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Turning Around Small, Private, Tuition Dependent Colleges: How Boards of Trustees Impact Decline and Turnaround

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- Jon Wergin, PhD, Committee Chair
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Abstract

Even before the COVID-19 Pandemic, higher education has been facing unprecedented threats to existing business models. Small, private colleges heavily dependent on tuition revenue are particularly atrisk. These at-risk small, private colleges need to make significant changes if they are to stave off decline and turn themselves around. Most of the literature on turnarounds of colleges and universities is focused primarily on the president, and is largely the reminiscences of former presidents. The board of trustees, however, is the ultimate governing authority of a college/university. If an at-risk institution needs to change in order to survive, the board must recognize and accept the need to change, and then use its authority to take the necessary actions. Private college boards, however, are not generally known for embracing change. This dissertation used comparative case study of three small, private colleges that successfully turned around to examine how their boards of trustees that oversaw and contributed to their decline became capable of overseeing and contributing to their turnaround. Each of the colleges studied had experienced at least three consecutive years of seven figure operating deficits followed by at least two consecutive years of seven figure operating surpluses. Semi-structured interviews with the presidents, board chairs, influential trustees, CFO's, and other cabinet level staff members were done at each institution. The interview data were triangulated with Integrated Postsecondary Data System (IPEDS) data, tax returns, audited financial statements, articles in the press, trustee bios, presidential speeches and writings, and legal filings. The current findings suggest that in the decline phase, boards of trustees suffer from problem blindness, loss aversion, and optimism bias. Turning around required hiring a president more similar to a corporate CEO than an academic, moving fast to cut expenses, and recruiting diverse board members open to change. Most importantly for board members, the findings revealed that there is no White

Knight or One Big Idea that turned these colleges around. Each of them had operational deficiencies in nearly every area, all of which had to be remedied to turn the institutions around. This dissertation is available in open access at AURA: Antioch University Repository and Archive, http://aura.antioch.edu/ and OhioLINK ETD Center, https://etd.ohiolink.edu/

Keywords: Private college, Tuition dependence, Board of trustees, college presidents, alumni board members, decline, financial stress, turnaround, change, enrollment strategy, optimism bias, loss aversion, crisis, leadership, structural deficit, diversity, comparative case study

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Chapter I: Introduction

Background

Concern about the sustainability of higher education in the United States has been extensively written about for over 40 years (Paul, 2005), often with haunting or foreboding titles like *Paying the Piper* (MacPherson, Schapiro, & Winston, 1993), or *Surviving the Eighties* (Mayhew, 1979). George Keller (1983), with a touch of Edgar Allan Poe, wrote, "A specter is haunting higher education: the specter of decline and bankruptcy. Experts predict that between 10% and 30% of America's colleges and universities will close their doors or merge with other institutions by 1995" (p. 3).

These predictions from the 70s, 80s, and 90s turned out, to borrow from Mark Twain, to be greatly exaggerated. One of the key concerns of these authors was shifting demographics; the 80's and 90's would have fewer high school graduates. Higher education overall experienced revenue growth during the 80's and the first half of the 90's (Paul, 2005), primarily due to rising tuition costs. However, underneath the surface, the composition of revenue was changing; tuition as a percentage of total revenue was increasing, state appropriations were decreasing, and Federal student aid was shifting from grants to student loans (Paul, 2005). While the confluence of these changes to revenue composition and funding sources did not impact overall revenue during the 1980's and 90's, they were affecting consumer attitudes towards education, and having an outsized adverse impact on small private colleges (Astin & Lee, 1972; Chaffee, 1984; Keller, 1983).

The average costs of attending college started to rapidly increase in the 1980's (Breneman, 1994), which offset the revenue impacts of having fewer students available to attend college. However, the inexorable rate of inflation in higher education, while helpful to revenue growth in the short term, was a potential crisis building in the longer term, particularly for small private institutions that have high tuition, but low prestige. Small, non-elite, private colleges have always been under greater pressure than public and prestigious private institutions. Their heavy reliance on tuition and lack of a large endowment to help support operating expenses and institutional aid expose them to significant risks if enrollment declines by just dozens of students (Martin & Samels, 2013). Between the mid 1970's and mid 1990's, average inflation adjusted cost to attend a private college or university doubled.

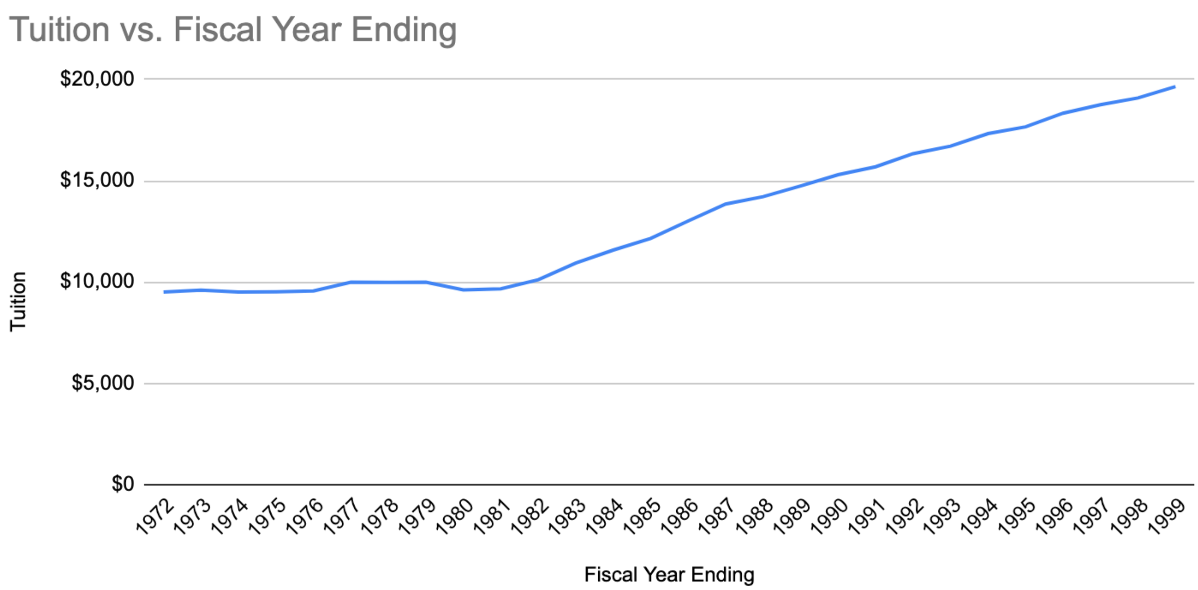

Figure 1.1. Average cost of tuition and fees. Source: National Center for Education Statistics

These data include Harvard, Yale, Amherst, Stanford, etc., but also all of the "invisible colleges" that Astin and Lee (1974) describe as private and small, with low selectivity; these account for half of all (including public and private) colleges/universities and enroll 15% of all students.

Harvard and the other elite private colleges are largely immune from the demand curve. Regardless of how high their tuition has been, they continue to have at least ten applicants for every admitted student. Most elite private colleges also have substantial endowments, many in the billions, that ensure their surviving and thriving for centuries. The invisible colleges and all other low-prestige private colleges are affected by the demand curve and lack the cushion of a large endowment. As tuition rises at a rate dramatically higher than the CPI, and funding sources have shifted from grants to loans, it is only natural for parents and students to become more price sensitive and look for less expensive alternatives.

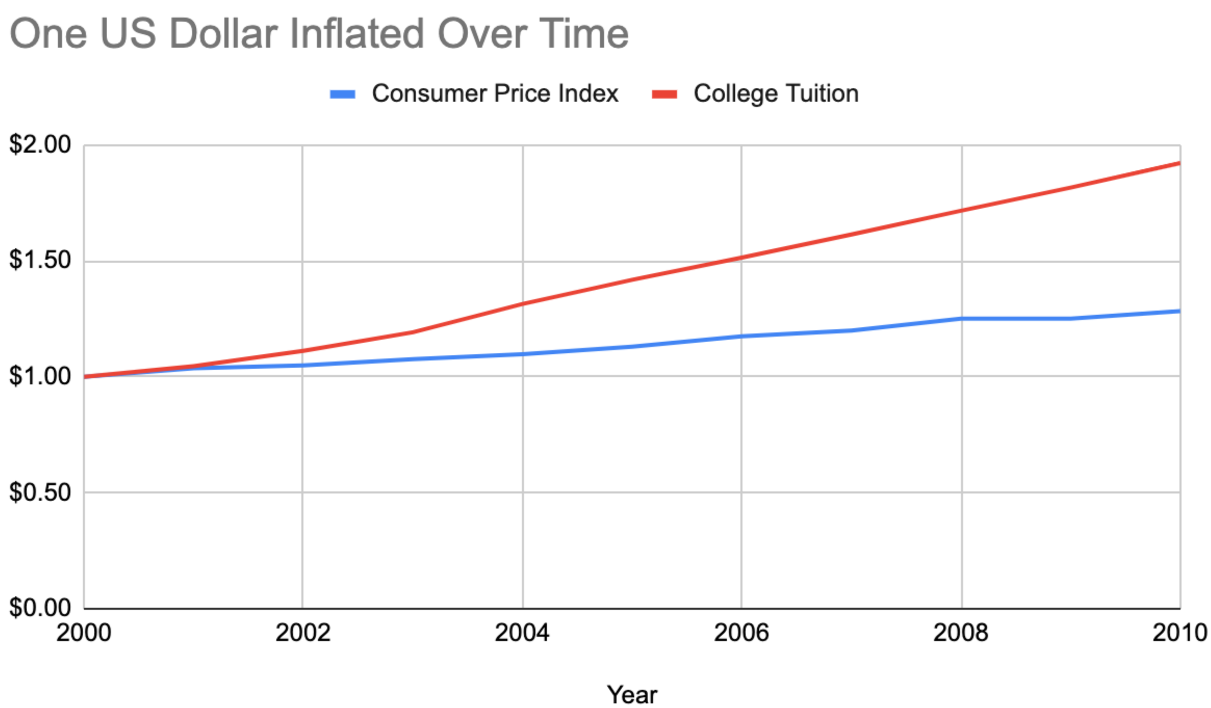

Figure 1.2. Tuition inflation compared to the Consumer Price Index. Source: Bureau of Labor Statistics.

As Figures 1.2 shows, college tuition which doubled in real cost between 1975 and 1995, doubled again between 2000 and 2011. As the cost of a college education has become so expensive, the gap between the costs of private and public education (Figure 1.3) has become more important to education consumers, and a bigger threat to small, private colleges.

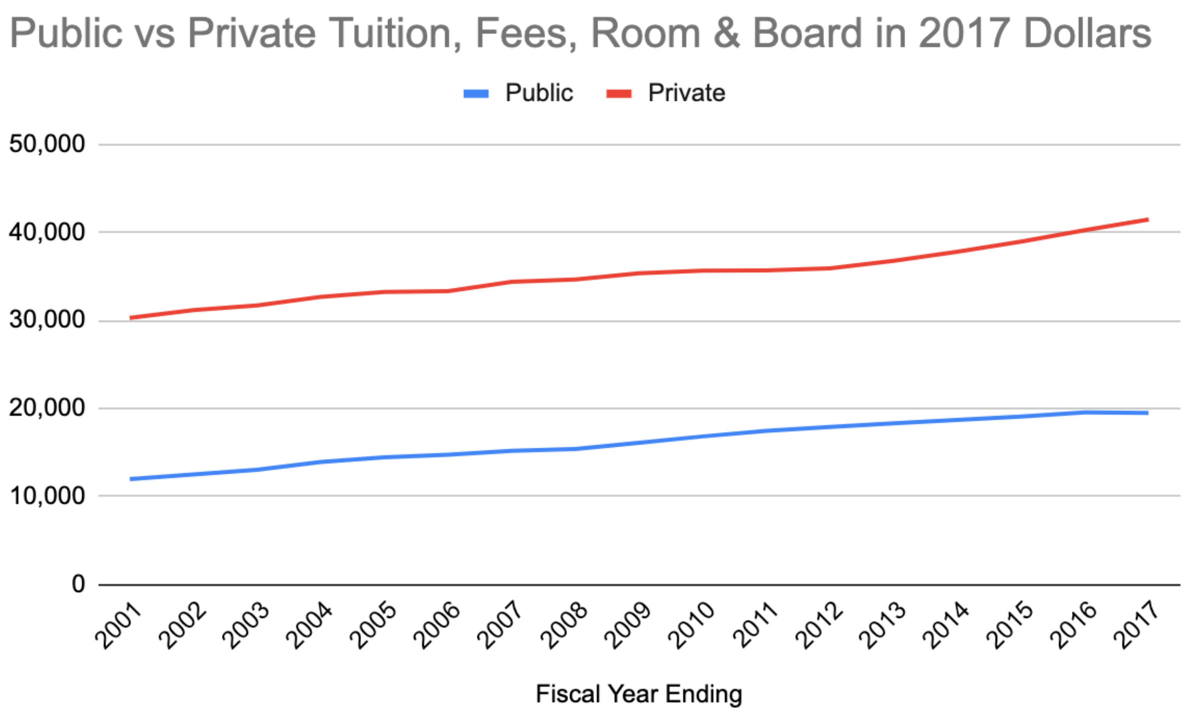

Figure 1.3. Private versus public tuition. Source: National Center for Education Statistics.

The threat to small private colleges from less expensive alternatives has existed for decades, and the tension has increased with every annual tuition increase. The challenges to higher education reported in the 1980's and 90's seem downright quaint compared to the challenges of the past 20 years.

Renowned Harvard Business School professor, author, and management guru Clayton Christensen (1997) introduced the concept of disruptive innovation in his book *The Innovator's Dilemma*. Disruptive innovation includes enabling technology that makes a product more affordable and/or more accessible to a broader population, and innovative business models targeting completely different consumers. Online education and accredited, degree granting, for-profit institutions were the first disruptive innovations to impact higher education. For-profits relentlessly marketed to working professionals, military (both active and former), and other nontraditional students. For-profits abandoned the semester system, allowing for students to be admitted at any time, rather than only once or twice a year, and begin classes within a week or two of enrolling (Armstrong, 2006), and they serve students that for traditional institutions are "of the type that we are not terribly interested in serving" (Armstrong, 2006) Disruptive innovation does not remain in just those segments that incumbents "are not terribly interested in serving" (Armstrong, 2006). Disruptive innovators quickly move upmarket and eventually displace established competitors (Christensen, 1997).

For-profit institutions like the University of Phoenix, Kaplan, and Capella experienced dramatic growth in the 1990s and early 2000s, leveling off in 2010, and currently enroll 7% of all college students (Schmidt, 2017). The disruptive innovations of the for-profits were adopted by some of the not-for-profits such as Southern New Hampshire University (SNHU), University of Maryland University College, and Western Governors' University. These institutions and others incorporated the best of the operational practices of the for-profits while eschewing the marketing and financial aid practices that tarnished the for-profits (Kingkade, 2014). This upmarket move for distance degree programs is a very real threat to traditional brick-and-mortar institutions. Added to these threats are Massive Open Online Courses (although that, too, has been greatly exaggerated), digital badges and other alternative credentialing, online degree programs from other established colleges/universities, and the rising sentiment questioning if a college degree is even worth it (Bennett & Wilezol, 2013).

Clayton Christensen turned his focus on the disruptive innovations in higher education in 2011, predicting that as many of half of American institutions of higher education would go bankrupt in the next 10 to 15 years (Christensen & Eyring, 2011); and every year since, there have been a number colleges, nearly all small privates, that either shut their doors or were folded into another institution (Seltzer, 2017). Even though several of those 10 to 15 years have since passed, Christensen is not backing away from his prediction (Lederman, 2017). Christensen's resolve is well understood when Forbes Financial Grades "more than half of the 925 colleges we graded on financial fitness would be considered C students or worse" (Schifrin, 2013). Small privates drag down the Forbes Financial grade point average, accounting for 80% of ratings downgrades (MacTaggart, 2011).

Do Small, Private Colleges Still Matter?

In our competitive, increasingly capitalistic, survival of the fittest society, it is not an unreasonable question to ask, "Why should these institutions be saved?" We are living in a time where even prominent leaders in education question whether a college degree is even worth it (Bennett & Wilezol, 2013). With rising tuition costs, and an ever-widening gap between public and private tuition, for-profit alternatives, and credentialing options available outside of the academy altogether, students and parents approach the choice of where to go to college in a very consumer driven manner focused on return on investment (Paul, 2005). In this environment, is there a need for small, private, liberal arts colleges?

One of the distinguishing features of American higher education is the sheer diversity of offerings (Astin & Lee 1972; Cowan, 1993). We do not have a nationally organized and governed form of higher education, which allows for institutions with countless missions and purposes. Small private colleges focus on teaching and learning and have incentive systems for faculty aligned with that objective (Breneman, 1994). Large research universities' faculty are incentivized to focus on research and publishing rather than teaching and learning, leaving much of the teaching responsibility to graduate students and adjuncts (Cowan, 1993). Small private colleges allow for more interaction between students and faculty, more opportunities for students to participate in research projects and independent study. Bonvillian and Murphy (1996) suggest five primary supports for the long-term survival of small, private colleges:

1. Having a distinctive institutional mission and purpose
2. Emphasizing teaching excellence as opposed to research and publishing
3. Providing education with moral, spiritual, and social justice foundation
4. Preparing students for the world with a liberal arts focused education
5. Serving their region.

There is, indeed, a place for small private colleges in American higher education, and there are plenty of institutions that have found a way to compete and prosper in the competitive marketplace (Kahn, 2014; MacTaggart, 2007; Martin & Samels, 2013; Smith, 2010).

Turning the Ship Around

Because a not for profit college or university is mission focused, rather than profit motivated, success and decline can be hard to measure (Paul, 2005). Nevertheless, the axiom of "no margin–no mission" is an easy concept to grasp. Despite public denials to the contrary, each college and university has a bottom line (Zemsky, Shaman, & Shapiro, 2001). A college or university consistently running budget deficits, particularly one with a small endowment, will eventually cease to exist. The ratings firm Moody's sees the financial outlook for small private colleges rather grimly, predicting 15 closures per year and describing an "iron triangle of doom" for many colleges, "There are fewer students out there. Of those students, fewer are attending colleges and universities, and it's costing us more to get them in terms of financial aid" (Woodhouse, 2015).

A business facing environmental changes of this magnitude would be expected to pivot rapidly by entering new markets, developing new products and services, jettisoning legacy systems, and rapidly innovating. Higher education, however, does not and cannot operate at the speed of business (and even government). Decision making in higher education does not rest solely in the executive ranks. Governance is shared between the board of trustees, the president, and the faculty, each of whom have various worldviews, motivations, and incentives. College and university shared governance is broadly understood to have certain guidelines about who has authority for what: faculty over curriculum, president for day-to-day management of the college, board for fiduciary oversight and stewardship of the institutional mission, and hiring/firing of the president (Bahls, 2014; Mitchell & King, 2018). In practice, however, this ostensibly clear-cut delineation of authority is not very clear and can be a significant impediment to making decisions and taking action.

> John Lombardi, chancellor of the University of Massachusetts at Amherst, makes a useful distinction when he says that “universities for the most part do not have management; they have governance,” which he defines as the “political process that balances the various competing interests of an institution through a complicated and lengthy process.” Governance of the shared variety is indeed an impediment to action because it has the tendency to replace it with process, which means that action will be endlessly deferred.” (Fish, 2007, p. 12)

When a college or university is experiencing year over year declines in enrollment and structural deficits, being bogged down in process and failing to make the necessary strategic and operational changes is an existential threat. Despite whatever confusion may exist about governance, the board of trustees is ultimately responsible for the entire institution (Brown & Ballard, 2012; Lun Jia, 2009; Mitchell & King, 2018). “Collectively, governing boards have the power to build or destroy the educational institutions they serve” (Migliore, 2012, p. 39).

As fiduciaries, boards of trustees are responsible to hold the institution in trust. For many trustees, particularly alumni trustees, this has traditionally meant preserving the institution's assets as well as its traditions (MacTaggart, 2011). When an institution is in decline and flirting with closure, if the board does not act, it is neither protecting assets or its traditions—since those assets and traditions may evaporate altogether. "When a college begins to fail, the board itself is failing" (Brown & Ballard, 2012, p. 21). If small, private, colleges are to survive, their boards must be highly engaged and open to change.

> The future of higher education is entrusted to governing boards and the stakes are currently very high. Boards will need to consider and take action on a host of complex issues in the coming years. The challenges facing higher education require high performing boards. (Kezar, 2006, p. 969)

To truly fulfill their fiduciary responsibilities, boards of trustees need to embrace change leadership as fundamental to their role (MacTaggart, 2011). A college or university facing declining enrollment and year-over-year budget deficits needs a board of trustees capable of leading a turnaround.

Purpose of the Study

The Research Question

Of course, an institution in need of a turnaround is one that fell into decline, decline that was presided over by the board of trustees. "Colleges won't get any better until their boards get better" (Brown & Ballard, 2012, p. 17). The fundamental question facing a college in decline is, How does a board of trustees that has overseen and contributed to decline transform into a board capable of leading a turnaround?

The existing literature pertaining to colleges that have successfully turned themselves around is largely focused on the actions of a new president (Chaffee, 1984; Cowan, 1993; Eaker & Kuk, 2011; Green & Levine, 1985; Hamelin & Hungerford, 1989; Hartley, 2003b; MacTaggart, 2007, 2008, 2011; Paul, 2005; Zekan, 1995). All of these studies determined that the president who presided over the decline was unable to lead the turnaround.

For boards, whose most important decisions are most often hiring and firing presidents, that is an important takeaway, but it is not enough. Simply hiring a new president, even a talented turnaround president, will not save an institution. "The institutional buck generally stops with the trustees—and therein lies the problem" (Mitchell & King, 2018, p. 14). Unless a change averse board can become a change adept board, their institution is likely to remain mired in decline, at best, and out of business at worst (MacTaggart, 2011).

How boards make that transition is best answered by examining institutions that were able to stave off decline and successfully turn around. Rather than focus solely on the actions of the president, this study explores the actions and attitudes of the boards of trustees.

A goal of this study is to produce research that can be useful to college presidents and trustees at small, private colleges that are mired in decline. Comparability and "fittingness" which emphasizes the degree to which the situations studied matches other situations (Huberman & Miles, 2002) is one of several reasons why I have chosen a comparative case study approach rather than a single case. Most importantly, the research question of the study, "How does a board of trustees that has overseen and contributed to decline transform into a board capable of leading a turnaround?" is best answered by case studies. "Case studies are the preferred strategy when 'how' or 'why' questions are being posed, when the investigator has little control over the events, and when the focus is on a contemporary phenomenon within some real life-context" (Yin, 1996, p.1).

Researcher Positioning

My interest in how boards of trustees impact change at small, private colleges is very personal. I have been a board member of a small (2,000 undergraduates, 500 graduate), modestly endowed ($80 million), private college for over ten years. It has been a tremendously fulfilling and also wildly frustrating experience. My frustration has always centered around our board's stubborn resistance to change. Like many of our peers, we have suffered from deteriorating enrollment over the past five years, and over the past two years, enrollment so low that we have generated seven-figure deficits. Significant deficits are expected for the foreseeable future, as well. Despite this structural deficit, there has been little interest from the board to make significant strategic changes. In fact, the board voted to double down on marketing and programing to "traditional" 18–24 year old residential students. At our current burn rate, we will be out of reserves in two years. We should be in turnaround mode.

I am an entrepreneur and turnarounds have been my specialty. I have bought, revitalized, and sold three troubled businesses (one out of a complex Chapter 11 bankruptcy). My current business was out of money and about to be foreclosed on when I joined three years ago, and we are now a thriving educational technology company with nearly 100 colleges and universities using our scheduling and meeting platform. When I look at my college and others like us, I see similar opportunities to revitalize them. However, if boards of trustees are unable to embrace change, their institutions will decline and go out of business (MacTaggart, 2011).

This study is far more than an academic exercise necessary to complete a PhD; it is the quest of a college trustee urgently seeking answers to save his alma mater. It is a daunting quest for many reasons, perhaps none more so than the fact that a single trustee has zero authority, only the board as a whole has authority to make change (Lun Jia, 2009).

Scope and Limitations

This study examines three small, private colleges that experienced multi-year decline followed by multi-year turnaround. Multi-site studies have the potential for greater generalization (Huberman & Miles, 2002), and heterogeneity of sites can also improve generalization (Huberman & Miles, 2002; Stake, 1995).

Case selection prioritized heterogeneous colleges (e.g., rural vs urban, regions, history, and mission). Stake (1994) emphasizes that "nothing is more important than making a proper selection of cases. The phenomenon of interest observable in the case represents the phenomenon generally" (p.241). Nevertheless, the study is limited by the handful of colleges selected. Every institution is different in mission, identity, and history; and while I hope for what Stake (1995) has referred to as "naturalistic generalization" (p. 85), I recognize that the unique character of every college and university may limit generalizability. Furthermore, due to the multi-year nature of both the decline and turnaround of each institution, this study is limited by the memories of interviewees. "We don't simply forget, we re-remember" (Salevouris & Furay, 2015, p. 169).

Finally, because the findings from this type of study are inherently constructivist, there is no one answer: "Ultimately the interpretations of the researcher are likely to be emphasized more than the interpretations of those people studied, but the qualitative case researcher tries to preserve the multiple realities, the different and even contradictory views of what is happening" (Stake, 1995, p. 12).

Chapter Outlines

Chapter II provides analysis and critique of three distinct, but overlapping bodies of literature: Academic Turnarounds, Board Effectiveness, and Governance and Institutional Change. The literature review explores the foundation of ideas, concepts, and theories that have previously been generated. Gaps in the existing literature are identified, providing additional support for the significance of the study.

Chapter III describes the research design and methodology, establishing why comparative case study is the appropriate research method for the research question. The chapter explains what comparative case study is, and what its strengths and weaknesses are. The criteria used for case selection is explained, followed by a description of why each college was chosen for the study. Data collection and analysis are described in detail, as well as what steps were taken to triangulate the various sources of data.

Chapter IV presents the individual case studies. The story of each institution's decline and their board's contribution to it is followed by the story of each institution's turnaround and the board's contribution to that. For each case, those stories are followed by an analysis of the case that examines it using the literature.

Chapter V compares the individual cases utilizing themes that were informed by the literature and which emerged while preparing the individual cases. In this chapter are the conclusions generated from the comparison of the cases, as well as the implications of those conclusions for future research and policy and practice.

Chapter II: Literature Review

This literature review provides context regarding the challenges facing higher education, with a particular emphasis on small private colleges. Three distinct but overlapping bodies of literature are extensively reviewed: Academic Turnarounds, Board Effectiveness, and Governance and Institutional Change. Complementing the review of these three bodies of literature is analysis of literature on corporate turnarounds, corporate boards of trustees, and leadership and change.

Turnarounds

Because a business is fundamentally a profit maximizing institution, it is much easier to pinpoint both success and failure than a college or university which is mission driven. In the case of a business, identifying success or failure is simple math, measured by Earnings Before Interest, Taxes, Depreciation, and Amortization (EBITDA), debt/equity ratio, internal rate of return (IRR), return on equity, and other objective measures (Paul, 2005).

Charles Hofer (1980) in his early research on corporate turnarounds characterized them as being either "strategic" or "operating." Strategic refers to the organizational doing the right things, i.e. being in the right market or having the right products. Strategic turnarounds frequently require the organization to make fundamental changes and pivot dramatically. Strategic turnarounds require adaptive solutions because they are "grounded in the complexity of values, beliefs, and loyalties rather than technical complexity" (Heifetz, Grashow, & Linsky, 2009, p. 70). Operating refers to doing the right things well. The organization is in well-functioning markets, with well-regarded products but is poorly managed. An organizational turnaround requires technical solutions that are readily known (Heifetz et al., 2009). Hofer believed that properly diagnosing the nature of the required turnaround (operating or strategic) was key to a successful turnaround. "One way you know that there is an adaptive challenge is that the problem persists even after a series of attempted technical fixes" (Heifetz et al., 1996, p. 70).

Argenti (1976) focused less on the nature of the turnaround and more on the nature and consequences of poor management of a company. "If the management of a company is poor then two things will be neglected: the system of accountancy information will be deficient and the company will not respond to change" (Argenti, 1976, p. 122). Argenti pointed to creative accounting as a frequent tactic by management to obfuscate underlying problems, whether they be strategic or operating. Argenti (1976) also characterized three types of failed companies:

—Type 1 - Resource constrained startups.

—Type 2 - Rapidly growing companies that start out very successful but then fail.

—Type 3 - Mature firms that have been disrupted by bad management or new disruptive competition.

There are considerable differences in the types of challenges facing each of these firms, and the skills and strategies necessary to achieve a successful turnaround are different for all three types (Argenti, 1976). Argenti's Type 3 is analogous to endangered small, private colleges, most of whom have been in existence for well over 100 years (Paul, 2005).

Thain and Goldthorpe (1989) for the purposes of their study defined a turnaround as "three years of decline in net income from operations, followed by increases in four of the next six years" (p. 56). They note how difficult it is to sustain growth and profitability for long, citing a litany of potential setbacks: complacency, inefficient operations, outdated strategy, new competitors, etc. Similar to Argenti (1976), they point to bad or lacking information as a primary cause, as well as poor attitudes and resistance to change (Thain & Goldthorpe, 1989). The authors categorize reasons for decline as being internal or external. Internal include: Poor information controls, unwise financial policies, unsuccessful major projects, bad management, ineffective marketing, inefficient operations. External include: decrease in market demand, high commodity prices, high cost structure throughout the industry, and increased competition.

Thain and Goldthorpe (1990) address the revitalization of the companies in this study in a subsequent article. Rather than approaching this topic in the traditional academic manner of reducing complex issues into simple formulas, they acknowledge that all turnarounds are unique and "any quick-fix single formula would be an oversimplification of the increasingly complex task of regaining a viable competitive position. The situations of different firms are all unique and require specific solutions" (Thain & Goldthorpe, 1990, p. 42). Diagnosing the reason for decline is the hardest and one of the most important elements in a turnaround, as it dictates the appropriate recovery strategy.

The most important finding in this study is "the single most frequent action taken in the 27 successful turnarounds we studied was to replace top management" (AUTHOR, YEAR, p. 39). Since hiring and firing the CEO is one of the most important jobs of the board of directors, Thain and Goldthorpe (1990) briefly examined the boards' role in these turnarounds, concluding that the boards in their sample acted as rubber stamps for management and were generally ineffective in ensuring that "serious declines were anticipated and prevented" (p. 50).

In addition to describing the nature and causes of decline, this research and others studied the characteristics of revitalization. Bibeault (1982) described five stages of a turnaround:

1. Management stage: a) Board or senior management decide a turnaround is necessary. b) Turnaround agent is selected and authorized

2. Evaluation stage: a) diagnosis of nature and degree of problems. b) type (strategic or operational) of turnaround is chosen. c) action plan is prepared
3. Emergency stage: a) Do whatever is necessary to survive: cut expenses, negotiate with vendors, restructure debt.
4. Stabilization stage: a) Immediate problems are resolved b) focus on improving operating and strategic performance.
5. Return to normal - growth stage.

Hoffman (1989) described similar stages and strategies:

1. Preparatory stage: Restructure leadership, organization, and culture
2. Short-term fix stage: Cost reduction, sale of unnecessary assets, new product & market strategies.
3. Growth stage: Repositioning strategies.

While each of the researchers on corporate turnarounds approached their studies from particular points of view and arrived at distinct conclusions there is a great deal of convergence on the most important factors in a successful turnaround: (a) Accurate diagnosis of the cause is essential. (b) A new management team is capable of leading a turnover (c) All turnarounds are unique, but certain patterns are common.

Academic Turnarounds

Decline

Every institution is unique, and the specific set of circumstances leading to decline are too; however, patterns emerge from the literature that are common to nearly all institutions that fell into a sustained pattern of decline (Cowan, 1993; Leslie & Fretwell, 1996; MacTaggart, 2008). Hamelin and Hungerford (1989) describe a combination of ten symptoms of financial crisis from their study of 69 colleges and universities. (a) a 5% decline in FTE for three or more years; (b) an endowment less than annual expenses for two years or longer; (c) a decline in fundraising for two years; (d) a decrease in local employment or economic growth for two years or longer; (e) deferred maintenance of 50% or greater for two years or longer; (f) 10% increase in energy costs for the past three years; (g) net tuition revenue/total expense exceeding 60% for two years or longer; (h) net worth declining for two years or longer; (i) Fixed charge coverage ratio less than 1:1 for two years or longer; (j) decline in gifts and grants/total expense ratio for three years or longer.

Problem Blindness

As previously mentioned, decline at a college or university can be more difficult to see than at a business (Cowan, 1993). In many cases, the underlying problems were present for ten plus years. "Colleges and universities do not suddenly blow up. Even when they literally burn to the ground overnight—as many have, sometimes more than once—most find a means to carry on" (Sapiro, 2019). Colleges and universities with broken business models can operate years after a similarly beleaguered business would have dissolved (Cowan, 1993). Other than natural disasters like Hurricane Katrina that devastated Tulane University and others in the region, or the cataclysmic financial collapse of 2008 that crippled many colleges and universities, what Cowan (1993) coined "problem blindness" was a primary cause for decline that became a crisis.

Cowan's (1993) study of turnarounds at 24 small, private colleges presented a five-stage model of decline beginning with problem blindness that can persist for years. Institutions did not seem to know when, where or how the process of decline began. Brown and Ballard (2012) examined six small private colleges, two of which closed while the other four were able to turn around. Underlying every decline was Cowan's problem blindness. In the case of St. Mary's

College which ultimately closed in 1997, their problem blindness was more willful than merely ignorant. Trustees were well aware that enrollment was declining year after year, and budget cutting became a regular practice. The president, himself, had detailed the reasons that the college would not survive if they did not change. However, the board continued to look backwards rather than acknowledge "the fact that St. Mary's College's market had disappeared" (Brown, 2011, p. 11).

St. Mary's College was built for another bygone era. For over 100 years they thrived as a two-year school for girls, preparing them to transfer to a four-year institution. Changing culture and competition had eaten away at their enrollment for years. Their president, Clauston Jenkins, was well aware that the college had lost its purpose, but it took him ten years to convince his board of trustees (Brown, 2011). Jenkins described his board's ability to "delude" themselves, "they wanted to believe that everything was going to be all right at Saint Mary's if things stayed the same and did not want to believe otherwise in spite of the facts . . . we deluded ourselves into thinking we would be successful in spite of the enrollment" (Brown, 2011, p. 10). Jenkins went on to describe how his board responded to a report he prepared detailing how bad their situation was.

> There is such a thing as "wishful reading" as well as "wishful thinking" and I believe most trustees who read the report did so as wishful readers. Not a single trustee who received the report said anything to me about the implications. It appeared to me at this point that in 1996 we were still battling the problem that the policy makers on the Board did not want to face reality. (Brown, 2011, p. 13)

Like most boards, the St. Mary’s board was filled with members who were very successful in their fields. The St. Mary’s board was also deeply committed to the institution. President Jenkins went so far as to say that the board loved the college (Brown, 2011). Their love, however, contributed to them “driving with the rearview mirror … board decisions too often can be influenced by emotional ties of the past rather than clear-eyed assessments of current difficulties and informed financial modeling of the impact of decisions” (Brown, 2011, p. 26).

While the St. Mary’s board likely endeavored to fulfill its fiduciary responsibilities, by “wishfully reading” their reports, they failed to understand that a “trustee’s most important fiduciary obligation is to worry about the future, not merely the present … and are accountable for ensuring that the institution will have the resources it needs 30 or 40 years from now” (Trusteeship, 2013). St. Mary’s board was willful in denying the realities spelled out to them by the president, and choosing to remain mired in the past. Even though their intentions were good and rooted in love for the institution, the fiduciary duty to make the necessary changes for the institution to survive and thrive in the future was not met (MacTaggart, 2011). “The role of the board is protecting the university of the future from the decisions of the present” (Scott, 2018, p. 36).

There are plenty more accounts of institutions that suffered from problem blindness either of the willful or merely blissfully unaware (Carey, 2014; Cowan, 1993; Eaker, 2008; Hammond, 1984; Hayes, 2003; Hayford, 2011; Holden, 2017; Paul, 2004, 2005). St. Mary’s is merely a very salient example of institutional leaders ignoring reality. Like St. Mary’s, the problem blindness of the board of trustees has led to damning consequences at other institutions.

Reasons for Problem Blindness

As the fiduciaries responsible for ensuring that the institution survives for generations, the board of trustees is ultimately responsible for responding to challenges that threaten their institutions. Lay boards of trustees with fiduciary governance date back to 1642 at Harvard (Lun Jia, 2009; Scott, 2018), and remains the predominant form of governance in American higher education today. Unlike a corporate board where board members are paid in both cash and/or equity, thus aligning their interests with the CEO, college and university board members are typically volunteers and each individual trustee's motivations for serving are as unique as each trustee. Most college and university boards are made up of people with mostly business backgrounds and are largely unfamiliar with the customs, norms, and regulations in higher education (Bowen, 1994). Because their work is volunteer and part-time, many board members' awareness of what is going on at their campus and in the broader landscape of higher education comes exclusively through reports and updates provided at quarterly board meetings. Information asymmetry between the executive leadership of the institution and the board of trustees can contribute to trustee problem blindness related to simple lack of awareness (Paul, 2005). Information asymmetry can also lead trustees to believe that problems like declining enrollment and budget deficits are not a symptom of institutional weakness, but randomly occurring events unrelated to institutional effectiveness and executive leadership (Paul, 2005).

Private college boards have a powerful factor that contributes to problem blindness of the willful variety, the predominance of alumni trustees. Slightly more than half of all trustees at independent, private colleges are alumni of the university they serve (Brown & Ballard, 2012). It is only natural for them to see the institution as it was decades ago when they were students. Because most private colleges rely on their boards for philanthropy as well as governance, it is only natural to select satisfied, wealthy alumni. Unfortunately, this type of board composition is frequently inclined to resist change.

> Private college and university boards are full of brilliant, accomplished people with expertise in a range of fields. But too often their vision for the institution is rooted in nostalgia. A university's mission in 1980, as experienced by a student, may restrict the vision of the university in 2017, and what it could or must become by 2050. Most obviously, what might have worked when tuition was $5,000 may not work when it's $50,000. And what might have worked to get students good jobs when only 10 percent of American adults earned bachelor's degrees may not work when over 30 percent do... But in selecting alumni, an institution often ends up with a board comprised of the wealthiest or most celebrated alumni, without regard to the fact that their fields of achievement are unrelated to the pressing needs of the institution. (Friedman & Craig, 2017, para. 4)

In spite of the obvious challenges facing private colleges, many alumni trustees are so emotionally attached to the traditions of the past that they resist any efforts to change the college's profile (Brown & Ballard, 2012; Friedman & Craig, 2017; MacTaggart, 2007, 2008). Clauston Jenkins, president of St. Mary's College described how attachment to traditions contributed to problem blindness: "The love of the institution was linked to memories and those in turn were linked to traditions. This meant that there would be strong resistance to change" (Brown, 2011, p. 9).

Blaming External Factors

Eventually problems can no longer be ignored and must be addressed by the administration and board of trustees. Cowan's (1993) second stage of decline was problem recognition and blame on external forces. Leslie and Fretwell (1996) broke down causes of stress into internal and external. External examples included the recession of the early 1990's, demographics, and loss of funding sources. Internal examples included deferred maintenance, discount rates, and management problems. Cowan, however, comes to the conclusion that external forces are generally not the cause of decline (allowing for exceptions like recessions and natural disasters). MacTaggart (2007) encourages trustees to ask themselves the following questions when executive leadership is describing an institution's decline: (a) Do reasons for failure lie outside the control of the school and its leadership? (b) Is the board told that current problems are part of a down cycle or trend and that time and patience will resolve them? (c) Are board members told a silver bullet will soon resolve the current crisis—generous new donor, new marketing campaign, single new program? (d) Do champions of keeping a failing president point to past accomplishments or loyalty rather than current performance? Failing to recognize an institution's problems via "problem blindness" followed by blaming external factors contribute to exacerbating the problems as assets dwindle and reputations erode.

Common Problems

Thus far, this review of the literature pertaining to decline of colleges and universities has focused on the very common phenomenon of ignoring problems, and then when they become too acute to ignore, the tendency to blame them on forces outside the institution's control. The macro-challenges to higher education (particularly private) have been described: soaring costs, unfavorable demographics, and disruptive innovators, among others. But what problems emerged from these challenges to which far too many institutions were blind for far too long? The most simple and reductive answer is enrollment decline. Institutions heavily dependent on tuition can plunge into crisis with seemingly small declines in expected enrollment: "At small colleges like Bradford, having ten fewer students than expected is a serious financial problem. Having thirty fewer is a disaster" (Brown & Ballard, 2012, p. 23).

Enrollment decline, however, is merely a symptom of the underlying problems (Cowan, 1993). Many institutions' response to declining enrollment is short-term focused and designed to treat the immediate cash flow challenge. Asset sales, personnel cuts, loosening of admissions standards, cutting programs, adding ad hoc programs not connected to institutional measures are common responses to cash flow challenges that, in combination, contribute to deviation from and deterioration of institutional mission (Cowan, 1993). Deterioration of mission, or as Chaffee (1984) put it, "a crisis of purpose" (p. 78) underlies most institutional declines. Townsley (2009) identified the fundamental reason for financial distress lies in disconnect between mission, service, markets, and price.

A common strategy attempted to quickly improve enrollment is to loosen admission standards (Keller, 2004). While this may improve enrollment in the short term, it can have a devastating longer term effect that erodes the reputation of the school, changes the campus culture, and destroys faculty morale (Brown, 2011; Cowan, 1993; Sellers, 2005). The most stressed institutions are largely not selective to begin with, leaving little room to lower admission standards and still enroll students prepared to handle college (Sapiro, 2019).

In an effort to compete and/or simply survive many colleges attempt purely enrollment driven programs based solely on their ostensible ability to attract students. In many cases these are professional or pre-professional programs, far removed from institutional missions rooted in the liberal arts (Chaffee, 1984). While these programs offer the promise of incremental tuition dollars, they have the very real potential of a loss of focus, or as in the case of Antioch College, leading to the closure of the original, historic college which was lost in Antioch University's focus on professional and adult education (Brown & Ballard, 2012).

Leslie and Fretwell (1996) saw deviation from mission leading to a lack of distinctiveness. As more and more colleges respond to enrollment challenges with similar programs, it becomes difficult for consumers to distinguish one institution from another. "There is considerable evidence that institutions that have tried to become less distinctive and more conforming while nevertheless broadening the base of their enrollment have courted decline" (p. 16). Martin and Samels (2013) characterized the commodification of higher education as being one of the primary reasons that colleges and universities are stressed. Far too many small colleges have tried to carve a niche out of: a commitment to excellence, a faculty who care about their students, and a nurturing environment. By converging on the same set of clichés, these institutions are indistinguishable from one another (Mathews, Smith, & Carlson, 2013). What college or university would not claim to be committed to excellence?

When you are not distinct from your peers, and/or have local competition that is less expensive, you are forced to compete on price. At most small private colleges, the published tuition rate is rarely the actual tuition paid by a student. Tuition is discounted, taking the form of institutional aid. Tuition discounting became popular in the 1970's as colleges began to experience enrollment pressure, and its use has continued ever since (Davis, 2003). Tuition discounting was intended to balance a student's ability and willingness to pay and the institution's need for net tuition dollars (Davis, 2003). Tuition discounting can provide an institution with a tool to improve their academic profile and campus diversity by discounting tuition to attract students who enhance their institutional mission but whose families cannot afford to pay full tuition. However, as is often the case, the unintended consequences of tuition discounting can be damaging to an institution's financial health.

Tuition discounting has become standard at most four-year private colleges. By 2001, the average discount rate was 38.2% with nearly 80% of students receiving discounts (Davis, 2003) and have grown to an average of 49.2% for the 2016/2017 academic year (Chronicle of Higher Education, 2017).

Some institutions have met enrollment goals and increased net tuition revenue using tuition discounting; however, there are adverse unintended consequences of tuition discounting. If tuition discounting grows faster than tuition, net tuition revenue may actually decline. Between Fall 2000 and 2001, according to the National Association of College and University Business Officers (NACUBO) *Tuition Discounting Survey,* that is exactly what happened among small (freshmen classes fewer than 850 students), private colleges (Davis, 2003). Among those colleges, net tuition revenue actually declined. In a fiercely competitive market, with a commoditized offering, many institutions find themselves trapped, knowing that their discount rate is too high, but fearing that if they reduce their discounting then enrollment will drop. As a president of a private college put it, "privates are on a treadmill and can't get off" (Davis, 2003, p. 6). Townsley (2009) warns that as tuition discount rates approach 50%, tuition dependent colleges face cash shortages because the cash from tuition is inadequate to support operational expenses.

Capital Structure

When the income statements of private colleges are suffering from declining net tuition revenue are combined with balance sheets overweight with debt, it can lead to disaster. Small, private institutions heavily dependent on tuition dollars that are operating in a very competitive market should have a conservative capital structure. When having ten fewer students than expected is a crisis and 30 fewer a disaster (Brown, 2011), a balance sheet with too much debt is a constantly looming threat. Bradford College, in an effort to boost enrollment, built lavish residence halls that would provide capacity to double enrollment. The new buildings were financed with $18 million in debt. Enrollment never materialized and when the loan came due, the college could not service the debt, leading to the closure of the college (Brown & Ballard, 2012). Townsley (2009) referred to Bradford's residence halls as their "field of dreams" because the rationale behind building them was based on hope rather than empirical evidence. The Bradford board had voted down the residence hall proposal twice, but on the third time they relented, leading to one trustee resigning saying in his business, "I don't make decisions on wishful thinking" (Brown & Ballard, 2012, p. 25).

Debt service (interest and amortization) is very high at small, private colleges that have closed, exceeding that of much larger institutions, and nearly five times the debt service at similarly sized colleges (Lyken-Segosebe & Shepherd, 2013). Townsley (2009) points to a common path taken by colleges that close. First, they secure bridge loans with strict covenants that are sometimes personally guaranteed by the president and/or board chair. All excess cash is then applied to debt service. Major donors who are aware of the financial stress shun the college, not wanting to throw good money after bad. Ultimately accreditors withdraw accreditation, followed by the Department of Education ceasing the issuance of federal financial aid. The vast majority of institutions put on probation by regional accreditors are for matters of financial viability and weak governance practices (Sapiro, 2019).

Board of Trustees

Overseeing all of these issues related to decline is the board of trustees. While the role of the board of trustees has been mentioned, because of the importance of their role, it is important to synthesize what the literature has to say about boards contributing to institutional decline. In some cases, the decline, or worse, demise has been laid solely at the feet of the board of trustees. Paul (2004) called out the board of trustees for their role in the decline of Drexel, pointing to an external academic review panel that called out the board for failing to assume adequate responsibility as they allowed consecutive presidents to damage the institution. After 125 years of operations, St. Joseph's of Indiana shut down in May of 2017, the root cause of which was described by their president: "One of the primary reasons is because the board has a 'soft heart' and didn't want to change the college" (Holden, 2017).

A common theme related to boards contributing to decline is detached and uninformed boards. Board meetings were described as social events, and trustees as dilettantes unaware of the issues in higher education in general and their institutions in particular (Hammond, 1984). Boards have commonly failed to ask serious questions about budgets and enrollment (Brown & Ballard, 2012; Hammond, 1984; Martin & Samels, 2013), or have demonstrated complete deference to the president (Minor & Tierney, 2005). Cabranes (2007) is even more explicit in his criticism of board passivity, calling out what he considers to be the "myths" of trusteeship.

> The central myth of American private university trusteeship is this: The boards of private universities play a significant role in the day-to-day governance of their institutions . . . However, more than thirty years as a trustee of private universities in the United States leads me to this simple conclusion: These governing boards govern very little. Except for approving annual budgets submitted by the university administration in omnibus form

and supporting projects by their financial largesse, trustees play no role, or a very limited role in major decisions that shape and define the vital purpose of the university. (p. 957)

It is commonly said that a board's most important responsibilities are hiring and firing the president (Keller, 1983). Implicit in those two important responsibilities is holding the president accountable. A board's failure in selecting the right president, removing the wrong president, and/or not holding the president accountable can be especially destructive (Brown, 2011; Mayhew, 1979; Paul, 2005). Cabranes (2007) opined that most trustees believe that the basic role of a trustee is to support the president until he or she has become objectively unfit: "The widespread practice of trustee passivity in the absence of truly incompetent presidential performance has been described as 'back him or sack him' describes, as best I can tell, the view of most trustees of the scope of their fiduciary responsibilities" (p. 966).

Boards at struggling small private colleges needing to change frequently focus on the wrong qualities when hiring a president. Rather than prioritizing the ability of a candidate's ability to lead and manage change, trustees focus on fund-raising ability and external relations (Bok, 2017).

Why do trustees, nearly all of whom are highly accomplished in their respective fields, approach their fiduciary duties as social events and with disinterest? The answers to that question could be the subject of another study, but one key answer is that individual trustees face little accountability for poor judgment or even negligence. When things go wrong, individual trustees can escape notice. Press accounts typically refer to the board as a whole, and if an individual board member is named, it is nearly always only the board chair (Bowen, 1994). Whereas in the corporate world, prominent board members of failed businesses can suffer permanent damage to their reputations (Bowen, 1994; Sonnenfeld, 2002). Some unanswered questions are, “Can an uninterested board approaching board meetings as social events become an engaged board?” and “What will it take?”

Warnings

Unfortunately, the literature is replete with chronicles of institutions that continued to ignore their problems until they faced a true crisis (Brown, 2011; Brown & Ballard, 2012; Hamelin & Hungerford, 1989; Leslie & Fretwell, 1996; MacTaggart, 2011; Paul, 2005). However, there are warning signs that institutional leaders can heed to avert a full on crisis. Martin and Samels (2013) present 20 indicators of an institution at risk; “...a preponderance of these 20 indicators clearly means that an institution has slipped, possibly far, from its founding vision and strength, and that some form of surgery will most likely be required to bring it back to health” (p. 9).

1. Tuition discount rate greater than 35%
2. Tuition is greater than 85% of total revenue
3. Student loan default rate greater than 5%
4. Debt service is greater than 10% of total annual budget
5. Less than a 1 to 3 ratio between endowment and operating budget
6. Average annual tuition increases greater than 8% for five years.
7. Deferred maintenance at least 40% unfunded
8. Short term bridge financing required in the final quarter of each fiscal year
9. Less than 10% of operating budget dedicated to technology
10. Average alumni gift is less than $75 and less than 20% of alumni give
11. Enrollment less than 1,000 FTES.
12. Conversion yield 20% behind that of primary competitors.

13. Second year retention is 10% less than primary competitors.
14. On probation, institutional watch, or financial watch from accreditors
15. Majority of faculty do not hold a terminal degree
16. Average age of faculty is 58 or older
17. Leadership team averages more than 12 or less than 3 years at the institution
18. No complete online program has been developed
19. No new degree or certificate program has been developed for at least two years
20. Academic governance and curriculum development systems require more than one year to approve a new degree program.

Townsley (2009) points to five indicators that an institution is in trouble:

1. Unable to generate sufficient cash from investments or donations for operations
2. Prevented by market conditions from rolling over debt and forced to make a substantial and unexpected payback on loans.
3. Find that enrollment has fallen so much that they face a massive deficit.
4. Have to make massive and unaffordable increases in financial aid to find new students and keep the students they have.

Heeding the early warning signs of financial distress is one of the most important steps to getting an institution back on track (MacTaggart, 2008). Delays in addressing problems, at best, defer the beginning of a turnaround, and at worst, threaten the possibility of turning around (MacTaggart, 2007). A board mired in problem blindness; however, will not be able to see these warning signs, perhaps, until it is too late.

Revitalization

Just as the literature on corporate turnarounds characterized all turnarounds as unique, but with common patterns. Academic turnarounds are similarly "remarkable in that they are at once unique and yet much alike" (MacTaggart, 2007, p. 3). Within this literature is some very good news for board members of institutions facing stress or in decline. "In the broadest terms, the critical factor in successful turnarounds is the quality of trustee and presidential leadership. We observed plenty of examples of responsible, timely board intervention to halt and eventually reverse a downward slide" (MacTaggart, 2008, p. 30). Those interventions are described by MacTaggart but missing is what changed within the boards to make them capable of effectively intervening.

New Leadership

For an institution in decline, the most important board intervention relates to the president. The literature on corporate turnarounds determined that new leadership was nearly always necessary to stop decline and revitalize the organization (Thain & Goldthorpe, 1990). If anything, the literature on academic turnarounds is even more resolute, and in agreement, that a new president is necessary to lead a turnaround. (Chaffee, 1984; Cowan, 1993; Eaker & Kuk, 2011; Green & Levine, 1985; Hamelin & Hungerford, 1989; Hartley, 2003b; MacTaggart, 2007, 2008, 2011; Paul, 2004, 2005; Zekan, 1995). In MacTaggart's (2007) study of 40 turnarounds, he found that not one of the presidents who presided over the downturn was able to subsequently contribute to the turnaround. As previously mentioned, small private college boards often focus on the wrong qualities when hiring a president (Bok, 2017). The board of a college in decline, must recognize that what they need in a president is different than Harvard. A problem blind board; however, is likely to be at risk of hiring the wrong president.

For private colleges, the qualities and attributes of a new president hired to lead a turnaround are more akin to a corporate CEO, than an archetypal college president who rose through the faculty ranks. Successful turnaround presidents need to be skilled in finance, marketing, and fundraising (Brown & Ballard, 2012; MacTaggart, 2007; Mathews et al., 2013; Townsley, 2009; Smith, 2010). Hamelin and Hungerford (1989) go so far as to say that,

> Rather than the administrative faculty leader of old, who spent much time with curricular and academic issues, the private college president of today is becoming more of a salesman . . . focusing on fundraising and public image concerns because of the chronic need for more money. (p. 36)

Mathews et al. (2013) emphasized a president's need to focus on improving enrollment as more important than fundraising (although still important) to achieve a turnaround: "Finding 74 additional paying students is arguably a more prudent expectation than finding $100 million in endowment giving" (p. 197).

Recovery Strategy

As with corporate turnarounds, successful academic turnarounds begin with diagnosing the nature of the decline: Is it strategic or operational? (Cowan, 1993; Hardy, 1989). The strategic versus operational diagnosis is much more complicated at a college than a business. Because a college is mission centric, as opposed to being profit maximizing, and due to the complexities of shared governance; operational retrenchment strategies are frequently utilized in the face of declining enrollment and deteriorating market position (Hardy, 1989). Even though declining enrollment and deteriorating market position are symptoms of strategic failure, strategic realignment is politically far more difficult to undertake than technical operational measures (Hardy, 1989). Guskin and Marcy (2003) referred to this as "muddling through" (p.13).

Institutional leaders tend to look at budget shortfalls as short-term and attempt incremental changes on the margins such as rebranding, increased discount rates, and staff reductions. Guskin and Marcy argue that "muddling through" undermines an institution, and call for wholesale reevaluations of strategy.

Strategic turnaround strategies are so hard to adopt because they are adaptive challenges which are highly complex and involve values, beliefs, and other emotional components that many institutional stakeholders prefer to avoid and instead focus on the technical (Heifetz et al., 2009). After "muddling through" for a few years fails to turn the institution around, it should become obvious that an adaptive, strategic approach is necessary. "One way you know that there is an adaptive challenge facing your organization or community is that the problem persists even after a series of attempted technical fixes" (Heifetz et al., 2009, p. 70). This tension between technical fixes on the margins and adaptive approaches that call for fundamental change is common throughout troubled colleges and universities. However, the big challenges facing all colleges and universities, but particularly small, private colleges are strategic and adaptive and cannot be fixed with purely technical approaches (Chaffee, 1984; Guskin & Marcy, 2003; Hammond, 1984; Heifetz et al., 2009; Leslie & Fretwell, 1996; MacTaggart, 2011).

What is an Academic Turnaround?

Terrence MacTaggart, in his book *Academic Turnarounds* (2007), defines three stages of turnarounds:

Stage 1: Restoring financial stability. Solvency must be restored before an institution can begin to address deeper, strategic issues. Stage 1 typically involves a combination of program and staff reductions, outsourcing services, and fundraising.

Stage 2: Marketing and branding. Once the institution is stable, marketing to bring in new students is done as soon as the institution is able. Branding is a longer term strategy undertaken after incremental revenue from marketing materializes.

Stage 3: The least business-like of the stages is “Academic Revitalization” which involves fundamentally rethinking the academic culture and values of the institution as a whole. Stage 3 typically involves improvements to academic quality, and the introduction of distinctive and innovative curriculum.

In short, Stage 1 is about survival, Stage 2 is about appearances, and Stage 3 is about substantive change.

Many small, private “invisible schools” remain frozen in Stage 1. “In retail terms such schools resemble neighborhood convenience stores; they vend an adequate curriculum at a price much below the elite privates, though somewhat higher than the publics with the same degrees” (MacTaggart, 2007, p. 9). Even though those institutions stuck in Stage 1 of a turnaround have staved off demise, for now, many of them are only a dozen or so students away from extinction (MacTaggart, 2007; Martin & Samels, 2013). At Stage 1, the institution has merely stopped the bleeding as its steps are mostly cost side.

Stage 2 brings improvement on the revenue side. Having developed successful marketing and branding that brings in new students and stabilizes enrollment is a much healthier place for an institution to be than Stage 1. Marketing efforts that lead to improvements in enrollment and net tuition are common hallmarks of successful Stage 2 turnarounds. Because colleges and universities are mission driven, marketing and mission need to be linked, and mission needs to come before admissions (Martin & Samels, 2013).

Institutions that experienced successful Stage 2 turnarounds began with a renewed focus on academic quality once they had survived Stage 1 (MacTaggart, 2007; Sellers, 2005; Townsley, 2009). Improved academic quality combined with effective marketing will not only attract more and better students, but more importantly, allow the institution to reduce tuition discounting to those students (Sellers, 2005). Zemsky, Shaman, and Shapiro (2001) call this being market smart and mission centered. They tout the importance of each institution knowing their market and their place in it, pricing accordingly, and focusing on retention. Townsley's (2009) advice to institutions in Stage 2 seems like it is cribbed from a business magazine with advice from corporate CEO's instead of an academic publication with advice from college presidents. The six presidents studied by Townsley advise institutions to compete aggressively and relentlessly go after the markets of their competitors.

Stage 3 turnarounds involve wholesale rethinking of the academic culture and offerings of the institution, and involves asking difficult questions such as "Who are we?" and "What is our purpose?" The "Academic Revitalization" entails a focus on and commitment to academic quality that can lead to an institution becoming much larger and prominent like New York University which transformed itself from an institution that historically served local students with lower academic profiles, to a highly selective, prestigious, research oriented university with students from all over the world (MacTaggart, 2007). Stage 3 Academic Revitalization can also lead to an institution becoming smaller and more focused like Northeastern (MacTaggart, 2007).

Stage 3 turnarounds are rare for several reasons. 1) Institutions that have completed a successful Stage 2 turnaround are doing just fine and many are content to remain there (MacTaggart, 2007, 2008). 2) Stage 3 turnarounds are the ultimate adaptive challenge, requiring wholesale reevaluation of values, purpose, and mission (Heifetz et al., 2009). Shared governance requires the buy-in and support from all institutional stakeholders to accomplish adaptive change of this scale, which is difficult to muster (Hardy, 1989; Keller, 1983). 3) Type 3 turnarounds often entail significant financial risks. SNHU is well known today as an online behemoth. In 2009, however, they were a struggling small, private college running year-over-year deficits. Their president, Paul LeBlanc, and their board of trustees had what he referred to as their "big gulp" moment when they made a multi-million dollar bet on marketing of online programs (Kahn, 2014).

Elon College in North Carolina is another example of a successful Stage 3 turnaround that involved significant financial risks. In the late 1970s, Elon had become a "small, unattractive, parochial, bottom feeder struggling to pay its bills" (Keller, 2004, p. xvii). In the early 80's their board and president decided to remake the college into a selective and very beautiful college. In stark contrast to SNHU who invested in online programs and marketing, Elon invested in their campus, building 22 buildings over the next several years, which was financed with over $50 million in debt (Keller, 2004). Unlike Bradford's "field of dreams" residence halls (Townsley, 2009), Elon's debt financed investments in campus infrastructure were tightly linked to their mission, and a strategic asset fundamental to their turnaround. The Elon of today is hardly recognizable from its "bottom feeding" days of the late 1970's. It is nationally recognized, with robust undergraduate enrollment, several graduate programs (including a law school; Keller, 2004), and an endowment of $200 million (National Center for Education Statistics, 2017).

Perhaps the most comprehensive work depicting all of MacTaggart's three stages of turnaround is former Wagner College president Norman Smith's 2010 book *From Bottom to Top in a Decade: The Wagner College Turnaround Years*. If Norman Smith knew how imperiled

Wagner College was, he probably would have never taken the job of president. Within days of assuming the presidency, their dire financial situation made itself apparent. They were literally out of money and payroll was due in days. Smith managed to quickly raise money from a donor to make payroll, which was simply the first of many steps Smith took to stabilize their finances. Smith borrowed $2 million secured by campus real estate, aggressively focused on collecting overdue accounts receivable, eliminated staff positions, and eliminated a popular but expensive campus and program in Austria.

Wagner's Stage 1 turnaround took them over a year. Once stabilized, Wagner began aggressively marketing itself, taking advantage of their Staten Island location which touted the best of both worlds—proximity to New York City without being in New York City. Wagner's Stage 2 turnaround efforts took nearly four years to restore enrollment to its previous peak. Their Stage 3 "Academic Revitalization" began with a theater program taking advantage of their proximity to Broadway. Subsequently, they invested heavily in athletics which helped bring greater awareness of the institution and significantly increased applications. Ultimately, Wagner was able to significantly increase the academic profile of their incoming students, and substantially reduce its tuition discount rate,

Faculty

This literature review has already addressed the apparently universally accepted notion that successful corporate and academic turnarounds require new leadership. Academic turnarounds have a very distinct difference from their corporate counterparts, which is faculty. The literature's take on faculty's involvement in turnarounds is much more mixed.

In a competitive marketplace for students, there is considerable energy to adopt business like language and strategies (Keller, 1983; Zemsky et al., 2001). However, there is a widely held belief that faculty cringe at the notion of students as customers, and thus resist efforts to make their institutions more customer centric (Kahn, 2014; Keller, 1983; Tierney, 1998; Zemsky et al., 2001).

Faculty are often thought to be unable to look beyond their own departments and, therefore, are unable or unwilling to participate or assist in institutional wide change initiatives (Keller, 1983). This view of faculty is more harshly stated by Neely (1999):

> At its best, the faculty is the soul of the institution and the heart of its excellence. At its worst, it closely resembles a bad legislature, a council of self-absorbed egos that puts process above substance and personal prerogatives above group adaptation. (p. 39)

These perceptions of recalcitrant faculty unable to see past their own departments are contrasted by others that point to the fundamental importance of faculty participation in turnaround efforts. MacTaggart (2007) called it a myth that faculty members do not play a key role in turning around an institution. He pointed to situations where it was the faculty that were more sensitive and aware of the institutions' problems than the presidents and trustees. Additionally, faculty are essential to Stages 2 and 3 of turning an institution around. Faculty create and design new academic programs during the Stage 2 marketing phase and are central to the reputational component of the Stage 3 "academic revitalization" (MacTaggart, 2007). Hartley's (2003b) study of Lemoyne-Owne, Olivet, and Tusculum ,which had all suffered decline, pointed to the important role faculty played in seeking each other out to make sense of what was going on and then approaching trustees to inform them of their findings.

Board of Trustees

As previously described, the literature is clear that a new president is necessary to lead a turnaround. Of course, the board is responsible to fire the president who presided over the decline and hire the president to lead the turnaround. That, however, is not the end of the board's role in the institution's revitalization. Before the board can begin moving the institution forward, it must be honest with itself in assessing its performance during the institution's decline (MacTaggart, 2008). "The colleges won't get any better until their boards get better" (Brown & Ballard, 2012, p. 17). The ratings firm Moody's found that the common element of colleges under stress is having a terrible president *and* a terrible board (Brown & Ballard, 2012). Terrible presidents can be fired, but private college boards are self-perpetuating and cannot be fired, but can they be fixed?

"Presidents need three things from their trustees: money, wisdom, and courage . . . particularly at vulnerable institutions. However, of the three, trustees most need to be courageous" (Martin & Samels, 2013, p. 26). Elon's revitalization was inspired by their board of trustees who pressed the president to move Elon from a low-cost, low prestige college to a selective, appropriately priced institution. President James Young said, "I would not have had the nerve to do that without the board of trustees pushing me" (Keller, 2004, p. 12). What Keller fails to address is what changed within the Elon board that created the will to transform from a "bottom feeder" to the thriving institution they are today. Board support is particularly important during Stage 3 turnarounds when "academic revitalization" is upending traditions and habits. Overt board support is necessary to cope with resistance from faculty and alumni (Green & Levine, 1985; MacTaggart, 2007).

Financial Controls and Business Operations

Presidents, faculty, and the board of trustees are the obvious contributors to turning around a struggling college or university, but they are not the only ones. Argenti (1976) addressed poor (or even misleading) financial information as common in failing companies.

This is often true in failing colleges and universities as well (Paul, 2005; Townsley, 2009). Although not nearly as ubiquitous as a new president leading a turnaround, a new CFO is commonly needed to step in to establish proper financial controls, improve reporting, and make hard decisions (Keller, 2004; Massey, 2016; Townsley, 2009).

Because many small colleges are burdened with substantial debt, managing that debt is one of the highest priorities of the CFO and requires someone with the skills and temperament for restructuring (Smith, 2010; Townsley, 2009). Often, financial officers most suited for the rigors of a turnaround come from banking or industry (MacTaggart, 2008).

Board Effectiveness

Thus far, the causes of institutional decline and revitalization have been examined. While the impact of presidents, faculty, and staff have been addressed, there has been a particular focus on the board of trustees. As boards are the ultimate governing authority of a college or university (Brown, 2011; Lun Jia, 2009; Mitchell & King, 2018), a study of academic turnarounds that failed to examine their impact would be severely lacking. However, that presupposes that there is a correlation between board effectiveness and institutional health and that board effectiveness can be identified and improved. Migliore (2012) wrote, “Governing boards have the power to build or destroy the educational institutions they serve” (p. 39).

Migliore’s comment is indicative of a primary weakness of most literature on boards of trustees: “The literature on boards suffers from a lack of rigorous empirical work . . . it is based on single anecdotes, consultants’ advice, or words of wisdom from other board members” (Kezar, 2006, p. 970). Chait, Ryan, & Taylor (2005) opine on board literature in more literary terms:

> Most literature on trusteeship can be categorized as either prescriptive or hortatory . . . Leadership theory runs swift and deep, the riverbanks crowded with animated commentators and interested observers. Governance theory trickles along the shallow backwaters; it attracts little notice and even fewer devotees. (p. XIX)

Chait, Holland, and Taylor (1991) addressed both questions, “What are the characteristics of effective boards?” and, “Is board effectiveness related to institutional effectiveness?” Using the critical incident technique, Chait et al. visited twenty-two private college/university campuses and asked trustees to describe incidents where effective trusteeship was demonstrated.

The latter question is most relevant to a board’s impact on both institutional decline and revitalization. Using financial health measurements (operating income, debt/equity, revenue growth) and the proportion of institutional funds spent on academic programs as the indicators of institutional effectiveness, Chait et al. (1996) found that institutional effectiveness and board effectiveness were “systematically associated” (p. 5). Boards with the highest competency scores had the highest levels of institutional effectiveness and colleges with the lowest competency scores had the lowest levels of institutional effectiveness.

To prevent any selection bias, particularly around elite institutions which one might be tempted to believe that due to their prestige they *a priori* have effective boards, the schools chosen were from across the spectrum of higher ed, from the Ivies to the hardly selective. Chait et al.’s (1991) findings, from this perspective, are important:

> We did not find that academically prestigious colleges, *ipso facto*, have effective boards; two of the most distinguished institutions in the study had midrange boards. Similarly, three of the seven most effective boards were not among the nation’s most renowned institutions of higher education. (p. 6)

Chait's et al.'s (1991) answer to the former question, "What are the characteristics of effective boards?" determined six competencies of effective boards.

1. Contextual Dimension. The board understands and takes into account the culture and norms of the organization it governs.
2. Educational Dimension. The board takes the necessary steps to ensure that trustees are well informed about the institution, the profession, and the board's roles responsibilities, and performance.
3. Interpersonal Dimension. The board nurtures the development of trustees as a group, attends to the board's collective welfare, and fosters a sense of cohesiveness.
4. Analytical Dimension. The board recognizes complexities and subtleties in the issues it faces and draws upon multiple perspectives to dissect complex problems and to synthesize appropriate responses.
5. Political Dimension: The board accepts as one of its primary responsibilities the need to develop and maintain healthy relationships among key constituencies.
6. Strategic Dimension: The board helps envision and shape institutional direction and helps ensure a strategic approach to the organization's future (pp. 2–3).

Kezar (2006) examined board effectiveness at public institutions by interviewing 132 experts on board performance. That study also found six elements of effective boards:

1. Leadership and Board agenda
2. Board Culture
3. Board Education
4. Relationship between board members and the president

5. External relations
6. Committee structure

Kezar's elements have a fair amount of overlap with the six competencies of Chait et al. (1996). There are, however, two key differences: external relations and structure. External relations are rather obvious due to the political nature of being appointed by the governor. Structure, however, is less obvious and relates to the higher turnover of public boards and to the common practices of having the chair of the board be a rotating position (Kezar, 2006).

Because trustees are accountable only to themselves (Michael, Schwartz, & Cravcenco, 2000), trustee perceptions about their roles and effectiveness is another useful perspective on trustee effectiveness (Michael, Schwartz, & Hamilton, 1997). Michael & Schwartz (1999) surveyed 289 trustees across all sectors of Ohio higher education (public, private, community college, medical school) asking them their perceptions of effectiveness. The biggest (and not surprising) difference in perception was between public and private trustees' perceptions of the importance of understanding public policy and cultivating politician's support. All sectors deemed developing educational vision, faculty satisfaction, donor relations, supporting the president, concern for long range planning, and attention to budget details as very important and without significant differences from sector to sector (Michael & Schwartz, 1999). All of these perceptions align very tightly with the six competencies of Chait et al. (1991). A follow up study in 2000 (Michael et al.) found that female trustees as well as trustees who did not have a college degree had significantly higher perceptions of the importance of trustee influence than all other trustees. All trustees, however, rated knowledge and relationships with the president and other trustees as the most important indicators of effectiveness, which completely align with Chait et al.'s (1991) Educational and Interpersonal Dimensions.

Corporate Boards

Comparing corporate boards' effectiveness demonstrates the universality of many of the characteristics of effective college and university boards of trustees. Sonnenfeld (2002) explored the board composition and behavior of the most notorious scandal ridden companies of the time: Adelphia, Enron, Tyco, and WorldCom, and found that "a close examination of those boards reveals no broad pattern of incompetence or corruption" (p. 106). Each of those boards conformed to the conventional wisdom of the time pertaining to good governance: members showed up, nearly all had considerable personal money invested in the company, had functioning audit and compensation committees, and a code of ethics in place (Sonnenfeld, 2002).

Because of the complexity of the corporate structure, capital structure, and financial statements of each of these companies, it would be a reasonable assumption that board members simply lacked the skills to understand what was going on, akin to Chait et al.'s (1991) Contextual and Educational Dimensions. That, however, was not the case. These boards were filled with financial experts, including several Fortune 500 CEOs and CFOs, a former Stanford dean and accounting professor, hedge fund managers, and a PhD economist and former head of the U.S. Commodities Futures Trading Commission (Sonnenfeld, 2002).

The common failures were in Chait et al.'s (1991) Interpersonal and Political Dimensions. In spite of the complexities, pressure, and relentless competition of the world of publicly traded companies, it is not necessarily the skills or influence of board members that ensure an effective board: "What distinguishes exemplary boards is that they are robust effective social systems" (Sonnenfeld, 2002, p. 108). Trust between the board and the CEO, and between board members broke down; important information was withheld from the board by management, boards devolved into cliques, and ultimately the boards of these failed companies simply stopped honestly and openly discussing their very real issues (Sonnenfeld, 2002). Effective boards, on the contrary have a virtuous cycle of "respect, trust, and candor" (Sonnenfeld, 2002, p. 109).

Motivation and Effectiveness

Corporate boards/ motivations are rather straightforward since most board members hold significant financial positions in the company (Sonnenfeld, 2002). College and university board members are nearly all volunteers. Taylor, Chait, and Holland (1991) examined board effectiveness through the lens of trustee motivation, namely, do the motivations of trustees influence board effectiveness?

> As one trustee said when we interviewed her as part of the study we describe in this paper, 'This is a volunteer position, and all of us do it for the satisfactions it brings.' These satisfactions or motives for participation are the subject of this paper. (p. 207)

Their theoretical framework identified four types of motivation to participate: love, status, information, and service. Trustees were surveyed to identify how they were connected to the institutions they serve (e.g. alumni, parent, other family connections, family history of board service, previous philanthropic gift, etc.). This data was then compared with the data from their earlier study (Holland, Taylor, & Chait, 1989) that initially determined the competencies of effective boards.

> Their findings indicate that members of effective boards had significantly more connections to their institutions before becoming trustees (an average of 1.8 connections versus 0.8 connections per trustee of ineffective boards.) Members of effective boards were more often alumni, active in alumni affairs, relatives of alumni,

> relatives of former trustees, or in some other way intimately tied to the life of the college. (Taylor et al., 1991, p. 214)

The authors also claim that the implications, at least for private college boards which are self-perpetuating are straightforward: "it should be possible for ineffective boards to imitate effective boards by seeking members who are alumni, relatives of alumni, or in some other way deeply connected to the college" (Taylor et al., 1991, p. 222).

This conclusion is in stark contrast to the literature bemoaning the resistance to change, and "problem blindness" demonstrated by alumni trustees (Brown, 2011; Brown & Ballard, 2012; Friedman & Craig, 2017; MacTaggart, 2007, 2008). It is difficult to determine why Taylor et al.'s (1991) prescription for improving the effectiveness of a board is the polar opposite of what the literature focused on academic turnarounds says about alumni board members. Perhaps it is a simple matter of the rapid pace of change and increased threats to private colleges in the 2000's vs. the late 1980's. It could also be selection bias. Taylor et al. (1991) studied a broad section of institutions selected based on perceptions of their boards of trustees, not institutions that had fallen into decline. It is entirely possible that both conclusions are correct. Perhaps stable institutions could improve the effectiveness of their boards with the presence of more alumni (or parent) trustees, and institutions fighting for their survival could improve their odds by having fewer alumni trustees.

This contrast in the board effectiveness literature highlights the need for this study. How is a board of a small private college mired in decline supposed to improve; more alumni and parent trustees, or less? According to the literature … both.

Improving Board Effectiveness

Chait, Holland, and Taylor (1996) bemoan their determination that:

> So many boards underperform . . . trustees are often little more than high-powered, well-intentioned people engaged in low level activities. The board dispatches an agenda of potpourri tied tangentially at best to an organization's strategic priorities and central challenges. (p. 1)

Nevertheless, many boards seem to think that they are doing quite well. Chait et al. (1996) performed an analysis of the results of 61 boards that had completed the Association of Governing Boards (AGB) Self Study Criteria and determined that there were no significant differences among the boards' self-perceptions. "Virtually every one concluded that its performance, overall and in each area of board responsibility, was well above average" (p. 33). Their conclusion demonstrates the difficulty of assessing board performance in order to improve their performance: Good governance is rare and, yet, most boards tend to see themselves as above average performers (Chait et al., 1996), and boards are only accountable to themselves (Michael et al., 2000).

Because of being accountable only to themselves, board self-assessments will always remain a component of evaluating board effectiveness. The Lake Wobegon effect that Chait et al. (1996) found can be transcended by adopting a rigorous evaluation processes beginning with a strong governance committee that establishes the goals of the board, assesses the skills and traits needed, inventories what skills and traits trustees have, administers a self-assessment, honestly reviews assessments, and intervenes with ineffective members (Chait et al., 1996; MacTaggart, 2011). Beyond a high functioning governance committee, boards should focus a great deal on working together as a team (MacTaggart, 2011; Sonnenfeld, 2002). The

Interpersonal Dimension (Chait et al., 1991) is critical because the board only has authority as a whole, individual trustees have none (Lun Jia, 2009; Mathews et al., 2013). Yet, boards are made up of mostly high-powered executives not used to working as team members (Chait et al., 1996). Recognizing that the Interpersonal Dimension is fundamental to the success of the board and, hence, the success of the institution will compel a board to actively work on and evaluate how they do as a team (MacTaggart, 2011; Sonnenfeld, 2002).

Governance and Institutional Change

Organizational change is always hard because many people perceive change as a threat to cherished values. “Resistance to change stems from a fear of losing something important” (Heifetz et al., 2009, p. 96). John Kotter, Harvard Business School Professor, noted expert on institutional change, and “World’s Foremost Expert on Business Leadership” (Kotter & Wyman, 2012) points out that most change efforts fall far short of their goals: “A few of these corporate changes have been very successful. A few have been utter failures. Most fall somewhere in between, with a distinct tilt toward the lower end of the scale” (Kotter, 1995, p. 59). Businesses, however, do not have to deal with the complex governance structure of a college or university, and their mission centric nature.

Resistance to change is particularly strong on college campuses because stakeholders’ ties to the institution are often deeply emotional including love of the institution (Brown, 2011). Complicating this organic and natural resistance to change is the very nature of academic decision making, shared governance. Nevertheless, boards of trustees have the fiduciary responsibility to make sure that the institution survives the challenges of today and is set up for what it will be in the decades ahead (Scott, 2018; Trusteeship, 2013).

MacTaggart (2014) offers some solace to trustees grappling with the disruptive threats and rapid pace of change in higher education delivery (i.e., online, for-profits, MOOCs, etc.), by offering three basic choices available to colleges and universities threatened by disruptive competitors.

1. Legacy Model: Emphasize traditional programs to traditional students. Make is a virtue to stick to traditions and not imitate competitors. The Legacy Model requires honest soul searching by the board, which needs to determine if they have evidence of the value of their reputation and if it is truly excellent not merely an opinion of faculty and alumni that is not shared by students and parents.
2. Portfolio Model: Combining online, professional programs, and graduate degrees with traditional liberal arts. The Portfolio Model has the advantage of preserving tradition, however it has the disadvantages of potentially eroding the institutional mission, diffusing focus, and it may serve to insulate traditional programs from needed changes.
3. (Near) Total Transformational Model: Radical change that fundamentally transforms the mission, culture, and pedagogy of a college or university. Total Transformation is rare for many reasons: it is risky, there are many forces resisting transformational change.

While helpful in simplifying the choices available to trustees, in order to make the changes associated with these choices, it is necessary to explore how change happens on college and university campuses.

There is not a great deal of literature exploring how shared governance and/or boards of trustees impact change initiatives.

> The literature on change in higher education is informative about the content of change, what factors are related to the change outcomes, and the conditions related to change, but not the process . . . predominantly they are reflections of former college presidents. Second strategies tend to be generalizations: such as a willing president or strong leadership. (Kezar & Eckel, 2002, p. 296)

Eckel (1999) makes an even harsher critique: “The preponderance of literature on shared governance and institutional change mostly consists of opinions, typically by those interested in carving out a stronger role for senior administrators and trustees, or for faculty” (p. 3).

MacTaggart (2011) buttressed this gap with his book, *Leading Change: How Boards and Presidents Build Exceptional Academic Institutions.* While the author is, indeed, a former college president, this work is not merely the reminiscence of a former president, but an in-depth analysis of change initiatives at 18 colleges and universities. The need for change is called out with a particular emphasis on the plight of small, private colleges: “Small private colleges without a distinctive niche face a harsh reality: Change for the better or risk decline and possibly going out of business” (MacTaggart, 2011, p. 15).

The board–president relationship is the most important in leading this “change for the better,” with faculty as key partners leading transformations of teaching and learning (MacTaggart, 2011). The importance of collaboration between these stakeholders as well as staff, alumni, and others in leading change is commonly mentioned, and not surprising considering the nature of shared governance. MacTaggart (2011) uniquely addresses, in depth, the symbiosis of the board and the president, and how change efforts will either not occur or fall well short of their goals without effective leadership from both: “The board and the president together agree that their relationship is interdependent and the relative strength of the relationship creates the presidency" (p. 40). Trustees need to personally support the president while simultaneously rigorously evaluating his or her performance (MacTaggart, 2011).

Boards contribute to change via intellectual capital and formal governance authority (MacTaggart, 2011). Many board members have experience leading large, complex organizations. Because the business world moves at a much more rapid pace than higher education, these board members are at the cutting edges of strategy, operations, and information technology and can bring fresh ideas to the college or university. When it comes to fixing a broken business model, board members that are entrepreneurs are likely to contribute some of the best ideas for a new business model (MacTaggart, 2011). Bowen (1994) arrived at a very different conclusion regarding trustees that are business leaders: "It is true that well regarded representatives of the business world are often surprisingly ineffective as members of nonprofit boards" (p. 131). Similar to the question of should a small private college in decline have more or less alumni trustees, the literature is mixed on whether that board should have more or less CEO trustees.

Formal governance authority can be exercised by regular monitoring of progress, making difficult decisions, ensuring that existing and/or proposed academic progress are consistent with the institutional mission, supporting and approving a new business model, and explicitly supporting the president (MacTaggart, 2011). Board authority works best when supporting good ideas that have developed with all important stakeholders. "The combination of sound thinking and the board's formal authority can make the crucial difference between talking about change and taking action" (MacTaggart, 2011, p. 17). Kezar and Eckel (2002) make a similar determination in their study of change initiatives at six colleges and universities. Their key finding was the importance of sensemaking to institutional change. Meaning construction that is collaborative between the board, administration, and faculty is at the foundation of institutional change (Kezar & Eckel, 2002). “Having people collectively think differently about important institutional activities, reinterpret central goals, forge new identities, and develop new meanings and beliefs is the process of organizational sensemaking” (Eckel & Kezar, 2003, p. 40).

Change Adept Board

Because no change initiative can succeed without the support of the board, institutions facing competitive threats need to construct change-adept boards (MacTaggart, 2011). “A genuinely change-adept board combines the right experience in its members, exceptional leadership from its chair, a mature relationship with the president, and the intangible qualities of insight and good judgment applied to its role in the change process” (MacTaggart, 2011, p. 94). The importance of a change-adept board at institutions that are at-risk cannot be overstated.

> Every board and president that AGB studied engaged in a change agenda that ameliorated at risk characteristics or advanced the institution to higher levels of quality, reputation, and financial strength - or both. They could not have succeeded without a change-adept board. (MacTaggart, 2011, p. 93)

MacTaggart (2011) suggests that boards recruit members with change adeptness in mind. Far too many boards have members whose skills and attitudes are misaligned with the institution's need to change, a consequence of keeping trustees on for too long, and failure to explicitly perform diligence on members attitudes toward change (MacTaggart, 2011). This failure of attitudinal diligence is apparent in the answers commonly given by trustees to the question, “Why do you serve?” The most common answers are: strengthening and sustaining traditions and, particularly among alumni trustees, ensuring that future generations can have the same type of college experience they did. Rarely do trustees answer that they serve in order to change the institution so it can remain relevant for generations to come (MacTaggart, 2011).

Eckel and Trower (2017) suggest that one of the most important qualities missing from boards is curiosity, "If you're not asking the right questions, you're not doing your job." Boards lacking curiosity risk falling into a routine of going through the motions, and "applying solutions regardless of the problems" (Eckel & Trower, 2017). A precondition, then, of change adeptness is a capacity for curiosity.

At institutions that are at risk and need to change if they are to survive, change adeptness is inherent in order to fulfill trustees' fiduciary responsibility. Fiduciary responsibility requires three duties: Loyalty, Care, and Obedience. Failure to ask the right questions, and failure to make necessary changes is a violation of the duty of care (Eckel & Trower, 2017; MacTaggart, 2011). Making the right changes is the proactive side of fiduciary responsibility (MacTaggart, 2011). It goes beyond simply preserving the institution's assets in place for future generations, but acting to make sure those assets remain viable in lieu of considerable competitive threats.

Simply being aware that change adeptness is a component of fiduciary responsibility would likely come as a surprise to a problem blind board. For boards fitting Hammond's (1984) description of being filled with trustees as dilettantes unaware of what is going on, is it possible for them to develop the capacity for change adeptness? MacTaggart (2011) described what change adeptness looked like, but not the journey taken to get there.

Alternative Governance

Whereas MacTaggart focused on the importance of the board-president relationship, and the importance of a change adept board, others have examined if alternative governance structures were better suited to fostering change than traditional concepts of shared governance. Kezar and Eckel (2004) note that there are

> High stakes challenges . . . competing with for-profit providers, and re-allocating shrinking budgets. Current decision making systems were not created to cope with these types of decisions and demands. These traditional academic governance structures face a cascade of criticism that they are slow and ineffective. (p. 372)

Shared governance tends to foster a predisposition to the status quo (Kezar & Eckel, 2004).

Kezar (2005) observed the consequences of radical changes to shared governance systems through a combined case study and grounded theory method. Perhaps surprising in lieu of the many criticisms of shared governance, Kezar (2005) found that radical change to shared governance had many negative consequences, and that primarily only those with the most power and influence, trustees and presidents, were satisfied. “Broadly speaking, faculty and administrators did not share the interpretation that more effective decisions or ownership was occurring” (p. 662). Kezar (2005) concluded that no governance system is ideal, “certain key features of governance have been identified such as effectiveness, leadership, participation, responsiveness, and efficiency—yet even these have been found to vary by institutional culture and climate” (p. 663).

Hartley (2003a) explores parallel governance structures with a case study of a private college that utilized task forces during a comprehensive change effort in an effort to streamline decision making. Hartley (2003a) too, mentions the criticisms of shared governance: “traditional conceptions of governance have come under intense scrutiny during the past decade. Critics charge that the system is slow, inefficient, and inadequate to meet the demands of a competitive and dynamic environment” (p. 924). The institution, called Summit for the purpose of confidentiality, had poor governance. "The board of trustees, the administration, and the faculty had become estranged" (Hartley, 2003a, p. 928). Summit was also in trouble; enrollment had fallen by 20% and was experiencing operating deficits year after year. Summit attempted to create a streamlined governance process to make important decisions such as programs to eliminate, as well as pursuing new revenue opportunities. Although Summit's established tradition of shared governance was flawed, their alternative governance sowed seeds of distrust among faculty and staff as they were even further alienated from important decision making input. Ultimately, Summit devolved into a total mess resulting in a no confidence vote of the president. The case suggests that alternative governance can adversely impact the perceived legitimacy of leadership among faculty and staff. While there were benefits, primarily speed of decision making, observable in the parallel governance structure, "they were arguably no more efficient than a well-functioning system of shared governance" (Hartley, 2003a, p. 938).

In stark contrast to Kezar and Hartley's findings is the experience of SNHU's development of a three-year integrated bachelor's degree (Bradley, Seidman, & Painchaud, 2011). When the three-year degree was originally contemplated, SNHU was struggling mightily with decreasing enrollments and operating deficits. Their board of trustees and administration were searching for ways to be financially viable while staying true to their institutional mission. SNHU leadership believed that there was a market of students interested in completing a bachelor's degree in three years, without taking classes on weekends, nights, and during the summer. Serving that market would require a curriculum redesign, which under normal shared governance at SNHU would likely take years. Because they needed to get this done in less than a year, an alternative governance structure was implemented.

SNHU formed a task force, and unlike the alternative governance presented in cases by Kezar (2005) and Hartley (2003a), SNHU's experience was effective and meaningful. Their task force was broad based with participation of faculty, staff, administration, and trustees. They began by creating a vision statement that was aligned with their strategic plan: "To create a student-centered, competency based undergraduate degree in six consecutive semesters that is nationally recognized for its innovation and excellence" (Bradley et al., 2011, p. 71). The task force was authorized by the board of trustees and the faculty senate to treat the three-year program as a pilot. The curriculum committee was consulted and updated, but it was decided that it would not be put to the committee for formal approval until the first class had graduated. This radical approach to governance was possible because of the broad based membership of the task force and the high degree of trust between the faculty and the board of trustees (Bradley et al., 2011). The results of the integrated three-year degree have been overwhelmingly positive. 80% of three-year students reported that they would not have attended SNHU if that option were not available. These students, then, accounted for $2.5 million in incremental revenue in 2010–2011. Retention is 84.45% and graduation is 78.5% (Bradley et al., 2011).

SNHU subsequently revamped the size and composition of its board. In 2012, SNHU reduced the size of its board from 26 members to 12 (LeBlanc, 2017). Beyond just changing the number of board members, they changed the purpose of the board from being fiduciary and philanthropic, to being fiduciary and strategic. "What changed? Everything. Most importantly, from my perspective, I now have a group of 12 thought partners who engage with me in thoughtful and genuinely impactful ways around all of the key strategic questions with which my team and I wrestle" (LeBlanc, 2017, para. 4). Most private colleges rely heavily on their boards for fundraising, and a change of board composition of this magnitude might be unthinkable to most college presidents and trustees; however, “at some point, an institution will decide the fundraising benefits of a large board are not worth the inefficiency and lack of impact and will move to having a smaller board” (LeBlanc, 2017, para. 3).

Eckel (1999) examined the role of shared governance in making institutional hard choices by using a case study method to examine four institutions grappling with discontinuing academic programs. Eliminating academic programs is a rich subject for studying the benefits and detriments of shared governance for two reasons: a) Trustee attachment to pet projects (Chait, 1996); b) Faculty leadership may be contributing to decisions that eliminate the programs of their colleagues, or even their own. Eckel (1999) examined these institutions with the fundamental assumption that colleges/universities are comprised of a coalition of interest groups in which decisions are made “based on power and conflict, not for optimizing objectives” (p. 5). This study sought to understand if and how shared governance can make hard decisions and contribute to institutional change.

Eckel also determined that there is no best or ideal governance structure. There are however implications from this study applicable to all institutions. All four schools engaged in broad based engagements that sought and encouraged participation from all stakeholders. “By building on established legitimacy, academic leaders avoided debates over representation. Outside a legitimate and time-tested arena, the efforts to close the programs may have fallen under suspicion” (Eckel, 1999, p. 19). This study rebukes frequently articulated beliefs that faculty will not or cannot participate in hard decisions. It is common for presidents and trustees to chafe at the involvement of faculty in hard decisions, Eckel’s findings demonstrate that faculty can be a real asset in making hard decisions, if they are meaningfully included. Boards and presidents must make clear that hard decisions have not already been made before including faculty.

Because every institution is distinct in culture and circumstances it should come as no surprise that governance scholars have not converged on one ideal structure for fostering change. There is convergence, however, on the importance of trust among stakeholder groups, broad based participation, and open communication; all of which rather neatly line up with Chait et al.'s (1991) Interpersonal Dimension of trustee effectiveness and Sonnenfeld's (2002) "robust effective social systems" (p. 108).

Ensuring that Change Efforts Succeed

It bears repeating that "small private colleges without a distinctive niche face a harsh reality: Change for the better or risk decline and possibly going out of business" (MacTaggart, 2011, p. 15). Boards of trustees' fiduciary responsibilities require that they make the changes necessary for their institutions to survive (MacTaggart, 2011). Unfortunately, the evidence on change initiatives is mostly bad news. Kotter (1995) determined that most change initiatives fail. For small, private colleges and universities, a failed turnaround effort may mean the death of the institution. Kotter (1995) determined that there are eight steps to transforming an organization:

1. Establishing a Sense of Urgency: Examining market and competitive realities. Identifying and discussing crises, potential crises, or major opportunities
2. Forming a Powerful Guiding Coalition: Assembling a group with power to lead the change effort. Encouraging the group to work together as a team.
3. Creating a Vision: Creating a vision to help direct the change effort. Developing strategies for achieving that vision.

4. Communicating the Vision: Using every vehicle possible to communicate the new vision and strategies. Teaching new behaviors by the example of the guiding coalition.
5. Empowering Others to Act on the Vision: Getting rid of obstacles to change. Changing systems or structures that seriously undermine the vision. Encouraging risk taking and nontraditional ideas, activities, and actions.
6. Planning for and Creating Short-Term Wins: Planning for visible performance improvements. Creating those improvements. Recognizing and rewarding employees involved in the improvements.
7. Consolidating Improvements and Producing Still More Change: Using increased credibility to change systems, structures, and policies that do not fit the vision. Hiring, promoting, and developing employees who can implement the vision. Reinvigorating the process with new projects, themes, and change agents.
8. Institutionalizing New Approaches: Articulating the connections between the new behaviors and corporate success. Developing the means to ensure leadership development and succession. (p. 61).

To improve the odds of a turnaround effort's success, trustees at colleges that are at risk would be wise to incorporate these steps into all three of MacTaggart's (2007) turnaround stages.

In Stage 1 turnaround where financial stability is restored, Kotter's first step, Establishing a Sense of Urgency, is fundamental. While the trustees and senior administrators are likely aware of budget deficits and declining enrollment, faculty, staff, and alumni may not be, and that lack of awareness can contribute to resistance to change. In Stage 1 turnarounds, Kotter's second step of Forming a Powerful Guiding Coalition is equally important. For trustees, this may involve hiring a president suitable for a turnaround.

In a Stage 2 turnaround where marketing and branding are emphasized to bring in new students, Kotter's third and fourth steps of Creating a Vision and Communicating the Vision are essential. New programs will be created, new markets will be explored, and the vision will be communicated with marketing both internal and external. Stage 2 turnarounds may also incorporate Kotter's fifth and sixth steps, Empowering Others to Act on the Vision and Planning for and Creating Short Term Wins. These steps involve encouraging risk taking, eliminating obstacles to change, and recognizing accomplishments along the way.

Stage 3 turnarounds that fundamentally transform the institution require successful execution of Kotter's seventh and eighth steps. Step 7, Consolidating Improvements and Producing Still More Change, is the essential step in moving from a Stage 2 turnaround, where many institutions are content to remain (MacTaggart, 2007). Step 8, Institutionalizing New Approaches, ensures that the mission of the transformed college or university is connected to the behaviors of all stakeholders, and that the transformation will persist beyond current leadership.

Conclusions from the Literature Review

Clayton Christensen's recent reiteration (Lederman, 2017) of his prediction that up to half of American colleges and universities would go bankrupt in the next ten years is not due to stubbornness but informed by evidence. Christensen's not alone either; noted futurist Thomas Frey believes that by 2030 over half of American colleges and universities will collapse (Frey 2013). As has been the case since the mid 1970's, small, private colleges are the ones most at risk (Astin & Lee, 1972; Bonvillian & Murphy, 1996; Brenemen, 1994; Chaffee, 1984; Keller, 1983; MacTaggart, 2011; Martin & Samels, 2013; Mathews et al., 2013; Seltzer, 2017).

The good news within the literature is that the critical factor in successful turnarounds is the quality of trustee and presidential leadership (MacTaggart, 2007; Townsley, 2009). "We observed plenty of examples of responsible, timely board intervention to halt and eventually reverse a downward slide" (MacTaggart, 2008, p. 30). What is unsaid here is this study suffers from survivorship bias as it only observes successful turnarounds.

Nevertheless, it is quite clear that the most important intervention of a board of trustees is accepting that current leadership will be unable to lead a turnaround, and then finding a new president that is willing and able to do so. For board members, this may be the single most important finding regarding successful turnarounds—that not one of the turnarounds studied were led by the president who presided over the decline (Chaffee, 1984; Cowan, 1993; Eaker & Kuk, 2011; Green & Levine, 1985; Hamelin & Hungerford,1989; Hartley, 2003b; MacTaggart, 2007). Because board support of the president is essential to a president's success, it is only natural for board members to be loyal to a president, even in the face of decline. However, if an institution has many of the markers of financial crisis (Hamelin & Hungerford, 1989; Martin & Samels, 2013; Townsley, 2009), trustees would be wise to honestly answer the question, "Do champions of keeping a failing president point to past accomplishments or loyalty rather than current performance?" (MacTaggart, 2007), and take the necessary steps.

In order for trustees to see the warning signs of financial crisis, first of all, they need to be paying attention. Problem blindness (Cowan, 1993) of the board is a common theme contributing to institutional decline. Other than calling out a board for being educational dilettantes (Hammond, 1984), there is little information relating to how boards' lack of competence in Chait et al.'s (1991) Education and Contextual Dimensions contributed to problem blindness. Could simply having a better understanding of higher education in general, and their institutions in particular, empower boards to stave off decline and begin turning around more quickly?

MacTaggart (2011) links change leadership with trustees' fiduciary responsibilities, that it "frequently demands that board members roll up their sleeves to become involved in the change process" (p. 18). For trustees looking for concrete examples of how actively getting involved helped to turnaround their institutions, there is not much guidance. MacTaggart (2011) offers a brief description of the change initiatives at the 18 institutions studied and how the board had an impact. Each of the descriptions are useful and reinforce the importance of a strong president–board relationship, a "robust social system" (Sonnenfeld, 2002), and an engaged and well informed board. MacTaggart (2011) and Smith (2010) each offer accounts of heroic individual trustees that through substantial donations and leadership saved and transformed the University of Denver (MacTaggart, 2011) and Wagner College (Smith, 2010).

Unfortunately for trustees and presidents of most small, private colleges the accounts of the turnarounds of the University of Denver and Wagner College offer little advice on how to improve their boards. The heroic trustees of both institutions were both remarkably wealthy and remarkably active in a completely constructive manner. At the University of Denver, ultimately active as their president (MacTaggart, 2011). These cases are simply not generalizable to the overwhelming majority of small private colleges, who are highly unlikely to have or recruit board members with such vast capacity for philanthropy.

Of course, all of these institutions survived and the descriptions of how their boards influenced change were limited to the positive impact on the revitalization. Institutions that decline have a board responsible for that too. Plenty of literature describes how boards contributed to the decline of their institutions, e.g., Drake (Paul, 2004), St. Mary's (Brown, 2011), and St. Joseph's of Indiana (Holden, 2017). What is missing are detailed accounts of how boards became better because, after all, "The colleges won't get any better until their boards get better" (Brown & Ballard 2012, p. 17).

The characteristics of a change adept board that is prepared to lead a turnaround are clear. There are seven critical success factors that the board must demonstrate in order to successfully transform an at risk college or university (Cowan, 1993; Chait et al., 1996; Kezar, 2006; MacTaggart, 2007, 2011):

1. The board recognizes that a crisis is imminent or looming.
2. The board accepts that survival will require a departure from tradition.
3. The board ensures that they have a president suitable for leading a turnaround.
4. The board partners with the president to support change initiatives and actively works with the president to overcome resistance to change.
5. The board intentionally recruits and develops board members who will understand and support the turnaround.
6. The board works with and learns from outside advisors skilled and experienced in college and university turnarounds.
7. The board uses its authority to take action

What remains unclear is how a board transitions from being change averse to accepting that change is necessary, and having the courage to take action? Private college boards with a predominance of alumni board members strongly resistant to departures from tradition are particularly interesting. Substantial reliance on board members for fundraising poses, yet another, vexing challenge to boards transitioning to being change adept. Board members who are large donors may have passions misaligned with change initiatives. "The larger the trustees' gift, the louder the trustees voice; trustees don't speak equally" (Trusteeship, 2013).

Presidents, board chairs, and trustees at at-risk institutions would benefit tremendously from rich case studies of institutions with change averse boards that were able to improve board effectiveness, leading to a successful turnaround. In short, what factors must be present for boards to shift from aversion to a turnaround to embracing its necessity? As a trustee of an at risk, small private college with a change averse board, I long for accounts of how boards transformed themselves first, and then the institution.

The existing literature makes clear why boards underperform and, in many cases, fail to fulfill their fiduciary duties. On the flip side, the literature is also very clear on what the characteristics of effective boards are, and even offers case studies of colleges that turned around with mentions of contributions from their boards. What is missing is literature depicting how underperforming boards are able to become effective boards.

A reasonable question for a reader is, “Why is not simply knowing what an engaged, effective board looks like enough?” Trustees are bright, accomplished people, so why is this literature insufficient to provide them with the tools necessary to improve effectiveness? Some answers to that question are in the existing literature.

Boards are accountable only to themselves. Individual trustees and boards as a whole are responsible for assessing their own effectiveness. In spite of all of the literature criticizing the performance of boards of trustees, Chait et al. (1996) determined that there were virtually no differences between the 61 board self-assessments they reviewed, and that nearly every board rated their performance overall, and in every category, to be well above average.

The person with the best perspective on the effectiveness of an institution’s board is arguably the president. The president is in a very awkward position to provide candid feedback to the board because: (a) he or she reports to the board; and (b) most private colleges are heavily dependent on their boards for fundraising. It would be beyond difficult for a president to critique the performance of a board or individual trustee, believing themselves to be high performing, while also asking them for money.

In order to answer this study's research question, How does a board of trustees that has overseen and contributed to decline transform into a board capable of leading a turnaround?, this complex social and political system needs to be examined because improving the performance of a board is much more complicated than meets the untrained eye. The existing literature provides the theoretical frameworks for understanding poor board effectiveness and strong board effectiveness. This study seeks to explain how boards progress from the former to the latter.

Chapter III: Research Methodology and Design

This study seeks to produce research that can be useful to presidents and trustees at small, private colleges mired in decline. In order to do so, the research question and research method need to be an appropriate fit. The question at hand is, how does a board of trustees that has overseen and contributed to decline become a board capable of leading a turnaround? This chapter explains the best research methodology for answering the research question and lays out the design of the study.

Method

"Case studies are the preferred strategy when 'how' or 'why' questions are being posed, when the investigator has little control over the events, and when the focus is on a contemporary phenomenon within some real life-context" (Yin, 1996, p. 1). Other research strategies seeking the answers to how and why questions are histories and experiments (Harder, 2010; Yin, 1996). College presidents and board members are highly unlikely to engage in laboratory experiments, and furthermore experiments would not answer my question. My question requires analyzing the actions, attitudes, and decisions of boards of trustees over several years. Going back several years is clearly examining history, however unlike a historical study which examines the "dead past" (Yin, 1996, p. 8) as there is no access to relevant persons. A case study has two sources of evidence unavailable to historians, direct observation and interviewing of relevant persons (Yin, 1996).

One of several criticisms of case studies is that because of their narrow focus on a particular issue, condition, situation, institution, etc. that they lack generalizability and, therefore, relevance (Stake, 1995; Yin, 1996). Comparative case study, because it examines multiple cases can improve generalizability and relevance.

While the comparative case study allows for studying anywhere from two to 15 cases (Campbell, 2010; Stake, 2006; Yin, 1996), this relatively small number of research units make case study selection as important as single case studies (Campbell, 2010). Stake (1994) emphasizes that "nothing is more important than making a proper selection of cases" (p. 243).

> Comparative case studies tend toward an examination of the typical rather than the outlier or extreme case. Generally, research into the unusual, rare, or revelatory has not been appropriate for multiple-case designs, simply because selected cases must demonstrate enough commonality to allow for comparison. (Campbell, 2010, p. 175)

There are, however, good reasons for studying the unusual. Sometimes an unusual case helps illustrate certain matters that could be overlooked in more typical cases (Stake, 1995). However, my aim is to generate research that can be useful to college presidents and trustees that are mired in decline. Comparability and "fittingness" which emphasizes the degree to which the situations studied matches other situations (Huberman & Miles, 2002) is one of several reasons why I have chosen a comparative case study approach rather than a single case.

Comparative case study involves analyzing and synthesizing the similarities, differences, and patterns across multiple cases that share a common goal or purpose. Comparative case study is appropriate when there is a need to understand and explain what led to the failure or success or failure of particular programs or policies (Goodrick, 2014). "Comparative case studies are particularly useful for studying organizational change over time" (Mills, Durepos, & Wiebe, 2010, p. 177). Comparative case study uses an iterative analysis of each case with a final analysis and comparison of emergent themes (Mills et al., 2010).

Stake (1995) describes three types of case study: (a) intrinsic; (b) instrumental; and (c) collective. Intrinsic cases stem from an inherent interest in the particular case with no intent of applying a theoretical framework. Instrumental cases are undertaken to better understand particular theories. Comparative case studies analyze multiple cases to understand phenomena. My study combines instrumental and collective study as it analyzes multiple cases to understand phenomena through a theoretical lens. Yin (1996) similarly describes three relationships between theory and cases: (a) exploratory, (b) descriptive, (c) explanatory. An explanatory treatment of theory is utilized as the goal of the study is to understand how boards were able to transform to being capable of leading a turnaround.

Across Contexts - Generalizability

The numerical profile of struggling small, private colleges is very similar: enrollments less than 5000, endowments less than $100 million (MacTaggart, 2011; Woodhouse, 2015); however, there are significant contextual differences among them. Region, religious affiliation, urban, rural, history, and influential donors are several, but not all, contextual differences that may exist among small private colleges. Multi-site studies have the potential for greater generalization (Huberman & Miles, 2002), and heterogeneity of sites can also improve generalization (Huberman & Miles, 2002; Stake, 1995).

"Each case to be studied is a complex entity located in its own situation, it has its special contexts or backgrounds . . . the program or phenomenon operates in many different situations. One purpose of a multi case study is to illuminate some of these many contexts, especially the problematic ones" (Stake, 1995, p. 12). If the research findings are consistent across the various heterogeneous "complex entities," those findings are more generalizable to other situations (Goodrick, 2014; Huberman & Miles, 2002; Stake, 1995; Yin, 1996). The colleges that were selected were contextually different in many ways: (a) Each was from a separate and distinct region; (b) Each had very different history and mission; (c) Each had distinct academic offerings.

Validity

Because I studied institutions that fell into a multi-year decline, followed by a multi-year turnaround, the case studies are retrospective studies. Retrospective case studies have three factors in common: (a) data are collected after the significant events have occurred; (b) access is available to first person accounts through interviews, as well as to archival data; (c) the final outcomes are known before the data are gathered (Street & Ward, 2010). The common factors of retrospective case studies present two distinct threats to validity, which Street and Ward (2010) refer to as the Recall Effect and the Spoiler Effect. Human memories of events years in the past are flawed. “We don’t simply forget, we re-remember” (Salevouris & Furay, 2015, p. 169). When the researcher knows what happened, the Spoiler Effect can lead to inadvertent skewing of analysis.

Triangulation of data can mitigate the Recall Effect, and significantly improve a study’s validity. Cases using multiple sources of data are consistently rated more highly in overall quality than those that rely on a single source of information (Yin, 1996). Data sources may consist of interviews, surveys, direct observations, documents, and archives, and others. “A major strength of case study data collection is the opportunity to use many different sources of evidence. Further the need to use multiple sources of evidence far exceeds that in other research strategies” (Yin, 1996, p. 91). Case study findings are likely to be much more accurate and convincing if they are based on multiple sources of information, as each source of evidence essentially provides another measure of the phenomena being studied (Stake, 1995; Webb, Campbell, Schwartz, & Sechrest, 2000; Yin, 1996). The Spoiler Effect, as well as the mitigation of researcher biases, are addressed by researcher triangulation (Stake, 2006), which is having multiple researchers examine the data independently. In studying these cases, The Spoiler Effect was also mitigated by how little that I actually knew about took place within the boards of the participating colleges. I knew the numbers, and what was publicly available, but the interviews unveiled a great deal of unknown information and revealed several surprises.

Yin (1996) describes four criteria for judging the quality of research design:

1. Construct validity: establishing correct operational measures for the concepts being studied.
2. Internal validity: establishing a causal relationship, whereby certain conditions are shown to lead to other conditions, as distinguished from spurious relationships.
3. External validity: establishing the domain to which a study's findings can be generalized.
4. Reliability: demonstrating that the operations of a study - such as the data collection procedures—can be repeated, with the same results (p. 33).

Comparative case studies can bolster both internal and external validity as the causal relationships may appear in each individual case, which further establishes the domain for generalizability (Goodrick, 2014; Stake, 2006).

Data Collection, Analysis, & Interpretation

As an explanatory, retrospective, comparative case study the sources of data available are interviews, archives, publicly available documents, articles, conference presentations, and perhaps others. The difficulty of data collection, as opposed to other methods, is exacerbated as "the demands of a case study on a person's intellect, ego, and emotions are far greater than those of any other research strategy. This is because the data collection procedures are not routinized" (Yin, 1996, p. 57)

Interviews can be either structured—where the same questions are asked of every interviewee; semi-structured—where the topics are predetermined but not necessarily all of the questions, or unstructured—where interviewees are invited to tell their story in their own language (Barlow, 2010). Using an interview guide that listed all the topics I wanted to cover (Appendix A), I conducted semi-structured interviews, which allowed me to cover the topics of concern, while preserving flexibility and allowing the interviewee the opportunity to tell his or her story, “without imposing any a priori categorization that may limit the field of inquiry” (Fontana & Frey, 1994, p. 366). The actions, decisions, and discussions of the board of trustees overseeing decline followed by turnaround are wildly complex, and anything that would “limit the field of inquiry” would compromise the study.

Because of its resemblance to ordinary, everyday conversation, interviewing may appear simple, “but this simplicity is illusory” (Steiner & Brinkmann, 2009, p. 18). Steiner and Brinkman (2009) describe interviewing as a craft that is learned through the practice of interviewing. There are “few standard rules or methodological conventions” (Steiner & Brinkman, 2009, p. 18), to guide a novice interviewer. “Interviewing rests on the practical skills and the personal judgments of the interviewer; it does not follow explicit steps of rule-governed methods. The quality of interviewing is judged by the strength and value of the knowledge produced” (Steiner & Brinkman, 2009, p. 20). In addition to skill as an interviewer, knowledge of the topic about which the interview is taking place is fundamental to quality interviewing, particularly of the semi or unstructured types. Subject matter knowledge is essential for asking follow up questions to interviewees’ answers. The quality of the data produced in a qualitative interview is inextricably linked to the quality of the interviewer’s skill and subject matter knowledge (Steiner & Brinkman, 2009).

The knowledge produced from the interview is constructed by the interaction of the interviewer and the interviewee. “The knowledge is not merely found, mined, or given, but is actively created through questions and answers, and the product is co-authored by interviewer and interviewee" (Steiner & Brinkman 2009, p. 63). Steiner and Brinkman (2009) use the metaphor of the interviewer as a "miner" or as a "traveler' to illustrate the epistemological differences between interviewing as a process of knowledge collection (the miner) or knowledge construction (the traveler).

Interview data are narrative in nature, "narrative is understood as a spoken or written text giving an account of an event/action or series of events/actions, chronologically connected" (Creswell, 2014, p. 54). Research interviews are commonly recorded and transcribed, although the transcription, alone, may not tell the whole story. Stress in the interviewees' speech, pitch, and body language can also contribute to the narrative, and can be collected with notes or video (Huberman & Miles, 2002). Analysis of the narrative data began with simply reading the transcripts and notes taken during the interviews to become deeply familiar with them (Rubin & Rubin, 2005; Steiner et al., 2009). Having become familiar with the data, coding began which involved labeling sections of the text with code words related to the research questions. The importance of a good coding strategy cannot be overstated as

> The decisions the researcher makes when coding largely shapes what he or she will be able to conclude during the analysis. If a researcher does not have a label for stress, he or she will not be able to develop themes based on stress. (Rubin & Rubin, 2005, p. 208)

Identifying themes is informed from the existing literature, but also from insights gained during research (Fontana & Frey, 1994; Rubin & Rubin., 2005; Steiner et al., 2009). In comparative case studies, themes are determined within each case (within case) and then compared across the other case(s) (across case; Stake, 1995; Yin, 1996).

The constructed knowledge from interviewing is inherently steeped in moral and ethical issues (Fontana & Frey, 1994; Stake, 1995, 2006; Steiner et al., 2009; Yin, 1996). The moral and ethical issues arise from what Steiner et al. (2009) refer to as the "magic" of interviewing, whereby a stranger shares intimate details of their lives and others with the interviewer simply because she is doing researc. Of course, the whole point of the researcher conducting interviews is to ultimately make public the findings generated, at least in part, from the knowledge gained from the sharing of these intimate details, therein lie just some of the ethical and moral issues surrounding qualitative interviewing. In addition to anonymity, confidentiality, and informed consent, there are ethical considerations pertaining to interviewers' impact on interviewees and vice-versa, interviewing marginalized groups, children, prisoners, refugees, and many more (Stake, 1995; Yin, 1996).

Steiner et al.'s (2009) magic was present during the interviews, and these strangers shared very intimate details, in some cases perhaps more than they should have. Two of the colleges were under non-disclosure/non-disparagement agreements pertaining to issues related to their years of decline. I used my best judgement regarding what to include and what to omit or obfuscate.

As previously mentioned regarding validity, case studies that utilize data from multiple sources are generally of higher quality than those using a single source (such as merely interviews; Webb et al., 2000; Yin, 1996). Typical sources of additional data are: documents, archives, articles, speeches and conference presentations, photographs. However, relevant data sources can come from far beyond the typical and are limited only by the researcher's imagination (Webb, et al., 2000). Additional sources that were used were: IPEDS data, 990 Forms (Tax Returns, that detail finances, trustees, and major donors), audited financial statements, press articles, presidential writings, strategic plans, marketing material, presidential CV's, trustee bios, and legal filings. All of that data was publicly available and was used for this study. I had hoped to gain access to other non-public data like meeting agendas, meeting minutes, and budgets, but none of the participating presidents or board chairs would provide that data. Some of these data are also more reliable than other data. IPEDS data and 990 Forms, for example, are straightforward and reviewed by accreditors and auditors. Data such as speeches, press reports, and lawsuits are more subjective. All of these data sources provide another measure of the phenomena being studied, and can validate the information gathered from each other (Stake, 1995; Webb, et. al, 2000; Yin, 1996).

Research Design

Epistemology

Establishing research design begins with determining the philosophical worldview of the researcher and the research design that aligns with that worldview (Creswell, 2014). While the appropriateness of comparative case study as a method for answering this study's research case has been addressed, it is important to explicitly state its epistemological approach.

Unlike many research methods that are inherently positivist or constructivist, case study is "not assigned to a fixed ontological, epistemological or methodological position" (Rosenberg & Yates, 2007, p. 447). The epistemological approach to this research is constructivist. As the researcher, it was my responsibility "to make sense of (or interpret) the meanings others have about the world" (Creswell, 2014, p. 8). Constructivist researchers analyze the particular contexts where people live and work in order to understand the phenomena being studied (Creswell, 2014). The researcher's background is inextricably linked to the interpretation(s) being made and is therefore a key part of the knowledge that is constructed (Creswell, 2014; Stake, 1995).

Case Selection

The importance of case selection has been addressed previously, but it bears repeating that in case study, case selection is, perhaps, the most important element of research design (Campbell, 2010; Stake, 1994, 2006; Yin, 1996). Since I endeavored to produce research that is transferable to other small, private colleges like mine, I selected, like most multi-case case studies, cases that are typical rather than unusual (Campbell, 2010).

To begin with, what constitutes decline and turnaround had to be determined. For the purpose of this study, decline is a three year period of significant operating deficits. Balance sheet criteria, such as declining net assets also influenced case selection; however, balance sheets are likely to be more affected by the nature of the attests (e.g. real estate vs. marketable securities) and by the macro economy (i.e. stock market performance), than by actions of the board of trustees. The income statement, where operating losses are reported, demonstrates the effectiveness of the institution's business model better than the balance sheet. However, the balance sheet also shows liabilities (i.e. indebtedness), and an institution saddled with significant debt and suffering from year-over-year operating losses is at far greater risk than an institution suffering losses but with a strong balance sheet.

Turnaround is, to some extent, the other side of the decline coin. The income statement is the primary determinant of my definition of a turnaround, as it is an objective measurement of whether the business model is generating surpluses or losses. For the purpose of this study, a turnaround is evidenced by at least two years of break even or better operating performance. Whereas decline can be determined entirely from an institution's financial statements, turnaround (at least for the purposes of this study) has additional layers beyond what can be gleaned from the financials. MacTaggart (2007) defined three stages of turnarounds at colleges and universities:

> Stage 1: Restoring financial stability. Solvency must be restored before an institution can begin to address deeper, strategic issues. Stage 1 typically involves a combination of program and staff reductions, outsourcing services, and fundraising.
>
> Stage 2: Marketing and branding. Once the institution is stable, marketing to bring in new students is done as soon as the institution is able. Branding is a longer term strategy undertaken after incremental revenue from marketing materializes.
>
> Stage 3: The least business-like of the stages is "Academic Revitalization" which involves fundamentally rethinking the academic culture and values of the institution as a whole. Stage 3 typically involves improvements to academic quality, and the introduction of distinctive and innovative curriculum.

In Stage 1, the institution has staved off demise, for now, largely through expense reductions. While the bleeding has stopped, an institution in Stage 1 is otherwise the same as it ever was and remains only a few dozen or so students away from extinction (MacTaggart, 2007; Martin & Samels, 2013).

Stage 2 brings additional revenue to the institution. With improvements to the brand and better marketing, the institution attracts additional students who are willing to pay more to attend (the discount rate is reduced). Improvement in enrollment and net tuition dollars per student are markers of successful Stage 2 turnarounds.

Stage 3 turnarounds involve wholesale rethinking of the academic culture and offerings of the institution. It is characterized by "Academic Revitalization" that is committed to academic quality and oftentimes results in a college or university that is unrecognizable from where it began.

Because Stage 1 turnarounds have merely stopped the bleeding by expense reductions and remain highly vulnerable, the cases selected for this study appeared to have achieved Stage 2 or Stage 3 of a turnaround. These latter stages of turnaround make for much more interesting analysis of how the board contributed to the turnaround than Stage 1, because Stage 1 turnarounds are a product of sheer necessity, whereas Stages 2 and 3 require departures from tradition which can be challenging to boards, particularly those filled with alumni. Many of the challenges inherent in Stages 2 and 3 are adaptive challenges, requiring reevaluation of values and mission (Heifetz et al., 2009). The literature is replete with accounts of trustees clinging to the past, but hardly any detailing boards leading change. Case studies demonstrating how boards were able to transcend the past and contribute to a successful State 2 or Stage 3 turnaround can benefit the hundreds of small private colleges struggling to survive.

Initial Selection Criteria

All colleges and universities that participate in any Federal financial assistance program under Title IV of the Higher Education Act (i.e., federal financial aid) must provide a comprehensive set of data to the federal government. In addition to student related data, institutions must provide financial data as well, which is publicly available (National Center for Educational Statistics, n.d.). The years that I examined are limited to 2007–2019. There are two primary reasons for focusing on those years that are both grounded in recency: (a) Because interviews are the primary source of data collection, recency will help mitigate the limitations of memory. (b) What worked 30 or even 20 years ago may not work today. By focusing on more recent turnarounds, the research findings are likely to have more contemporary relevance.

The first step in selecting the cases was downloading IPEDS data for all private, four-year, not-for-profit colleges/universities with less than 5,000 students and endowments less than $100 million. For the years 2007–2018, I was able to download, full time equivalent undergraduate and graduate enrollment, revenue, expenses, investment returns, assets, and liabilities. I loaded this data into a MySQL table so that I could query the data searching for patterns of multi-year decline followed by multi-year turnaround. The primary criterion I used for determining results was revenue—investment returns—expenses. Non-profit revenues are reported with investment returns included in them. Since investment returns are not a function of the operating performance of an institution, I subtracted them from the revenues. I also queried the data to examine trends in enrollment, and net tuition revenue per student.

After reviewing ten years of IPEDS financial and enrollment data, I identified 86 small private colleges and universities that meet the criteria of three years of deficits followed by two or more years of at least balanced budgets. If my study had focused only on small private colleges in decline, there would have been several hundred candidates. Although the IPEDS data may indicate a turnaround, it does not, necessarily, tell what type of turnaround (State 1, 2, or 3) took place. Improvements in enrollment and/or net tuition revenue are certainly clues that a Stage 2 or 3 turnaround has taken place; however, that onion needed to be peeled a couple of layers to make that determination.

The best source of information for making this determination are board members, administration, faculty, and staff at the institutions that participated in the turnaround. Contacting 86 colleges and universities, however, is not very efficient. As soon as I received Antioch University Institutional Review Board approval for this study, I contacted high level representatives of the Association of Governing Boards, New American Colleges and

Universities, and the Council of Independent Colleges. Each of these organizations supports and works with small private colleges and had insight into the history of many of the institutions I had identified. Fortunately, I have high level relationships with all three of these organizations.

The representatives at New American Colleges and Universities, and the Council of Independent Colleges helped identify approximately 30 colleges/universities that had likely experienced a Stage 2 or Stage 3 turnaround. With the help of the New American Colleges and Universities, I was able to speak via telephone with two presidents of colleges that had turned around over 10 years ago. Both presidents were generous with their time, and the conversations were interesting, but the most important take away was that I needed to refine my selection criteria. Both of these presidents had served for over twelve years and were in the later stages of their careers, in fact one had announced his retirement at the end of this academic year. Their turnarounds took place so long ago, that their memories were hazy. Furthermore, both were much more interested in discussing their prosperous times, rather than reminiscing about the challenges of the distant past.

The refinements that I made were: the president who led the turnaround was hired no later than 2013, and the improvement in operating performance occurred within three years of the new president's arrival. This narrowed the list to 18. I found the contact information for the presidents of all 18 prospective institutions, and sent each one a custom email that included an overview of my study (Appendix B), as well as what I knew about their institution and why it appeared to be a fit for my study. I received responses from 10 of the 16. One simply declined to participate. Another president's reply simply said that his board was dysfunctional, did not contribute anything to their turnaround, and that they couldn't possibly make for a good case study. The other eight were open to discussing the study with me.

Before contacting these presidents, I had created pre-screening criteria (Appendix C) that I used to guide my conversation with the president. Originally, I had hoped to be able to speak to these presidents' predecessors, those who presided over the decline. That turned out to be impossible, as most of these institutions were under non-disclosure, non-disparagement agreements with their former president. If there were no legal restrictions, there was simply reluctance to discuss one's predecessor.

The first two pre-screening criteria ended up being the primary ones used to guide case selection: (a) Willingness to discuss the board, particularly to give credit and blame for the contributions of the board of trustees. (b) Willingness to allow employees of the college to participate. A third selection criterion emerged from my conversations with these presidents: had the organization actually turned around? One had fallen back into decline, and another was still teetering on the brink of demise. With the exception of one president, all were willing to openly discuss their boards, and welcomed me to speak with their trustees and selected employees. The exception was happy to participate in the study, but would only allow me to speak with him. When I said to him that a valid case study examining the board of trustees of his institution needed a broader set of perspectives, and that I was quite certain that my committee would not permit me to do a case study where I only interviewed one person, he replied, "that's what's wrong with higher education."

This process of analyzing tax returns, financial statements, IPEDS data, publicly available articles, strategic plans, and pre-screening calls with presidents took place between mid-July and November 1, 2019. Simply getting on the calendar of these college presidents was so challenging that there were plenty of times that I worried that I would not be able to secure three institutions for this study. Ultimately, I ended up with six that tightly fit my criteria and were willing to participate. Narrowing that down to three was difficult. All six had characteristics that made them compelling subjects to study. Originally, I only narrowed the list down to four. I had concerns that, perhaps, I would not be able to get access to key trustees and/or employees of the college, so having four hedged against that risk. Ultimately, that hedge proved to be prescient as the key trustees and key employees of one of the institutions were unresponsive after several attempts to contact them.

To avoid making potential participants feel coerced, the Antioch IRB required me to contact potential participants directly, rather than have the president recruit participants. The president could simply inform potential participants that they had given consent to me doing the study, that individuals might be contacted by me, and that they were under no obligation to participate. Each president provided me with the contact information for their board chairs, key trustees, Chief Financial Officers, and other key employees. I then sent recruitment letters (Appendix D) to each person based on their role.

One of the primary difficulties in case selection is access (Stake, 1995; Yin, 1996). Ordinarily, getting access to the presidents, board chairs, trustees, and other stakeholders of colleges and universities could be quite difficult, and simply sending letters or emails to "elites such as board members, or university presidents who are busy and are unlikely to respond" (Kezar, 2006, p. 978), will not be sufficient. My position as a private college trustee proved to be enormously helpful in getting responses to email and/or phone calls. Trustees, in particular, seemed eager to talk to a trustee of a similar institution, both to share their experience and for me to share mine with them.

Data Collection

Stake (1995) noted that “there is no particular moment when data gathering begins. It begins before there is commitment to do the study . . . first impressions. A considerable proportion of all data is impressionistic, picked up informally as the researcher first became acquainted with the case” (p. 49). This statement certainly rings true regarding my study. My work as a trustee and general interest in higher education have me swimming in relevant data on a day-to-day basis. While these early impressions were refined as the study progressed, they are an important component of the pool of data because they influenced the direction of the study (Stake, 1995).

Interviews

The primary source of data came from unstructured interviews with the current presidents who led the turnaround, board chairs, influential trustees, Chief Financial Officers, and other cabinet level staff members. Interviews were conducted via telephone and recorded (all participants consented to being recorded). Transcriptions of the interviews were done by a third party.

This element of my research design presents the biggest risk to the validity of my study. All retrospective case studies suffer from Street and Ward’s (2010) Recall and Spoiler effects; my study has an additional challenge. Since I sought to understand how a board went from performing poorly, and likely failing to fulfill fiduciary duties to one that led a successful turnaround, the veracity of the interviewee’s accounts may be in question. The old adage that “success has many fathers and failure is an orphan” may have impacted interviewee accounts of both the decline and the turnaround.

The literature on turnarounds of colleges and universities is unanimous in determining that a new president is a necessary condition for turning around an institution mired in decline. Not one of the turnarounds studied were led by the president who presided over the decline (Chaffee, 1984; Cowan, 1993; Eaker & Kuk, 2011; Green & Levine, 1985; Hamelin & Hungerford, 1989; Hartley, 2003b; MacTaggart, 2007). This finding, in no way, lays the blame for decline solely on presidents. In fact, it is often the board that stymies the president from making changes necessary to stave off decline. Thus, the perspective of the pre-turnaround president could have been additive to the research findings, but it proved to be a pipe dream. None of the participants were either able or willing to speak about their former presidents, and no one wanted me to speak to their former presidents.

Analysis

Interviews were transcribed by a third party. I reviewed the recordings and read the transcripts several times to immerse myself in the data and develop a coding taxonomy. Sections of each transcript were coded with terms related to the research question. From the codes, themes emerged that are informed by the existing literature and from insights gained during the analysis (Fontana & Frey, 1994; Rubin & Rubin., 2005; Steiner et al., 2009). I relied on the help of a fellow cohort member and PhD candidate to review sections of the transcripts and the codes that I had assigned. Where we disagreed, we discussed and negotiated what seemed most appropriate to us. Working with a teammate improved the quality of the coding as well as mitigated my biases.

Triangulating data was used to bolster the validity of the interview data. Federal tax return 990 forms have information about compensation, donations, trustees and other potentially useful pieces of information. I reviewed the 990 for all ten years off each institution to build a roster of trustees for each college for each year. From that roster of trustees, I could see turnover on the board, and I was able to look up the background of nearly every board member. The 990 and audited financials provided the true operating results of the colleges for each year. IPEDS data provided enrollment, demographics, tuition, financial aid, retention and graduation, and athletics. That objective, audited data was immensely helpful in filling in the gaps in the interviewees' memories and reconciling their contradictory accounts.

"Comparative case studies involve the analysis and synthesis of the similarities, differences, and patterns across two or more cases that share common focus or goal" (Goodrick, 2014, p.1). Each case was analyzed individually (within case) as understanding each case is fundamental to establishing the analytic framework that was used for comparison of the cases (across-case; Goodrick, 2014). Analysis of each case was iterative followed by final analysis of themes that emerged across cases (Mills et al., 2010). Themes that emerged from across case comparison will generally be more generalizable than findings from a single case study (Goodrick, 2014; Stake, 2006). Case selection was deliberate in ensuring heterogeneity of contextual features such as region, rural vs. urban, and religious affiliation. Themes that emerged across-cases will, therefore, are much more likely to have causal attribution, and explain how or why (Goodrick 2014; Stake, 2006) boards were able to transform from change averse to change adept.

Ethical Implications

There are ethical implications to all research, and interviews have particular implications due to potential impact of interviewers on interviewees and vice versa. The most serious (and hopefully obvious) of these pertain to interviewing vulnerable populations such as marginalized groups, children, prisoners, refugees, and others (Stake, 1995; Yin, 1996). At first glance, this study could appear to be devoid of ethical implications as the interviewees will almost exclusively be among society's most privileged. Private college trustees are nearly universally selected due to their wealth, career success, and influence (Friedman & Craig, 2017). There is little harm that I could do to them; however, there is significant harm that could be done to the beneficiaries of their financial support of the college. At my college, the board of trustees supports over a million dollars of annual scholarships, and while that number is sure to differ among institutions, the board is likely to be the largest source of funds for institutional aid. A board member upset with or offended by this study might cease support of the college which would hurt students in need.

To mitigate this risk, all interviewees agreed in writing to the terms of the informed consent (Appendix E). All information pertaining to these cases has been anonymized (e.g. name of the institution, participants, educational programs). Recordings and transcripts were destroyed upon completion of the study. These steps go a long way to protecting against potential harm, but this is a small world and the risk remains that insiders will be able to discern what institutions are being described in the case studies and who participated. This is a risk that has been top of mind as I have written the reports. I have taken great caution to avoid describing anything with too much particularity or distinction. My committee and my close friends in the upper echelons of private higher education have also served as another risk mitigation tool.

Limitation

Stake (1995) candidly acknowledged that,

> Qualitative study has everything wrong with it that its detractors claim . . . is subjective. New puzzles are produced more frequently than solutions to old ones . . . The results pay

> off little in the advancement of social practice. The ethical risks are substantial, and the cost in time and money is high. (p. 45)

Awareness of these limitations is fundamental to producing quality research.

Bias, for example, does not need to be a failing requiring elimination, but instead can serve as a fundamental element of understanding (Stake, 1995). Bias can be enabling, which can contribute to the study. My experience as a trustee certainly influenced every aspect of the study from case selection, interview selection, coding, and interpretation. Awareness and acknowledgement of my enabling bias has hopefully enhanced the knowledge constructed. Conversely, bias can be disabling and has the potential to detract from the study. Researcher triangulation—using a team member—has hopefully mitigated the potential of disabling bias creeping into the study and validated the conclusions I reached.

Another limitation may be the influence that my position as a trustee could have had on the interviews. Fellow trustees may have been more inclined than presidents to be deeply candid in their accounts. Conversely, presidents, who all report to their boards, may have been circumspect when describing the actions and attitudes of their trustees to a trustee. Again, awareness of this limitation has helped me to mitigate or overcome it.

Case study has an inherent limitation due to the limited number of research units (Stake, 2006). This comparative case study examined three small private colleges, so any implications from policy and practice have been derived from a very small group of colleges and informed by the accounts of 23 people. Since I sought answers that can be utilized by presidents and trustees of similar institutions, this limitation is why proper case selection was so important, and why it is worth repeating Stake's (1994) exhortation that there is nothing more important than selecting proper cases.

Chapter IV: Findings

This chapter presents the cases of three small, private, tuition dependent colleges that experienced several years of seven figure deficits, followed by consecutive years of seven figure surpluses. Prior to engaging with the presidents at each of these colleges, I had done a great deal of analysis of their IPEDS data, tax returns, audited financial statements, and every other publicly available piece of information I could find. From that data, I thought I knew the story behind how each board contributed to the decline and the turnaround of each institution. As I came to find out, that data only scratched the surface of what really happened. Each of the cases has been presented individually in this chapter following a similar format beginning with background on the institution, a description of their decline and the boards role in it, a description of their turnaround and the boards role in it, followed by an analysis section.

To maintain the anonymity of the colleges and the participants, the names of the institutions and participants have been changed. While I quote from my conversations with the study's participants liberally, occasionally the verbatim responses have been altered to make them less particular or specific.

Case 1

Background

Tradition University is a private liberal arts college located in a beautiful small town of approximately 1600 residents. The town is best known for its rolling hills and picturesque family owned farms. The combination of its bucolic setting and its proximity to an economically diverse, mid-size city with an R1 university make it an attractive destination. Tradition University was founded in the mid 1850's as an all girls elementary school. The school evolved from an elementary school, to a high school, a junior college, and then a fully accredited baccalaureate granting institution as Tradition College. Despite the evolution of mission at Tradition, the college remained true to its female only origin, and remained a single-sex institution until the board of trustees voted to make all of its undergraduate programs completely co-educational in 2015, at which point they also voted to change the name of the institution to Tradition University. The University currently has approximately 1,500 undergraduate students, and 200 graduate students. Approximately 375 of its undergraduate students and all of its graduate students are in purely online programs.

Decline. In the early 2000s, single sex education had been on a steady decline for decades. Of the nearly 300 women's only colleges that existed in 1960, only 94 remained in 1990, and by 2010 that number had fallen to 54 (Brown, 2011). Reasons for the decline in women's only colleges are, "shrinking application pools, tougher competition for students, a general softening of the economy, as well as major shifts in the lifestyles, preferences, and goals of young people (Brown, 2011, p.8). Tradition was not immune from these trends. Nevertheless, the board of trustees was very reluctant to transition to co-education. The board of trustees, at the time, had a number of older women who had joined the board largely due to the college being the only single-sex institution in the state. The board, as a whole, was largely rather old, and had loose ties to the college. There were very few alumni, as Tradition's alumni base was not fertile grounds for donors and/or trustees. Without term limits, many trustees had been on the board for decades.

In 2006, Tradition began offering online programs. Approximately two-thirds of online students choose a college within 50 miles of where they live. With little competition locally, the online programs quickly became a "cash cow," with enrollment soaring to over 1,000 students in just a few years, dwarfing the enrollment of the on-campus women's college. The online cash cow relieved the pressure of the declining women's college, earning the president a great deal of trust and respect from the board of trustees. Along with that trust and respect from the board was a great deal of deference to the president, and the board lapsed deeper into complacency, and according to a trustee, a "lack of financial stewardship" of both the online programs and the women's college.

The newly bifurcated educational mission of Tradition had several unintended consequences to the institution's identity and culture. With online instructional hours far exceeding those on-campus, many faculty members simply stopped coming to campus at all. Tradition began to be perceived by many as a for-profit, online institution. In the nearby city, where many trustees lived, they were frequently asked by friends and neighbors if Tradition had ceased its traditional brick and mortar offerings and transitioned to purely online. The culture was adversely impacted by the online program as many faculty were entirely absent from the campus.

The board of trustees was troubled by the deterioration in the college's reputation that had emerged from what began as an effort to bolster the women's college with an alternative revenue source. To an extent, the online programs had swallowed the women's college. Since the primary attraction of the college to most board members was the distinction of being the only women's college in the state, this was quite the conundrum. They depended on the cash cow that was online, but didn't want online enrollments to be so much larger than the women's college.

Containing the enrollment of Tradition's online programs was soon taken care of —not by any actions of the board of trustees, but from competition. Tradition's early entrance into online education afforded it some first-move advantages, but as other nearby schools added online programs, that first-mover advantage disappeared. By 2010, online enrollment (as well as on campus) began declining precipitously, and the cash cow stopped giving milk. For the next five years, the college experienced substantial operating deficits.

As online enrollment was declining, a new opportunity emerged for Tradition that, like online programs had, promised a robust revenue stream that could bolster the women's college. "This is such a game changer for this school, forever," said Tradition's president when announcing that Tradition was establishing a health sciences school. A donor, the husband of a Tradition trustee, had pledged $13 million to the health sciences school. With funding secured by a donor, the assumption was that Tradition would not have to provide any funding out of its cash flows or reserves, and that when operating at scale, the health sciences school would provide substantial revenues to the college. The board of trustees enthusiastically and unanimously voted to approve the establishment of a health sciences school. Even though a health sciences school presented a number of challenges that Tradition had never taken on, after the success (albeit short lived) of their online programs, the board was highly deferential to the president.

Throughout 2010, the college got busy hiring a founding dean and faculty, recruiting students, and seeking accreditation. The health sciences school planned on opening in Fall of 2011. The president's characterization of the health sciences school being a "game changer" was, indeed, prescient, but unfortunately, not in the way he intended. Ultimately, the health sciences school was never able to achieve accreditation. The accreditor reports were quite harsh and revealed that Tradition was woefully unprepared to operate a health sciences school. Worse still was the adverse financial impact that the health sciences school endeavor had on the college. Construction estimates to build the building were $25 million, nearly twice what had been pledged. The board of trustees was surprised to learn that one of the primary criteria for accreditation was a building, or financial backing to build a building. Contrary to the assumption that Tradition would not have to fund the health sciences school out of its resources, the college had been supporting the up-front costs during the accreditation process to the tune of $3 million a year, draining all of the college's reserves.

What promised to be a quick fix for a tuition dependent women's college turned into an embarrassing debacle, leading to the resignation of the president, board chair, and several trustees. Once the dust settled from the health sciences school, the Tradition board of trustees hired an interim president and appointed an interim chair, both of whom served just over a year. The board formed a search committee to find a new president. Believing that the health sciences school was an episodic problem, and not indicative of anything structurally wrong with the college, they went about seeking a conventional president with a strong academic background. A trustee who served on the search committee said they were specifically looking for "someone on his way up, not someone on their last stop."

Wake Up Call. According to a trustee, Greg Harden was "head and shoulders" above all of the other presidential candidates. "It was obvious as early as the ride from the airport," she added. Harden was exactly what the search committee and the board of trustees was looking for. He was a young, articulate, straight talker with a distinguished track record as a provost and scholar. Tradition appeared to be exactly what Harden was looking for too: a small, liberal arts college that, although it had suffered a setback with the health sciences school, was otherwise stable. During Greg's interviews, the board had told him that their budgets were balanced and that the college was in good financial shape.

Harden began his presidency in February of 2013. Within a couple of months, the long serving CFO resigned. One day, shortly thereafter, Greg was in the accounting office and the

Accounts Payable Manager informed Greg that Tradition had piles of unpaid bills to vendors who were threatening lawsuits and cutting off services. With the assistance of an interim CFO, Greg started digging into the financial condition of the college and determined that they had what he called, "significant cash flow shortages." With their lines of credit completely maxed, and their reserves depleted, they needed to borrow $3 million to pay vendors and cover payroll over the summer when cash flow always reaches its nadir. Their current bank, however, was unwilling to extend their credit lines and lend them additional funds. The bank felt that they had been blindsided by the financial condition of the college. In late June of 2013, Tradition did find another bank willing to lend them the $3 million they needed to stay afloat. In less than four months, Harden's job transformed from conventional president to turnaround president, something for which he didn't sign up, and for which he had no background or experience.

Linda Taylor, who had chaired the search committee, was asked to become board chair in May of 2013, shortly before Greg began to uncover the depth of Tradition's financial challenges. Like Harden, she did not sign up for a turnaround. Her background included being CEO of a large non-profit organization, which was very well suited to navigating non-profit governance, did not entail turning around distressed institutions. Linda was asked to be board chair, in large part, due to the success of the search committee that she chaired, and the way that she "hit it off" with the new president. The chemistry between Linda and Greg became increasingly important as Greg peeled the layers of the onion that covered Tradition's finances. Greg spoke with Linda multiple times each week, usually delivering more bad news. Greg said, "At one point she said, 'Are you sure the place is still standing?'" Greg's peers at other colleges were amazed at how often he spoke with the board chair, many of whom only spoke with their board chair once a month. They also expressed surprise at how much he shared with the board chair and the board as a whole. Greg added,

> Because I would share everything that I was uncovering, both for the college and as a protection for myself. I needed everyone to know what we were dealing with on campus. And I felt that probably things hadn't been shared in the past openly, and I was going to do that now.

Even though this was not what Greg had signed up for, he did not believe that the board had misled him about the financial condition of the college. The board sincerely believed that the college was in good shape. Regardless of who was aware and when, it became Greg's problem to fix, and it presented the type of problem that could, according to Greg, "destroy a career" if it couldn't be solved.

Soul Searching. As the reality of Tradition's financial condition became known to the board of trustees, they did a great deal of soul searching to answer why they were unaware of what was going on. Trustees asked one another if they had asked the right questions. Many of them felt that they had, but they had been provided inaccurate information. For instance, the issues with their unpaid accounts payable were not obvious from their audited financial statements, and there were no supplemental reports like an accounts payable aging provided to the board. Budgets had been approved based on inflated estimates of enrollment, and there had been a failure among the board as a whole to reconcile estimated enrollments with census. One common problem with enrollment estimates was counting a student twice if he or she was enrolled in both on campus and online courses.

Some board members suspected that there were problems with the information being provided to them from the CFO and their auditors. Nevertheless, it is apparent from the college's tax returns that they were experiencing significant deficits. The finance committee chair ended up leaving the board, partially because of his inability to work with the CFO. Other finance committee members had mentioned concerns to Greg's predecessor, and subsequently to Greg.

The committee structure of the board contributed to the board as a whole lacking awareness of what was going on throughout the college. Committee meetings were all scheduled at the same time, so board members were only able to fully participate in their own committees. Reports from the committees would be made during board meetings, but those were very brief and lacked important details. The executive committee of the board was privy to much more information than the entire board. "If you were not on the executive committee, we really were not well versed on all of the operations of the college," said a trustee.

A great deal of deference had been given to the previous board chair, who was the CEO of a large multinational corporation. A board member said, "I think everybody relied on the fact that we had the CEO of a major Fortune 500 company running our board, and so anything that would be a problem he would catch." The chair, however, had very little time for Tradition, as he was frequently traveling internationally on business. Linda added, "Now that I look back on it, I think the chair of an institution needs to have more time than he might have had."

Changes in the Way the Board Works. The soul searching conducted by the Tradition board led to several significant changes in how the board operates. Perhaps the most important change is in the board chair. Rather than selecting a board chair due to prominence and/or potential fundraising capacity, Tradition chose a chair with experience in nonprofit governance. A good rapport with the president developed during the search process. Describing her commitment to Greg, Linda said,

> Greg knows he can call me. As my husband would tell me, I never learned to say no after I retired, so I stay busy but it's volunteer. So, Greg knows that I'm pretty much available for him, and it needs to be that way, especially when an institution is experiencing major challenges.

Recognizing that "we're part of the problem too because we haven't been challenging the president and the CFO enough through these last couple of years," the board instituted a series of checks and balances on the administration such as stricter guidelines on check signing, and tighter oversight of travel vouchers: "Not that I would ever suggest that Greg or any members of his team would do, or attempt to do, anything that was not completely on the up and up; there is no opportunity for it, where there was before," said the chair of the finance committee. The checks and balances also involved greater scrutiny of the cash flows of the college, and addressed how lax policies and procedures had contributed to cash flow problems. For example, students had been able to enroll in classes for several semesters without having paid their tuition and fees. The board, under Linda's leadership, required the college to tighten up this policy and others.

Committee meetings were rescheduled such that all committees met at different times, allowing all trustees to attend all committee meetings. With the strong encouragement of the board chair, all trustees attending all committee meetings has become the cultural norm of the Tradition board. Committee members are the only ones who can vote on matters, but all trustees participate in the discussions.

Linda and Greg have also been deliberate when adding new board members to find trustees with skills that the board needs. They have also been deliberate in seeking out younger board members with diverse backgrounds. New board members have had a very positive impact on the Tradition board. A long serving board member mentioned,

> We have some younger people, strong younger people on the board. We were an aging board. I'm 75, and I'm not the oldest person by any stretch of the imagination. And we're stronger today than we were a couple of years ago.

New board members have been particularly engaged in the college's finances. The CFO said,

> We've got several new board members and they're engaged, and reading the material ahead of time, and coming to me with really good questions. One of our board members, a fairly new one was concerned that our revenues were not growing as fast as the expenses.

Turnaround. While neither the new president or new board chair were anticipating a turnaround scenario, as they and the board of trustees came to understand the extent of their financial problems, they were not afraid to act quickly and boldly. Of course, the first major decision the board had to make was approving the borrowing of $3 million to pay overdue payables and cover payroll for the summer. While that decision could, perhaps, be viewed as a fait accompli due to the lack of reserves and their credit lines being maxed out, this decision was not made easily. It is one thing to borrow money to invest in buildings, facilities, or equipment; it is an entirely different matter to borrow money to pay operating expenses with no additional assets backing the debt.

The $3 million of debt financing ameliorated the immediate cash flow problem, but it merely stopped the bleeding. The next step was accepting that they needed to downsize and then acting upon that acceptance. A trustee said, "When we had to downsize, we knew there would be problems." Their problems were exacerbated because the downsizing went beyond reductions in staff positions or not filling vacant faculty positions (which they did), but included eliminating 26% of existing faculty positions. The overall workforce was reduced by 30%. They also eliminated other employee related expenses like auto allowances and free meals.

Moving quickly on making the cuts was key to the college's survival. The president of their accreditor praised the quick action taken by the college, and contrasted them with others that wait to make cuts until it is too late. Nevertheless, the deep cuts in faculty were not just controversial; they led to a lawsuit filed by several professors against the college and the president, personally. The lawsuit was eventually settled, the terms of which remain confidential.

In addition to the speed with which the college moved to downsize, another factor in the effectiveness of their downsizing was the transparency between the president and the board, the president and the campus, and the college with their accreditor. Greg informed the board of decisions and actions large and small, to a degree that several of his peers at other institutions thought bordered on crazy. In their turnaround, however, Greg felt it necessary that the board be aware of everything. Being sued personally also contributed to Greg being highly cognizant of having cover.

The college was facing its ten year accreditation reaffirmation while they were in the middle of downsizing. Greg and Linda asked the president of their accreditor to come to campus so that he could meet with Greg and the executive committee of the board. At this meeting, they presented their plan for downsizing and the rationale behind it. Their accreditor was very supportive of the downsizing plan, as he was aware of several institutions that delayed making necessary cuts until it was too late, and had to shut down. The college was granted its ten year reaffirmation without any sanctions or monitoring. Coinciding with the accreditation timeline was a deadline to refinance the bulk of the college's long term debt, which they were also able to accomplish. A clean reaffirmation and successful refinancing of the college's long term debt were no small accomplishments in the midst of downsizing, either of which, if not achieved, would have likely been the end of Tradition. Initial turnaround efforts also focused on revenue and cash flow. Tuition discounting was reduced from 60% to 51%. Students who were in arrears on tuition and fees were no longer able to register for classes, and a much stronger effort to collect on past due tuition and fees receivable was made.

The combination of personnel cuts, refinancing of long term debt, additional debt to pay unpaid payables and fund summer payroll, improvements in discount rate, and improved collections brought stability to the college's finances. The ten year reaffirmation of their accreditation gave the college plenty of breathing room. With the bleeding stopped and a ten year stamp of approval from their accreditor, the college could have stopped and called their turnaround complete. However, Greg was looking into the future saying, "We had survived, but our finances were still not strong enough. We were limping along and I felt like to really recover more fully, we needed to go co-educational."

In previous years, the board had discussed going co-educational, according to a trustee, "We had discussed it forever in the past." Most of those discussions were met by fierce resistance from trustees. Shortly before their health sciences school endeavor, the board formed an ad hoc committee to explore transitioning to co-education. "But then the health sciences school thing came along, and it never went anywhere because the health sciences school was the elephant in the room that took all of the energy from everything," added a trustee. Shortly after the dust had settled on their initial turnaround efforts, Greg proposed to the board that the college needed to transition to co-educational in order to survive. "So now the foundation was laid, we were in good standing, and that's when I began to really push for co-ed," he added.

For their May 2015 board meeting, Greg prepared a white paper detailing their finances, historical enrollment in the women's college, the history of women's colleges, and the number of institutions that had transitioned from single sex to co-educational. He asked the president of a college that had made the co-educational transition a year before to present to the board about the process, challenges, opportunities, and benefits of being co-educational. Greg said:

> And I think that once I laid it all out to them and looked at our finances and what the future might hold if we didn't do this, I think once it was written down in black and white like that, the board almost had no choice but to say if we want to remain viable, we have to do this. I think the board did it because they felt like the only other choice was to limp along and maybe eventually close.

Unlike previous co-educational discussions that met with strong resistance from trustees, a board member described the meeting as, "it was not a difficult meeting at all, and there was only a little discussion." Due to "our board's faith in Greg," it went through unanimously. The enrollment expectations in Greg's co-educational transition plan assumed an increase in first year enrollment of approximately 25 students (half men, half women), with similar enrollment increases each year over the next few years. The board also agreed to add athletic programs in the next year. This plan allowed for a relatively orderly transition of facilities to deal with basics such as dorm rooms and bathrooms.

Within a few weeks, Greg received a call from the president of a neighboring institution that had decided to shut down and was looking for "homes for our students." The president of the closing institution asked Greg if he would consider "absorbing some of our men's teams." Greg saw this as a huge opportunity and went back to the board and asked them to approve adding athletics more or less immediately rather than the following year. While this was, indeed, a significant opportunity, it represented radical and disruptive change to the college, so radical that their accreditor, who had granted reaffirmation just six months earlier, considered this a change of mission, and required the college to go through another rigorous review by the accreditor. The board approved Greg's proposal.

Over the course of that summer, the college hired three coaches from the closing college and started three men's teams. They already had women's golf and a coach, so they also added a men's golf team. They immediately started recruiting student athletes from the closing college, and ended up with 105 students from the closing institution. Greg said, "So all of a sudden our women's college that had shrunk to 266 by fall of '15 was now 432 by fall of '16." This almost instant, massive increase in enrollment brought with it the challenge of where to put all of these students. The CFO described it as,

> So we went from having a little over 200 traditional daytime students to, oh dear God, what are we going to do? We don't have residence hall space. It's the summer that no one remembers because it was just a blur of trying to get things ready because we weren't ready to go coed in residence halls in the fall.

While absorbing the athletic teams from the institution that closed was a stroke of good luck combined with the will to endure the chaos that accompanied it, athletics as an enrollment strategy was very deliberate. One reason for an athletics driven enrollment strategy is that the college was under a Department of Education review beginning in early 2015 that was likely prompted by the steep cuts to faculty positions. During the review process, which took nearly four academic years to close out, the college was not permitted to start any new academic programs. Athletics provided some advantages for student recruitment that new academic programs do not have. Greg described the advantages very clearly.

> It's almost a sure bet to go with athletics because you hire a coach, they have a roster to fill, they're recruiting those students, and you're pretty sure they're going to bring in pretty close to what your goals are. You start a new undergraduate major or graduate program. Well, it's not part of the business model for faculty to go out and fill their major or fill their classes. So, you're relying on admission counselors, and you don't know if you're going to get enough students to cover your costs.

The board had concerns that the focus on athletics could adversely impact academic quality, but student athletes' GPA and graduation rates are slightly better than their student body as a whole. In spring of 2016 the college had around 240 students in the women's college with eight athletic teams and 92 student athletes. The college currently has 24 athletic teams with nearly 650 students on campus, 332 (151 men, 181 women) of which are athletes. Describing the keys of their turnaround, Greg said,

> I would say that the two things that made a huge difference for us were more emphasis on athletics, which has not dumbed down the academics at all. And the going coed, and it's not that we just now have men's athletics. We have more women's athletics than we had before.

The college's enrollment gains have resulted in operating surpluses of two to three million dollars for 2017 and 2018, and are on target for a similar surplus in 2019.

Analysis

Decline. The Tradition board most certainly suffered from Cowan's (1993) "problem blindness." Because the extent of Tradition's financial problems did not come to light until after the president and CFO had resigned, it is likely that the board was provided with misinformation or that important information was withheld. The health sciences school debacle also created a cloud over the college's financial well being. Deficits were explained as being temporarily related to the startup of the health sciences school, which while true, did not tell the whole truth. The whole truth was that Tradition's business model was unsustainable to begin with, and the health sciences school endeavor was making it worse. As with other single sex colleges, the board was looking backwards rather than acknowledging that the "market had disappeared" (Brown & Ballard, 2012, p.11).

Tradition's problem blindness was heavily impacted by information asymmetry (Paul, 2005) between the administration and the board of trustees. Another contributor to their problem blindness may have been the lack of deep ties between board members and the college. The literature on alumni trustees is mixed. Much of it points to alumni trustees as being resistant to change (Brown, 2011; Brown & Ballard, 2012; Friedman & Craig, 2017; MacTaggart, 2011). However, Taylor et al. (1991) concluded that effective boards had more ties to their institution, such as being alumni or parents, than less effective boards. Prior to their turnaround, Tradition's 35 person board had only one alumni trustee and the husband of an alumnae. In contrast to the literature, the absence of alumni trustees did not liberate the board to embrace change. In spite of all of the evidence pointing to the deterioration of the single-sex education market, the board was highly reluctant to switch to co-education.

The board's decisions to use online programs and attempting to use the health sciences school to support the women's college contributed to the deterioration of mission that is so common in a college's declining (Cowan, 1993; Townsley, 2009). In Tradition's case, that deterioration was so significant that many people thought it was a for-profit online college. Chaffee (1984) characterized this type of mission confusion as a "crisis of purpose" (p.78). The health sciences school fell into a common pattern among small, private, liberal arts colleges of offering professional or pre-professional programs far removed from their historical missions rooted in the liberal arts (Chaffee,1984). Tradition's pursuit of a professional program substantially different from their historical mission resulted in a loss of focus on the core, and a ready made excuse that could be offered to board members inquiring about financial challenges.

Another consequence of the board's lack of engagement was excessive deference to the president in the pursuit of the health sciences school. A health sciences school or other allied health science professional programs were not part of the strategic plan. Furthermore, the board and the administration failed to comprehend the complexity of financing the school and getting it accredited. Arguably, the health sciences school was an example of a board underperforming due to trustees' attachments to "pet projects" unrelated to the institution's mission (Chait et al., 1996). With an endowment of less than $25 million, Tradition lacked the cushion for a project gone bad, and this project went much worse than just bad. The year that they pulled the plug on the health sciences school, revenue fell by 35% from the previous year (a combination of lower enrollment and the sale of assets at a multi-million dollar loss). Unsuccessful major projects are a common cause for institutional decline (Thain & Goldthorpe, 1989), and a board fulfilling its fiduciary responsibility of care would have been wise to avoid this entirely.

Turnaround. Cowan's (1993) fifth stage of decline is actually the first step in recovery, new leadership that establishes clarity of purpose. The literature on academic turnarounds is unanimous in recognizing that a new president is necessary to lead a turnaround (Chaffee, 1984; Cowan, 1993; Eaker & Kuk, 2011; Green & Levine, 1985; Hamelin & Hungerford, 1989; Hartley, 2003b; MacTaggart, 2007, 2008, 2011; Paul, 2004, 2005; Zekan, 1995).
Tradition's turnaround efforts largely succeeded due to the leadership of their new president Greg Harden. Linda, the board chair said,

> I give most of the credit here to Greg. Even though he probably would not take full credit, I will give him way more than 75% of the credit. If we'd hired one of the other finalists, then we certainly would have gone under.

Since it is commonly said that hiring and firing a president is a board of trustees most important responsibility, one might reasonably conclude that the Tradition board successfully executed their fiduciary responsibility by finding and hiring an outstanding turnaround president. This conclusion, however, would ignore how the board lucked into hiring a turnaround president. Because of their "problem blindness" (Cowan, 1993), the board did not know that they needed a turnaround president and did not search for one. Small private college boards often focus on the wrong qualities when hiring a president (Bok, 2017), and Tradition's board did exactly that. Not knowing that they had serious financial and operational problems, they sought a conventional president with an academic background. The qualities of a president hired to lead the turnaround of a small, private college are often closer to a corporate CEO rather than a sitting provost. Successful turnaround presidents need to be skilled in finance, marketing, enrollment management, and fundraising (Brown & Ballard, 2012; MacTaggart, 2007; Mathews et al., 2013; Smith, 2010; Townsley, 2009).

A problem blind board, unaware of their need to turnaround, is at risk of hiring the wrong president, the consequences of which can be dire. Once a new president takes over, it is only natural for board members to give the president time to get to know the institution, establish an agenda, and start to execute on that agenda; a process that can take up to a year. Beyond that, Cabranes (2007) opined that most trustees believe that the basic role of a trustee is to support the president until he or she has become objectively unfit. Determining that a president is objectively unfit, what Cabranes (2007) called "Back him or sack him" (p. 966) can take another few years. Tradition's board avoided the potential adverse consequences of a poor presidential fit, even though their search process was set up to result in one, which is why this quote bears repeating: "If we'd hired one of the other finalists, then we certainly would have gone under." Because Greg Harden had the qualities of a turnaround president, even though neither he nor the board of trustees knew it, the board had a great deal of luck in fulfilling this most important of fiduciary duties.

As Greg began to discover the depths of the college's financial problems, the institution was very well served by the relationship that developed between Greg and the board of trustees in general, and with the board chair, in particular. "The board and the president together agree that their relationship is interdependent and the relative strength of the relationship creates the presidency" (MacTaggart, 2011, p. 40). The board earnestly responded to the conclusions that they reached during their soul searching. They accepted responsibility for their part in the college's decline: "We're part of the problem too." They became more active, engaged, and rigorous. These changes, and their strong relationship with Greg, helped empower him to lead the college through the three stages of an academic turnaround (MacTaggart, 2007) in a very short period of time.

Stage 1 Turnaround. Stage 1 of a turnaround is restoring financial stability. Solvency must be resolved before an institution can address deeper issues (MacTaggart, 2007). Within months of Greg taking the helm of Tradition, it became apparent that the college was facing insolvency. Stage 1 turnarounds typically involve some combination of program and staff reductions, outsourcing services, and fundraising (MacTaggart, 2007). Tradition's rapid downsizing, which involved cuts to programs and a 26% reduction in faculty, is a classic Stage 1 turnaround example. The board and the president deserve credit for the speed with which they went about making these difficult cuts. Another important Stage 1 measure was securing additional debt financing to pay past due payables and make payroll over the summer. These steps contributed to the college achieving its ten year accreditation reaffirmation and being able to refinance its long term debt. Combined, these steps and others stopped the bleeding and gave the college time.

Stage 2 Turnaround. The hallmarks of Stage 2 turnarounds are marketing and branding (MacTaggart, 2007). Once an institution has moved through Stage 1 and become stable, it can improve and increase marketing to bring in new students. As marketing starts to drive incremental net tuition revenue from increased enrollment, an institution can then focus on improved branding (MacTaggart, 2007. Tradition engaged in a few Stage 2 Turnaround activities, most notably changing their name from College to University and creating a new website. The name change had several reasons behind it, but one very important one was to appeal to international students, many of whom tend to associate the term College with a two-year institution or even a high school. Many institutions stop at Stage 2, having stopped their bleeding and increased enrollment through marketing and branding efforts. At Stage 2, a college has adequately addressed both the expense and revenue sides of their profit and loss statement

(MacTaggart, 2007). Tradition, rather quickly, achieved Stage 2 stability; however, they were not content to remain there, as they realized that their newly achieved stability would be temporary if they did not make more fundamental changes.

Stage 3 Turnaround. Stage 3 turnarounds involve wholesale rethinking of the academic culture and offerings of the institution, MacTaggart (2007) called it an "Academic Revitalization." Moving to co-education and emphasizing an athletics focused enrollment strategy fundamentally transformed Tradition. Stage 3 turnarounds are rare for reasons including: 1) Institutions that have completed a successful Stage 2 turnaround are doing just fine and many are content to remain there (MacTaggart, 2007). 2) Stage 3 turnarounds are the ultimate adaptive challenge, requiring wholesale reevaluation of values, purpose, and mission (Heifetz et al., 2009). Shared governance requires the buy-in and support from all institutional stakeholders to accomplish adaptive change of this scale, which is difficult to muster (Hardy, 1989; Keller, 1983).

Greg and the board of trustees deserve a great deal of credit for not remaining satisfied with the success of their Stage 2 turnaround. Looking forward, and recognizing that remaining a single-sex institution could result in the slow death of the institution, and having the courage to change to co-education, was a profound act of fulfilling fiduciary duties. "A trustee's most important fiduciary obligation is to worry about the future...and are accountable for ensuring that the institution will have the resources it needs 30 or 40 years from now" (Trusteeship, 2013).

Change Adeptness. Because no change initiative can succeed without the support of the board of trustees, institutions that are at risk need to construct a change-adept board (MacTaggart, 2011). "Every board and president that AGB studied engaged in a change agenda that ameliorated at risk characteristics or advanced the institution to higher levels of quality, reputation, and financial strength—or both. They could not have succeeded without a change-adept board" (MacTaggart, 2011, p. 93). Prior to Greg's presidency, Tradition's board could hardly be described as change-adept. While the health sciences school was certainly a significant change to the college, it didn't come from the board demonstrating "good judgement applied to its role in the change process" (MacTaggart, 2011, p. 94). Instead, it was partially the result of the board's lack of scrutiny of the project, deference to the president due to lack of engagement, and arguably a dereliction of fiduciary duty.

In the aftermath of the health sciences school debacle, however, the board was transformed into a change-adept board rather quickly. That transformation was aided considerably by the resignation of the board chair and several other trustees, allowing for new board leadership and new trustees with fresh perspectives. Perhaps most important in the board's transformation was the earnestness of their soul searching as they learned, from their new president, that the financial health of the college was vastly worse than they were aware, and recognizing that "we're part of the problem too."

As the college progressed through the three turnaround stages in less than three years, the board's engagement and change adeptness also turned around, transforming from a board looking backwards at the days when single-sex education was a thriving market, to a forward looking board unafraid of switching to co-ed and bringing on over 100 male student athletes over a summer. An excellent example of the board's change adeptness comes from a recent board meeting where Greg proposed adding another athletic team, a men's wrestling team. Recognizing that having just recently been a women's college, a wrestling team represented a radical co-educational change. Greg quipped that "At least I'm not proposing adding a women's wrestling team." To which, after some laughter from the board, one of the most influential trustees replied, "We should not rule that out."

Seven Critical Success Factors. Tradition's board, prior to Greg, was problem blind, resistant to change, and not highly engaged. As Greg uncovered their problems, the board evolved rather quickly and ultimately demonstrated every one of the seven critical success factors necessary to turn around an at-risk college (Cowan, 1993; Chait et al., 1996; Kezar, 2006; MacTaggart, 2007, 2011):

1. The board recognizes that a crisis is imminent or looming: The board recognized that they were in trouble and supported the immediate changes necessary to stop the bleeding. They also recognized that the market for single-sex education was shrinking and they needed to adapt.
2. The board accepts that survival will require a departure from tradition: Changing to co-education was a radical departure from tradition.
3. The board ensures that they have a president suitable for leading a turnaround. The board lucked out here, as they did not seek a turnaround president. Once they found themselves in turn around, however, they provided a great deal of support to the president. Additionally, the board spends a great deal thinking about and discussing how they can retain the president for years to come.
4. The board partners with the president to support change initiatives and actively works with the president to overcome resistance to change. The board has been very supportive of change initiatives. The partnership between the chair and the president has been particularly important.

5. The board intentionally recruits and develops board members who will understand and support the turnaround. In the early stages of the turnaround, the college struggled to attract new board members. As they have experienced success, it has become considerably easier, and the board has been very deliberate to recruit younger trustees from diverse backgrounds. They have also added several alumni trustees who have graduated within the last ten years.
6. The board works with and learns from outside advisors skilled and experienced in college and university turnarounds. Outside advice was particularly helpful in making the transition to co-educational.
7. The board uses its authority to take action. All of the turnaround actions described throughout the case required the board's authority to take action. That authority was consistently granted quickly and decisively. The chair engaged in much of these activities side by side with the president.

Conclusion

The Tradition board's transition from a problem blind, disengaged, rather ineffective board to an engaged, aware, and change adept board provides a few takeaways for boards of other small, private colleges: (a) The importance of the relationship between the president and the board, with particular emphasis on the relationship with the chair. (b) The need for earnest soul searching about the board's culpability in the institution's decline. (c) Accepting that the institution needs to turn-around and that bold steps are required. (d) Being supportive of those steps. 5) A focus on the future, not the past.

The final takeaway might be that any board is capable of change. It would be easy to assume that a board comprised of older trustees that had served for decades, that was not very engaged, and committed to a single-sex mission would be incapable of change. Other than the presence of several long-serving board members, the Tradition board of today is hardly recognizable compared to the board of a few years ago.

Case 2

Background

Prestige College is located in a suburb of a large, vibrant, and diverse Midwest city. Recently, its board of trustees voted to rename the institution Prestige University effective at the end of fiscal year 2020. Prestige was founded in 1875 as Prestige Proseminary with a mission to train young men for either theological seminary or to be parochial school teachers. In 1922 it was renamed Prestige College where it became a four-year college, and six years later women were enrolled in the college. Prestige began offering graduate degrees in the late 1990s and created a School for Professional Studies in the early 2010s to offer undergraduate, graduate, and certificate programs online. The college currently has approximately 2800 undergraduate students and 580 graduate students. Approximately 130 of the graduate students are in online only programs, and there are no purely online undergraduate programs.

Decline. In the late 90s through mid 2000s Prestige built three beautiful buildings. Like many colleges and universities, Prestige felt like they were in an arms race with competing colleges and needed first class facilities to remain attractive to prospective students. Rather than a capital campaign to finance them, the board had been rather aggressive with debt financing of buildings, going from nearly debt free to having $58 million in long term debt. Current president Ben Simpson remarked that when he took the helm, Prestige lacked a “culture of philanthropy,” making debt financing their only option. A telltale sign of that missing culture of philanthropy is that nine of the 18 buildings on campus are named after former presidents of the college rather than major donors.

At the time, using debt to finance new buildings seemed rather sound, and the board had several trustees that were highly sophisticated and skilled in finance. Their thinking at the time, as described by a trustee was,

> The old way of thinking about your balance sheet is let's go borrow money at a tax free rate. Let's put a letter of credit from a bank . . . the banks will just feed on this because colleges never go out of business, and if your endowment grows at 8% and your all in costs are 3%, you have a natural dividend.

As their president who led these significant improvements to the campus announced his retirement in 2007 after 14 years, the board had the choice to seek a president who would strive for continuity, or a president that could lead the college in new directions. The board chose the latter. There had been a prevailing sentiment within the board that Prestige should aspire to be among the elite liberal arts colleges, as one cabinet member put it, "a mini-Harvard of the Midwest." So, the board chose a president with an Ivy league pedigree: Tom Rendon, PhD, from Harvard, and also former Associate Dean of Yale Law School. Prior to being named president of Prestige, Tom had been serving as Vice Provost of Academic Affairs at a public R1 institution in the northeast.

Like many small, private colleges, Prestige was hit hard by the financial collapse that began in 2008. The college experienced an operating deficit (which excludes investment gains/losses) of $2.6 million in 2008, which ballooned to $10.7 million in 2009 and $8.3 million in 2010 (on budgets of approximately $90 million). The board viewed these first few years of deficits as episodic, a symptom of the Great Recession, rather than something structural. The board chair at the time said, “I know in the beginning we did write it off to—look, what did you expect? Everybody’s suffering right now.”

In the third year of running deficits, it began to be clear to the board that the president was “using the endowment as a piggy bank,” according to the board chair. The board had, from time to time, authorized spending from the endowment in excess of their typical spending policy to make investments. Excess spending from the endowment to cover operating losses, however, was unprecedented and alarming. The board chair enlisted their investment advisor to analyze the long term impact of the excess endowment withdrawals. To no one’s surprise, when applying the historical rate of return compounded over 20 years to the withdrawals, the number was very large. Seeing it in black and white, however, made a profound impact on the board of trustees, turning their focus from just what they were spending to what they were giving up in the future.

While the board had begun to accept that they had a structural problem, they nevertheless remained optimistic that they could grow their way back to financial health. Year after year, President Rendon presented budgets with revenue increases, and the board approved them in spite of their historical record of failing to achieve revenue increases. A trustee described their mindset as:

> How is it that we have 12 to 15 more administrative staff and 12 to 15 more faculty members than we did a decade ago and our revenues haven’t changed? We got into an incremental feeling. We’re going to budget a revenue increase every year from tuition increase, we’re going to lose it with discounting, but we’re going to then not manage our expense side and expenses are going to creep in. It’s a little bit of the frog boiling.

Over the course of President Rendon's seven year tenure, revenue grew at a rate of 3.4% per year, while expenses grew 4.73% annually. Every one of these years resulted in a seven figure operating deficit, ranging between a low of $1.9 million and a high of nearly $13 million. Of course, these operating deficits were exacerbated by the $58 million of debt that had been incurred during Rendon's predecessor's presidency.

The board attempted to work with Rendon to get him to rein in expenses, but according to a cabinet member, "There was not an appetite by the current president to consider expense reductions." Rendon was not prepared to lead a college during difficult times. He was hired because of his Ivy League reputation and connections, not because of demonstrated skill in running a college. A board member said,

> We lost track of the fundamentals and the fundamental skill sets. For example, Yale Law School does not deal at all with financial difficulty and it was totally foreign for him to have any aspect of his job requiring financial discipline. I mean it wasn't even on his horizon.

Over the years, the board tried several measures to provide Tom with counsel, education, and professional development. Board members attempted to mentor him in finance, operations, and leadership. The board hired a former president as a coach for Rendon, going so far as to agree that the coach would not report anything to the board. Ultimately, the board concluded that they had what a board member described as "a failed presidency." Arriving at this conclusion had taken the board several years to reach; however, three incidents happened within rapid succession that sparked the board to act: (a) Their lenders threatened to call their loans due; (b) Tom unilaterally made unapproved expenditures of between $150,000 and $200,000; (c) When confronted by the board chair about these expenditures as well as other faculty and staff additions made while the college was experiencing declining enrollment and losing money, Tom stated that he would do it all over again. The board chair thought to herself,

> OK, your boss just told you have made the worst mistake of your life, and you look her in the eye and say, 'I would do it again', and that's when I realized it's not going to get any better because he doesn't understand the concepts. He's in this academic tower that we can't afford.

Board Takes Over. "Even though it manifested itself as a financial issue, the real problem was people," said another board member. The board chair spent most of the summer of 2014 in conversations with the rest of the trustees polling them for their take on the state of the college and the performance of the president. In Fall of 2014, she called for an off-site meeting of the entire board to discuss whether they intended to renew the president's contract when it came up for renewal at the end of the academic year. Prior to the meeting, the chair informed President Rendon that the off campus meeting was taking place and what was to be discussed. At the meeting, the board unanimously decided that they would not be renewing the president's contract. Shortly thereafter the board chair met with the president to inform him of their decision. The president was not surprised, and he decided to publicly announce his intention to leave the college at the end of the academic year and work with the board on succession.

Rather than wait several months with a lame duck president, the board wanted to begin improving the financial health of the college immediately. Rather than pursuing more conventional choices like transitioning Rendon to emeritus status early and finding an interim president from the Registry, the board tabbed one of their own to step in immediately and take over operational control of the college. Robert Terry had been a trustee of the college between 2005 and 2014. He was a highly experienced former faculty member and college administrator, having served as provost at American University for 14 years prior to joining the Prestige board. Robert had also harbored ambitions to be a college president.

Somewhat awkwardly, the board initially appointed Robert as executive vice president, leaving Rendon nominally as president until the end of the academic year 2015, after which Robert became interim president for the following 18 months while the board conducted a national search. During Robert's time as executive vice president, he had complete authority from the board to act in every way, but name, as president. Rendon's role as president for the remainder of his term was purely ceremonial (including running board meetings). Rendon maintained the large, well-appointed office befitting a college president, while Robert worked out of a tiny, sparsely furnished office adjacent to the president's. Despite the awkwardness of this arrangement, the campus seemed to understand that Robert was in charge and calling the shots. Nevertheless, Robert said, "That was an incredibly awkward situation, one I would never do again, and it was very painful and I would never recommend that for anybody else."

In spite of the awkward initial arrangement, Robert's appointment had the potential for success for several reasons. (a) As a former long serving board member, Robert knew Prestige very well and could begin making meaningful changes immediately. As the board chair put it, an interim from the Association of Governing Boards (AGB) or The Registry, "would take six months to basically figure out where the restrooms were . . . it takes so long to know an institution to know who you can trust, which professors come in and just complain and which ones you need to really listen to." (b) Robert's higher education experience was highly relevant. As a scholar, he had written a half-dozen books and over 100 published reports and articles, giving him credibility with the faculty. As provost at American University, Robert had been instrumental in leading a restructuring and turnaround where they reduced the overall budget and faculty ranks each by 20%. (c) As one of their own, Robert had the full support of the board.

Turnaround. Conventionally, an interim president's role is to provide the board time to conduct an effective search for a permanent president. Often the interim president leads a process to conduct an independent review of the strategic plan and operations of the college. His or her primary responsibility is to ensure a stable transition from one president to another (Carlson & Mathews, 2016). Rarely is an interim president called upon to lead substantial change.

An Unconventional Interim Presidency. The last thing that the Prestige board wanted was to preserve continuity from President Rendon to the next permanent president. They wanted to immediately bring the type of financial discipline to the college that they could not achieve with Rendon, which would mean significant expense cuts. With Robert's unique set of qualities and experience, he gave the board the opportunity to craft a different type of interim presidency; one who could do the dirty work of making significant changes, including faculty and staff reductions, and set up his successor for success.

Having approved budgets, year-over-year, with revenue increases that had not materialized, the board demanded turnaround efforts exclusively focused on expenses. "Our revenues haven't changed in a decade and frankly, have gone down . . . there's nothing which we should do or assume about revenue growth in our model. Everything has to be on the expense side," said a trustee. Another trustee characterized their turnaround strategy with similar bluntness, "We are not going to rely on anything that had to do with revenue. We're going to cut until we have a surplus."

There was profound concern among board members about cutting so deeply that "we lose our spirit and our values," said a trustee. That concern was buttressed by the prevailing sentiment among board members that "If we don't do something, we could go out of business." The threat of their lenders calling their notes loomed over their deliberations, as another bad year could trigger foreclosure. A trustee explained the conundrum, "We got to a number, but we were absolutely concerned that we could be cutting ourselves out of existence, but what if we got a disappointing revenue number? What would we do then?"

Robert's mandate from the board was to make the necessary cuts. As a trustee put it in more plain spoken terms,

> We're going to bring Robert out of retirement and ask him to be that hatchet guy before we bring on another president, so we could separate the functions a little bit . . . in essence, we're going to make Robert the bad guy.

Robert also did not have the luxury of leaning on the endowment to support deficits on his watch, as another of the board's mandates was that the endowment was off limits. "So, Robert, you've got to go through this and you've got to cut. And Robert cut," a trustee succinctly stated about Robert's mandate.

Expense Reductions. One of the areas where the current president gives credit to Robert is for getting the campus to "finally accept the fact that there were some fundamental financial problems and that change needed to take place." The most painful changes were reductions in employee headcount and the elimination of retirement benefits. Forty-one employees left, 17 of whom were faculty, through a combination of layoffs, early retirements, and resignations. Prestige had offered generous retirement benefits that increased with years of service. At their highest amount, the benefit was 14% of salary. Needless to say, these cuts stung and the initial reaction to them, as described by a trustee was, “You guys don’t get it. If the trustees would give more money, we wouldn’t have a problem. That’s a direct quote from a faculty member.”

A key to being able to make these cuts without completely destroying morale was that the entire campus knew that Robert had the full support of the board. Robert said, “If there’s a lesson to be learned, I couldn’t have done this if I hadn’t been a board member and had the support of the board . . . I felt as president that the board backed me 100% of the time.” Robert kept the board chair abreast of every major decision during their weekly conversations, and points to their partnership as one of the keys to their being able to turn a multi-million dollar deficit into a surplus in less than three years. The campus did not view Robert as a caretaking interim. Some viewed him as an extension of the board; others simply saw him as The President, as a staff member put it, “I don’t think anybody looked at Robert and said, ‘Oh, he's an interim.’ He’s the president.”

As the shock of the cuts wore off, and the college began to experience some successes, including a higher than expected freshman class during Robert’s tenure, the perception of the board and Robert was that the culture and morale had actually improved from where it was prior to the expense reductions. Robert described it as,

> There were some successes. Yes, we did have to release some people, but when the numbers started getting better, there was a sense of accomplishment, a sense of almost joy, in that we have tackled this thing, we’ve made it and we’re going to celebrate.

Search for a Permanent President. This time, the Prestige board went looking for a very different president than what they sought when they hired Tom Rendon. The criterion that they weighed most heavily was having previous experience as president of a small, private college. They were particularly seeking a sitting president who had demonstrated effective leadership of an entire cabinet and was familiar with finance and enrollment management. Fundraising, while important, was the lowest weighted criterion.

As planned, the board found their person within their original time frame (which assumed that Robert would serve as interim president for 12 months) and made an offer that the search committee was certain would be accepted. To their surprise and disappointment, their chosen candidate was announced as the president of another institution the Monday after being presented with their offer. The board chair "went into a deep depression, not just because we've lost in this whole thing, but now we're going to have to start over." She also had to tell Robert that the 12 month assignment for which he had signed up was going to turn out to be at least 18 months. She described Robert's reaction as, "Yeah, I have stuff I need to finish; that's fine."

Having their offer spurned and having Robert available to continue as interim president turned out to be a stroke of good luck on two levels: 1) They were able to get the president they *really* wanted. The search committee had been interested in Ben Simpson originally, but he declined to apply for the job because the original timing was incompatible with his children's school schedules. The additional six months naturally solved this conflict. 2) Robert was able to make additional personnel cuts during those additional six months, leaving less "dirty work" for Ben when he started on July 1, 2016.

Background of the New President. Ben met the board's primary criterion of being an experienced college president, and then some. Ben had served as president of a similar, but smaller college for seven years, where he had led a turnaround. Prestige was about four times larger than Ben's employer at the time, and in a much more desirable location, making it an attractive move for Ben. As Ben rose through the ranks of college leadership, his experience included having a PhD and having been a tenured faculty member in the math department, having served (either in a permanent or interim capacity) as Chief Information Officer, Chief Financial Officer, VP of Advancement, and Athletic Director. As a trustee and search committee member put it, "He actually had to do these things himself personally and so when he hires someone, he has a pretty clear idea of what's going on." A member of Ben's cabinet contrasted Ben with college presidents that rise exclusively through the academic ranks, "He knows the operations inside and out," and while Ben had experience as a faculty member, "we lean heavily on an academic team to make sure the academic side of the house is in order."

So Much Work Remaining. While many hard decisions were made and difficult work was done during Robert's interim presidency, the turnaround was far from complete. During Robert's interim presidency, the annual deficits that had been experienced during Tom Rendon's last few years as president had been cut by more than half; however, the fiscal year ending June of 2016 still finished with an operating deficit of over $2 million. With a $5 million balloon payment due in 2019, a persistent structural debt, and a board unwilling to authorize excess withdrawals from the endowment, turning these deficits into surpluses, and rather quickly, was the only option.

Additional Expense Cuts. Ben was able to wring out an additional $3 million of annual expenses within the first six months on the job, while causing little disruption. Moves such as ceasing to rent buildings off campus and relocating those activities to underutilized buildings on campus, eliminating redundant marketing vendors, eliminating redundant staff positions, and renegotiating IT contracts each resulted in cost reductions of several hundred thousand dollars. Ben explained why such low hanging fruit remained when the board had been so focused on expense reductions: "We have really great trustees, and they can understand things, and they're going to drive this place moving forward. The problem is that they're working two to six hours a week at this."

Of course, the board had Robert in the president's office to run things day to day, but according to Ben, Robert had been,

> A vice president for academic affairs, which years ago would have been the best training ground to be a president, but in a highly leveraged situation, I don't know that an academic has the necessary skill set or financial acumen to be able to really see both the short term and long term implications of the decisions they're making.

Ben, on the other hand with his previous experience, "as a former CFO, he knew pretty quickly where to start looking for places we could come back, do some things differently, and save some money," said a cabinet member.

Kicked the Can Down the Road. While Robert and the board endeavored to "set the table for the new president," said the board chair, a few of their decisions created immediate gain but deferred pain, that Ben inherited. Two noteworthy examples of deferring pain are: (a) A ten year contract with a food services vendor was signed that provided the college $2 million cash, but bound them to exclusivity for those ten years at a significantly above market rate. Ben said with certainty, "I would never have signed those terms . . . it allowed them to get $2 million cash, but they mortgaged the future." (b) The elimination of retirement benefits is something that Ben believes merely, "created a deferred situation, so now we're having to restore that. That's not getting us ahead. That's just restoring funds that people believe are an entitlement." Even while acknowledging the effectiveness of Robert's efforts, Ben believes that the board had a better option.

> I'm convinced that the best thing they could have done would have been to have got the very best retired president that was good with financial modelling and they would have come in and they would have relatively quickly found, some of the things that I had found, maybe some different approaches or what have you, and have been able to avoid some of the decisions that were made that just basically deferred the problem.

These, and other deferred challenges have contributed to some tension between Ben and the board as their perceptions of the state of the college on July 1, 2016, are quite different. The board's perception is that the turnaround of the college was mostly completed during the 18 months that Robert was at the helm:

> Robert started with the most fundamental cost cutting things, but nothing that would be a mid-term or long-term policy effect on the new president . . . but we did a lot of the most major cleanup items in terms of some obvious, radical, immediate cost cutting

said a trustee. Whereas Ben's perception is, "I contend that they basically just deferred a lot of problems." Their audited financial statements, tax returns, and IPEDS data suggest that they are both right. Significant expense reductions were made, and the financial health of the college was greatly improved during Robert's presidency; however, the college was still hemorrhaging money until Ben took over. The expense reductions that Ben led during his first few months nearly eliminated the annual operating deficit entirely. The improvements to revenue that were forthcoming created significant surpluses.

Increased Revenue. One of the key drivers of revenue increases was Prestige's Vice President of Admissions, Ted Johnson. Ted had started with the college in 2012 to oversee enrollment of a new division for online programs. Under Robert's leadership, Ted's portfolio was increased to include all enrollment management. The seeds of Ted's labors, which were planted under Robert, began to bear fruit under Ben's leadership. Ted had a great deal of experience in the for-profit world, having been a Senior VP with responsibility for enrollment at one of the largest for-profit universities. Ted brought with him the best parts of the for-profit culture and attitude towards enrollment management to Prestige which he summed up as, “If you don’t have the head of the admissions department thinking that he or she runs a sales organization, and they are the chief sales manager, they need to be fired.”

With the help of an enrollment consultant, Ted spent a great deal of time educating the board about the connected realities of enrollment (headcount), discounting, academic quality, retention, and net tuition revenue. Ted wanted to ensure that the board understood that there are choices to be made, and that when it comes to admissions, the board cannot have its cake and eat it too. He instructed the board that,

> I can do anything you want, but I can’t do everything you want. You have three choices: you can reduce the discount, you can increase the number of students, you can raise academic quality. You can’t do all three. As a board member, you need to decide what’s the number one thing you want out of your admissions department, and don’t tell me you want this and this. Tell me The One Thing.

The One Thing that the board chose was increasing net tuition revenue. Ted and his team were able to reduce the discount rate from 58% to 53% during his first year as VP of Admissions with two primary strategies: (a) Simply being more disciplined about what Ted called getting the admissions staff “to not play ‘Let’s Make a Deal’ and just sell on price,” and (b A campus wide focus on transfer students. The discount rate for transfer students is only 46%, resulting in per student net tuition that is $3,000 higher for transfer students versus first year students.

Transfer Students. *Increasing the admission (and retention) of transfer students is not simply a matter of the head of admissions deciding to direct some marketing their way. Far too many institutions eschew transfer students for reasons that range from dubious, such as transfer students' retention and graduation outcomes not contributing to* U.S. News and World Report *rankings, to flat out bias such as, "advisors consider transfer students, particularly those transferring from community colleges, in a more negative light than native students" (Jacobs, Miller, Lauren, & Nadler, 2004, p. 76). The Prestige board, however, embraced transfer students and recognized that they needed to become "transfer friendly." A cabinet member credited the board for their support of transfer students:*

> We have a pretty smart board and they understood the concept of net tuition revenue, and that transfer students are pretty lucrative. They mandated that we become transfer friendly. So there was a huge emphasis on customer service, and streamlining what we do.

During Ben's first year, they signed approximately 20 articulation agreements with community colleges in the region. They offer dual enrollment to community college students whereby they can take a course on campus at Prestige, but pay the community college rate. There are scholarships specifically designated for transfer students. They also have admission staff that focus exclusively on transfer student recruitment and admissions. Those staff members work very hard to maintain close relationships with community college academic advisors and counselors. Nearly half of the new students that Prestige admits each year are now transfer students.

Athletics. The other half of new admits are first year students, nearly half of whom come to Prestige with the intent to participate in intercollegiate athletics. Athletics is a major component of Prestige's enrollment strategy. They participate in NCAA Division III which prohibits athletic scholarships, so student athletes are not coming to Prestige because of any special financial aid packages. If there is more than a 4% variance in the financial aid provided to athletes than non-athletes, it will trigger an audit from the NCAA. Furthermore, Ben estimates that less than 10% of the athletes that they recruit have the ability to play at the NCAA Division II level; they simply want to be able to play their sport while they attend college. Coaches are evaluated much more heavily on their recruiting and the retention/graduation rates of their athletes than they are for wins and losses. While there are certainly costs associated with athletics, none of those are exacerbated by higher than average discount rates or lower than average retention and graduation rates for student athletes. The net financial effect of athletics is overwhelmingly positive.

Retention. The board and Ben have been highly focused on improving retention. Of course, retention is an outcome that every college president and board should be monitoring, but it's particularly important to Prestige's financial future. While enrollments have grown significantly during Ben's presidency, demographics portend difficult times ahead. Prestige attracts the overwhelming majority of its students from their region, and the number of high school graduates will drop off by 15% between 2025 and 2029. They are anticipating that the enrollment increases of the past few years will level off and they simply will not be able to afford to lose students that they worked so hard to recruit and admit.

Ben's contract was negotiated to include a significant portion of variable compensation tied to quantifiable metrics, one of which is retention. During Ben's presidency, second year retention has increased from 78% to 82%, and his "goal for this year is to take retention to 84%; this year, not next year, not over three years, this year. And it looks like he's going to hit it because he pushes it down through the whole cabinet," said a trustee. Bonus pools have been established for the cabinet members so that the entire leadership team is aligned. Retention and other metrics are tracked and reported to the board monthly.

Current State of Affairs. Since the board more or less took command of the college during their off campus meeting in 2015, the trajectory of the college has been exceedingly positive. Robert's interim presidency was uniquely active, instilled a long overdue sense of urgency on campus, and he made a considerable number of painful expense cuts. Ben has been able to complete the belt tightening on the expense side, and also drive significant improvements on the revenue side. In fall of 2017, Prestige was able to celebrate the highest enrollments in its nearly 150 year history, while simultaneously reducing the discount rate. A trustee reflecting on this said that, "With our expenses in line, one of our pleasant surprises is how with Ben coming on board and getting our revenue model stabilized that our surpluses were enormous." The college has produced surpluses between $5 million and $8 million each of the last three years (fiscal years ending June 30, 2017–2019).

Consistent with the old saying, "Success has a thousand fathers, but failure is an orphan," there are differences of opinion over who was responsible for what. Some trustees believe that the turnaround was complete and that by the time Ben arrived, "We had a bumper crop of students, we worked on our discount rate, so he walked right into a very large surplus." Ben and most of the cabinet, however, are of the opinion that a great deal of work was needed to turn the college around remained, and still remains. Their financial statements and IPEDS enrollment data suggest that the financial health of the college had been greatly improved during Robert's 18 months at the helm, but that it was still operating at a loss, albeit one that had been dramatically reduced. The improvements in enrollment, decrease in the discount rate, and resulting surpluses were created under Ben. It seems likely that the board and Robert did, indeed, "set the table" for Ben, who puts it simply, "I think everybody should get credit for what's taking place here," before jokingly adding, "I recognize I'll get the blame for it if it comes undone."

There is no difference of opinion in how pleased the board is with Ben's performance as president. Their former board chair, reflecting on how their decision to hire Ben is working out said, "It is going unbelievably well. I'm just trying to keep that man happy." Another went so far as to say, "In my opinion, Ben is perfect for what we needed and I would say probably ideal for a lot of other places. My biggest worry is that he could at some point take a flier at becoming a president of a more prestigious mid-size institution."

Board Culture. Another area where there is no difference of opinion is the current level of involvement by the Prestige board. In years past, board members had been passive and too deferential to the president, particularly when it came to approving the $58 million in debt during the presidency of Tom Rendon's predecessor. A long serving trustee said, "It's almost like hero worship. There's the college president. He's all knowing, he makes such great speeches, And as I look back, I go, man, we were the most passive board in the world."

Hero worship by board members is a thing of the past.

> Ben is by all terms a successful president, and yet, I can see him with warts and all as a college president. There are still things Ben needs to work on, and to his credit, he is very open to constructive criticism.

Passivity is also a relic of the past. A board member said that early on Ben said to him, "Boy, you guys are a lot more involved, and a lot of my cabinet are freaked out as to how much contact you have or things you say." When it comes to contact with cabinet members, the board makes it a point to have a direct relationship with the CFO. As one of the board members put it, "My biggest defense about a president that is really trying to hide stuff from me is to be able to have a direct relationship with the CFO."

When recruiting new board members, the Prestige board is specifically seeking individuals who want to be actively engaged. One trustee said, "There is nobody on our board who is taking this position because they think it will look nice on their resume. Nobody." Another said,

> These aren't the days where it's a great honor to be on the board. Sure, it helps my professional resume, makes me feel like I've given back and those are all good. But my God, when you get here, there has to be a sense of urgency.

Ben and his cabinet feel their level of engagement for better and worse. "I understand trustees and our trustees, in particular. They like to see themselves as driving the institution and making key decisions," said Ben. The flip side of that, he added, is that, "I have a VP who said to me the other day that,

> This is just like an idea factory that we can't hardly even manage to navigate through,' And that's just how it is when you have board members who are really bright, are engaged in the place, have these ideas, and expect that all of their ideas to be tracked down.

Over time, however, Ben acknowledges that there is a growing awareness among key trustees that there are times where they are in the way.

Analysis

Decline. The seeds of Prestige's decline were sown long before Tom Rendon's presidency, when the board approved $58 million of debt to fund buildings, and the trustees who were there at the time owned up to their failings, pointing to the buildings named after former presidents rather than major donors as a glaring symbol of a failure of fiduciary experience. Small, tuition dependent private colleges that are highly leveraged court disaster, "where having ten fewer students than expected is a serious financial problem. Having 30 fewer is a disaster" (Brown & Ballard, 2012, p. 23). Prestige flirted with the fate Bradford suffered. After incurring significant debt to build buildings, Bradford's enrollment fell off enough that their lenders foreclosed and the college had to shut down (Brown & Ballard, 2012). Prestige's issues with their lenders were so concerning that the board had to contemplate the possibility of merging with another institution. Compounding the problem of too much debt is that the college entered into interest rate swap agreements when issuing their bonds that are underwater. An interest rate swap is a forward contract where one stream of future interest payments is exchanged, or swapped, for another. Typically, the exchange is a floating rate of interest for a fixed rate of interest, or vice versa. One trustee characterized the decision to enter into the swap as, "That was a stupid bet"—the bet being that the board assumed that interest rates would increase over time. Since they have not, it leaves the college with a "phantom liability," as a trustee described it, of between $10 and $15 million in addition to the $58 million in bonds.

A board's most important responsibilities are hiring and firing the president (Keller, 1983). Unfortunately, boards of small, private colleges frequently focus on the wrong qualities when searching for a president: qualities such as academic background, fundraising abilities, or external relations, rather than a candidate's ability to lead and manage change (Bok, 2017).

Prestige was focused far too narrowly on academic background and perceived fundraising abilities when hiring Rendon. A cabinet member went so far as to say,

> I think they did him a disservice when they hired him because they brought him in to remake Prestige College into this Eastern liberal college and we're not, we're a very salt of the earth Midwestern institution. When you try to be something that you're not, you usually fail.

The board, just like the Federal Reserve, could not predict the financial crisis of 2008. Nevertheless, with their significant debt load and looming demographic challenges, the college needed a president with strong operational skills. When the financial crisis hit, Rendon was objectively unfit for the job. His administrative experience had been at large institutions with billion dollar endowments. He had no experience with scarcity, and had no appetite for cost cutting. By hiring Rendon, the board demonstrated problem blindness (Cowan, 1993) by simply ignoring what the historical mission and identify of the college was, the students that they had historically served (overwhelmingly from their region), their demographics portending a drop off in area high school graduates, and their capital structure.

It bears repeating that a board's most important responsibilities are hiring and firing the president (Keller, 1983). In spite of Rendon's poor fit for the institution's needs, and the massive deficits that were generated during every year of his presidency, the board let him continue for six years. Firing a president who is underperforming, or simply a bad fit, is something that many boards of trustees are reluctant to do. First of all, effective leadership of a college depends upon a healthy relationship between the board and president, "The board and the president together agree that their relationship is interdependent and the relative strength of the relationship creates the presidency" (MacTaggart, 2011, p. 40.). This interdependency naturally creates an environment where trustees are inclined to support the president. Switching costs are high both in terms of money spent on consultants, and the time it takes to conduct the search as well as the time it takes a new president to get to know the institution.

The psychological trap of "loss aversion" (Brafman & Brafman, 2008; Wergin, 2020) was likely another factor in the board continuing to support Rendon in spite of the mounting evidence of him being a poor fit. Loss aversion is at work when an investor fails to sell a plummeting stock, a gambler chases rather than cuts their losses, or a partner remains in a doomed relationship (Brafman & Brafman, 2008; Wergin, 2020). It can also be at work when a board sticks with a president in spite of the evidence that the relationship is doomed.

Combined, these factors create a phenomenon that Cabranes (2007) coined, "back him or sack him," where trustees feel that their role is to support the president until he or she has become objectively unfit, which can take a long time. Some board members, and even members of the cabinet, knew that Rendon was objectively unfit to lead Prestige, yet the board let him continue to lead the college for several years after arriving at that conclusion. They attempted half measures such as hiring an executive coach, and having trustees attempt to mentor the president, rather than simply firing him.

In spite of flat or declining enrollment, the board continued to approve budgets that assumed enrollment and revenue increases. Rather than let past performance predict flat or declining enrollments, the board was biased toward optimism. Optimism bias can lead to a systematic fallacy in planning and decision making known as "the planning fallacy" (Kahneman, 1994, 2011). Decision makers tend to underestimate costs, completion times and risks, while overestimating the benefits (Flyvbjerg, 2008; Kahneman, 1994, 2011; Lovallo & Kahneman, 2003). Kahneman (1994, 2011) believed that the root cause of the planning fallacy is decision makers taking an "inside view" focusing on the specifics of a plan or budget rather than focusing on similar plans or budgets of projects that are already completed.

The planning fallacy can be remedied by "reference class forecasting" (Flyvbjerg, 2008; Kahneman, 1994; Kahneman, 2011) whereby decision makers find a reference class of similar projects, allowing them to develop an "outside view" of their project. The outside view is almost certain to be less optimistic than the inside view. While it is certainly much more difficult to form a reference class of similar private colleges than Flyvbjerg's (2008) study of transportation projects; if their board had examined their peers, it is nearly certain that they would have seen declining revenue and declining enrollments, which should have led to budgeting as such.

The importance of a board of trustees approving a budget with realistic revenue expectations cannot be overstated. Once the revenue level is set, the expense level to support that expectation is set for the year, and is difficult to cut if the revenues do not materialize. By taking the "inside view" to their budget and approving revenue expectations that were unrealistic, they breached their fiduciary duty, as they implicitly approved spending money that they did not have. With better budgeting, the excess distributions from the endowment could have been reduced or even eliminated.

Turnaround. When Rendon announced his retirement, the board sprung to action immediately. The board wanted change now, and knew that they would need a new leader to make changes. While their initial move appointing Robert as executive vice president in name, but with the authority of a president, was awkward, it was effective. The literature is effectively unanimous in determining that a new president is necessary for a college to successfully turnaround (Chaffee, 1984; Cowan, 1993; Eaker & Kuk, 2011; Green & Levine, 1985; Hamelin & Hungerford, 1989; Hartley, 2003b; MacTaggart, 2007, 2008, 2011; Paul, 2004, 2005; Zekan, 1995). The board was also very clear in what they wanted Robert to accomplish as their interim leader. He was to cut expenses, be the bad guy, and set the table for his successor. As the Prestige board determined that they needed new leadership, they also learned to be skeptical of turning the college around through increasing revenue. Their optimism bias of the past turned into an outright refusal to believe in and budget for revenue increases as Robert got to work.

In their search for a permanent president, they avoided the mistakes made when they hired Rendon. Turnaround presidents need to be skilled in finance, marketing, operations, and fundraising (Brown & Ballard, 2012; MacTaggart, 2007; Mathews et al., 2013; Smith, 2010; Townsley, 2009). The Prestige board was clear in their search criteria and their ultimate selection that a turnaround president was what they needed. Ben's background indicated that he was a perfect fit, and his performance at Prestige confirms that he is.

Stage 1 Turnaround. Stage 1 of a turnaround is restoring financial stability. Solvency must be resolved before an institution can address deeper issues (MacTaggart, 2007). Stage 1 turnarounds typically involve some combination of program and staff reductions, outsourcing services, and fundraising (MacTaggart, 2007). The Prestige board was laser focused on cutting expenses, and charged Robert to cut, which he did. The food service contract that Ben regrets, was also a Stage 1 turnaround tactic. Fundamentally, Stage 1 is about stopping the bleeding (MacTaggart, 2007). While the college is paying above market rates now, the $2 million cash they received upfront basically plugged the hole in their budget in 2016. It was essentially a high interest, off balance sheet, no recourse loan, which is something they could not have obtained from a conventional lender. Under Ben's leadership, the Stage 1 turnaround that began under Robert was completed, as he wrung out another $3 million of annual expenses within his first six months on the job. Those additional expense cuts brought Prestige's operating budget back into the black for the first time in ten years.

Stage 2 Turnaround. Stage 2 turnarounds address the revenue side of the P&L. They typically include marketing and branding efforts that end up resulting in improved enrollment and net tuition revenue (MacTaggart, 2007). Once educated by their VP of Admissions, on focusing on The One Thing, the board chose net tuition revenue. With that guidance from the board, the admissions team reduced the discount rate for first-year students and aggressively sought out transfer students. In a dramatic departure from their aspiration to be a mini-Harvard of the Midwest under Rendon, the board not only supported the outreach to transfer students, but required the college to become transfer friendly. A stronger focus on athletics was another Stage 2 contributor to increasing net tuition revenue. As an NCAA Division III school, Prestige cannot award aid for athletics, so student-athletes do not adversely impact the discount rate. Coaches are evaluated primarily on the recruitment and retention of the students on their teams rather than wins and losses.

Stage 3 Turnaround. Stage 3 turnarounds are characterized by an “Academic Revitalization” that transforms the culture and offerings of the institution (MacTaggart, 2007). Prestige’s Stage 1 and Stage 2 turnaround efforts were so effective, resulting in surpluses exceeding $5 million for each of the past three years, that they did not need a revitalization. Instead, they stopped trying to be something they were not, an elite liberal arts college on par with Amherst et al., and embraced their long standing institutional identity, described by a cabinet member as a “very salt of the earth Midwestern institution.”

Change Adeptness. Because no change initiative can succeed without the support of the board of trustees, institutions that are at risk need to construct change-adept boards (MacTaggart, 2011).

> Every board and president that AGB studied engaged in a change agenda that ameliorated at-risk characteristics or advanced the institution to higher levels of quality, reputation, and financial strength - or both. They could not have succeeded without a change-adept board. (MacTaggart, 2011, p. 93)

The Prestige board, by their members' own words, was too passive and deferential to presidents for too long, the results of which were too much debt and erosion of the endowment. When they sprang into action at the time of the announcement of Rendon's retirement, they were very actively engaged in making changes. Appointing Robert immediately and mandating that he cut the institution to financial stability were acts of a change adept board. Furthermore, their publicly explicit and unwavering support was essential to Robert being able to effectively act.

The board's wholehearted support of transfer students is another example of their change adeptness, for which they deserve tremendous credit. The 35 member Prestige board is comprised of mostly older alumni, a group not typically prone to embrace change (Brown, 2011; Brown & Ballard, 2012; Friedman & Craig, 2017; MacTaggart, 2007, 2008). There is demonstrable bias toward transfer students, particularly those from community colleges, and far too many colleges eschew transfers and erect barriers for their admission and retention (Jacobs et al, 2004). At a glance, one might expect a board with Prestige's composition to be afflicted with such bias. They are not, and the college's embrace of transfer students has not just bolstered the bottom line, but fostered diversity, equity, and inclusion on campus.

Seven Critical Success Factors. When the Prestige board decided to appoint Robert as executive vice president (but with presidential authority) and then interim president, it demonstrated all seven critical success factors required to turn around an at-risk college (Chait et al., 1996; Cowan, 1993; Kezar, 2006; MacTaggart, 2007, 2011).

1. The board recognizes that a crisis is imminent or looming. While the board arguably waited too long to accept that Rendon was a poor fit, they ultimately did reach that conclusion, and when they did, they acted almost immediately.
2. The board accepts that survival will require a departure from tradition. Having arrived at their conclusion about Rendon, their actions that followed deviated not just from the traditions of the institution, but from higher education in general. The conventional choice would have been to have Rendon serve out his term, during which they would have run a national search. If that search did not find a replacement before Rendon's term was over, the board would have found an interim president from the Registry. Immediately appointing a former board member as executive vice president in name, but president in authority was a dramatic departure from tradition.
3. The board ensures that they have a president suitable for leading a turnaround. The Prestige board did this twice. Their selection of Robert, with a mandate to cut their way to a balanced budget, was laser focused on turning the institution around. The board could not have been more clear in their search criteria and in their ultimate choice of Ben.
4. The board partners with the president to support change initiatives and actively works with the president to overcome resistance to change. This was most evident with their selection of and support of Robert.

5. The board intentionally recruits and develops board members who will understand and support the turnaround. Prestige board members are clear that they want active and engaged board members, not those seeking prestige or social engagement.
6. The board works with and learns from outside advisors skilled and experienced in college and university turnarounds. The Prestige board eagerly worked with the enrollment consultant that helped shape their enrollment strategy.
7. The board uses its authority to take action. This, too, was evident during Robert's interim presidency. To some extent, Robert was an extension of their authority.

Conclusion

Once the Prestige board got out of the "back him and sack him" trap in which many boards become stuck, whereby they support the president all the way until he or she becomes objectively unfit (Cabranes, 2007), they deftly contributed to, and in many ways, led their turnaround. Acting quickly, focusing on expense reductions, and appointing two turnaround presidents were the key components of turning the college around.

The board remains highly engaged and informed, perhaps sometimes to a fault. Paradoxically, with Ben as president, the board could probably get away with passivity and deference; however, they have learned from past mistakes. They also recognize that Ben may leave one day, and that the board persists, so they must remain engaged and informed regardless of the effectiveness of the president.

Case 3

Background

Emergent College was founded in the mid 1940s as a subsidiary of a large Carnegie R2 institution located about an hour away. Emergent College became financially and legally independent in the mid 1990's, and has thus had only 25 years to build an endowment that is now just shy of $30 million. With approximately 3,000 undergraduate and 1,000 graduate students, and such a small endowment, Emergent College is almost entirely tuition dependent. Mary Tompkins has served as president since August of 2016. She was preceded by Tyler Avery who served as president for 18 years.

Decline. Emergent College's story involves two turnarounds, one that began nearly 20 years ago, and another that began in 2017. Tyler Avery was the first president that Emergent College selected on its own. Previous presidents had been selected by its parent institution. When Tyler Avery assumed Emergent College's presidency, the college was in "dire straits," according to a trustee, and "We were going the way of a lot of small, private colleges." President Avery was described by several trustees, and in the press, as a visionary. Under Tyler's leadership, the campus was transformed from what a trustee called, "a commuter college," to one that had many of the hallmarks of a rich on-campus experience, e.g. athletics and homecoming.

Under his leadership the college significantly increased their athletic programs by adding football and ice hockey, both of which had material impacts on enrollment and overall student engagement. Both teams are very popular with the student body and community at large, and consistently are near the top in Division III attendance. During Tyler's presidency, the number of athletic teams doubled. The college now offers 25 NCAA Division III intercollegiate sports, with over 700 student athletes.

Beyond the campus, Tyler led the college into online education. The college currently offers five fully online bachelor's degrees, four undergraduate certificates, seven graduate certificates, eight fully online master's degrees, and one fully online doctorate degree. Online programs at Emergent tend to be very market driven, and are currently in areas such as: cyber security, computer forensics, data science, financial crime and fraud management, and allied health. The combination of improvements on campus, athletics, and online programs contributed to significant growth in enrollment during Tyler's presidency. Undergraduate enrollment more than doubled, and graduate enrollment quadrupled.

This description of Emergent under the heading of Decline, might appear to the reader to be misplaced, as what is being described is clearly a college that is in ascendance, not decline. Emergent was, indeed, in ascendance for the first 12 years of Tyler's presidency, but in 2013, it fell into decline, producing an operating deficit of $1.2 million. The deficits only worsened over the next three years, coming in at $1.4 million, $3.8 million, and $2.5 million. With a stronger balance sheet, these operating deficits might not have created much stress; however, the college had accumulated a great deal of debt to finance Tyler's visionary pursuits. P&L decline combined with a weak balance sheet put the institution at risk. Reflecting back on that time, the CFO said, "We used to be a campus that would say, 'Oh, we want that, we want that, we want that, let's just go into debt.'" The combination of weak operating performance, high debt load, and a meager endowment put a significant amount of stress on the college.

In 2016, this combination jeopardized the college's standing with the Department of Education (DOE). Their DOE composite financial ratio fell to 1.6. In 2012, before falling into decline, their composite ratio was 2.8. The composite ratio is comprised of three ratios: a primary reserve ratio, an equity ratio, and a net income ratio that are meant to capture the financial (not educational) health of a college/university (Federal Student Aid, n.d).   Institutions with scores below 1.5 are subject to heightened monitoring by the Department of Education, and may be required to post a letter of credit. Institutions with composite ratios less than 1.0 can lose access to Title IV Federal student loan funds, effectively putting an institution out of business. Another measure of financial health, the Forbes College Financial Grades, which gives letter grades to colleges and universities that indicate their financial health, gave Emergent a grade of D in 2016 (Schifrin, 2016).

Contributing to their financial stress was that Tyler was not a particularly strong financial manager. Each trustee and staff member interviewed described him using nearly identical terms and themes. They are grateful for his leadership of the transformation of the college from a small, sleepy commuter school to a much larger and vibrant institution. He is described as a visionary and a dreamer who sees the future and has the energy to get things done, but he is also consistently described as a spendthrift. A trustee described him as, “Tyler was great, Tyler was a visionary, and financially . . . well, he wasn’t a financial wizard,” adding laughingly, “So, if you look at those years with the deficit, I wouldn’t say Tyler was fast and loose, but I would say Tyler was fast and loose.” Another trustee said, “Tyler Avery, bless him, he built a great college in the 17 years there, but he was a prolific spender.”

> Tyler announced his retirement 15 months in advance, giving the college plenty of time to conduct a search and ensure a smooth transition to his successor. It also ensured that, however well intentioned, they would have 15 months of a lame-duck presidency, during which Tyler’s tendencies toward overspending would increase. A trustee described Tyler’s last year saying, The last year of Tyler’s reign, we call it reign, I mean I think that after 17 years, they get a king complex. The CFO came to me and said that we’re way off budget. Tyler’s granting every request. He wants to be everyone’s best friend when he retires. We’re not going to have a good ratio, and things are looking bleak.

After being informed by the CFO of being way off of budget, that same trustee met with Tyler and said to him, "Tyler, you don't need your legacy to be that you ran the college into the ground your last year here after all of the wonderful things you have done."

Turnaround.

Presidential Search. Soon after announcing his retirement, Tyler told the board of trustees that, "You're going to need a different kind of president after me. You have to decide what that is going to look like, but it shouldn't be more of the same," recalled the trustee who served as chair at the time of the announcement. Emergent College was in financial stress, but they were not in a crisis, which afforded them more options in the types of presidential candidates they could consider.

The board formed a search committee chaired by a trustee with senior level HR experience at a Fortune 50 company. Following good shared governance principles, there were representatives from the board, faculty, staff, student body, and alumni on the search committee. An executive search firm specializing in higher education was retained to conduct a national search. Ultimately, the committee narrowed the list of candidates to three finalists that were made public, two of whom were sitting provosts at other colleges, the other was an internal candidate, Mary Tompkins.

Mary had served for seven years as Executive Vice President and Chief Administrative Officer (CAO) of the college. Her responsibilities included: Advancement, Finance, and Enrollment Management. One trustee described her as Tyler's "right hand person," another trustee described her as, "second in command." Before coming to Emergent College, Mary had a very successful career in banking. Despite her time as a senior leader of a college, and a doctorate in higher education administration from an Ivy League school, Mary was seen by many as a non-traditional presidential candidate, and by others, less charitably, as an interloper.

Faculty, in particular, opposed Mary's candidacy.

> I would say 90% of the faculty, maybe more, did not want me to get this job. And they were vocal about it, it was actually very uncomfortable . . . I was treated absolutely poorly compared to the other candidates. It took a lot of thick skin for me to go into those faculty meetings, go into those interviews and face what was a hostile environment.

The board of trustees was understandably influenced by the faculty's vocal and overwhelming opposition to Mary,

As an internal candidate, the odds were stacked against Mary. Only 20% of college/university presidential searches with internal candidates end up selecting the internal candidate (Hartley & Godin, 2009), compared with 74% of CEO searches in the corporate world (Anterasian, Stark, & Smith, 2016). Their board chair at the time of the search described a bias against internal candidates,

> Sometimes internal candidates may not get a fair shake because they have challenges with their boss that you may be aware of. Whereas, external candidates always look like the grass is greener on the other side. So, you always have a bias against them.

With a candidate as strong as Mary, however, that bias can be overcome because the board knew her strengths, knew that she could get to work right away on plugging their deficits, and they feared that she would leave the college if she was not selected as president.

These dynamics complicated the decision of the board. They had a very strong internal candidate with demonstrated skill in fundraising, financial management, and enrollment management. However, this candidate was nearly universally opposed by the faculty. In their early rounds of voting, results were split evenly between one of the external candidates (a sitting provost with strong support from the faculty) and Mary. After lengthy discussions, and a few more rounds of voting, the board decided to extend an offer to Mary, "And it was probably the best thing we ever did," said a trustee.

What tipped the scales for Mary was the board choosing to prioritize the financial health of the college over the protests of the faculty. The financial health of the college was known and based on facts. The faculty protests, on the other hand, were rooted in bias and hypotheticals. They assumed that because Mary had not come up through the faculty ranks that she was incapable of understanding and effectively working with faculty. Her Ivy League doctorate did little to assuage them, as it was earned in a nontraditional manner while she was working as a cabinet member of the college. If they had chosen the external candidate, it would have taken that individual a year or more to get to know the institution and its challenges and opportunities before being able to take any action. A trustee described their rationale as,

> Mary can hit the ground running. She doesn't have to get to know anybody here, she can start attacking problems on day one. And we don't have a year or two. In another year or two, we would be really struggling.

Relationship with the Faculty. The board and Mary knew full well that her relationship with the faculty was, according to Mary, "fractured," but she had a plan to address it. Between the time of the announcement of her being selected as president and the time she started, Mary had approximately 230 meetings with faculty members. "I sat through small groups, large groups, I met with every member of the faculty. I listened, and I shared all of my minutes from cabinet meetings. We never shared minutes under the previous administration. So, I shared everything." This initial whirlwind of faculty meetings could have been interpreted as a PR gimmick, if Mary's outreach to faculty had ceased upon her beginning as president. Instead, transparency with the faculty has become a hallmark of Mary's presidency.

Mary holds a town hall every semester going over their finances and operations in depth. She goes through their financial statements, DOE ratio calculations, and retention numbers. Then she takes it to another level of transparency by reviewing how much cash they have on hand, and how many days of operations that can fund. "Everybody here knows everything, and that has built a lot of trust," said Mary. The numbers from their campus wide survey done after her first year back that up: 88% of the respondents said that Mary was doing a very good or exceptional job. A trustee reflecting on Mary's relationship with faculty said, "There was a lot of skepticism (from faculty), but I've had multiple faculty members come up to me independently on campus and apologize to me, 'So I was wrong about Mary.'" Another measure taken by Mary to improve faculty relations was hiring an exceptional provost who came to Emergent after nearly 20 years at a college with a similar profile to Emergent, where he had been a tenured professor of history, a dean, and provost.

The Fundamentals. Mary believes that, "What the board got with me is not something I think they set out to look for." She thinks that one of their primary concerns was having someone who would continue to have big ideas like Tyler, because as a small, entirely tuition dependent institution, the board knew that continuous innovation was key to their long term survival. Mary continued, "Under the hood, there was so much work to do with our fundamentals, and I don't think that our board had a real insight into how much work the fundamentals needed." Having served for seven years as CAO, Mary knew what work needed to be done with the fundamentals, but those details were never the focus of her predecessor, Tyler.

Mary felt strongly that the college was wasting a great deal of money, so she focused on reining in spending. She emphasized,

> I'm not talking about cuts. I'm not talking about real takeaways from people, but just paying attention to our spending. Why do we do this? Where's the data for it? When we start a new initiative, why do we keep it going?

In her previous role as CAO, Mary could ask these questions, but lacked the authority to act on them. As president, empowered not just by the authority of the office, but also the institutional knowledge gained in her previous positions, she was able to act swiftly and effectively.

One of the first major efforts to rein in spending was conducting an academic program review, which upon completion allowed them to know, according to Mary,

> The productivity of the faculty on a student credit hour basis, and on a per completion basis. We know productivity at the course level, we know it at the department level, and we can have it at the school level.

One might think that faculty would balk at having productivity scrutinized, but it has actually eased tension when it comes to decisions about, for example, whether to replace a retiring faculty member or not. In the past, they simply would, without question, replace a retiring faculty member. Now, the data simply tells them whether they should or should not. A similar review of administrative functions was performed, which revealed numerous instances of duplicated efforts, overlapping spans of control, and redundant layers of bureaucracy. Even though enrollment has increased nearly 18% during Mary's first year two years as president, expenses have remained flat. Mary characterized tightly managing spending as being, "a much better steward of our students' resources than we've ever been before."

Cost/Quality. Being a much better steward of their students' resources has helped Emergent to be removed from what Mary said is, "A list you would never want to be on." That list was U.S. News & World Report's 2014 list of colleges/universities in their region whose students had the most student loan debt. Through a combination of efforts, some of which began under Mary's predecessor, student loan debt has decreased from an average of $42,000 to $28,000. Being cost conscious has enabled Emergent to avoid the tuition increases of similar institutions. Emergent is in a fiercely competitive region where there are numerous public and private alternatives within 50 miles. Reining in expenses has allowed Emergent to be considerably less expensive than other private colleges and remain competitive with public options.

Distinctiveness. Of course, Emergent is still more expensive than public institutions, so remaining competitive with them requires Emergent to be distinctive. One of the ways Emergent distinguishes themselves is by having academic programs that are highly relevant to today's labor market such as: Cybersecurity, Cyber Policy and Risk Management, Construction Management, Fraud and Financial Crime Management, and Accelerated Bachelor's of Nursing. Another area of distinction that is underway is adding a week of experiential learning at the start of every semester, and a travel experience for every sophomore and junior.

A few years from now, these programs may still be there, or not. The data will inform whether they should invest more or less resources in these programs, or shutter them and create others. Emergent's entrepreneurial culture streamlines governance at the faculty senate level and the board level. There is a pervasive openness to change, and an awareness that to survive, the college needs to be open to change.

DEI and Demographics. Mary and the board of trustees are highly cognizant of the need to improve diversity, equity, and inclusion on campus, evidenced by the fact they are adding a cabinet level Chief Diversity Officer. They have a sophisticated understanding of not just the moral imperative, but the business imperative. “If you look at the demographics in this country, you know that we’re going to be dealing with more and more diverse students,” said Mary. Currently 30% of their students are from underrepresented populations. The college's strategic plan calls for the composition of faculty and staff to mirror that of the student body by 2025. Mary added,

> That’s a tall order, but I think it’s essential to make it happen. Our board is very supportive of what we need to do. If we don’t grow, if we don’t have better outcomes there, and if we don’t create an institution whereby students want to come, then we’re not going to be around.

The board, too, is committed to being more diverse, recognizing that is linked with enrollment and student success. “Students want to attend an institution where there are members of leadership that look like them, that they can relate to,” said a trustee. The current board chair added,

> As chair, I’m wrestling with how we become more diverse as a board. I think if we do that, it will help us continue to be innovative as an institution. We have to recognize who we are today, who we serve today, and who we serve into the future. By creating a more diverse board, we’ll be able to address that going forward.

Culture of Innovation. Emergent’s board has a strong culture of innovation. A fundamental reason for that is its relative nascency. Because the college was not independent until the mid 1990’s, it merely had a foundation board, not a governing board. The board was established after becoming independent, and after Tyler Avery became president. Tyler, being a visionary himself, naturally sought out like minded individuals for the board of trustees. Of course, over the past 25 years, most of those original board members have moved on. Private college boards are self perpetuating, so that foundation of an innovative culture can persist for generations if it is of value to the board. Perhaps the most clear signal of the board's culture of innovation is that, for years, they have had a standing board committee for innovation that is charged with exploring new ideas and bringing them to the full board. A board member described their culture saying, "After a while, anyone who came on the board got caught up in this. The board doesn't think of itself as being radical. This is the way we operate, and it's become self perpetuating."

This culture of innovation creates an environment inclined to support bold ideas like setting up campuses in Southeast Asia and Eastern Europe; when blocked by regulators in their own state setting up a nursing facility in another; and when in need of new campus housing partnering with a real estate investment trust that owns a building on their campus, sparing the college from having to lay out any cash. Mary, sounding very much like the banker she once was, explained, "I'm a big believer in using other people's money. We've been able to develop some very strategic partnerships with people. If I want to expand, rather than lay out millions of dollars on our own, I look for partners." When Mary goes to the board with new initiatives, she typically has it connected with partners that contribute funding and risk mitigation, explaining that, "I think there are very creative ways to be entrepreneurial without the enormous outlays of cash that we obviously don't have."

Like most private college boards, Emergent's board is comprised mostly of alumni. The literature is replete with accounts of alumni trustees being resistant to change (Brown, 2011;

Brown & Ballard, 2012; Friedman & Craig, 2017; MacTaggart, 2007, 2011), so why is this alumni dominated board so amenable to change? The first reason an alumni trustee pointed to is that because the college has been in existence for less than 75 years, it is not shackled by tradition, saying, “We didn’t have the type of experience where my dad went to this college, my grandfather went to this college. I joined this fraternity. Maybe because we were a new college you didn’t have that type of alumni.” The alumni trustees explained their experience as students as something very different than archetypal images of Greek life, football games, and hanging out at the quad. One said of the Emergent students of his time, “You only had people who had to go and work or scrap to get through college and had to be innovative in what they did to get through college.” Another trustee reflecting on his fellow alumni trustees said,

> None of us came from rich families. We all had to work all the way through college, we were all probably commuters. I think we all appreciated what other people had done for us, and I think that’s what we try to bring back to the board.

Current State of Affairs. If one merely looked at the financial statements, tax returns, and IPEDS data between 2012 and 2019, and then correlated those with who was at the helm of the college each year, one might reductively conclude that Emergent’s turnaround was consistent with all of the literature on academic turnarounds calling out the need for the necessity of a new leader to pull the college out of decline (Chaffee, 1984; Cowan, 1993; Eaker & Kuk, 2011; Green & Levine, 1985; Hamelin & Hungerford, 1989; Hartley, 2003b; MacTaggart, 2007, 2008, 2011; Paul, 2004, 2005; Zekan, 1995). To some extent, that is correct; however, it is not the whole story. The visionary leadership of Tyler Avery, and the board’s wholehearted support of his visionary efforts, created a strong educational foundation that Mary was able to shore up with disciplined focus on the fundamentals. The turnaround of Emergent College needed both presidents to be successful.

The improvements in their financial performance during Mary's presidency came quickly and dramatically. After four straight years of seven figure operating deficits that preceded her, the college had a $1.1 million operating surplus in her first year, and a $9 million operating surplus in her second. Combined with investment returns between 2017 and 2020, the college's net assets have increased by $21 million.

Board Culture. The Emergent board has, from the beginning, been a highly engaged board. During Tyler's presidency, they were aware of the challenges facing higher education in general and Emergent in particular. Their engagement and awareness of the issues, lack of attachment to tradition, and culture of innovation helped the institution stay relevant over the years. However, their deference to Tyler, even though they knew his spendthrift ways, was a failure of fiduciary duty that led to the college spending money it did not have. The speed with which Mary was able to turn deficits into surpluses, primarily by reining in spending, is a telltale sign that the board's oversight of Tyler was lacking. Paradoxically, the Emergent board is filled with several experts in finance, including the CFO of a Fortune 500 company.

Recognizing that their oversight of the president had been lax, the board has tightened up its oversight. Key to oversight of the president, which board members acknowledge was a big change, is that the goals that the board has established for Mary are all outcomes driven, and 90% of them are quantitative. The measures include enrollment, retention, graduation rates, net tuition revenue per student, operating performance, and climate survey results. Establishing these goals for Mary helps the board remain focused on the right numbers. In the past, the board had focused on enrollment numbers, rather than net tuition dollars and their capital structure, said a trustee, “We really took our eye off of the ball in that we became very leveraged. From the board’s perspective, if there was enrollment growth, things were good.”

Mary said that the big change with the board during her presidency is that, “The big difference between then and now is that we are like a laser beam focused on data. We are really focused on data now, and we weren’t back then. There wasn’t that level of transparency between the administration and the board.”

When looking for new board members, the Emergent board chair and governance committee is actively seeking two qualities above all others: 1) Diversity of all kinds; and 2) Engagement. The former board chair said, “We want engagement all of the time. One of the things we started looking at is, are they (potential board members) going to be engaged first and foremost. Obviously, there is a financial commitment, but we want to make sure that they’re going to do the work.”

Analysis

Decline. The Emergent board, while engaged and with considerable expertise in finance and business, deferred to their visionary president for too long. Although they knew he was spendthrift, they did little to rein him in. The board’s lack of sufficient awareness of their structural deficit was also due to deference to their long serving president. Emergent’s decline has similarities to Minor and Tierney’s (2005) study of Pleasant University where their board was overly deferential to the president and served mostly as a rubber stamp for the president’s proposals. Cabranes (2007) lamented that too many boards of trustees seem to believe that the extent of their fiduciary duties is to hire and then unwaveringly support the president until he or she is objectively unfit to lead the institution. He pithily called it, “Back him and sack him.” President Avery was in no way unfit to lead the institution, far from it, he was a very effective president whose influence will persist for generations. Nevertheless, the board could have acted to rein in his spending, which would have reduced the stress on the college. The speed with which Mary was able to turn deficits into surpluses is the best evidence.

Emergent's board did not suffer from problem blindness to the degree described by (Cowan, 1993), but they did not avoid it altogether. Trustees described their years of deficits as investments that would pay off in the future. To some extent, they are right. The college did make a number of investments in new initiatives during those years, and they have paid off. However, Mary contends that they were not focused on the fundamentals such as net tuition revenue and their mounting structural deficit. While the Emergent board was, and remains, highly aware of the challenges facing higher education in general and their college in particular, they were problem blind (Cowan, 1993) to the fundamentals of their operations, which contributed to them losing several million dollars that could have been mitigated.

Turnaround. Selecting Mary as president was the most important factor in Emergent's turnaround, and the board of trustees deserves a great deal of credit for selecting her. The literature on academic turnarounds is essentially unanimous that they require new leadership (Chaffee, 1984; Cowan, 1993; Eaker & Kuk, 2011; Green & Levine, 1985; Hamelin & Hungerford, 1989; Hartley, 2003b; MacTaggart, 2007, 2008, 2011; Paul, 2004, 2005; Zekan, 1995). The board's hand was forced when it came to seeking a new president since Tyler was retiring, so there was no bold action from the board required. However, selecting Mary as his successor was a very bold and courageous act by the board. First of all, only 20% of internal candidates end up being chosen by boards. Most importantly the board selected the right president for the right reasons, in spite of loud opposition from the faculty. Emergent did not need a president to transform the educational mission of the college, they needed one who could quickly stop their slide down the Department of Education's composite ratio of financial strength.

Turnaround presidents need to be skilled in finance, marketing, operations, and fundraising (Brown & Ballard, 2012; MacTaggart, 2007; Mathews et al., 2013; Smith, 2010; Townsley, 2009). Mary's background as a former bank president, and CAO of the college with responsibilities for finance, advancement, and enrollment, make her one of the most skilled presidents in these areas in all of higher education. Furthermore, her institutional knowledge of the college allowed her to get started immediately, and the results are staggering. In her first year, they produced a seven figure surplus.

Stage 1 Turnaround. Stage 1 of a turnaround is restoring financial stability. Solvency must be resolved before an institution can address deeper issues (MacTaggart, 2007). Stage 1 turnarounds typically involve some combination of program and staff reductions, outsourcing services, debt restructuring, and fundraising (MacTaggart, 2007). In other words, Stage 1 turnarounds are characterized by difficult decisions and expense reductions. Emergent was able to address its expense reductions without program and staff reductions. Without any "real takeaways" as Mary said, Emergent was able to significantly and rapidly reduce spending. A relentless focus on data to analyze faculty and staff productivity has become a core component of the Emergent culture and has allowed them to keep expenses nearly flat over the past three years while enrollment has increased significantly.

Stage 2 Turnaround. Stage 2 turnarounds address the revenue side of the P&L. They typically include marketing and branding efforts that end up resulting in improved enrollment and net tuition revenue (MacTaggart, 2007). Emergent's board and Tyler Avery deserve a great deal of credit, along with Mary, for their Stage 2 turnaround. Tyler's visionary approach and the board's innovative culture empowered the college to create distinctive, market driven programs quickly. Those programs, combined with Mary's focus on expenses, and excellent marketing around the cost/quality properties of an Emergent education have driven significant improvements in enrollment and net tuition revenue.

Stage 3 Turnaround. Stage 3 turnarounds are characterized by an "Academic Revitalization" that transforms the culture and offerings of the institution (MacTaggart, 2007). The Stage 3 turnaround of Emergent happened many years ago, during the first five years of Tyler's presidency. The college transformed from its humble start into a vibrant institution with dozens of competitive and extremely popular intercollegiate athletic teams. He led the college into the online education world, where they have done very well, and he led their creation of an accelerated Bachelor of Nursing degree that they operate in two states.

Change Adeptness. Because no change initiative can succeed without the support of the board of trustees, institutions that are at risk need to construct change-adept boards (MacTaggart, 2011). "Every board and president that AGB studied engaged in a change agenda that ameliorated at-risk characteristics or advanced the institution to higher levels of quality, reputation, and financial strength - or both. They could not have succeeded without a change-adept board" (p. 93).

Emergent's board is distinctively change adept, epitomized by having a standing committee for innovation. Alumni board members tend to be resistant to change, working to preserve the traditions of the past, rather than looking forward (Brown, 2011; Brown & Ballard, 2012; Friedman & Craig, 2017; MacTaggart, 2007, 2008). The Emergent board is unshackled from tradition and completely forward looking. They are also vigilant about recognizing that even though they are doing well today, that due to their meager endowment, they are always threatened. The board acknowledges that they will likely be doing things very differently in the ensuing years.

Seven Critical Success Factors.

1. The board recognizes that a crisis is imminent or looming. Emergent's board is constantly aware of the threats it faces. It is quick to respond to changing market dynamics by approving market driven academic programs quickly. The board has also focused on diversifying revenue streams by establishing robust online programs, setting up campuses in other states, and other countries.
2. The board accepts that survival will require a departure from tradition. One of the most distinguishing characteristics of the Emergent College board is their lack of attachment to tradition. They are always looking forward, never back, allowing them to turn on a dime if need be.
3. The board ensures that they have a president suitable for leading a turnaround. In spite of overwhelming opposition from the faculty, as well as the inherent biases toward internal candidates, the Emergent College board chose the candidate best suited for turning the college around.
4. The board partners with the president to support change initiatives and actively works with the president to overcome resistance to change. The best evidence of this is the selection of Mary as president in spite of rampant faculty opposition, and the unwavering support they provided as she worked on repairing her relationship with the faculty.
5. The board intentionally recruits and develops members who will support the turnaround. Emergent board members are clear that they want active and engaged board members. They prioritize time and talent over treasure.

6. The board works with and learns from outside advisors skilled and experienced in college and university turnarounds. The board worked extensively with outside advisors on their cost/quality positioning. This work has been instrumental in allowing Emergent to remain competitive.
7. The board uses its authority to take action. Deciding to hire Mary, in spite of faculty opposition, is a primary example of the board using its authority to take action. A less courageous board might have buckled under pressure, but Emergent's made a bold decision and then provided strong support to their new president.

Conclusion

Emergent's turnaround story is really two turnarounds linked together. Emergent's first president, Tyler Avery's visionary leadership transformed a nascent, small, school with a shaky foundation into a vibrant and diverse institution. Having an engaged and change adept board of trustees was fundamentally important to help shape Tyler's vision and to support it. They were arguably too deferential to Tyler, knowingly allowing him to spend money unwisely.

When the time came to change presidents, the board recognized that they needed to bolster some of the weaknesses of their previous president, while also having someone who could continue to innovate. Selecting Mary as president linked operational management excellence with her predecessor's vision. To this, Mary has added her own entrepreneurial vision and talent for using other people's money. This combination has allowed Emergent to thrive for the past few years, a time where many similar institutions are mired in decline.

Chapter V: Conclusions/Implications for Policy and Research

Conclusions

This chapter compares the themes that emerged across the individual cases, and incorporates the academic literature that is relevant to those themes. The comparison of the cases is followed by an analysis of this study's implications for policy and practice, and future research.

To a casual observer, the three institutions that participated in this study might appear to be more or less the same, what Astin and Lee (1972) called "invisible colleges": small, low-prestige, private, tuition dependent colleges. While they certainly share these broad characteristics, they are distinct in mission, history, region, and academics. Each of these institutions has endured the challenges of demographics, rising costs, and increased competition, all of which contributed to their decline. However, unique challenges at each institution complicated or exacerbated their decline. Similarly, the turnarounds at each college shared several characteristics, but each had distinctive characteristics. Finally, the boards of the colleges, from a distance, look very much the same: mostly white, older, wealthy, overwhelmingly from business and law. Up close, however, there were stark differences in engagement, skill level, and fiduciary responsibility. These stories epitomize what MacTaggart (2007) said about turnarounds:

> Turnarounds sagas are remarkable in that they are at once unique and yet much alike. Each change story exhibits strikingly particular features of locale, culture, mission, history, leadership, temperament, resources, and programs. At the same time, each story displays marked similarities. (p. 3)

Decline

Problem Blindness. Each of the three boards were problem blind (Cowan, 1993), to an extent. Tradition's board was egregiously problem blind. They were literally out of cash, unable to make payroll, and buried under a mountain of unpaid payables, and yet the board thought everything was fine. Prestige's and Emergent's boards were aware of their finances, but they tolerated year-over-year deficits, choosing to believe that they were episodic rather than structural. Regardless of the reasons for problem blindness, the result was each college squandered millions of dollars.

Finding that two of the three boards were highly engaged and fully aware of the financial position of their institutions came as a surprise. I expected to find that problem-blind boards were all like Tradition's, perhaps not to such an extreme degree of being disengaged and unaware, but disengaged and unaware nonetheless. Prestige and Emergent both have exemplary boards that, nevertheless, turned a blind eye to their problems.

Deference to the President. Contributing to the problem blindness of the boards, was that each board was overly deferential to the president. Each board had good reasons for deference to their president. Tradition's president had been successful in introducing online programs before there was much competition, which resulted in a financial windfall for several years. Prestige sought to remake itself as the "Harvard of the Midwest," so they hired a president with a deep Ivy League pedigree. Emergent's long serving president was revered as a forward thinking visionary. Nevertheless, each of these presidents made decisions and took actions that should have been scrutinized to a much greater degree by the board. Tradition's health sciences building and program was doomed to fail from the beginning. It was egregiously understudied, misunderstood, and completely lacking in board oversight. Prestige's board took a series of half measures, such as hiring an executive coach for a president that was clearly a bad fit. Emergent's board, knowing that their president was a spendthrift, largely turned a blind eye to it.

Deference to the president is inherent in the governance of colleges and universities in the United States. Lay boards of trustees with fiduciary governance date back to 1642 at Harvard (Lun Jia, 2009; Scott, 2018), and remain the predominant form of governance in American higher education today. Board members are largely volunteers, and predominantly have backgrounds in business and law, and so are largely unaware of the customs, norms, and challenges of higher education (Bowen, 1994). It is then only natural for a board to defer to the president. "The board and the president together agree that their relationship is interdependent and the relative strength of the relationship creates the presidency" (MacTaggart, 2011, p. 40).

This interdependence of lay trustees and presidents with deep expertise in higher education is why many trustees believe that their fiduciary duty pertaining to the president is to support the president until he or she has become objectively unfit:

> The widespread practice of trustee passivity in the absence of truly incompetent presidential performance has been described as 'back him or sack him' describes, as best I can tell, the view of most trustees of the scope of their fiduciary responsibilities. (Cabranes, 2007, p. 966) Trustees need to personally support the president while simultaneously rigorously evaluating his or her performance (MacTaggart, 2011).

The boards of the institutions, while their institutions were in decline, failed to achieve this balance of support and rigorous evaluation of performance. From my experience as a trustee, this is not at all surprising. Balancing support and honestly holding the president accountable is incredibly difficult.

Loss Aversion. The boards of both Prestige and Tradition retained their presidents that presided over their declines long past the time that enough evidence was in that their presidents were unfit to continue at the helm. Loss aversion, the tendency to fear the prospect of loss more than the potential for gain, is a psychological trap that people fall into where they remain in doomed relationships, or continue to gamble rather than cut their losses and walk away (Brafman & Brafman, 2008; Wergin, 2020). Loss aversion combined with commitment, whereby there is a commitment to staying the course because of a past commitment, even though it is harmful to the past and present (Brafman & Brafman, 2008) creates an environment that makes it extremely difficult for a board to fire a president. As a trustee, I have been complicit in loss aversion and commitment pertaining to a poorly performing president. Like the Prestige board, we tried half-measures such as executive coaching because we had fallen into the psychological trap of loss aversion.

Optimism Bias. Prestige's board very clearly exhibited optimism bias by year-after-year approving budgets that assumed enrollment growth and increases in revenue in spite of their past experience and all other evidence to the contrary. It is hard to tell if Tradition's board, in approving their health sciences school, was guilty of optimism bias or was simply not paying attention. Optimism bias can lead to a systematic fallacy in planning and decision making known as "the planning fallacy" (Kahneman, 1994, 2011). Decision makers tend to underestimate costs, completion times and risks, while overestimating the benefits (Flyvbjerg, 2008; Kahneman, 1994, 2011). Kahneman (1994, 2011) believed that the root cause of the planning fallacy is decision makers taking an "inside view" focusing on the specifics of a plan or budget rather than focusing on similar plans or budgets of projects that are already completed.

The planning fallacy can be remedied by “reference class forecasting” (Flyvbjerg, 2008; Kahneman, 1994,2011) whereby decision makers find a reference class of similar projects, allowing them to develop an “outside view” of their project. The outside view is almost certain to be less optimistic than the inside view. While it is certainly much more difficult to form a reference class of similar private colleges than Flyvbjerg’s study of transportation projects (2008), if Prestige’s board had sought a reference class, it almost certainly would have found that similar institutions were suffering enrollment declines. If Tradition’s board had studied other recent launches of health sciences schools, they could have avoided that debacle altogether.

The very nature of private college/university governance is a breeding ground for optimism bias. The conditions previously described regarding deference to the president set the foundation for optimism bias, whereby the board is expected to support the president, and many boards continue to support their presidents unless and until they become objectively unfit (Cabranes, 2007). Information asymmetry between the administration and the board is common. Because their work is volunteer and part-time, many board members' awareness of what is going on at their campus and in the broader landscape of higher education comes exclusively through reports and updates provided at quarterly board meetings (Paul, 2005). Without overt effort on the board’s part, the inside view is likely to be their only view. So, if a president presents a budget to his or her board of trustees, the inertia created from the confluence of these factors all but guarantees its approval, regardless of the probity of the numbers. When I voted no on a budget a few years ago, it was as if I had committed an act of civil disobedience. I later learned that it was the first time in the 140 year history of the college where a budget was not approved unanimously.

It is not an unreasonable question to ask, “What’s the big deal of approving a budget with an overly optimistic revenue goal; shouldn’t we be reaching for the stars?” The problem with that line of thinking is that the expense level is set based on the revenue level, and in higher education it is extremely difficult to cut expenses after a budget has been approved. Most of the expenses are going to be faculty related, which are largely inelastic. The Prestige board’s optimism bias ended up costing the institution millions of dollars that it could not afford to lose.

Deviation from Mission. Two of the three colleges in this study deviated from their core mission in attempts to chase revenue, which ultimately contributed to their decline. Tradition’s pursuit of online programs was, initially, very effective at driving enrollment and net tuition revenue. The success of their online programs was dubious, because as online enrollment dwarfed their traditional on-campus programs, many in the region thought the college was a for-profit, online only institution. Later, when they attempted their quixotic health sciences program, its financial impact was so calamitous that it nearly bankrupted the college.

Under Tom Rendon, Prestige departed from being what a cabinet member called a “very salt of the earth Midwestern institution.” Their attempt to reinvent themselves into an elite, selective liberal arts college was a pipe dream based on their historical enrollment, most of which was within their region. Prestige lacked the name recognition, marketing prowess, and the financial resources necessary for such a transformation. While Rendon was objectively an unsuccessful president, the board is to blame for what happened during his presidency. They are the ones who decided to pursue a strategy inconsistent with their history, culture, and students. They hired a president solely to pursue that strategy.

Prestige’s results from their pursuit of a strategy of being more selective, and higher prestige is not surprising. The competition for good students among private colleges is increasingly fierce in a world with a shrinking pool of high school graduates. In a fiercely competitive market, with a commoditized offering, many institutions find themselves trapped, knowing that their discount rate is too high, but fearing that if they reduce their discounting then enrollment will drop. As a president of a private college put it, "Privates are on a treadmill and can't get off" (Davis, 2003, p. 19). This is exactly what happened at Prestige; their discount rate soared as their enrollment staff played "Let's Make a Deal," according to their VP of Enrollment.

Tradition's experience in online education was a big surprise. As a trustee, I have been a loud and consistent advocate for offering more online programs, going so far as to ask my fellow trustees whether, if we were to start a college today, would we even bother having all of these buildings. I simply could not see any downside to having robust online programs, although I could see the downside to having lackluster, undersubscribed online programs. Tradition's online programs nearly swallowed their historical brick-and-mortar programs. The fact that their online programs shrunk due to competition turned out to be a positive for the institution. It's a reminder that marketing and mission need to be linked, and mission needs to come before admissions (Martin & Samels, 2013). Both institution's experiences were akin to Townsley's (2009) findings that identified the fundamental reason for financial distress lies in disconnect between mission, service, markets, and price.

Turnaround

No White Knight, No One Big Idea. Perhaps the most surprising finding from this study is that the key to these turnarounds was not some big transformational idea. In all three cases, each college had all kinds of operational issues that needed to be fixed to turn the college around. Poor financial controls, meager marketing, lax enrollment management, weak information technology, wasteful spending, and debt that needed restructuring were problems at all three institutions. Furthermore, each of them managed to turn deficits into surpluses by simply addressing these operational fundamentals. A mere seven months ago, while having lunch with the president of the college where I serve as a trustee, I criticized her for the lack of any big ideas that would affect the revenue side of our financials, while minimizing her efforts on fixing all of these aforementioned operational areas. I have since apologized for my misguided criticism, and also shared my findings with my board that the research suggests that our president is focusing on exactly what we need.

Turnaround Presidents. The most important factor in each of these turnarounds was the board hiring the right president. While the circumstances of each hiring were as different as the presidents are themselves, the skills they brought to the job were quite similar. Turnaround presidents need to be skilled in finance, marketing, operations, and fundraising (Brown & Ballard, 2012; MacTaggart, 2007; Mathews et al., 2013; Smith, 2010; Townsley, 2009). They tend to be more like a corporate CEO, "Rather than the administrative faculty leader of old, who spent much time with curricular and academic issues, the private college president of today is becoming more of a salesman" (Hamelin & Hungerford, 1989, p. 36).

Tradition's board of trustees' hiring of a turnaround president came about by sheer luck. The board was largely unaware that they were experiencing severe financial problems, so they did not seek a turnaround president. They wanted Hamelin and Hungerford's (1989) administrative leader of old that came through the faculty ranks, albeit one who was on his or her way up. Greg Harden, a sitting provost at a similar institution, who was "head and shoulders above the other candidates," according to a trustee on the search committee, was hired as president. Dr. Harden had no idea that he was soon going to be leading a remarkable turnaround.

As an academic, he had no training or experience in finance, enrollment management, fundraising, banking, and marketing. Yet, he managed to learn all of these skills and more on the job. It was not the job he was looking for, but he was definitely up to it.

Prestige's and Emergent's board knew they needed a president with turnaround skills. Prestige, too, needed some luck to end up with Ben, albeit not the extraordinary level of luck Tradition's board required. The luck they needed was limited to the passing of time. When Prestige initially went looking for a permanent president, Ben had family conflicts that did not permit him to be a candidate, so the Prestige board selected someone else. That candidate ended up declining the offer, so the board asked their interim president to stay onboard for several more months. Those additional months allowed Ben's conflict to naturally resolve, freeing him up to become Prestige's president. As a sitting president at another small, private college that needed a turnaround, Ben had already demonstrated his operational skills at the presidential level. Emergent's board did not need luck in selecting a president with turnaround skills. Instead, they needed courage to select Mary in spite of the overwhelming opposition of the faculty.

All three presidents were able to turn their operating deficits into surpluses within one year by focusing on operational fundamentals and quickly reducing expenses. This finding is very much related to the previously mentioned finding that there were no White Knights or Big Ideas required for a turnaround, and it came as a surprise. I served on a presidential search committee 18 months ago, and the primary criterion I was using was the Big Idea. Fortunately, in spite of my misguided focus on what was needed from a turnaround president, we ended up with one who is very strong operationally. If I knew then what I know now, we could have arrived at that decision more harmoniously.

Change Adeptness.

> Every board and president that AGB studied engaged in a change agenda that ameliorated at-risk characteristics or advanced the institution to higher levels of quality, reputation, and financial strength—or both. They could not have succeeded without a change-adept board. (MacTaggart, 2011, p. 93)

The turnarounds at Tradition, Prestige, and Emergent are consistent with MacTaggart's findings. How each board became change adept is quite different, but being change adept has been similarly necessary in leading their institutions through difficult times.

Tradition's board had spent many years deeply resistant to making the change that most obviously necessary, which is switching from single-sex to coeducational. They were fine with changes on the margins, like online and health science programs, believing that those programs could subsidize their single sex campus. Paradoxically, the online and, more severely, the health science programs, ultimately threatened the single sex campus. Becoming change adept at Tradition began quite drastically with the implosion of the health sciences program that led to the resignation of the president, board chair, and several long serving trustees.

The magnitude of their financial problems combined with their rapidly approaching re-accreditation created an environment where drastic change was necessary. The close relationship between the president and entire board gave the board confidence to support Greg's actions to save the college. The board's support was particularly important during the litigation resulting from the termination of a number of faculty members. Greg built up a tremendous amount of credibility with the board. When he made his case that the college needed to become co-educational, something that had previously been unworthy of consideration, it became uncontroversial. Likewise, when Greg proposed absorbing the athletic teams, and hundreds of students from their neighboring institution that was closing, the board was unanimously supportive. Based on their history, however, it does raise the question of whether the board's support of the president demonstrates change adeptness or deference.

Once the Prestige board decided that they were not going to renew Tom Rendon's contract, they demonstrated tremendous change-adeptness that, in no way could be confused with mere deference to a strong president. They appointed one of their own to serve as interim president and gave him the clear directive to cut expenses. The Prestige board has also been quick to understand and adapt to the demographic realities affecting their region. The board has pushed the institution to be more transfer student friendly, which has mitigated the risks of changing demographics, improved net tuition revenue per student, and diversified the student body.

The Emergent board's most dominant characteristic is arguably change adeptness. Ingrained within the board culture is that the college is going to have to continually change and adapt in order to survive. They are the only board of which I am aware that has a standing committee for innovation. This was a very surprising finding. Before studying Emergent, I expected to find that the boards of colleges that declined were universally resistant to change, and that their resistance to change was a major contributor to decline. Emergent's board never needed a wake up call from a lender or an accreditor that they needed to make changes, and yet they still experienced significant financial distress. Even colleges with strong, engaged, change-adept boards are at-risk.

Alumni Trustees. Conventional wisdom and much of the literature on college/university boards call out alumni trustees as resistant to change (Brown, 2011; Brown & Ballard, 2012; Friedman & Craig, 2017; MacTaggart, 2007, 2008). It is only natural for alumni to be nostalgic for their time as a student, however, "A university's mission in 1980, as experienced by a student, may restrict the vision of the university in 2017, and what it could or must become by 2050" (Friedman & Craig, 2017). With that in mind, one could be expected to believe that Tradition's board with its less than a handful of alumni trustees would have been very open to change, and that Prestige and Emergent's boards, both with approximately 60% of their board members being alumni, would have been firmly resistant to change. The evidence, however, did not bear this out.

Prior to the health sciences school implosion, and Greg Harden's discovery of their acute financial problems, the Tradition board had remained fiercely opposed to changing from a women's only to a co-educational institution. They were supportive of measures like online programs and a health sciences school, but merely as a means to subsidize the women's college. Despite their lack of previous ties to the college, the Tradition board was as shackled by tradition as any alumni dominated board.

Emergent and Tradition's boards were more prototypical in their number of alumni trustees; on the average private college board, half are alumni (Fain, 2010). Yet, both boards were quite change adept. Emergent's arguably waited too long to make changes, but once they tired of waiting, they sprang into action, and by appointing one of their own as chief executive, effectively took over the college and drove necessary changes. Emergent's alumni trustees are distinctively free of the trappings of tradition. Change and innovation are core components of their board culture, and their board members fully expect that the Emergent of ten years from now may bear little resemblance to the Emergent of today.

These findings suggest that the sentiment that alumni trustees are resistant to change is more layered. Taylor et al. (1991) concluded that effective boards had trustees that had

> Significantly more connections to their institutions before becoming trustees (an average of 1.8 connections versus an average of .8 connections per trustees of ineffective boards). Members of effective boards were more often alumni, active in alumni affairs, relatives of alumni, relatives of former trustees, or in some other way intimately tied to the life of the college. (p. 214)

The authors implore private college boards to select more members who are alumni or otherwise connected to their institutions.

Based on the literature, Emergent's board of trustees arguably has the ideal mix of trustees that are deeply connected to the college because of their past association with it, while remaining highly open to change. Self perpetuating college boards would be wise to seek alumni trustees, but only those who pass diligence of their attitudes toward change. Most alumni trustees when asked, "Why do you serve?" answer with something like, "Strengthening and sustaining traditions, ensuring that future generations can have the same type of experience that I did" (MacTaggart, 2011). If the potential alumni trustee, instead answers with something like, "To change the institution so that it can thrive for generations to come," you may have an ideal candidate.

Lasting Changes Within the Board. Each board emerged from their transition from decline to turnaround transformed. Tradition's transformation began with the exodus of board members after the health sciences school blew up. It has continued, however, with a commitment to transparency. Committee meetings have been rearranged so that all board members can attend all committee meetings, and attending all committee meetings has become a cultural norm. The Tradition board exerts far greater oversight of expenses than they ever have.

Prestige's board chair makes it a point to have a close, direct relationship with their CFO, believing that a direct line to the CFO is the best insurance policy against a less than forthcoming president. The boards of both Emergent and Prestige have created highly quantifiable goals, with incentives attached, for their presidents. Enrollment, net tuition per student, retention, and climate survey results are just some of the metrics these boards use to evaluate and compensate their presidents. Tying CEO pay to performance is common in the business world, but much less so in higher education. Typically, the only tie between pay and performance for a private college president is related to fundraising (Sorokina, 2003). It is important to note that tying presidential compensation to quantifiable metrics is not without potential adverse unintended consequences. The biggest risk is goal displacement whereby one dimensional economic incentives may crowd out, or overshadow, the more systematic and holistic needs and goals of the institution (Ims, Pedersen & Zsolnai, 2014)

Each of the three boards has endeavored to become more diverse in age, background, race, and skills. Tradition has been deliberate in adding alumni to their board. Each board is also very deliberate in what they want from new board members, primarily engagement. They want trustees that are going to "do the work" as one trustee put. While they certainly expect their trustees to financially support their college, "doing the work" is prioritized over philanthropic capacity.

Stages of Academic Turnaround.

Stage 1 - Moving Fast. Key to the Stage 1 turnarounds (MacTaggart, 2007) at each of the three institutions was the speed with which they moved to reduce expenses. Tradition's and Prestige's were particularly difficult as they entailed eliminating positions. The boards of both colleges were resolute that the survival of their institutions was at stake and, thus there were no sacred cows. The literature on failed institutions is filled with accounts of boards that waited too long to make necessary cuts, and when they did it was simply too late (Brown, 2011; Brown & Ballard, 2012; Hamlin & Hungerford, 1989; Leslie & Fretwell, 1996; MacTaggart, 2011; Paul, 2005).

Stage 2 - Improving Revenue. Stage 2 turnarounds are characterized by improvements in revenue that stem from new academic programs, improved marketing, and improved enrollment management. There were considerable differences in the Stage 2 efforts of each school. Tradition changed from a college to a university, partially in an effort to appeal to international students who tend to believe the term college is more akin to a two-year institution, or even a high school. They also changed their website and invested in marketing. Prestige focused very heavily on becoming more transfer friendly, and dramatically increased their recruitment, enrollment, and retention of transfer students. Emergent has frequently introduced programs, particularly at the graduate level that have very strong market demand.

An enrollment strategy utilized by all three that came as a tremendous surprise to me was athletics as an enrollment strategy. Greg Harden of Tradition put it best: “It’s almost a sure bet to go with athletics because you hire a coach, they have a roster to fill, they’re recruiting those students, and you’re pretty sure they’re going to bring in pretty close to what your goals are.” Each institution participates in NCAA Division III where scholarships are not allowed for student athletes, so there is no adverse impact to the discount rate. At Prestige, coaches are evaluated much more heavily on the recruitment, retention, and graduation of their athletes than they are on wins and losses. At all three institutions, student athletes have higher GPAs, higher retention, and higher six-year graduation rates than the overall student body. As a trustee, I have often wondered why we have intercollegiate sports. I have been to a few games, all of which seemed to have lackluster attendance. During our tough times, I advocated for eliminating intercollegiate athletics under the belief that it would benefit the college financially. I have since become an ardent supporter of intercollegiate athletics at my institution and have worked to educate the board on its true impact on enrollment and net tuition revenue.

Stage 3 - Academic Revitalization. Stage three turnarounds involve institutions asking such as, Who are we? and What is our purpose? (MacTaggart, 2007) questions that can be asked by presidents and faculty members, but ultimately are answered by the board of trustees. Stage 3 turnarounds are the ultimate adaptive challenge, requiring wholesale reevaluation of values, purpose, and mission (Heifetz et al., 2009). Only Tradition went through a Stage 3 turnaround during the period of 2007–2019 that I studied. Their board had to transcend over 150 years of tradition to become a co-educational institution. When my analysis of these three colleges consisted purely of what I could glean from IPEDS data, financial statements, tax returns, press articles, web pages, and strategic plans, I expected to find Stage 3 turnarounds at all institutions that had turned around, particularly those with such strong financial results like Prestige and Emergent. To my surprise, those were turned around with purely technical rather than adaptive approaches.

Limitations

Regardless of research methodology, studying private college boards is very difficult. Meetings are not open to the public, agendas and minutes are not publicly available, and much of what board members discuss is done so with an expectation of confidentiality. The study of boards is further complicated by the status of those being studied, “Elites such as board members, governors, or university presidents who are busy and unlikely to respond” (Kezar, 2006, p. 978) to a researcher’s inquiry.

Accordingly, several limitations of this study bear mentioning. First, the primary data source for this study consists of interviews of 11 trustees, three presidents, one interim president (and former board member), three CFOs, and five other cabinet level staff members, for a total of 23 people. Interviews of additional trustees, faculty members, and other stakeholders could have strengthened the study.

Trustees and sitting presidents were reluctant to speak freely about their former presidents. In two of the cases there were non-disclosure/non-disparagement agreements that put contractual restrictions on what could be discussed. Publicly available information in the press, IPEDS data, social media, and a lawsuit aided me tremendously in uncovering the parts of the stories that the study's participants were unable to share. Nevertheless, in my writing of the cases, I withheld details that had the potential to create legal problems and/or identify the institution or individuals. In one of the cases, one of the primary factors that contributed to their turnaround has been omitted entirely because it would almost certainly identify the institution to higher education insiders.

Presidents have to be very careful when discussing their board members. After all, the board is their boss. While I was very impressed with how candid each president was regarding the strengths, weaknesses, and contributions of their board, I suspect they were holding back. One president told me that he was going to write a book about how boards overestimate their knowledge of their institutions and what it takes to run them. He then added that he would only be writing this book after retiring.

Another limitation relates to the vagaries of human memories. Cases were selected with recency of the turnaround as a criterion. Nevertheless, human memories are fallible, and memories of decline and turnaround are particularly challenged by the old axiom that "Success has a thousand fathers and failure is an orphan." The Prestige case provides a clear example of how quick everyone was to take credit for their successful turnaround, while avoiding accepting blame for the decline.

A challenge for all case studies is applicability to other contexts. Because the very nature of a case study is a narrow focus on a particular issue, condition, situation, or institution, they may lack generalizability, and therefore relevance (Stake, 1995; Yin, 1996). To bolster generalizability and relevance, rather than study a single case, I did a comparative case study of three institutions selected because they appeared to be typical (Campbell, 2010). Hundreds of similar institutions are facing similar problems. From my vantage point as a board member, the findings and conclusions are relevant for my college, but they may not be for others.

The final limitation is one that affects all qualitative research. I knowingly and unknowingly influenced the data collected. Furthermore, the epistemological approach to this study is constructivist, which inherently makes my background linked with interpretations of the data that were made, and is a key part of knowledge that has been constructed (Creswell, 2014; Stake, 1995). The aspect of my identity that was ever present in this work is that of being a trustee of a small, private college. I offer this as a limitation, because it is a simple fact that I came into this research with a great deal of subject matter awareness, strongly held opinions, and preconceived notions, all of which create the hazard of confirmation bias. The many findings that came as surprises to me certainly suggest that this study did not merely confirm what I was hoping to find, but I did find some of what I expected to find.

Ultimately, however, I believe that my status as an experienced trustee is a major strength of the study. On a purely practical level, it made getting access to college presidents and trustees much easier than if I were merely a PhD student. I was able to leverage my network of sitting and former college presidents, the Association of Governing Boards, the New American Colleges and Universities, and the Council of Independent Colleges to obtain referrals to the presidents of institutions that met my selection criteria. My status as a trustee appeared to create an atmosphere of openness and candor with trustees and presidents. Being a "member of the club" so to speak gave us common vocabulary, a high degree of understanding of the issues, and a power dynamic of equals. Finally, due to the primacy of interview data for this study, subject matter knowledge was essential to the quality of the data produced (Steiner et al., 2009). My understanding of higher education in general, and board dynamics in particular enhanced the quality of the interview data produced.

Implications for Future Research

Diversity. Each board that I studied is working on becoming more diverse in terms of age, background, race, and gender. The primary reason given by trustees on each board is the recognition that the students that they are serving are and will be more diverse than their students of the past. Research on corporate boards concludes that organizations with diverse boards outperform those that lack diversity (Hunt, Layton, & Prince, 2015). It is likely that this holds true on college and university boards as well. I know that the college board on which I serve has become more attuned to the needs of underrepresented students by having board members that come from underrepresented populations. It is likely that most college and university boards value diversity and endeavor to become more diverse. Research examining boards using Hunt et al.'s (2015) quantitative measurement of board diversity and comparing it to enrollment, retention, and six-year graduation rate of underrepresented student populations could make board diversity a much higher and more urgent priority.

An element of diversity on college and university boards (corporate too) that does not get much attention is socioeconomic status or class. Board members are nearly universally highly educated and wealthy, which may create blind spots for trustees pertaining to students from low socioeconomic backgrounds. Trustees' perspectives are inherently influenced by their lived experience. If one does not come from a Pell eligible household, it is difficult to know what challenges a student from such a household faces.

During my time as a college trustee I have observed that many of the board members that were born into great wealth are fiercely resistant to change and uninterested in transfer students, and other adult populations. Their vision for the future of education tends to be rooted in their experience in the past. I am a first-generation student that began at community college, worked full time all the way through college, and took ten years to finish a bachelor's degree. The few trustees from more humble backgrounds like mine have tended to be much more open to change. In studying the Emergent college board, I found more evidence that the socioeconomic status into which board members were born impacts their openness to change at their institution. The trustees whom I interviewed, each of whom is highly professionally successful, came from working class backgrounds, and were commuter students that worked while going to school. Their board culture is dominated by a commitment to innovation and change. How is that influenced by the socioeconomic backgrounds of their trustees?

Optimism Bias. This study found optimism bias present at at least one, and maybe two colleges. As previously mentioned, private college governance is prone to optimism bias which can lead to devastating impacts to an institution's financial health. Further research on the pervasiveness of optimism bias impacting boards of trustees approval of budgets, capital projects, and enrollment projections could have significant influence toward improving governance. Comparing actual results versus budgets in higher education compared with the private sector could shed light on how common (or not) optimism bias is, as well as how costly it is (or is not).

COVID-19 Pandemic. This dissertation is being completed at the very beginning of the COVID-19 pandemic. The case selection criteria I chose included a multi-year decline followed by a multi-year turnaround. Colleges and universities have just recently transitioned to online, and the long term implications of this are unknown, but the early indications are that this is going to do tremendous harm to higher education in general, and that small, private colleges will be hurt the most. Hundreds of institutions are going to be put into a financial crisis. How boards of trustees respond to this nearly instant and sector wide crisis is going to be a very different collection of turnaround stories than the ones told in this study.

Implications for Future Practice

One of the primary motivations for pursuing a PhD in general, and this dissertation topic in particular, has been to learn lessons that I could bring back to my college and put into practice. A number of takeaways from the three cases presented here are applicable for other boards.

Stronger Oversight of Presidents. For different reasons, each of the boards studied allowed excessive and unnecessary spending to occur. Tradition's board was disengaged and unaware, Prestige's suffered with optimism bias, and Emergent's held their nose and tolerated their president's spending. The net effect, however, was the same at all three, a significant deterioration in the financial health of the college. During their turnaround, each board committed to much stricter scrutiny of spending. Rather than wait for the college to fall into decline, it would be wise for boards to adopt stronger oversight of expenses.

Accepting That You Have a Structural Deficit. MacTaggart (2007) encourages trustees to strongly examine whether their presidents consistently blame their institution's problems on external issues outside of the school and its leadership. This is exactly what Prestige's board did when they assumed that their financial problems were due to the Great Recession, rather than a structural problem of their own. Emergent's board, too, was blind to their structural deficit. Accepting quickly that you have a structural deficit, can save your college millions of dollars.

Moving Fast and Focusing on Expenses. Speed was of the essence in all three turnarounds. Each institution turned deficits into surpluses in less than two years. They did it through a relentless focus on expense reductions.

Transparency. Each of the presidents that led the turnarounds has a leadership style that is highly transparent. If a reader is a board member at an institution with a leader who lacks the transparency of these three presidents, perhaps these examples can show what should be expected. Another tactic for improving transparency for board members is how committees are organized and scheduled. Allowing for all trustees to attend all committees can significantly improve trustee awareness and engagement.

Optimism Bias. A by-law requirement to use reference class forecasting (Flyvbjerg, 2008; Kahneman, 1994, 2011) for budget approval would be a wise move for all college and university boards.

Athletics as an Enrollment Strategy. As mentioned earlier in this chapter, athletics as an effective enrollment strategy was a surprising finding for me. However, the crystal clear explanation from Tradition's president that a coach will fill a roster, whereas a faculty member is not going to fill a classroom, makes this so obvious. All three colleges have substantial percentages of student athletes and they contribute positively to campus culture, retention, and graduation. My perspective as a trustee has been radically changed by this finding.

No White Knights. There are no White Knights, Silver Bullets, or One Big Idea that will save an institution in decline. A college that is experiencing seven figure operating losses year-over-year likely has many operational problems that need to be fixed. A board that has accepted that they need a new leader in order to turn their college around needs a plumber, not a magician.

Final Thoughts

Two quotes from the literature on boards of trustees haunt me and they bear repeating. “Collectively, governing boards have the power to build or destroy the educational institutions they serve” (Migliore, 2012, p. 39). “Small private colleges without a distinctive niche face a harsh reality: Change for the better or risk decline and possibly going out of business” (MacTaggart, 2011, p. 15). When I began the research for this dissertation in July of 2019, the headwinds facing higher education in general, but small, private colleges more acutely, were intense—so much so, that the former Harvard Business School professor and management guru Clayton Christensen as well as renowned futurist Thomas Frey were predicting that half of all U.S. colleges would go bankrupt by 2030 (Frey, 2013; Lederman, 2017). That was before COVID-19. In May of 2020, as I wrap up this dissertation, it is difficult to read the tea leaves and accurately predict how this pandemic is going to affect higher education in the years to come. What appears likely for small, private colleges are significant declines in enrollment in 2021. The boards of these institutions are going to have to be more vigilant than ever in oversight of expenses, and more open to change than they ever dreamed.

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Appendix

Appendix A

Interview Guide

Subject	Role	Question
Decline	All	When the college was running deficits, how was the board responding?
	All	Did the board believe that deficits were an episodic or structural challenge?
	All	How diverse was the board? How do you think that affected the board?
	All	How effective do you think the board was?
	All	How open to change was the board? - Were there certain changes suggested that were embraced or resisted?
	All	Did the board have sufficient information to discern that the college was in decline? - WERE THEY PROBLEM BLIND?
	All	Did board members fulfill their fiduciary duty?
	Board Chair, Board members, CFO	What explanations were provided for the decline?
	All	Were there board members that were particularly resistant to change? Did their generosity to the college give them greater influence than others? Were they alumni?
	All	What, if any, actions were taken?
	All	What board members, if any, were sounding alarms - (junior vs senior, leadership etc.)

Turnaround	Role	Question
	Board Chair, Board Members	When did the board accept that the college needed to turn around?
	Board Chair, Board Members, CFO	If and when was the term turnaround used by board members?
	Board Chair, Board Members	Describe the board's decision on seeking a new president
	President	What type of diligence did you do on the board before taking the position?
	President	Did you have any qualms about board support either as a whole or from particular board members?
	President	Describe your relationship with your board chair
	President	How well has the board supported you?
	President	Have you had to confront any board members about lack of support and/or bad behavior?
	All	Were there changes in leadership?
	All	What about turnover of board members?
	All	How diverse is the board? Were there efforts to increase diversity?
	All	How change adept is the board?
	All	Has the board been generative of ideas?
	Board Chair, Board Members	When seeking a new president, was the board explicit about finding a turnaround president vs a traditional academic?

Appendix B

Study Overview

Working Title: Boards of trustees impact on decline and turnaround: How does a board of trustees contribute to the turnaround of a small, private college?

Purpose: The purpose of this dissertation research is to describe the actions and attitudes of the boards of trustees of small, private, tuition dependent colleges that were able to stave off decline and successfully turn around. Nearly all small, private, tuition dependent colleges are facing unprecedented challenges, with more than a dozen closing their doors every year. As the body responsible for holding the institution's assets in trust and ensuring intergenerational equity, for boards of trustees to fulfill their fiduciary duties, they must become change adept.

Unfortunately, too many of the stories of failed colleges are filled with accounts of boards that were unwilling to break from the traditions of the past until it was too late. Most of the existing literature on academic turnarounds focuses almost exclusively on the president who led the turnaround. Given the sparse attention paid to how boards of trustees impact both decline and turnaround, I explore how boards of trustees were able to accept that their institutions needed to change, and if not contribute to change, stop resisting it. Greater understanding of how boards of trustees contributed to turnarounds can be useful to the hundreds of small, private colleges that are trying to figure out how to survive in today's world.

Framework: The study uses a combination of turnaround stages, board competencies, critical success factors, and leadership theory to explore boards of trustees actions and attitudes that led to staving off decline followed by successfully turning the institutions around.

Research Question: How does a board of trustees that has overseen and contributed to decline transform into a board capable of contributing to a turnaround?

Method: Three qualitative methodologies will be utilized:

1) Comparative case study analyzing the actions and attitudes of the boards of trustees of three small, private, tuition dependent institutions that were able to successfully turnaround.
2) Phone interviews (primary source of data collection) with president, board chair, two or three influential trustees, CFO, and other cabinet members.
3) Document analysis of agendas, minutes, reports, IPEDS data, 990 forms, etc.

Appendix C

Pre-screening Criteria

A brief phone call will take place with the current president. Since the purpose of the study is to determine how the board contributed to the decline and turnaround of the college, I want to get a sense of the president's willingness to talk about the board rather than him or herself. Additionally, the literature on academic turnarounds is clear that the president who oversaw the decline is not in a position to lead the turnaround. An ideal institution for my study is one where I will also be able to interview the previous president. Access to the previous president will be vastly more likely if the current president has a good relationship with his or her predecessor. The pre-screening phone call will seek to determine the following:

- Willingness to discuss the board, particularly to give credit and blame for the contributions of the board of trustees.
- Willingness to allow employees of the college (e.g. CFO and board professional) to participate.
- The existence of a healthy relationship between the current and former president.
- Likelihood of participation of the former president.

Appendix D

Recruitment Letters

Date:

Dear Board Member,

I am a PhD candidate in Leadership and Change at Antioch University. As part of this degree, I am completing a dissertation examining the boards of trustees of small, private, tuition dependent colleges that have experienced a successful turnaround. The research question is: How does a board of trustees that has overseen and contributed to decline, transform into a board capable of contributing to a turnaround?

My interest in the answers to this question are deeply personal, as I have been a trustee of Westminster College in Salt Lake City, UT for the past 12 years. Like most colleges fitting our profile, we are struggling with declining enrollments and mounting deficits. In spite of those challenges, our board has remained resistant to change. I'm hoping to find answers that can help my board and those of similar institutions turn their institutions around. Your insight would contribute greatly to my research.

The literature on academic turnarounds is rather thin, and largely the reminiscences of former presidents reflecting on how they saved the day. Of course, the leadership and governance is far more complex than meets the eye, and there is certainly more to the story than a heroic president. As a board member, you have a unique perspective on how the board contributed to turning around your institution. Of particular interest is: the relationship between the president and board chair, how the board came to believe that the college needed new leadership, what it sought in a new president, and how it interacted with the new president.

I am writing to inquire if you would be willing to speak with me about your board of trustees. I would like to speak with you via phone for no more than 60 minutes at your convenience. Your participation in the study will be completely anonymous; neither your name, the institution's name, nor the name of the board will be used in any way.

I hope you are able to take the time to speak with me, as I think your experience as a trustee will add a great deal to the conversation. Please let me know at your earliest convenience if you are available for a phone interview, and if so, what times work with your schedule.

Thank You,

Mike Bills

Ph.D. Candidate
Antioch University
Graduate School of Leadership and Change

Date:

Dear Board Chairperson,

I am a PhD candidate in Leadership and Change at Antioch University. As part of this degree, I am completing a dissertation examining the boards of trustees of small, private, tuition dependent colleges that have experienced a successful turnaround. The research question is: How does a board of trustees that has overseen and contributed to decline, transform into a board capable of contributing to a turnaround?

My interest in the answers to this question are deeply personal, as I have been a trustee of Westminster College in Salt Lake City, UT for the past 12 years. Like most colleges fitting our profile, we are struggling with declining enrollments and mounting deficits. In spite of those challenges, our board has remained resistant to change. I'm hoping to find answers that can help my board and those of similar institutions turn their institutions around. Your insight would contribute greatly to my research.

The literature on academic turnarounds is rather thin, and largely the reminiscences of former presidents reflecting on how they saved the day. Of course, the leadership and governance is far more complex than meets the eye, and there is certainly more to the story than a heroic president. As board chair, you have a singular perspective on how the board contributed to turning around your institution. Of particular interest is how the board came to believe that the college needed new leadership, what it sought in a new president, and how it interacted with the new president.

I am writing to inquire if you would be willing to speak with me about your board of trustees. I would like to speak with you via phone for no more than 60 minutes at your convenience. Your participation in the study will be completely anonymous; neither your name, the institution's name, nor the name of the board will be used in any way.

I hope you are able to take the time to speak with me, as I think your experience as board chair will add a great deal to the conversation. Please let me know at your earliest convenience if you are available for a phone interview, and if so, what times work with your schedule.

Thank You,
Mike Bills
Ph.D. Candidate
Antioch University
Graduate School of Leadership and Change

Date:

Dear Chief Financial Officer,

I am a PhD candidate in Leadership and Change at Antioch University. As part of this degree, I am completing a dissertation examining the boards of trustees of small, private, tuition dependent colleges that have experienced a successful turnaround. The research question is: How does a board of trustees that has overseen and contributed to decline, transform into a board capable of contributing to a turnaround?

My interest in the answers to this question are deeply personal, as I have been a trustee of Westminster College in Salt Lake City, UT for the past 12 years. Like most colleges fitting our profile, we are struggling with declining enrollments and mounting deficits. In spite of those challenges, our board has remained resistant to change. I'm hoping to find answers that can help my board and those of similar institutions turn their institutions around. Your insight would contribute greatly to my research.

The literature on academic turnarounds is rather thin, and largely the reminiscences of former presidents reflecting on how they saved the day. Of course, the leadership and governance is far more complex than meets the eye, and there is certainly more to the story than a heroic president. As CFO, you have a singular perspective on how the board contributed to turning around your institution. Of particular interest is board participation, preparation, awareness of the issues facing higher ed in general, and the college in particular, and the fulfillment (or lack thereof) of fiduciary duties.

I am writing to inquire if you would be willing to speak with me about your board of trustees. I would like to speak with you via phone for no more than 60 minutes at your convenience. Your participation in the study will be completely anonymous; neither your name, the institution's name, nor the name of the board will be used in any way.

I hope you are able to take the time to speak with me, as I think your experience as CFO will add a great deal to the conversation. Please let me know at your earliest convenience if you are available for a phone interview, and if so, what times work with your schedule.

Thank You,
Mike Bills
Ph.D. Candidate
Antioch University
Graduate School of Leadership and Change

Date:

Dear President,

I am a PhD candidate in Leadership and Change at Antioch University. As part of this degree, I am completing a dissertation examining the boards of trustees of small, private, tuition dependent colleges that have experienced a successful turnaround. The research question is: How does a board of trustees that has overseen and contributed to decline, transform into a board capable of contributing to a turnaround?

My interest in the answers to this question are deeply personal, as I have been a trustee of Westminster College in Salt Lake City, UT for the past 12 years. Like most colleges fitting our profile, we are struggling with declining enrollments and mounting deficits. In spite of those challenges, our board has remained resistant to change. I'm hoping to find answers that can help my board and those of similar institutions turn their institutions around. Your insight would contribute greatly to my research.

The literature on academic turnarounds is rather thin, and largely the reminiscences of former presidents reflecting on how they saved the day. Of course, the leadership and governance is far more complex than meets the eye, and there is certainly more to the story than a heroic president. As the chief executive who has led the turnaround of your school, you have a singular perspective on how the board has helped and hindered your efforts.

I am writing to inquire if you would be willing to speak with me about your board of trustees. I would like to speak with you via phone for no more than 60 minutes at your convenience. Your participation in the study will be completely anonymous; neither your name, the institution's name, nor the name of the board will be used in any way.

I hope you are able to take the time to speak with me, as I think your experience as president will add a great deal to the conversation. Please let me know at your earliest convenience if you are available for a phone interview, and if so, what times work with your schedule.

Thank You,

Mike Bills
Ph.D. Candidate
Antioch University
Graduate School of Leadership and Change

Appendix E

Informed Consent

Antioch University Graduate School of Leadership and Change
PhD Leadership and Change Dissertation

This informed consent form is for key stakeholders of small, private colleges that experienced multiple years of significant operating deficits, followed by multiple years of balanced budgets or better, or in other words, a successful turnaround.

Name of Principle Investigator: Mike Bills
Name of Organization: Antioch University, PhD in Leadership and Change Program
Name of Project: How Boards of Trustees Impact Decline and Turnaround: Doctoral Dissertation of Mike Bills

You will be given a copy of the full Informed Consent Form

Introduction
I am Mike Bills, a PhD candidate enrolled in the Leadership and Change program at Antioch University. As part of this degree, I am completing a dissertation examining small private colleges that have experienced a successful turnaround. The research question is: How does a board of trustees that has overseen and contributed to decline transform into a board capable of leading a turnaround? In addition to being a PhD candidate, I have been a trustee at Westminster College in Salt Lake City for twelve years. I am going to give you information about the project and invite you to participate. You may talk to anyone you feel comfortable talking with about the project, and take time to reflect on whether you want to participate or not. You may ask questions at any time.

Purpose of the project
The purpose of this project is to study the attitudes and actions of the boards of small, private colleges that experienced decline followed by turnaround through comparative case study of three institutions. My aim is to produce findings that are transferable to institutions like the one I serve, and can provide presidents and trustees of similar institutions with guidance on how to turn around. Interviews will be the primary source of data collection. The desired participants are presidents (past and present), board chairs (past and present), influential trustees (past and present), CFO (past and present), and board professional/liaison (past and present). Ultimately, I will produce a report of each institution's decline and turnaround as well as a comparison of each. This information will help me complete the dissertation in partial fulfillment for the degree of Doctor of Philosophy of Leadership and Change. Of perhaps greater importance, it will provide presidents and trustees of institutions mired in decline with guidance on how to turn around.

Project Activities
This project will involve your participation in a sixty minute, one on one interview. Interviews will be recorded and transcribed for the purpose of analysis only. Upon completion of the study, recordings and transcripts will be destroyed.

Participant Selection
You are being invited to take part in this project because you were referred by the president of your institution, who believes you have important insights regarding the board of trustees.

Voluntary Participation
Your participation in this project is completely voluntary. You may choose not to participate. You may withdraw from this project at any time. You will not be penalized for your decision not to participate or for anything of your contributions during the project. Your position at your institution will not be affected by this decision or your participation.

Risks
I do not anticipate that you will be harmed or distressed as a result of participating in this project. You may stop being in the project at any time if you become uncomfortable.

Benefits
There will be no direct benefit to you, but your participation may influence the effectiveness of boards of trustees at similar institutions.

Reimbursements
You will not be provided any monetary incentive to take part in this project.

Confidentiality
All information, including the names of participating institutions and interviewees will be completely anonymous. Great care will be taken to avoid describing anything with particularity that could allow a reader to infer the institution or individual who participated. All recordings and transcripts will be destroyed upon completion of the dissertation.

Future Publication
This dissertation will be published and available through OhioLink and Proquest.

Right to Refuse or Withdraw
You do not have to take part in this project if you do not wish to do so, and you may withdraw from the study at any time without your job being affected.

Who to Contact
If you have any questions, you may ask them now or later, you may contact Mike Bills: or the chair of my dissertation committee, Dr. Jon Wergin:

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DO YOU WISH TO PARTICIPATE IN THIS PROJECT?

I have read the foregoing information, or it has been read to me. I have had the opportunity to ask questions about it and any questions I have been asked have been answered to my satisfaction. I consent voluntarily to participate in this project.

Print Name of Participant________________________________

Signature of Participant ________________________________

Date ________________________
Day/month/year

DO YOU WISH TO BE AUDIOTAPED AS PART OF THIS PROJECT?
I voluntarily agree to let the interviewer audiotape me for this project. I agree to allow the use of my recordings as described in this form.

Print Name of Participant________________________________

Signature of Participant ________________________________

Date ________________________
Day/month/year

I confirm that the participant was given an opportunity to ask questions about the project and all the questions asked by the participant have been answered correctly and to the best of my ability. I confirm that the individual has not been coerced into giving consent, and the consent has been given freely and voluntarily.

A copy of this Informed Consent Form has been provided to the participant.

Print Name of person taking the consent____________________________

Signature of person taking the consent____________________________

Date ________________________
Day/month/year