

## ***Setting a New Standard in Trustee Search***

**By Robert Hastings Perry**

About 25 years ago, colleges and universities began retaining executive search firms to conduct presidential searches. This new trend, encouraged by the integration of corporate and educational search process models, has raised the bar for excellence in CEO transitions. Executive search counsel introduced effective techniques such as the use of external interim service during the course of search processes, generating more inclusive and diverse candidate pools, and performing in-depth due diligence on finalists. However, one area that has not been addressed is the use of search counsel to identify prospective governing board trustees. Why?

The simplest answer might be tradition. Historically, trustee selection committees – particularly those in the independent sector – have relied almost exclusively on personal referrals. In addition, rather than focusing on a particular area of expertise that is most needed, there has been an over-emphasis on securing trustees with ‘deep pockets’, i.e. wealthy individuals who can provide significant financial support. When the importance of motivation to serve (reflected in the high percentage of alumni trustees) and the fact that service is on a volunteer basis are added to the mix, it is understandable that retaining consultants has rarely been considered an option. In sum, it could be stated that treating a trustee search in the same manner as that of securing a president would run counter to the ethos of the academy.

Nonetheless, it is clear that many colleges and universities would benefit from professional assistance in filling trustee vacancies. This is evidenced by the priority nearly always issued to presidents-elect of institutions below the Tier I level to *strengthen the governing board*. When it is necessary to augment the board, internal and external issues to the institution can arise. Internally, individuals in charge of board recruitment may not have the time or expertise to devote to a comprehensive search. Similarly, presidents who assist in this effort are often busy with other priorities and are best utilized at the conclusion of the process. Externally, there is the absence of a nationwide research and sourcing strategy to identify candidates, which is standard procedure for search firms.

A few years ago I received a phone call from a college president whom my firm had placed several years earlier, asking if we could assist in finding a trustee for his board. His need for specific legal expertise was critical to the future of the school, which was involved in complex and potentially costly litigation. The request made perfect sense to me. Our team had previously spent five months managing a process that gave us a comprehensive understanding of the institution, its goals and challenges and, most importantly, the strengths and weaknesses of the board. Further, beyond all the quantitative and qualitative measures, we had gained a sense of the College’s chemistry and culture.

As a result, we were able to locate a brilliant attorney who had recently retired to his home state and was living less than a two hour drive from the College. Although he had no prior connection with the institution, he was thrilled to join the board. His enthusiasm and legal knowledge were equally well-received, and proved to be vital to the successful outcome of the situation at hand. For my part, the experience taught me three important lessons:

1. This process has enormous potential for improving the quality of board governance in higher education.
2. A full-scale operation is required to build and support the necessary infrastructure and to continuously refine the process.
3. The service should be supported through donations or offered on a *pro bono* basis not just because it is consistent with the spirit of public service, but also because those schools with the greatest need can least afford to pay fees.

Thus, the R. H. Perry Foundation, a 501 (c)(3) charitable organization providing trustee search for the academy, was established. The Foundation's mission is to find qualified trustees for colleges and universities based on the conviction that this will have a positive impact on effective board governance and, by extension, on the institutions those boards serve. We plan to initially target independent schools below the Tier I level. Our objective is not simply to fill vacant board seats. It is to find outstanding men and women who are motivated to serve and who possess particular skills that will complement a given board's collective expertise. Furthermore, we seek opinion leaders who will have a highly positive influence by bringing innovative ideas and the ability to attract others of equal prowess.

Our search process begins by reaching a clear understanding of the board's goals, needs and expectations, as well as its criteria for a new trustee. From this we are able to develop a profile of the board's needed skills and experience to best complement those of its current membership. If there is an expectation of financial support, it is important to explain to candidates at the outset the board's required or desired amount of annual contribution. However, one's ability to give should be accompanied by an equal or greater commitment to achieving the institution's mission. If we are approached with the sole criterion of finding individuals who are willing to make substantial donations, our answer would have to be, "No." Not only are we unwilling and probably unable to do this, but the request misses the point of our services by a wide margin. It should also be noted that many prospects – particularly those with contacts in the corporate world – may well be able to account for financial support in other ways.

The process model is designed to concurrently pursue both external candidates and those that are internal to the institution, such as alumni, friends and local community leadership. We conduct the external search in much the same way as a presidential one, utilizing targeted research and sourcing techniques. The major difference between the two processes lies in the motivation

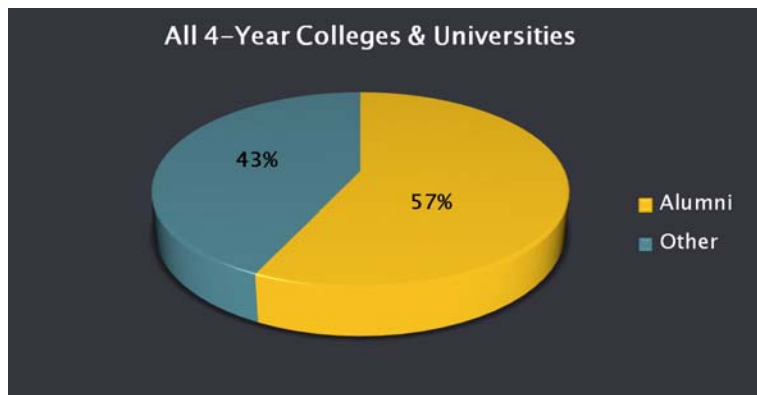
factor. What would spark interest in serving on a governing board of a college or university with which one has only a minimal connection or no connection whatsoever? The answer is found in an important premise:

*We believe that there are a great many well qualified men and women in all walks of life who comprise an untapped, high potential resource for service. Many of these individuals have a latent desire to serve as trustees – to give something back – yet they have never acted on it. The reason is simple: there has never been an easily accessible means to do so.*

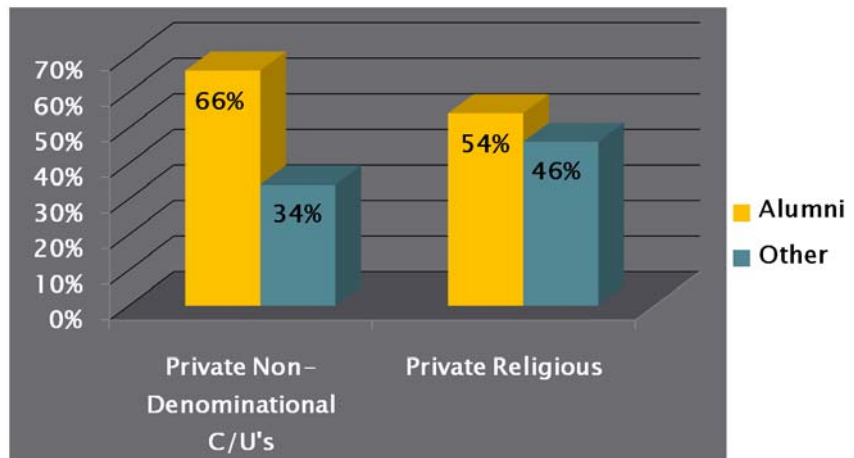
Simply put, the R. H. Perry Foundation will provide that means. Before describing how we will accomplish this, let us further consider the idea of a latent desire to serve. If we could analyze the motivation of prospective candidates, it seems safe to assume that the overwhelming first choice would be to support one’s *alma mater*. We can also expect that there would be a second, smaller group that would say, “I’d be interested in serving that university I drive past every day.” And then there would be a third group, probably comprising only a handful of individuals, who would say, “I would love to help turn around a struggling college, even if it’s one I’ve never heard of!”

Our plan is to launch a major marketing/ publicity program that will cast a nationwide net soliciting nominations and providing an opportunity for prospects to apply directly to the Foundation. A Secure Trustee Suite, housed on the Foundation website, facilitates vetting protocols and also serves as a vehicle to submit materials on top candidates for confidential consideration. We are also able to capitalize on a number of key strategic alliances, including the Registry for College and University Presidents, a proprietary cadre of over 150 retired and former CEOs who serve in interim and consulting capacities. While the value of having sitting presidents participate in board governance is well established, time commitments and conflict of interest issues are often prohibitive factors. When we remove both of those constraints by using former presidents and other retired top academic administrators, we have an excellent resource of experience and wisdom.

Turning to the internal search, let’s first look at the percentage of alumni serving on higher education governing boards. Across all four-year college and university governing boards, 57 percent of the trustees and directors are alumni of the institutions they serve.<sup>1</sup>



For governing board members of private non-denominational institutions, the figure is 66 percent and for private religious institutions, it is 54 percent.<sup>2</sup> The high incidence of alumni participation is certainly understandable as there is an obvious personal connection providing a built-in motivation to serve. There are definite advantages because alumni can provide an “institutional memory” and guidance to uphold their schools’ traditions. In addition, many alumni are also generous and willing donors.



***But what might be wrong with this picture?***

There can also be disadvantages when alumni serve on boards, especially if it is for the wrong reasons. Agreeing to serve on a board because one is a friend of a friend, or as a reward for giving money, or because one has an impressive title, or simply because one lives nearby will rarely add to the level of governance required. In the worst cases, a preponderance of such alumni may render a board insular – circumscribed and detached in outlook and experience. Sometimes alumni feel their best contribution to the board is to support their particular program or to nostalgically maintain things as they best remember them to have been. This can slow down a board that must be proactive in responding to future trends in higher education.

Let us be clear that the Foundation’s work is not against alumni trustees, but rather it is to find the *right* alumni for board service. This leads to our second premise:

*Many colleges and universities have alumni who would make top-notch trustees, but their institutions have lost contact and are currently unaware of them.*

A recent case in point: a prominent university announced that a new trustee had been appointed to the board and that the vice chair had been elevated to chairman. The bios of the two individuals showed that, by coincidence, they had both earned their undergraduate degrees at the same small college – one whose shaky financial condition cried out for help. A telephone call revealed that the college’s president was totally unaware of the existence of these two alumni! If this sounds like an isolated case, let me assure you, it is not.

We work closely with development officers to identify prospects through alumni databases that have typically been screened by net worth software applications. By redirecting the focus from

wealth to professional expertise, we can target alumni who might otherwise be overlooked. In a recent test case of our process, we refocused the alumni data base at Delaware Valley College. The result was we were able to identify six outstanding alumni prospects for board service. Vetting prospective candidates and possibly approaching them as a third party can also be advantageous to a given school since we gauge their interest level and availability as the initial step in the courting process. The key point is that by utilizing search engines and their data mining capabilities, we are often able to locate these “missing” individuals. With today’s Internet and sophisticated demographic software, there is no place to hide.

The Foundation’s services extend beyond the appointment of a new trustee. While placing an outstanding new board member is very important so, too, is sharing the methodology used to accomplish this task. A major part of our role is to ensure that the institution will not need search counsel to assist in filling subsequent board vacancies. Therefore we create a detailed record depicting how the process was tailored to the particular needs and circumstances of the institution. This documentation will facilitate the institution’s future state-of-the-art, all-inclusive trustee search process.

Ultimately, the R. H. Perry Foundation’s goal is to demonstrate empirically that this approach to trustee search is efficient and productive. The more pervasive its use throughout the academy, the greater the visibility it will achieve. Our vision is that, as this model and its variations are emulated, the process will become institutionalized throughout the academy. To foresee a way in which this could readily occur, we need look no further than the presidential search firms themselves. Today, these firms and solo consultants conduct well over 50 percent of CEO searches annually. We would particularly like to see search counsel offer a *pro bono* trustee search for governing boards at the completion of each presidential assignment. It is our belief that it is in the best interest of these firms since their reputations are based upon the new president’s success which, in turn, is inextricably tied to the strength and dynamism of the board. It is also quite possible that this may eventually burgeon into an on-going, fee-based service offered by search firms.

Far more important than the manner in which this new trend develops and spreads, however, is the result it can achieve. As the saying goes, “a rising tide lifts all boats.” So, too, a systematic process of transforming board governance will elevate colleges and universities to their next level of excellence.

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<sup>1</sup>*The American College President*, American Council on Education, 2007 Edition

<sup>2</sup>*The Chronicle of Higher Education*, “A Chronicle Survey,” May 11, 2007