Trend Perspective

The Next Generation of Higher Education Leaders

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When my clients inevitably ask me the state of the market for chief executives in higher education, I always give the same answer — the market is *de facto* irrational for the simple reason that there are still people who want the job. Despite the difficulty of being the servant (leader) of many masters, the discomfort of living in a fish bowl, the stress of financial challenges, the pressures of fund raising, and the frustrations of shared governance, dedicated, accomplished people still seek to lead the enterprise.

Will they always? I think they will. People drawn to higher education tend to be idealists, compelled by the possibility of changing the trajectory of individual lives (through teaching) and societies (via research). They believe that they can change the world, and thus the vicissitudes of the journey are already built into their thinking. Not all who so aspire have the requisite skills and experience for leadership in these times, but those who do take their positions knowing that the going will be difficult and that success is far from guaranteed.

As he anticipated taking the reins as the president of Hampden-Sydney College, Dr. Larry Stimpert reflected on the genesis of his interest in institutional leadership thus. "I started thinking about higher education leadership a long time ago. My Ph.D. advisor had gone into administration, and I asked her about her motivation. Her answer resonated with me: You go into a job like this because you want to make a difference. The people who are going into it for themselves, for the perks, or because they simply don't want to teach any more are doing so for wrong and terrible reasons. The difficulties and downsides of leadership are too great to do it for selfish ends. You want to make things better, to make a difference, for your institution and its people."

The ongoing market correction in higher education is exceptionally painful for generations of faculty and administrators who came to their positions for the most part in another time and environment. Many leaders find themselves working not to change the world but rather to ensure the existence of their institutions beyond what is anticipated to be an era of closures and consolidation among higher education institutions across the spectrum—non- and for-profit, public and private, large and small, teaching and research, two- and four-year, generalist and specialist. This generation of leaders is paving the way for what we can only hope will be a more rational, more stable higher education marketplace in the future. One index of the nature and rate of this change can be found in our firm's history of presidential/chancellorial search criteria.

For example, in 1999, my colleagues and I supported the search for a chancellor of a regional campus of a major, Midwestern public university. In that search, for which engaging productively with external partners was essentially an afterthought, mentioned only once in the candidate criteria was "[a]n interest in and capacity for fund raising." By the time we supported the search for that chancellor's successor ten years later, "to build a track record of success in creating and maintaining business partnerships and success in private fund raising" was a central requirement of the position.

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The current disruption encourages boards and legislatures, in particular, to reconsider the very underpinnings of higher education as we have known them for a very long time. The most sacred of orthodoxies are being questioned – tenure, shared governance, tuition, traditional pedagogies, even liberal arts education itself – and governing boards are challenging structures that have been in place for centuries...in some cases *because* they have been in place for centuries. It seems entirely likely that the academy will undergo fundamental change as a result. As of this writing, the future is not remotely clear, but a few educated guesses are likely to provide a roadmap for the aspiring higher education leader of tomorrow.

The Evolving Nature of Shared Governance

Perhaps no aspect of higher education, with the possible exception of tenure, is so foreign to those who view the sector from the outside – including board members – as is shared governance. When it is working well, the natural inclination of faculty to seek and to hold out for the ideal, the perfect, is balanced with the administration's accountability for getting things done in the environment as it exists. This balance keeps the institution from being held captive by the temporary or the utilitarian while at the same time allowing it to conduct its affairs in keeping with conditions on the ground. In good times, the two are symbiotic.

Unfortunately, in dynamic, challenging times, the two forces can all too easily fall out of balance. In the current environment in which it is extraordinarily difficult to separate fad from fundamental market force, the instinct of the faculty to move deliberately on change is oft perceived by boards to be obstructionist, and faculty view their board partners as being slaves to fashion and finance. Boards fear for the business model – if not the very existence – of the institutions for which they have a fiduciary responsibility, and faculty fear not only for their jobs but for the individual and societal impact of short-sighted decisions made by people they see as marginally informed if not totally misguided.

Notwithstanding the tensions – and sometimes the open animosity – that so often characterizes shared governance in the present day, some version of it is very likely to continue for the long run. Many institutions will reconfigure what aspects of institutional operations are subject to shared governance with an increased focus on curricular matters and a diminishment of influence over what are essentially operational decisions, but the CEO of the future will still be balancing the overlapping imprimaturs of governing board and faculty.

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Many Masters Demanding Jacks of All Trades

Nor are the motivations and complex, interlocking agendae of these two key stakeholders all that the president or chancellor of the future must juggle. In individual states, legislatures are also highly likely to continue to attempt to assert control over their public institutions. That they will likely be doing so despite having less and less skin in the game in terms of budgetary support will not likely hold them back. They will continue to conflate the many missions of public institutions – teaching, research, workforce development, economic development, cultural enlightenment, employment, etc. – and to attempt to treat them not as institutions of higher education but as state agencies. It is anybody's guess when it will happen, but at some point a state legislature is going to give one of its institutions no money at all for its operating budget and yet still assert hegemony over it. That will be a strange day indeed.

In some places, that day is not very far off. As of this writing, Wisconsin is perhaps the most notable example. Its governor recommended devastatingly deep cuts in the State's budget allocation to its public universities for FY2017 (the state's legislature intervened and tempered the governor's initial budget proposal, but the cuts were still extremely substantial) while simultaneously threatening even more draconian reductions should the University of Wisconsin System not enact specific "reforms" to its tenure/promotion policies and other deeply cherished imprimaturs of the faculty. When the system's president, Ray Cross, attempted to find ways to accommodate the governor and legislature while maintaining as much institutional autonomy as he felt possible, he was sanctioned with a vote of no confidence by the faculty of the flagship campus.

Add in the many other constituencies of the average college or university – students, alumni, parents, staff, administration, the local community, funders, consortia, governmental regulators, and in some cases sponsoring or legacy religious organizations – and it is clear that the CEO of the future must continue to lead in an environment of many masters. Thus, personal attributes such as integrity, sound judgment, diplomatic skills, political savvy, courage of convictions, and the ability to speak truth to power will be of paramount importance.

Among the issues that divide constituents is the notion of running higher education institutions "like a business." This infuriates faculty in particular. To many on the faculty, running the institution like a business means making decisions on the basis of consumer (i.e. student and parent) demand, essentially becoming vendors providing for their customers what is asked of them rather than what they themselves know to be in those customers' best interests. Board members, most of whom are successful in the world of business, simply cannot understand that an organization that charges for its services can be so unresponsive to the marketplace, so stubbornly willful as to refuse to accommodate the hands that feed it.

There are all too many examples of how extreme these positions can be. The efforts of the University of Virginia's Board of Regents to run off their president, Teresa Sullivan, is only the most notorious. Lesser known are little stories, like the one I heard from a client on the West Coast. It seems that an elected faculty representative to this institution's board was sitting in a budget meeting. The group was struggling to match the revenue and expense sides of the ledger when the faculty rep spoke up. "Why do we have to have a balanced budget? We are a non-profit organization." Clearly, the gap remains wide.

That gap will likely close, however. Already, institutions are being enormously more transparent with their budgeting processes, inviting faculty and other constituents into the conversation and challenging them to make difficult decisions regarding budget allocations, rightsizing programs and staffs, and articulating institutional priorities. This movement is likely to continue and may well accelerate. What is certain is that the CEO of the future will have to demonstrate sound business acumen…whether or not he or she ever uses the word "business." The days of tuition increases that surpass the rate of inflation are likely over, at least for as far out as can be reasonably predicted. Cost containment will be the constant mantra in the board room. Institutions will be challenged to prioritize their programming on a regular basis, and most institutions will no longer be able to afford to be all things to all people, making the choice of what thing to be and to what people of central importance. The president will play a seminal role in this process and must bring to the table considerable working knowledge of higher education finance, budgeting, debt financing, bond rating, and financial regulation. This is the president or chancellor truly as chief executive officer.

Revenue Streams as Existential Imperatives

Another clear trend of the past thirty or so years is the increased and increasing proportion of the president's time that is devoted to activities beyond the campus. Fund raising is only the most obvious of these responsibilities. As the imbalance of supply – the number of available slots for undergraduate students – and demand – the number of prospective students (especially those of traditional college-going age) – has become more and more evident, the inevitable suppression of cost, i.e. tuition, has put institutions in a bind. With enormous, expensive investments in physical plants and traditional, labor-intensive pedagogies, college and universities have minimal options to reduce budgetary expenditures, and most will soon have reached the asymptote in those efforts. Thus, even as supply and demand reach a point of stasis (once the sector has gone through its seemingly inevitable consolidation), presidents and their boards will continue to be challenged to diversify revenue streams.

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Fund raising is the traditional external source of both expendable revenue and investment. Philanthropy has become a major factor in American life, and philanthropists have become and are becoming increasingly well informed about and involved with the investments they make in non-profit institutions. Presidents and chancellors, then, are the shepherds of those investments, engaged not only with cultivating prospects and soliciting gifts but with negotiating increasingly restrictive terms – some of which seem to or actually do conflict with institutional missions, values, and priorities – and stewarding donors who expect their investments to show a return. Back in the day, the fund raising attribute that separated candidates for presidencies was their ability to "put the number down" in a solicitation. Today and into the future, added to that will be the ability to negotiate terms (despite a complete imbalance in leverage) that provide both what the institution needs and what the donor wants.

Controversies over the designation and intent of philanthropic support abound. Faculties, preternaturally inclined to suspect conspiracies where substantial sums of money from external sources are concerned, have expressed concern over or even outright opposition to gifts such as the Bass Family's support of the study and teaching of Western Civilization at Yale University, the Koch Brothers support of George Mason University (and particularly the naming of its law school in honor of the late Associate Justice of the Supreme Court Antonin Scalia), and the naming of a research center at the University of Chicago after the economist Milton Friedman, who was both an alumnus of and former faculty member at the university. The naming of endowments or facilities long since established are likewise being called into question, with debates over John C. Calhoun's name on a college at Yale University and Woodrow Wilson's associations across the campus of Princeton University (and with such organizations as the Wilson Center for International Scholars) becoming almost daily fodder for reconsideration and retrospective judgment. Presidents are therefore being challenged not only to generate philanthropic income but to generate it only from what are perceived to be acceptable sources…and what is acceptable is very much in the mind of the beholder.

Financial Capital as a Function of Human, Social, Intellectual, and Political Capital

There are other deliverables beyond fund raising, however. Colleges and universities have assets and produce outcomes that have significant value. Foremost among these are their people – especially their faculty and students. Colleges and universities are among society's most important institutions, because the people they educate and the discoveries they generate are the lifeblood of the emerging knowledge-based economy. Over the years, those products of colleges and universities have taken on recognized value, and competitive markets have emerged for them. Presidents and chancellors, therefore, are increasingly positioned to generate revenue in return for access to these critical assets, most productively through win-win arrangements with institutions desirous of that access. A current example – though the jury is still out in terms of the efficacy of the arrangement – is Arizona State University's agreement with Starbucks to provide employee education. The company wants a more educated workforce, a compelling employee benefit, and influence over the mode and timing of delivery; the university benefits financially from the arrangement, presumably by providing a resource that fits well within its mission.

Some institutional assets have long been leveraged to generate revenue. College and university efforts to benefit from the use of their largely vacant campuses in the summer are a good example. Some have emerged over the course of recent decades, like intellectual property arrangements between the academy and the commercial sector. In FY2015, for example, Stanford University realized $91.5 million in gross royalties from 695 different technologies [1]. Colleges and universities are in a constant – and, in some cases, desperate – search for additional opportunities. The president of the future must set the tone for this entire effort, not the least of which is convincing the faculty of both the importance of the outcome and the mission-centrism of the exercise. Having accomplished that Herculean task, he or she must then engage with external partners, negotiate win-win scenarios, and steward the outcome to no less an extent than is typical with major philanthropic investments.

Governments are another external constituency with which a president must reckon. Whether by controlling budgetary purse strings, enforcing regulation, providing direct support (e.g., funds for research, tuition support, loan guarantees, etc.) or services (e.g., public safety, roads, civic infrastructure, etc.), or actually controlling the governance of the institution by comprising its board, federal, state, and local governments are in the business of colleges and universities. As the nation's body politic has become more fractious, colleges and universities have become easy fodder for partisan politics. While the leaders of public colleges and universities are obviously on the firing line for relationships with political leaders, their private institution counterparts are only slightly less obviously burdened with building and maintaining cordial, supportive relationships with city halls, statehouses, Congress, the U.S. Department of Education, and the White House.

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Leaders of faith-based institutions add another major external stakeholder to the mix: the sponsoring organization. Whether formally through reserved rights of governance – which frequently include the final say over the hiring and firing of the president – or because of historical precedent, tradition, and/or an intrinsic presence within the institutional brand, founding and sponsoring religious organizations can wield tremendous influence over the operational decisions made by a president and a board. Thus, the president of this type of institution is faced with yet another party with which to negotiate its operations, its decisions, and its strategies, one with a very different and difficult-to-quantify level of influence and leverage. Particularly when those religious organizations are themselves experiencing a period of rapid and fundamental self-reflection and change, their presidents must be particularly sensitive, adept, facile, and yet resolute when maintaining and strengthening institutional bonds. A cogent example is Catholic institutions. As the Church evolves – and in particular as Pope Francis expresses increasingly progressive social views on its behalf – Catholic colleges and universities struggle both to keep their values and their brands current while at the same time maintaining productive relationships with their key constituencies, especially alumni whose memories of their collegiate experience are often at odds with current practice.

Alumni with whom the university wishes to build strong, symbiotic engagement to optimize both deliverables – especially philanthropic support – and brand equity have long been a powerful external factor in institutional life. Parents are an increasingly important constituency both for what they pay in tuition and supply in regard to fund raising. Bond rating agencies are beginning to have a profound impact not only on institutional business practices but on their brand equity; search firms now routinely cite bond ratings – and particularly changes in those ratings – when recruiting key personnel to institutions, including especially presidents. Banks and financial institutions are central to the financial viability of many institutions, and endowment managers directly impact their financial fortunes. Not last and not least are accreditors, who are playing an increasingly active oversight role in an effort to ensure institutional viability and performance.

In short, a president or a chancellor is now and will increasingly be an outwardly-facing leader.

The Higher Education Leader of the Future: Change Agents Under Multiple Microscopes

What does this mean, then, for the skill set of the ideal leader of the future? Nothing discussed above speaks at all to issues like curriculum, general education, pedagogy, student outcomes and success, residential life, promotion and the awarding of tenure, quality of teaching, or the pursuit and fruits of basic and applied research. These are the core pursuits of a college or a university – the work of the faculty and students. They also represent the aspects of the organization with which traditional candidates are most familiar and generally most comfortable. Will they no longer be the province of presidents and chancellors? If not, will the CEO of the future even need to know anything about these fundamental aspects of his or her institution?

Are we inevitably headed toward the sorts of presidents and chancellors that boards typically think they want, i.e. someone to run a "business?"

Certainly, pressure will increase for many institutions to move in this direction. That pressure will take at least two forms. Boards will look at the litany of external partners and the complexity of the fundamental financial pressures facing their institutions and will decide that they need at the helm not an educator but a person experienced with organizational change. They will also be critical in taking stock of leaders who emerge from the very environment that necessitates the change – i.e., the traditional president or chancellor. Leaders with traditional experience from within the academy – especially those that emerge from within the faculty – will likely have very short leashes when being judged on both the extent and the pace of change, with board members taking a skeptical view of the likelihood of fundamental change coming from within the academy rather than being catalyzed from without. This seems to be the gist of the Teresa Sullivan story at UVA.

Nonetheless, it seems unlikely that leaders emerging from other economic sectors and industries will become a predominant model for the president or chancellor of the future, at least in traditional, non-profit, four-year colleges and universities. One critical factor will always be the shared governance model. Even if shared governance undergoes significant recalibration in the years to come (as seems inevitable), the engagement of the faculty in the process of creating and managing the core intellectual enterprise of the institution – curriculum, research, pedagogy, outcomes assessment, etc. – will always be so critical as to necessitate its engagement in governance. In fact, given the increasingly external focus of the chief executive, a strong argument may be made that the role of the faculty is actually even more critical than in earlier times when presidents had the luxury to opine upon and directly to influence thinking on such matters.

Tenure, of course, is another delimiting factor when institutions consider candidates from outside the academy. How many CEOs in the commercial sector must contend with employees who regularly question their leadership, their judgment, their intentions, or their authority with the impunity with which that can be and is regularly done by faculty members remarking on their own institutional leaders? Tenure will likely undergo change as this disruptive era continues, but the simple fact of the matter is that academic freedom is so central to the academic and scholarly exercise, so intrinsic to its success, that protecting it must be a fundamental aspect of any future form of faculty appointment and employment. Thus, whatever the form of tenure that emerges from this era, at some very significant level the presidents and chancellors who lead the faculties of the future will still be leading workforces with very few governors on their expression. It remains to be seen, for example, whether the tenure "reforms" at the University of Wisconsin will result in an environment that tempers the rhetoric of the faculty in regard to university and state leadership, but the sanction for doing so would be so extreme in terms of the system's ability to recruit and to retain outstanding faculty members that it seems a reasonable guess that they will not. The legislature appears to be far more focused on issues of productivity vis a vis employment protections. That there has been no legislative response to date to the vote of no confidence in the system's president would appear to support this view.

When added, then, to the simple and oft-proved tenet that organizations are usually best led by people who are steeped in that industry, it seems entirely likely that the preponderance of the college and university presidents and chancellors of the future will emerge from within the sector. The job of the president or chancellor, however, is radically different from that of the people he or she leads, and thus the preparation of candidates for these leadership positions must change, as well. This is likely to become manifest in two important ways. The first is that presidents and chancellors will increasingly emerge not from institutions' academic leadership but from its administrative leadership. Particularly as the role of the chief academic officer becomes more internally focused – in counter-balance to the external role of the chief executive officer – leaders of major administrative units will begin to emerge more frequently as well-prepared and highly valued candidates for the CEO role. This will require the faculty to recognize the central importance of the external and managerial skill sets and to compromise on academic preparation, in return for which they will benefit from leadership that already understands the nature of their work…and their imprimatur. This trend is well begun and is very likely to accelerate.

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The other way in which preparation for leadership will change regards its intentionality. In the past, leaders emerged from within the academy somewhat organically. Whether because someone was viewed as *primus inter pares* among the faculty or because he or she was successful leading a smaller sub-unit of the whole, presidents and chancellors very frequently ascended to their posts with strong bona fides within a discrete portion of the overall institution but very, very little frame of reference on the entirety. When costs – and expectations for an immediate return on the investment – were lower, these folks had time to get up to speed on the requirements of the position and to learn the necessary skills on the job. That time no longer exists. Today's and, especially, tomorrow's leaders must hit the ground running, especially in terms of engaging with key constituencies in productive ways. Thus, the preparation these emerging leaders receive must be more purposeful, more focused, and more intense. Such preparation means not only the availability of training and education in formal settings but in the experiences with which they are provided during their journey to institutional leadership. So that these experiences may be meted out in efficient, productive ways, this also means seeking, recognizing, and nurturing people and their talents from an early point in their career so that they will be prepared when their time comes. Identifying the potential for institutional leadership, valuing it, and augmenting it will therefore become a much more highly focused and purposeful exercise in the future.

In fact, there is something of a growing cottage industry in the identification and training of leaders for higher education. Several higher education associations (the American Council on Education's Fellows Program is the best known), some consortia, and even one of our search firm competitors offer such services. While it would not be completely unfair to speculate that there are revenue objectives in these offerings – colleges and universities are not the only organizations seeking to diversify their revenue streams – most if not all sincerely attempt to provide both theoretical and experiential lessons in the present and future challenges facing college and university leadership. Given the demand for such training – on the part of both emerging leaders and the institutions seeking them – it seems logical to expect additional programs to emerge over time.

It is indeed irrational that people want these jobs, that they actually seek to lead such large and complex enterprises with so many stakeholders with such different points of view and motivations. They do, though, and they still will as the future unfolds, cloudy though the view of it seems today. The important thing, then, is not whether there will be people for these jobs in the future but rather whether those people will have been properly prepared for these roles as they exist, rather than as they have existed. If higher education as an industry accomplishes that task, it will have taken an important step toward becoming a more rational, more stable enterprise.

Note

1. "Stanford Office of Technology Licensing Annual Report: 2014/15," Office of Technology Licensing, Stanford University. http://otl.stanford.edu/documents/otlar15.pdf.

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