

## Leadership 101: Negotiating a Win-Win Contract

By Scott D. Miller and Marylouise Fennell - *College Planning & Management*, June 2010

Former U.S. Senator and astronaut John Glenn and his wife, Annie, received a singular honor at The Ohio State University's season opener Sept. 5 in Columbus: they were among the few non-alumni band members to "dot the i" when the band spelled out "Ohio" on the field at halftime before more than 100,000 Buckeyes fans.

When negotiating a presidential contract, it is critical to "dot the i's" and cross the "t's" before signing because you will never again be in as strong a negotiating position as you are at the outset of your tenure. Missteps at this stage can, at worse, doom a new presidency and at best, place a cloud over it. It's much better to get it right the first time. Unfortunately, new CEOs and trustees, under time pressure and not wanting to jeopardize the job offer, too often throw away this bargaining chip. We recommend considering the following:

### Haste Makes Waste

Especially for first-time college presidents negotiating a new contract, we suggest not succumbing to pressures that may accompany an offer.

Rather, we suggest taking time and consulting neutral, knowledgeable outside sources to ensure an equitable contract for all concerned. This is especially true when compensation issues arise because "low ball" offers, once accepted, can be difficult to readjust to a president's satisfaction at a later time. We know presidents who accepted an offer, only to feel unfairly taken advantage of later when they recognized that they could have realized a far more competitive salary. "Sign in haste, repent at leisure," is a good watchword for both parties to a presidential contract.

### Seek Objective Third-Party Counsel

Our experience has demonstrated that direct contract negotiations between an incoming president and search committee may create undue friction between the two camps, which can compromise a subsequent presidency. We find that an experienced third person, who knows what other peer and aspirational institutions are likely to offer, can prevent unnecessary tension between the board leadership and new president while addressing critical issues. We recommend a knowledgeable higher-education third party. After the basic terms are committed to paper, a lawyer in the home state of the institution should review the agreement to ensure that all state and local laws are applicable.

### Protect Yourself and Your Institution

Too often, in their eagerness to attract strong candidates, institutions fail to protect themselves in contract negotiations. Three-year contracts for a first-time presidency are, in our view, too long. If the president and institution prove to be a poor fit, it will become apparent before the three-year mark. It serves both parties badly to lock them into such a long time frame. For the same reason, we recommend against a common practice of awarding tenured faculty rank in a first contract. If one or both parties are unhappy, it serves neither to have a dissatisfied former president among faculty ranks. Better to leave both free to move on if the relationship is not working.

### Strive for a "Win-Win"

When negotiating a contract, especially for a first-time presidency, all parties should take the time and due diligence to ensure that terms are fair to all concerned. The most enduring presidencies are built upon a foundation of mutual trust and respect, and the contract is a cornerstone of these values. If terms are skewed against either the president or the institution, one or both will likely come to feel victimized later. As in all partnerships, the only relationship worth pursuing is that of an equitable, well-considered "win-win" for all concerned.

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