



Strategic Boards in Higher Education

Role of the Board during unsettled times

By Rick Beyer

The business model for higher education is under severe stress. There is more capacity than student demand. Consumer behaviors have changed, technology demands are increasing, and deflationary forces are curtailing revenues.

As a result, an increasing number of colleges are closing their doors in the face of financial trouble. Some are finding ways to continue advancing their missions through innovation and strategic decision-making. **What's the role of the Board during these unsettled times?**

The latest Association of Governing Boards Trustee Index Poll found that **ninety-two (92%)** percent of Trustees see the need for **moderate (58%)** or **drastic (34%)** change to the business model of higher education.

In this new environment, the financial model that propelled higher education for the past several decades is crumbling. The growing number of institutions are becoming going concerns, victims of dwindling enrollments, and declines in both private and public funding. In many cases, the institutional leaders fail to come to grips with this reality. This challenge **leaves boards with some significant governance decisions to make**, including to maintain independence, merge with other institutions, or develop affiliations that consolidate strengths.

For institutions that struggle to match revenues with expenses, it may be clear from a financial and operating perspective to consider new alternative strategies. This is often difficult to comprehend emotionally, especially when viewed through the lens of a board composed of volunteers. Yet, **the fiduciary responsibilities for intergenerational sustainability rest with the Board**. It is impossible, if not impermissible, to defer decisions that will affect the institution's future.

It takes courage and leadership to navigate these uncharted waters. Passive boards will set the course for their institution's decline with inaction, but **strategic board leadership**, aligned with its president, **can position institutions for long-term prosperity**.

92%*

*of Trustees see
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*Association of Governing Boards of Universities and Colleges (AGB) Trusteeship Magazine, College Mergers and Affiliations, June, 2019