

## *Chronicle Careers*

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### MOVING UP

#### **Firing the President**

##### **The price of the generous compensation being offered to new presidents is tougher governing boards**

By RAYMOND D. COTTON

The vast majority of college and university presidencies have a happy ending, or at least conclude amicably. That is, most presidents serve the full length of their contracts and then decide to retire or move on to another presidency.

However, as trustees have become more willing to pay increasingly large salaries and performance bonuses to presidents, they have also become more willing to examine with a critical eye a president's achievements (or lack thereof) on a year-to-year basis. And when the governing boards' performance expectations have not been met, some have been willing to terminate the presidency.

What are the performance expectations of most boards today? According to an informal survey that I have conducted among many trustees, university presidents, and search consultants, most boards expect their presidents to at least accomplish the following:

- Raise large sums of money on a consistent basis.
- Be competent managers.
- Maintain academic credibility with at least a majority of the faculty.

While all three are important to most trustees, the first two are vital. For example, I recently learned of a board chairman who had *directed* the president to spend at least half of his time off campus raising money. And, in cases where the president consistently fails to meet the governing board's fund-raising expectations, he or she becomes a candidate for dismissal.

Managerial styles differ, of course, among individual presidents. Some are more hands-on than others; some delegate authority more than others. Usually, trustees are tolerant of different styles as long as the agreed-upon goals are met and budgets are respected. No board likes red ink.

When it comes to the relationship between the president and the faculty, trustees hope and expect to see mutual respect. They also prefer situations in which most faculty members accept the leadership of the president. However, there are cases in which a president is hired with the specific instruction to "take the university in a new direction" or "take the university to the next higher plateau" or "shake this place up."

In such circumstances, the board understands that the president will be knocking heads with at least some members of the faculty and that that will result in their expressing displeasure with the president.

That sort of controversy usually doesn't lead to the termination of the presidency.

But what happens when the president is not working to the satisfaction of the board? In cases where a president has consistently fallen short of the board's expectations, or even violated its direct instructions, publicly firing the leader can greatly damage the reputation of the university and diminish its ability to attract the best candidates to the presidency and to other university posts as well.

One of the most public break-ups in recent memory occurred last summer at the University of Hawaii. In that case, the trustees concluded, after much consideration, that Evan S. Dobbelle's presidency was not working and that they wished to terminate his employment before the end of his contract ([The Chronicle](#), July 23, 2004).

Relations between Dobbelle and the trustees had reached a low point early in the summer. The board felt strongly that his presidency had failed, and it wanted new leadership. However, instead of terminating his employment without cause, the trustees chose to allege that they had "cause" for his termination. Had their allegation been sustained by a court of law, Dobbelle would not have received any separation pay.

For that reason and perhaps for others, Dobbelle chose to hire a team of lawyers and contest the board's decision ([The Chronicle](#), August 13, 2004). The board hired its own outside law firm, and a battle raged between the two sides for about six weeks until a settlement was finally worked out.

Clearly, the boards of public universities have an added burden that trustees at private institutions generally do not face. Because of state sunshine laws, most of what the trustees do at public institutions concerning their president -- including the recruitment, evaluation, compensation, and termination of that person -- will be available to the public and covered by the local and sometimes even the national news media.

In another case, the trustees at the University of Tennessee recruited John W. Shumaker from the University of Louisville, where he had been a successful president for seven years, and then approved a total compensation package in excess of \$700,000. Even though he had made more than \$600,000 as president at Louisville, such a large compensation package did not sit well with many in Tennessee.

Moreover, shortly after he arrived in Tennessee, he became embroiled in a nasty divorce. Allegations by his ex-wife regarding prior financial matters, together with allegations of misspending university money and misusing the university's airplane, caused the trustees first to seek Mr. Shumaker's resignation, and subsequently even to rescind a \$400,000 severance package. All of that was played out in public and fully reported by the media, to the detriment of both Shumaker and the university ([The Chronicle](#), September 26, 2003).

It is interesting to note that after Shumaker was fired, the county prosecutor conducted an intensive three-month investigation and found no evidence of criminal wrongdoing by him. By that time, of course, the damage to the university and to Shumaker had been done.

There are other examples that could be cited where presidencies have not succeeded. In the private sector, however, governing boards are generally able to resolve such matters behind the scenes, and thus limit, or avoid entirely, any damage to the university.

I recall one case where a board decided not to renew the sitting president's contract, even though he had been a very effective fund raiser. His crime: He had crossed swords several times with a new and inexperienced board chairman about the academic direction of the university. Nevertheless, the board

agreed to a quiet process and a generous severance package in order not to injure the university, especially regarding its ability to recruit a new president.

While cases where the university suffers damage to its reputation cannot be completely eliminated, there are steps that trustees can take to "practice preventive medicine" and avoid the failure of the presidency in the first place, or when a failure does occur, to limit the fallout.

It is now well recognized that pools of candidates for presidencies are becoming smaller. Search committees have to work harder than ever to locate and attract the most talented people available for the job. The best candidates in today's marketplace are demanding, and receiving, multiyear employment contracts and generous levels of compensation.

At the same time, both the trustees and the incoming president should reach a mutual agreement on the goals of the presidency and on an annual evaluation procedure by the board that begins with a self-evaluation by the president. In addition, every five years or so, an outside evaluator with proven expertise should be brought in to review the performance of both the president and the board.

In the case of the University of Tennessee, communications between the president and the board had broken down long before Shumaker was fired. In my experience, the single most important element of a good relationship between the trustees and the president is frequent, open, and candid communication.

While I believe the president should take the initiative on that score, procedures should be put in place before a new president arrives that guarantee that communication between the board and the president will be frequent.

Even if the trustees have chosen carefully, and even if they have done everything that they could to make a presidency work, there are occasions when a president simply cannot or will not live up to the expectations of his or her board. In those instances, it is extremely important for a board not to overreact, or to act precipitously, but rather to meet with its legal and public-relations advisers to draw up a plan that will result in the president's leaving according to a time frame of the board's choosing, but also in a manner that avoids damage to the university's reputation.

Trustees should understand that almost immediately after firing an unsuccessful president, they will be in the marketplace to recruit a successor. Highly qualified candidates will not be interested in applying for the presidency of a university where the board is perceived to be unsupportive of the president, arbitrary in its decisions, or punitive.

Where there is to be a termination, what should a reasonable separation package include? If that matter is not covered in the president's employment contract, industry standard usually includes as much notice as possible, severance pay equal to a year's salary or even two years' worth, as well as a mutual nondisparagement agreement whereby both sides agree not to say anything negative about the other.

There may also be a need to negotiate a "transition package" for the outgoing president that will include such elements as moving expenses and outplacement assistance. A president who has been terminated should not be permitted to remain on the campus.

While firing the president is one of the most unpleasant tasks a board can face, there are ways in which a presidency can be terminated that limit the damage that can result from a public blow-up.

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