

## SHAKING UP THE LEADERSHIP MODEL IN HIGHER EDUCATION

Economic pressures, digital disruption, and rising job complexity are prompting universities to seek more “outsider” leaders for their top jobs.

*by Scott C. Beardsley*

Higher education in the United States is a big industry—more than \$500 billion in annual expenditures—and it’s under some big-time pressure as well. Colleges and universities are being squeezed by rising costs, buffeted by increasingly activist stakeholders, struggling to keep up with the effects of digitization on traditional educational models, and facing off against new competitors, such as MOOCs (massive open online courses). Competition for students is so fierce that many universities must rely heavily on student-aid “discounts” to keep dorms and classrooms filled. Demographic change, meantime, demands the continuous reassessment of student-customers and their needs.

This litany of disruption should sound familiar to people in private industry, where corporate boards often respond by seeking nontraditional leaders—those outside a company’s industry—who have different sets of skills and who can bring fresh approaches to problems.

Do business leaders have any business leading universities? Anecdotally, at least, it seems that colleges and universities are turning to the for-profit sector for an

injection of nontraditional leadership. Just to name three recent examples: Janet Napolitano, former secretary of homeland security, was named president of the University of California system in 2013. Clayton Rose, a former vice chairman at JPMorgan Chase was appointed president of Bowdoin College in 2015. And in 2016, South Carolina State University appointed James Clark, a retired AT&T executive, as president.

Yet research on the scope of these leadership changes and the reasons behind them remains spotty. I’ve had the opportunity to observe the phenomenon from both sides of the desk, as it were—first as a McKinsey senior partner and now as the dean of the University of Virginia’s Darden School of Business. To gain additional insights into higher education’s leadership transition, I dug into the data and conducted interviews with leading search firms, which have become ubiquitous in presidential-succession processes.

### **More outsiders than ever**

My research<sup>1</sup> reveals that there is discord on the definition<sup>2</sup> of a nontraditional leader and that, no matter what the definition,

the sheer number of nontraditional leaders is significant and growing (Exhibit 1). Nontraditional leaders by my definition—those who have not, at some point in their careers, come through the full-time tenured-faculty track—now represent fully a third of the presidential population. They could become the majority of leaders of liberal-arts colleges within another decade or so, if present trends hold.

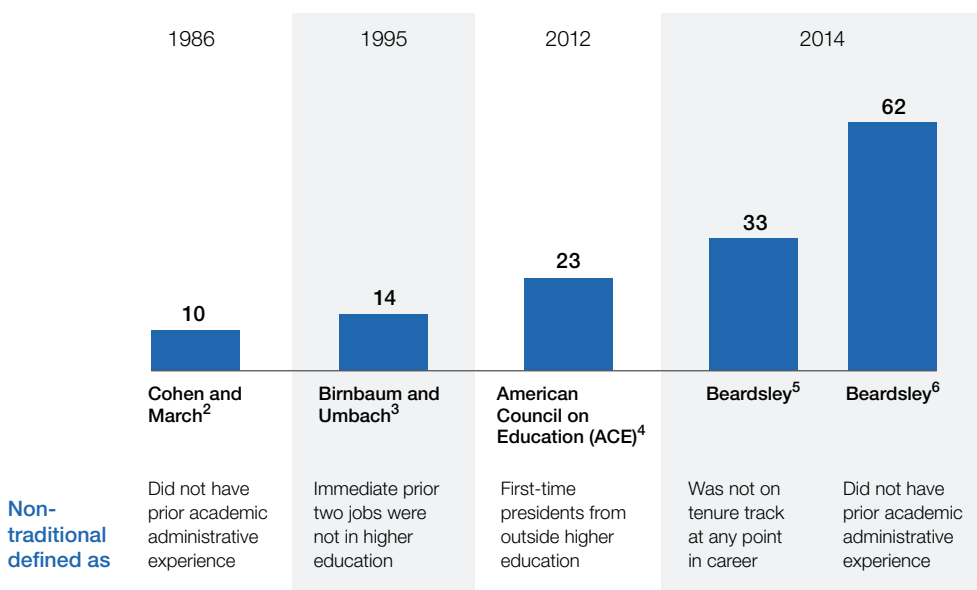
## Nontraditional leaders are not uniformly distributed

It is also clear that the proportion of nontraditional presidents is not uniform across universities. Search-firm executives interviewed indicated that institutions facing a crisis or with less risk-averse boards tend to look for nontraditional leaders. The data further

Exhibit 1

The typical profile of a higher-education leader has been **trending toward nontraditional**.

Estimated share of presidents with nontraditional backgrounds,<sup>1</sup> %



<sup>1</sup> Estimates vary across studies because definitions of nontraditional leaders and types of universities in samples vary.

<sup>2</sup> Michael D. Cohen and James G. March, *Leadership and Ambiguity: The American College President* (Harvard Business Review Press, 1986); data from large public and independent colleges and universities. Typical promotional hierarchy for academic administrators defined as proceeding from professor to department chair to dean to provost to president.

<sup>3</sup> Robert Birnbaum and Paul D. Umbach, "Scholar, steward, spanner, stranger: The four career paths of college presidents," *The Review of Higher Education*, spring 2001; data from baccalaureate colleges in 1995.

<sup>4</sup> *On the Pathway to the Presidency*, American Council on Education, 2013; data from US colleges and universities in 2012.

<sup>5</sup> Scott C. Beardsley, *Higher Calling: The Rise of Nontraditional Leaders in Academia* (University of Virginia Press, 2017); data from *US News & World Report* on 2014 liberal-arts colleges and Internet searches.

<sup>6</sup> Using Cohen and March's definition (ie, % of presidents whose prior job was not president, provost, or chief academic officer) and data from 2014 liberal-arts-college presidents; Scott C. Beardsley, *Higher Calling*.

suggest that schools with a higher-than-average proportion of nontraditional leaders tend to be smaller (in students and staff), less well-resourced (in endowment per student), on the East Coast of the United States, and religiously affiliated.

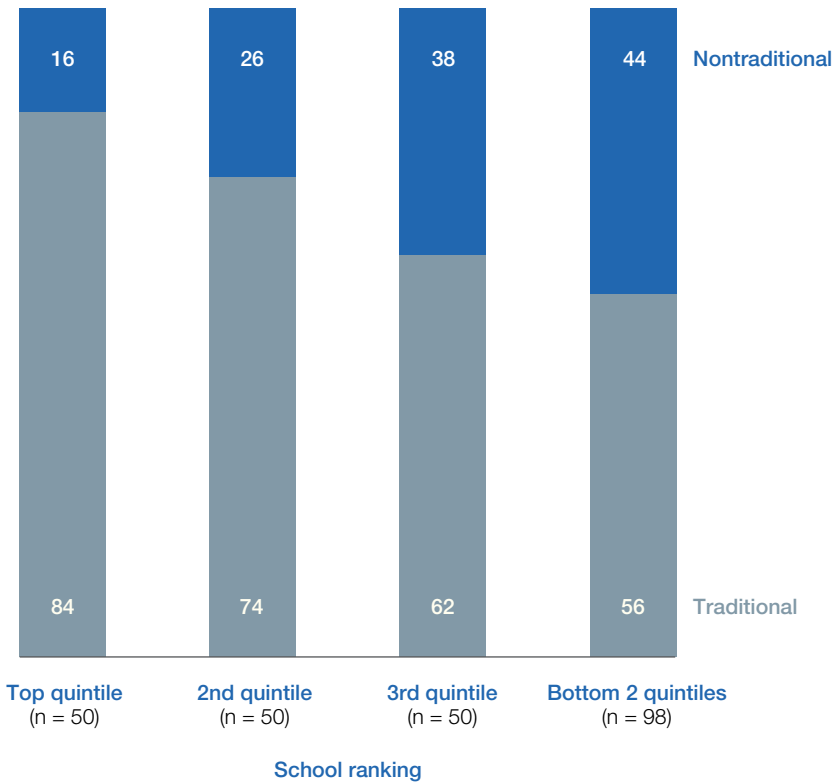
Institutions at the top of popular lists, such as *US News & World Report's* Best Colleges ranking, are far less likely to

appoint nontraditional leaders than lower-ranked institutions—16 percent non-traditional presidents for the top quintile of colleges against 44 percent for the bottom two quintiles (Exhibit 2). That said, there are still significant numbers of nontraditional presidents in the least likely segments: those that include the highest ranked, most selective, and richly endowed schools. Among them are stalwarts such as Bates, Bowdoin, Carleton, and Colby colleges.

Exhibit 2

**Institutions at the top of popular college-ranking lists are far less likely to appoint nontraditional leaders than lower-ranked institutions.**

Presidents of liberal-arts colleges by background, %



Source: Scott C. Beardsley, *Higher Calling: The Rise of Nontraditional Leaders in Academia* (University of Virginia Press, 2017); Internet searches; Integrated Postsecondary Education Data System; 2014 college rankings from *US News & World Report*

## Looking ahead

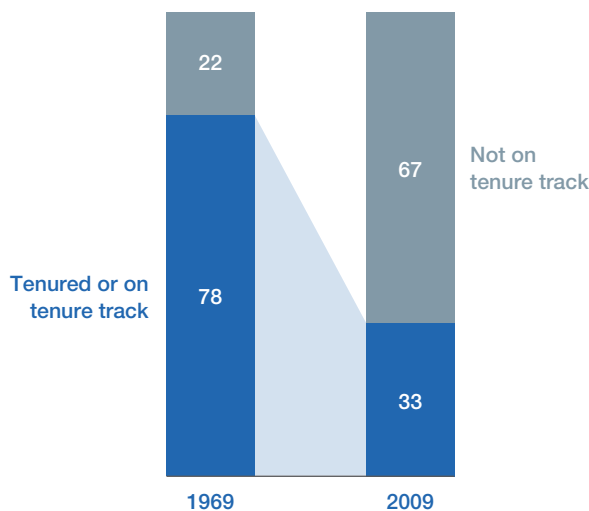
Are nontraditional leaders more successful? The data fall silent on this question because answering it requires defining and measuring success. A few markers, however, suggest that nontraditional leaders are holding their own. For example, institutions are more likely to hire a nontraditional president following a traditional president than the reverse. Nontraditional presidents also tend to have longer tenures: their median is 6.9 years versus 4.6 years for traditional presidents.

Executive-search professionals had much to say about the trends underlying the growing number and apparent success of nontraditional leaders. On the leadership “supply side,” there has been a dramatic decline, over the past few decades, in the number of tenure-track professors in the United States (Exhibit 3). Then there’s the job itself: just as in the corporate world, it has changed, with leaders now required to take on many external-facing duties that extend beyond fund-raising and maintaining good town–gown relations. Understanding academic norms and culture remains essential, but

Exhibit 3

The pipeline for traditional college presidents is **thinning**.


Faculty composition in US higher-education institutions, %



Source: William G. Bowen and Eugene M. Tobin, *Locus of Authority: The Evolution of Faculty Roles in the Governance of Higher Education* (Princeton University Press, 2015); Jack H. Schuster and Martin J. Finkelstein, *The American Faculty* (Johns Hopkins University Press, 2006); National Center for Education Statistics’s Integrated Postsecondary Education Data System, 2009

intense public scrutiny brought on by 24/7 social media, shifting government regulations, and declining state funding for public universities are all placing a premium on better management, so many talented traditional leaders no longer want the job. Universities have become much more complex businesses, as well. Many large research institutions, for example, have hospital systems that account for as much as half of their revenue and employment.

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While these trends show no signs of reversing, they won't stop talented tenure-track professors from continuing to reach the top. The forces at work do mean, though, that colleges and universities will need to be managed and led more like the large, complex organizations they are. The debate will rightfully shift from whether the next president should be traditional or nontraditional to what challenges the leader needs to address. Over time, search committees will increasingly consider outsiders, many of them from business. And to the extent that they are successful, the door will open wider for more of them. 

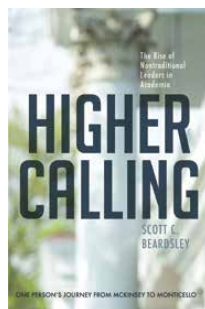
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<sup>1</sup> The quantitative data set studied the 248 liberal-arts colleges identified by *US News & World Report*.

<sup>2</sup> Search-firm executives' and academic definitions of a nontraditional leader vary widely, from anyone who hasn't climbed the tenure-track ranks to the provost office to anyone whose last two jobs were not at a university.

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This article is based on research that appears in the author's recent book, *Higher Calling: The Rise of Nontraditional Leaders in Academia* (University of Virginia Press, September 2017).