves as others see us*. Easier said than done, to be sure, but this is no time to forget the importance of bringing others along on the really big decisions that we believe are essential to make. Courageous and timely decisions require our best efforts to engage the leaders of stakeholder groups that will be directly and indirectly affected by the most painful changes. And effective leadership begins with empowering those who are, or should be, “on the bus” with us, as Jim Collins compellingly espouses in *From Good to Great*.

Given the new urgencies, those presidents who possess the most effective personal styles are those who are able to convince those colleagues most resistant to change that the institution must come first, that we are choosing the best alternatives among more difficult ones. It is *how* we implement painful decisions that matters at least as much as *what* we propose and do. Trust and confidence in leaders is very much a function of how our personal styles are perceived in this regard.

I salute you presidents who do your very best every day to move your college or university from good to great by consistently following best practices, maintaining high ethical standards in everything you do, engaging your trustees and faculties as you should, doing your best to communicate the rationales behind the tough decisions yet to be finally decided, and by always giving full credit to others, first and foremost.

The editors, authors, and publisher join with me in expressing our collective hope that this book makes some of your most difficult decisions a little easier, and the new opportunities that often accompany them a little easier to find.



Richard (Tom) Ingram is president-*Emeritus* of the Association of Governing Boards of Universities and Colleges. Retiring four years ago after 35 years of service, Tom continues to consult with governing boards and chief executives, and he writes on a wide range of governance matters in higher education and the larger non-profit community on governance reform, bylaw revision, board-president and president-faculty relationships, presidential performance assessment, trustee participation in institutional planning, and trustee engagement in fund-raising. Having served on a variety of governing boards, including those of an insurance company, two private colleges, an independent and church-related high school, and other organizations, his current trusteeships include the Council for the Advancement and Support of Higher Education (CASE), based in the District of Columbia, and Allegheny College in Pennsylvania.

Preface and Acknowledgements

Dr. Marylouise Fennell, RSM: Senior Counsel, Council of Independent Colleges

Dr. Scott D. Miller: President, Bethany College

Colleges and universities are constantly challenged to enhance their reputation and support their academic missions within the boundaries of an increasingly business-oriented environment. The current economic climate places further challenges on higher education and its leadership. Many are succeeding through diligence, persistence, and innovation. Authored by notable presidents whose institutions are in the forefront of innovation, the 2009–10 series of *Presidential Perspectives* addresses “Leadership in the Great Recession” and provides thoughtful case examples from which other institutions can learn or emulate.

Now in its fourth year, *Presidential Perspectives* endures due to the generosity and innovation of ARAMARK Higher Education, a leading provider of award-winning dining, facilities management, conference center, and stadium and arena services to colleges and universities. Each month, a different presidential chapter is distributed electronically and posted on the Presidential Perspectives Web site (www.presidentialperspectives.org). The culmination of the annual series is a bound keepsake book.

We are especially indebted to:

- Chris Hackem, ARAMARK Higher Education President, for her support and sponsorship of this thoughtful leadership series
 - Bruce Alperin, ARAMARK Higher Education Senior Director of Marketing, for his vision, guidance, and countless hours bringing this series to fruition
 - Martha Gaffney, Betty Van Iersel, and Stephanie Kappel, our special assistants, who regularly read our minds
 - Annie Miller, Scott’s wife of 26 years, a dedicated supporter of education who has loyally served as “first lady” of three colleges
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About the Editors



Dr. Marylouise Fennell is senior counsel for the Washington, D.C.-based Council of Independent Colleges (CIC), for which she also coordinates the New Presidents Program. She is a past president of Carlow University in Pennsylvania, and her background includes both teaching and administrative positions at Saint Joseph College (CT), the University of Hartford, and Boston University.

Dr. Fennell holds the Bachelor of Arts degree from Diocesan Sisters College, the Master of Education and the Certificate of Advanced Graduate Study from the University of Hartford, and a doctoral degree from Boston University. She has also been widely published. An internationally recognized management consultant, she has worked in more than 20 countries, including a post as chief consultant for the Association for Private Universities of Central America (APRICA). Her awards include more than 40 honorary doctoral degrees, and she is presently a member and chair of three college boards of directors. Dr. Fennell serves as executive director of the Inter-American Consortium, a partnership of six American and 11 foreign higher educational institutions. Additionally, she is a search consultant for numerous colleges and universities and a consultant for Boards of Trustees as they conduct searches for presidents and senior level administrators.

About the Editors (continued)



Dr. Scott D. Miller is the President and M.M. Cochran Professor of Leadership Studies at Bethany College in West Virginia. Dr. Miller earned his Bachelor of Arts degree from West Virginia Wesleyan College, Master of Arts from the University of Dayton, Ed.S. from Vanderbilt University, and Ph.D. in Higher Education Administration from Union Institute & University.

Now in his 19th year as a college chief executive officer, Dr. Miller served for 10 ½ years (1997–2007) as President of the College and Du Pont Professor of Leadership Studies at Wesley College in Delaware. He also has served as President of Lincoln Memorial University (1991–97). Before being named president there, he served as executive vice president (1988–91) and vice president for development (1984–88). A native of Pennsylvania, Dr. Miller is a former director of university relations and alumni affairs at the University of Rio Grande in Ohio and a former journalist. Well known nationally for his contributions to higher education, he was one of 17 presidents nationwide featured in a Kaufman Foundation-funded book entitled *The Entrepreneurial College President* (American Council on Education/Praeger Series on Higher Education, 2004). Dr. Miller and the Wesley story were one of four amazing transformational stories featured in the book *The Small College Guide to Financial Health* (National Association of College & University Business Officers, 2002) and one of six featured in *The Small College Guide to Financial Health: Weathering Turbulent Times* (NACUBO, 2009). He was extensively interviewed in *The First 120 Days: What A New President Much Do* (Jerold Panas, 2008). He is a regular columnist for *College Planning and Management* and is the author of a widely distributed e-newsletter, *The President's Letter*, which addresses a wide variety of higher education issues.

Both Drs. Fennell and Miller serve as consultants to college and university presidents and boards and are regular columnists to College Planning and Management magazine.

About the Publisher

About ARAMARK Higher Education

ARAMARK Higher Education is dedicated to excellence in facility, dining, conference center, and stadium and arena services. ARAMARK Higher Education enhances the living and learning experience and environment for more than 600 colleges and universities throughout North America. Facility services offered include facilities maintenance; custodial; grounds; energy procurement and management; capital project management; and building commissioning. Dining services offered include master planning; culinary development and venue design; catering; and residential, quick-serve, and express dining concepts. For more information, please visit www.aramarkhighered.com.

About ARAMARK

ARAMARK is a leader in professional services, providing award-winning food services, facilities management, and uniform and career apparel to healthcare institutions, universities and school districts, stadiums and arenas, and businesses around the world. In *FORTUNE* magazine's 2009 list of "World's Most Admired Companies," ARAMARK was ranked number one in its industry, consistently ranking since 1998 as one of the top three most admired companies in its industry as evaluated by peers and analysts. ARAMARK seeks to responsibly address issues that matter to its clients, customers, employees, and communities by focusing on employee advocacy, environmental stewardship, health and wellness, and community involvement. Headquartered in Philadelphia, ARAMARK has approximately 260,000 employees serving clients in 22 countries. Learn more at the company's Web site, www.aramark.com.

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CHAPTER ONE

**LEADERSHIP IN THE
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Leadership in the Great Recession

From “Doing More with Less” to “Doing Things Differently”

Dr. John C. Cavanaugh: Chancellor, Pennsylvania State System of Higher Education

The breadth and depth of budget cuts, and the resulting impact on all sectors, have created the most challenging time for higher education leaders in our careers, and it is as difficult as any other period in history. Much has already been written about the recommended response for presidents and chancellors. Best practices will continue to be shared about how to “do more with less.” Fine lines between dealing with economic realities and maintaining quality academic programs are being walked, even if extremely gingerly.

All of this is occurring, of course, in the midst of severe criticism from students, families, elected officials, and the public about higher education, especially its cost. The perception is that higher education has been greedy, inefficient, unaccountable, and unwilling to change and be more productive. Most of the criticism is factually wrong (such as, a major price driver in the public sector is the systematic withdrawal of state funding and its replacement with tuition and fees; campuses file hundreds of accountability reports to various stakeholders annually), but the perception persists.

The perfect storm of the Great Recession and negative public perception is creating a major push for reform in the guise of cost reductions and price controls. Looked at objectively, the critics have a point—to a point. It is the case that greater efficiencies can be had in higher education. More focus on outcomes, in the form of degrees and certificates granted, is needed. Costs (and prices) are high. But an institution can only “do more with less” up to the point where “less” leaves one with “nothing.” That point is reached, for example, when all the light bulbs have been changed, all traditional light switches have been replaced with motion sensor switches, and the geothermal wells and other alternative energy sources have been installed. To insist on still more cost reductions through energy efficiency may make a good sound bite, but it won’t produce any additional savings (unless, of course, one is willing to completely shut off the electricity).

But an institution can only “do more with less” up to the point where “less” leaves one with “nothing.”

The “do more with less” mantra works as long as it is possible to keep making easy cuts. Beyond that, “doing more with less” either becomes “doing without” or “doing fundamentally differently.” That tipping point provides the opportunity for leadership. Let’s see how.

When “More with Less” Becomes “Doing Without” or “Doing Differently”

With only a few exceptions, most higher education institutions have been engaged in reducing costs for years. To illustrate the point, I’ll use the Pennsylvania State System of Higher Education (PASSHE), a 14-university system that educates more than 112,000 students. The universities largely started in the Nineteenth Century as schools to train teachers and have evolved into strong regional master’s degree institutions, with one doctoral university. Throughout PASSHE’s 26-year history, its mission has been to offer the best combination of quality and affordability. Affordability is key. Despite the decline of state support from roughly two-thirds of the system’s operating budget at its founding in 1983 to 37 percent today, holding the line on tuition remains a high priority. Let’s take a closer look at the trend over the past decade. Adjusted for inflation, our system’s state appropriation per student fell more than 20 percent over the past decade. Meanwhile, tuition increased only 16 percent during the same period because the system’s Board of Governors made a deliberate effort to hold tuition increases near, and often below, the Consumer Price Index. In aggregate, total revenue per student—state appropriation plus tuition—actually *declined* 5 percent in inflation-adjusted dollars over the decade. We are now operating a larger, more complex, higher-quality university system than existed in 1998, for less revenue per student in real dollars. It was accomplished by a cooperative effort at rethinking our processes, such as instituting strategic sourcing, using energy savings company contracts, and working with the faculty on academic productivity.

This decade-long example of successful cost reduction indicates that higher education is serious about reducing cost. But for PASSHE (and many other institutions and systems), the point has been reached when further cost reductions necessitate fundamental restructuring of the organization and how it fulfills its mission. Such restructuring entails administrative modification, including flattening the organizational chart; merging or eliminating administrative units; and rethinking how teaching is done and how courses are delivered.

Such changes inevitably involve people and their work. Consequently, addressing cost through restructuring work is very difficult, at first blush anyway. But consider how much everyday work has been restructured over the past couple decades—we do our own typing and copying, for example, compared to having typists do it—and one realizes that, if handled correctly, changing people’s work can be done, and done effectively and efficiently.

Restructuring work is best done in a collaborative fashion, based on evidence. That evidence can be student learning outcomes (for example, students learn better when courses are taught in a particular way that requires restructuring courses), cost savings (reorganizing departments into a single school will save administrative costs), lack of interest/relevance (insufficient numbers of majors results in the elimination of a program), or other appropriate metric. Institutional consortia and systems can scale up and view the situation from a broader perspective than at the single institution level. For example, program elimination within a consortium or system becomes easier if it is available from another member institution. Regardless of level of aggregation, both key aspects (collaboration and evidence) are necessary for defining and documenting what needs to be done and how to define success.

While the current economic crisis is terrible, it also presents opportunities for higher education leaders with a (forced) choice about how to position their institutions for life after the crisis. Moving from “doing more with less” to “doing things differently” is one of those opportunities. So if leaders want to head in this direction, how do they do it?

Beyond the Great Recession: Using the Future To Inform Decisions Today

As difficult as it is navigating through the steep budget declines, the tougher problem will be figuring out what happens next. Neither state support nor the corpus of institutional endowments will be back to pre-2008 levels in the foreseeable future. So higher education leaders must make critical decisions regarding whether to rethink their mission. If (when) the funding picture improves, they will be faced with another difficult set of choices: In what does one (re)invest?

These questions need answers now, so that those answers inform what actions are taken today regarding budget reductions and restructuring. Otherwise, the decisions today will be made in the absence of context; without a strong rationale. It is easier to have money drive the process than the values and strategic goals that should.

So what should higher education leaders do in the midst of the crisis? First, know what your values are (where you are going) and how these values will create the future vision of your institution. Second, ensure that this future vision drives the decisions regarding budget cuts in the present. Do not take an easier, more expedient route. Ground all discussions about the reasons for the specific cuts in this future—values-based vision. Third, be transparent and collaborative. Include key constituency groups in the process and ensure that they understand the data and the future vision.

There is little doubt that the current economic crisis will result in a restructuring of higher education as we once knew it. The public sector is likely to see a permanent move toward a menu of delivery models and a much stronger emphasis on getting students through to graduation in the shortest time possible. Their funding prospects are particularly grim, especially those public institutions that have small or moderate endowments and little flexibility in their pricing structure. Increased emphasis on student retention and degree and program completion may cause shifts in admissions practices and the types of support services provided. Narrower academic offerings are probable, resulting in less choice for students but less duplication across the public institutions in a state. To the extent that private institutions' endowments do not recover quickly, similar outcomes are likely. Overall, it is reasonable to expect that colleges and universities will become more focused and outcomes oriented, and less involved in scholarly pursuits (beyond those that drive economic development) and service to the community. One thing is clear in this crisis—"doing more with less" is not an option. The solution is creative, values-based, strategic restructuring—"doing things differently."



About the Author

Dr. John C. Cavanaugh became chancellor of the Pennsylvania State System of Higher Education, effective July 1, 2008. He serves as the chief executive officer of PASSHE, which operates 14 comprehensive universities with a combined enrollment of more than 112,500 students. Prior to this role, Dr. Cavanaugh was president of the University of West Florida. He provided strategic direction for the university, redesigned the university's budget and financial control systems, and restructured the University Planning Council to ensure more open processes and effective planning.

Dr. Cavanaugh served as provost and vice chancellor for academic affairs at the University of North Carolina at Wilmington. He also held various positions at the University of Delaware. He began his academic career as an adjunct instructor of psychology at Indiana University at South Bend while completing work on his doctoral degree at Notre Dame. His first permanent appointment was as an assistant professor in the Department of Psychology at Bowling Green State University in 1980.

Dr. Cavanaugh attended St. Joseph's College in Philadelphia before earning a bachelor's degree in psychology from the University of Delaware. He also holds both a master's degree and a Ph.D. in psychology from the University of Notre Dame.

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