



Hiding in Plain Sight

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By **Lucy Athorp Leske**

In May 2009, the University of Colorado announced that Interim Chancellor Phil DiStefano **was appointed as chancellor** without a national search. University officials specifically cited a desire to avoid a long search and the risk of bringing aboard an outside candidate in such tough budget times. The University of Colorado is not the only institution in the past 24 months that decided to forego the expense, time and risk of an external search for senior leadership given the current economic uncertainties. Is the calculus on internal candidates and length of searches changing, or is this simply a product of the times?

The search for new leadership can be exciting and promising, a time for fresh perspective and new ideas, or it can be traumatic, as Lucie Lapovsky, former president of Mercy College, suggested in a May 2006 *Inside Higher Ed* column. The costs of an external search include not just financial expense but also delay in key decisions and the risk of a poor fit between an external candidate unfamiliar and the institution. It follows that in times of crisis, leadership continuity is critical as the pace and gravity of decisions increase. With a pending state budget cut, an approaching accreditation review, and a strategic plan just being launched, it is no wonder that the University of Colorado chose to appoint from within rather than risk an external search.

The economy does appear to be a factor in other institutions' decision to search internally. After weighing the pros and cons of a national search, it was budget

constraints, a weakening local economy, and an uncertain revenue picture that persuaded two different private master's comprehensive institutions in the same state to skip national searches for key vice presidential positions and move straight to appointing internal candidates. Fund-raising momentum and strategic plan execution at an undergraduate private institution in the Midwest were threatened by the unexpected resignation of its president. Although the failing economy did not drive the decision, board members felt that an orderly succession of the interim president, the former dean of the faculty, was an optimal insurance policy in an unsteady external environment.

George Mehaffy, vice president for academic leadership and change at the American Association of State Colleges and Universities, has noticed a clear move on some campuses toward the internal candidate as a safe choice. "An external search is an expensive proposition, plus the risk of coming up empty handed is there in spades. Boards and institutions are forced to be cost conscious in every way. Selecting an internal candidate or extending an interim's appointment is their way of saying, no need to panic or spend the money if we have someone right here doing a good job."

The bad economy may be a factor in some recent internal appointments, but it is not always the cause. Having served as acting president of Pace University for 18 months and, according to a university press release, having demonstrated leadership in, among other things,

stabilizing finances and strengthening enrollment, the former dean of the law school, Stephen Friedman, was appointed without search to the permanent presidency in February of this year. That February was the nadir of economic news may be coincidental. After the abrupt departure of its recent short-tenured president and the simultaneous retirement of the provost, the College of William and Mary cited continuity and stability of leadership when it appointed the former dean of its law school, W. Taylor Reveley III, first as interim and then as permanent president with no outside search. This decision was announced in September 2008, before the stock market tanked.

In a field where open national searches are the norm and internal hires less common, crises or exigencies can up the ante and impose a sense of urgency that supports the argument for internal search. After all, as observed by Paul Hennigan, who was appointed president from within of Point Park University in Pittsburgh without a national search, an internal candidate knows best what the issues are and, in many cases, how to go about addressing them. The learning curve is much shallower and swifter than for an external candidate, broadening critical windows for decision making. Many boards and presidents see merit in Jim Collins' argument in [Good to Great](#) (HarperCollins), where he posits that, given that the majority of the world's best companies are run by CEOs who were promoted from within, internal choices for new leadership can lead to greater success.

Institutions where internal searches were successful shared common factors. First, the internal appointment made best use of existing process, campus governance culture and communication methods. At the University of Colorado, it was the search committee made up of internal and external stakeholders that decided to forego an external search and they explained to the community their reasons for doing so. At most institutions, broad consultation was sought to

define the expectations of the next president, to identify the pros and cons of a search, to examine the attractiveness and challenges of the position compared to the external marketplace, to evaluate the internal candidate's fit for the job and, most importantly, to communicate the rationale for the decision. Given the context, the internal candidate became the most logical choice and was appointed with full support of the community. In some cases, an orderly transition plan that began well ahead of the incumbent's departure contributed heavily to success.

Internal searches are not appropriate for every situation. As Carl Strikwerda, dean of the Faculty of Arts and Sciences at the William and Mary, pointed out, it helps to have a highly competent individual in the organization who is prepared for a broader leadership role and who is interested in the job. If there is not an appropriate internal candidate, an institution must look outside. Furthermore, the process of launching an external search can be an opportunity for the institution to build consensus around new directions, identify challenges, and engage in meaningful dialog around leadership priorities. An external hire can bring in a fresh perspective and new ideas to an institution that has become complacent or is in distress.

The bottom line is that internal succession is a new concept for higher education that is gaining ground but that remains suspect in many quarters. An internal appointment without a national external search to validate that individual's candidacy has the potential to alienate permanently constituents who feel disenfranchised by a "fixed" search and an apparent lack of process. Any appearance of an inside track can compromise a new leader's effectiveness.

In certain situations, however, the benefits of an internal hire without search can be significant. In addition to continuity and stability, cost and time savings are not insubstantial. A typical external search, whether for president or dean, can run \$10,000 to \$30,000 in candidate travel and search committee expenses alone.

If a search firm is hired, the fee is typically one third of the candidate's first-year compensation. An internal search usually takes less time, even when a search committee is involved, and there is more certainty around the candidates' leadership style and whether he or she will be a good fit. The institution, in a sense, knows what the internal candidate can and cannot do and how to compensate for known weaknesses.

It is clear that the current economic situation is placing extraordinary demands on campus leadership as well as throwing wrenches into search processes. Becker College in Worcester announced this spring, after launching a presidential search, that it would suspend its search and retain its interim president in order to give the college more time to adjust to the economic crisis. The State University of New York at Albany, after spending \$300,000 and three years searching for a new external president only to have five finalists withdraw at the final hour, chose to appoint its interim president, George Philip, to the permanent position rather than relaunch the search. Often, the interim or acting president, having served in the role successfully for some months, ends up the best option in the end, in no small part because he or she has been able to build trust by demonstrating competency, stability and forward movement. The idea of an exhausting national search becomes the least tenable option.

Do campuses that choose internal candidates settle for less in exchange for a known quantity? Only if one assumes that external searches will yield a class of better and brighter candidates who are also motivated to move. Geographic mobility is at its lowest since World War II. As Albany discovered, just because an external candidate is in a pool does not mean that he or she will accept the

position, let alone relocate. AASCU's Mehaffy confirms that the most profound impact of the economy has been shrinkage of candidate pools. An April survey of college and university presidents by Witt/Kieffer revealed that, given the added costs of injecting a trailing partner or spouse into the job market, maintaining a home that will not sell, and sacrificing a steady job for a new unknown, presidents are now 25 percent more likely to appoint an interim or hire from within for senior administrative jobs than they were before the economy went south.

In this day and age, boards and senior administrative teams are presented with multiple complex challenges at a frenetic pace. Lengthy leadership transitions, whether instigated by the economy or some other cause, can hamstring an institution's ability to respond to these challenges. Boards and presidents have recognized that successfully working within governance cultures to contract the search process by appointing internal candidates without searches is a viable model for leadership transition if key conditions are met. Communication and transparency are essential. Most of all, boards and presidents would be wise to have plans in place for leadership transitions across the institution that include criteria and processes for preparing, evaluating and considering internal candidates for the job, just in case the solution is sitting right in front of them in plain sight. In the long run, whether the percentage of internal appointments without search is tied solely to economic indicators or whether today's cost savings will shape a permanent shift in behavior remains to be seen.

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