In a Tale of Two Cities, Charles Dickens said: “It was the best of times, it was the worst of times.” Today’s academic leaders, faced with the reality of extreme financial circumstances, understandably may have trouble finding the “good news” during these turbulent financial times. In state after state, university presidents are coping with or preparing to confront significant financial retrenchment. Compounding the problem is the probability that these tough conditions will last for several years. In a tumultuous financial environment, university presidents are being told to “do more, better, with much less.”

The Leadership Challenge

Our experience working with exemplary AASCU presidents suggests that under these perplexing circumstances, the challenge of leading should be understood as greater than simply contraction management (i.e. closing the financial gap by making cuts, finding new revenues, and ultimately balancing the budget). Leading in turbulent financial times is an opportunity for both skilled interpretive and adaptive leadership. By this we mean the leader has a responsibility for interpreting a “new reality” to stakeholders, shaping a hopeful and optimistic future vision for the institution, and nurturing the community’s adaptive capacity by learning new perspectives, attitudes and practices.

Fundamental Questions and Principles

In order to walk this razor’s edge successfully, presidents should find ways to see—and help others to see—the current financial crisis as an opportunity for personal and institutional growth and renewal. From exemplary presidents who have effectively met the challenges of unstable financial times, we have learned that the following questions and principles can prove helpful.

What do I need to do to prepare myself and others for the challenge at hand and ahead?

Confronting turbulent financial times requires both managerial and political leadership skill sets. Managerially, presidents must get the facts and understand the financial terrain. What has been the history of handling budget rescissions at this institution? What are the critical factors in the current financial reality? What are the implications of our current options on both the revenue and expense sides? Politically, how strong are our relationships with key stakeholders? How can we build broad-based support? What are the political implications related to our options? Before moving forward with our approach to the problem, what preparation is advisable and necessary?

First: Prepare! Prepare! Prepare!

• Study the history of budget rescissions at the institution.
• Assess the governance environment in which you must operate.
• Assess the strength of your political and leadership base, and take actions to strengthen both before moving forward.
• Forge and prepare your leadership team.
• Establish an informed budget advisory unit or council, which invites and projects broad input and collaboration. Ensure that it is perceived as credible by critical stakeholders.
• Develop a transparent communications system and assign accountabilities for managing and using it throughout the process.

Second: Formulate a Conceptual Framework

Our exemplary colleagues shape and share a conceptual framework when addressing severe financial circumstances. They consciously:

• Avoid defining the task narrowly, as simply closing the financial gap. Create an opportunity for institutional transformation by cultivating its adaptive capacity.
• Frame the financial challenge within
Although working with system and campus stakeholders can be challenging and sometimes confrontational, collaboration usually results in increased credibility to the process and acceptance of the outcomes.

the context of the institution’s strategic plan and core values. Articulate which priorities are to be acted upon and which will be set aside for a later date.
• Provide inspirational and hopeful alternative visions of the future (i.e. search for and find a silver lining). Process this first with your leadership team and then with others.
• Balance institutional short-term and long-term interests.
• Develop a statement of governing principles and values to guide the analytical and decision-making processes.

What should be the desired outcomes with regard to the budget challenge?

Although taking a short-term managerial budget cutting approach can sometimes solve the immediate crisis, it seldom achieves other worthy outcomes such as reinforcing the core values of the institution and cultivating a culture of mature institutional self-reliance. Instead, exemplary presidents seize the opportunity to provide interpretive leadership by adhering to the following guidelines. They:

Employ a Holistic Strategy
• Effectively address the fundamental budget challenge by closing the gap between revenues and expenses.
• Use the process to strengthen the quality of the institution whenever possible.
• Strive to build a greater sense of a unified community (i.e. avoid unnecessary division and alienation).
• Foster an adaptive culture that facilitates shared responsibility for the general welfare of the institution and enables people to learn new attitudes, skill sets and best practices.

What values and principles should govern and guide you, your team and the institution as the budget challenge is addressed?

Exemplary presidents appear to understand that leadership is value-laden. They formulate shared values and principles that inform both the rescission process and its outcomes. They purposefully:

Shape the Culture (i.e. values and principles)
• Shape a statement of governing values and principles that, through collegial dialog across the institution, guides the institution through the budget challenge.
• Continuously reinforce those values and principles throughout the process.
• Teach people that there is a “right way” to handle difficult times.

What do we need to do to ensure that our process is credible and adaptive?

We have learned from our AASCU colleagues that leadership under difficult circumstances is a contact sport. Although working
with system and campus stakeholders can be challenging and sometimes confrontational, collaboration usually results in increased credibility to the process and acceptance of the outcomes. Remember: 

**Strive to Integrate and Reconcile Conflicting Values: Be Collaborative!**

- Be inclusive and insist that the community takes responsibility for finding constructive solutions.
- Use an advisory mechanism and ensure that it is perceived as credible.
- Err on the side of over-communicating. One of the most serious problems with communication is to assume that it happened.
- Make sure that you—and the process—practice “aggressive listening” by hearing dissenting voices and being willing to be influenced by others. Send a team of two or more to meet with each campus stakeholder group, including students, to actively solicit input into problem solving.
- Search for unifying rather than divisive solutions. Initially everyone should share the pain. Only afterwards will people support surgical rescissions.
- If the process stretches over multiple cycles, continue to make decisions where everyone shares the pain, but begin to make more decisions with a scalpel and not a file—always, of course, with a focus on quality.
- Whenever possible make decisions that reasonable people will see as “making us stronger and better in the things we do best.”

**What do you need to do to ensure that your political base is strengthened by the process?**

Exemplary presidents realize the dangers associated with assuming a heroic leadership posture. They avoid being positioned as solely responsible for owning and solving the problem. They always:

**Share the Burden**

- Be inclusive and insist that the community takes responsibility for finding constructive solutions. Reach deep into the institution for new ideas. Faculty, managers, staff and off-campus constituencies can all be part of the problem solving.
- Think politically by enlisting allies and building supportive coalitions.
- Identify the critical players whose support will be essential; keep them informed, invested and involved. Use your allies and contain your detractors.
- Understand that there likely will be causalities. Repair damaged relationships.
- **Dialog! Dialog! Dialog!**

**What do you need to do to ensure that you are taking care of yourself and others through this process?**

Exemplary presidents never get off the leadership platform. They lead by example and are always perceived as taking care of the troops first, then afterwards, themselves.

**Model the Way**

- Exhibit grace under fire. And always be presidential.
- Don’t personalize the criticism that may come your way. It is not you that they hate; it is the adversity in the situation.
- Listen and hear their pain. Show empathy and respect.
- Always use the words “us and institution” and never “I.” You can never overuse words like “thank you” and “thank you, your work was excellent.”
- Act professionally with integrity, be courageous, resilient, hopeful, make principled-decisions, and always do the right things right.

**Take Care of Yourself**

- Stay high minded, focused on your values and the core values of the institution.
- Guard your integrity. Find a sanctuary for reflection and personal renewal.
- Always externalize the issues and avoid internalizing them to yourself.
- Do not confuse yourself with your position and the role you play.
- Finally, don’t go it alone. Call on your AASCU professional network of colleagues and friends to help you find the way.

In summary, when faced with what can be perceived as an impossible financial situation, the exemplary university president will strive to apply principles and tactics that meet the requirements of contraction management from the perspectives of both interpretive and adaptive leadership. Above all else, the exemplary president must be a source of inspiration, resilience and hope.

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