

How to Communicate in a Difficult Economy

Chronicle of Higher Education, Feb. 13, 2009

By Kent John Chabotar

“Doubts are more cruel than the worst of truths.”—Molière

Over the years, as my own institution, Guilford College, and others have struggled with economic uncertainty and worse, I have often recalled that observation from the 17th Century dramatist. In today’s dismal economic circumstances, it is particularly apt.

Presidents and chief financial officers can be tempted to restrict the flow of information and to discuss financial exigencies only with senior staff members, so that board members and people throughout the campus do not become worried. Another concern is to avoid presenting budget problems without solutions—which take time to develop in rational discussions among senior colleagues, not in emotional town meetings.

But my experience as president of Guilford, and earlier as CFO at Bowdoin College, supports Molière’s assertion that it’s better to get the facts out rather than allow trustees, faculty members, and others to speculate and be led by their own fears to think wishfully and act precipitously. A lack of confidence can make a bad economy even worse. There is a reason why most depressions before 1929 were called panics.

In addition, many first-rate ideas can be uncovered when people with experience at a college, even at lower levels, are given scary but reliable data and asked, “What do we do now?” Top administrators should not only be open with information but should also solicit feedback and advice.

Of course, communications during both good times and bad can be mishandled. But most people, if presented with the same information, can come together in positive and beneficial ways. And although the process is easier if your college has always been open about budgets and finances, there is no time like the present to begin.

What are some general guidelines for effective communications during a period of financial difficulty? Although they might not work in every situation, I would suggest the following to fellow presidents:

Show leadership. Even though the crisis is mainly financial, the president—not the CFO—is the person from whom people expect such leadership. The issues are not just fiscal and budgetary; they go to the heart of the institution’s mission, programs, and even sustainability. Fortunately, many presidents have been forthcoming with their messages about the present fiscal situation. They have blended institution-specific information with their perspectives about what is happening in higher education in general, as well as in federal and state-government policy and the global economy.

I've also found that a regular series of focused and updated messages is better than one large and often impenetrable "state of the campus" address that overwhelms more than educates. Although few of us would compare ourselves to Franklin Roosevelt, use of streaming video or podcasts for a series of presidential "fireside chats" can be effective. I'm considering that idea to inform people at my institution about how we are responding to economic conditions. That method is more likely to engage our students, who like to get their information when they want it—usually hours after we administrators have gone to bed.

If you have data, disclose them, but balance tables and graphs with a compelling narrative. If you have conclusions, tentative or final, share them. Always impart the truth (even though it may not be the whole truth immediately, if you seek to involve the campus gradually).

Involve the governing board. During a crisis, never tell anyone something major that you have not told the trustees first. Little alienates a board more than being blindsided. Use board leaders, like the chair and vice chair of the executive committee, for day-to-day consultation and information. But be sure to tell the full board the big news to avoid not just surprises but also the sense of "in" and "out" groups and the loss of crucial expertise from trustees not officially among the leaders. The chairs of finance and investment committees—as well as foundation leaders at public universities—should also be engaged, because the board will need them to approve any significant changes to the investment philosophy or budget.

Encourage broad participation. If you do not have a widely representative institutional budget or finance committee, consider starting one now. It can be a sounding board for your administration and trustees in analyzing the situation and obtaining solutions. It can also foreshadow campus reactions to your information and proposals.

Consider having a senior faculty member serve as chair of the committee to increase credibility and signal the primacy of the academic program. Be sure that the CFO and other senior administrators are also members to keep discussions and recommendations realistic and to link the committee with you and the trustees. You should also refresh your understanding of how open-meeting laws and union contracts will affect the committee's composition and work.

The president should not be a regular member, however because that might stifle discussion—nor should trustees, for the same reason. Leadership groups—the faculty senate, student government, staff association—should appoint other members. Encourage those representatives to consult with their constituents throughout the process while also following the British Parliamentarian Edmund Burke's tenet: "Your representative owes you, not his industry only, but judgment; and he betrays, instead of serving you, if he sacrifices it to your opinion."

Reach beyond the campus. Letters to parents and alumni can assure them that the college is aware and responding appropriately, and can gain their participation and support. It can also be good to send ideas about special payment plans to families and students who, because of financial difficulties, might not return for another semester. You might also want to reach out to

donors whose endowed scholarship funds have lost principal in the stock market, asking them to replenish those funds so that students can remain in college. News releases and articles about your institution's response to the economic crisis can inform the local community, but you should also continue to provide news about successful fundraising, student achievements, and other events so that your core business isn't forgotten.

Use a variety of approaches. A student-government president at Guilford once told me that, when trying to reach students, I should use 100 different ways because different students obtain information differently. The same principle applies, at least in spirit, to faculty members, administrators, and others. Some possible ways to reach various people and groups include:

- Surveys and suggestion boxes where specific questions are asked and answers are anonymous and confidential (whether in hard copy or electronic)
- Articles and op-ed commentaries in student newspapers and administrative newsletters that highlight the specific challenges and opportunities of the crisis
- Special open meetings, or regular faculty and staff meetings, at which you share information with and gather feedback from all levels of the institution.

At such meetings, you should ensure that the time is split appropriately between presentation and discussion. If the crowd is large, divide it into smaller discussion groups after the presentation to allow people to reflect on the information and develop recommendations. Having smaller groups also encourages those who aren't comfortable speaking to a large audience to come forward with ideas. You and other top administrators should be present to symbolize the importance of the event. Members of the campus budget-and-finance committee should circulate after the meeting to hear people's perspectives and concerns.

Focus on education. Never underestimate the fear and loathing with which faculty members and others approach financial data. Many times, they view the information simply as jargon-laden technicalities that obfuscate the truth of the situation.

At both Bowdoin and Guilford, I conducted weekly seminars, open to everyone, about financial fundamentals and budgeting, using basic readings and published cases of other institutions. The sessions were well attended by professors, administrators, students, and even trustees eager to learn more about our financial prospects. Both colleges had been bedeviled by strategic confusion, large budget deficits, chronic overspending from the endowment, and suspicion about financial data and officials. The participants were astute analysts and courageous recommenders of strategic change at the other institutions they studied.

For the last session of each seminar, I asked everyone to focus on our college. To my delight, they demonstrated the same skills and courage in response to the financial challenges and contributed to practical recommendations that were put in place. At Guilford, we decided to gradually reduce endowment spending to 5 percent, for example, and improve our campus appearance, despite how much harder it would be to balance the budget without a bigger enrollment, large gifts, and significant cuts in operating expenses.

Send clear and consistent messages. Whether in one communication or many, try to answer the questions most on people's minds: How did we get in this crisis? What is the situation now in terms of enrollment, endowment, public support, and other budget drivers, and what will it be in the future? What options are we considering, and why? How will decisions be made? Who will make them? The most anxious question should also be answered, although not necessarily in a broadcast e-mail message or newsletter: How will this crisis affect me?

Using one or all of those techniques should not be confined to today's economic calamity. Transparency, participation, fiscal education, and focused messages should be deployed when we are prosperous, too, to help create a campus culture that benefits from the skills and experience of everyone.

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