Pearl Meyer

Presidential Contracts Under Pressure

Aligning Compensation and Governance with the Changing Demands of Higher Education Leadership

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Today's Discussion

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The Presidency Has Changed

02

Governance Frameworks Under Pressure

03

Contracts and Compensation

04

Practical Tools for Boards

Key Focus:

Presidential contracts are no longer aligned with the realities of the role.

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The Presidency Has Changed…

The role has evolved

While institutions face increasing risk, the presidency itself has become a higher-volatility role with reduced tenure and disproportionate downside. The role now carries materially higher risk with less structural protection

More Visibility

Presidents are now operating in a national spotlight, where decisions that were once internal can quickly become public

More Exposure

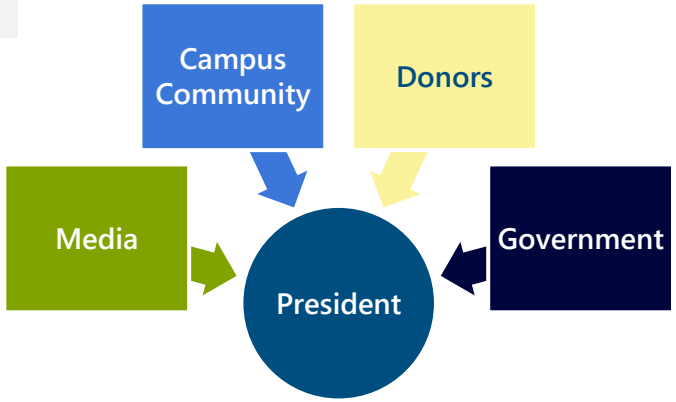
The role carries significantly greater reputational and political risk, with external stakeholders increasingly influence outcomes

More Complexity

Presidents are managing not just academic institutions, but multi-dimensional enterprises with competing financial, strategic, and stakeholder demands

Less Stable

Tenures are shorter and more volatile, with leadership transitions happening more frequently and often under pressure



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Governance Has Not Kept Pace

Governance structures are now misaligned with the role they govern

Legacy Contract Structures	+ They were designed for continuity and predictability, not rapid reputational or political disruption
Benchmark Driven by Habit	+ In many cases, peer groups persist simply because they've always been used—not because they're still relevant
Static Evaluation Frameworks	+ They rarely measure performance under pressure—particularly in public, political, or crisis environments
Limited Linkage to Risk	+ In other sectors, higher risk is explicitly recognized and priced—in higher education, it's often assumed but not addressed

Area	What it Means
Legacy Contracts	Designed for stability
Benchmarking	Peer groups are often outdated and unchallenged
Evaluation	Built for steady-state
Risk	Risk is real—but not priced, protected, or defined

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The Presidency Has Changed — The Structure Hasn't

"We are asking for adaptability—but designing for stability."



Then (Design Assumptions)

+ Stable leadership environment
+ Internal decision-making focus
+ Predictable performance cycles
+ Limited external scrutiny



Now (Current Reality)

+ Volatile, high-visibility role
+ External stakeholders influence outcomes
+ Continuous performance pressure
+ Immediate public accountability

This is not a gap. It is a structural mismatch

What Boards Expect	What the Structure Supports
Crisis leadership under scrutiny	Fixed contract terms
Long-term strategic execution	Annual performance cycles
Public accountability	Private benchmarking logic
Rapid response to external pressure	Limited contractual flexibility

The result is a role where risk has increased—but protection has not kept pace

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Three Leadership Environments

A framework for understanding where traditional structures begin to break down

1. Political & Reputational Exposure

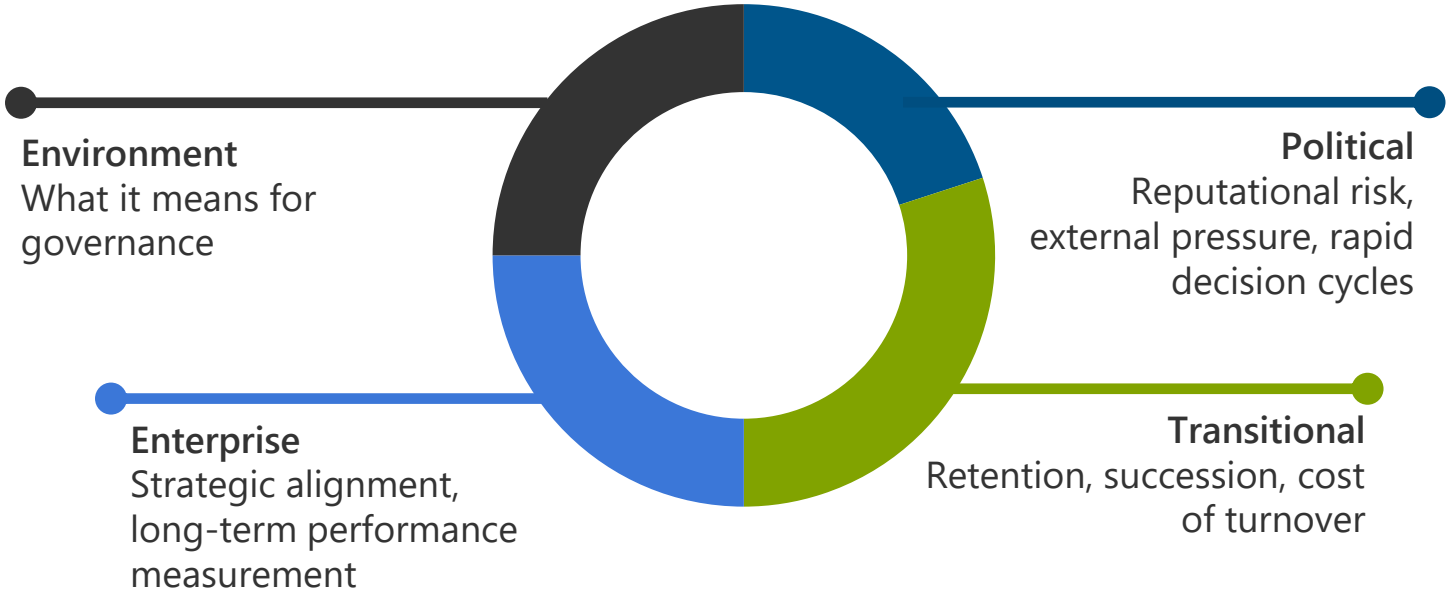
+ External scrutiny shapes outcomes
+ Rapid escalation from campus to public arena

2. Enterprise Leadership Complexity

+ Multi-revenue, multi-stakeholder organizations
+ Long-term strategy and performance expectations

3. Transitional / Short-Tenure Roles

+ Leadership instability and turnover cycles
+ Crisis-driven or time-bound mandates



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The Politically Exposed Presidency

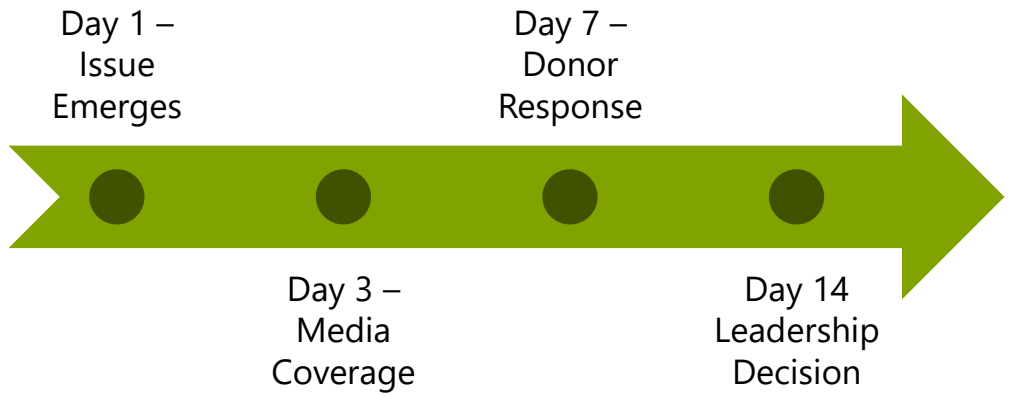
"Reputational risk is no longer episodic, it is continuous, and the pressure isn't more—it's a different type of pressure."

External Pressure Is Now Structural

+ Congressional, legislative, and regulatory scrutiny
+ Donor influence tied to institutional decisions
+ Media amplification and narrative shaping
+ Real-time escalation across stakeholders

Operating Reality

+ Issues move from campus to national stage quickly
+ Leadership performance evaluated publicly, not privately
+ Board response timelines compressed significantly
+ Outcomes are increasingly influenced by actors outside institutional control



What's Changed

+ External stakeholders now influence internal outcomes
+ Institutional issues become public narratives
+ Response windows measured in days, not months

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When Pressure Becomes Action

Recent Examples

Case Study	Harvard / Penn	Texas A&M
Trigger	Congressional testimony on campus issues	Faculty hiring controversy
Escalation	Immediate national media coverage Rapid donor and political response	Perception of political influence Internal and external pressure
Outcome	Leadership exits within days/weeks	Abrupt presidential resignation
Controllability	Limited	Partial
Primary Driver	External Pressure	(External pressure + Internal governance breakdown)

Issue → Public narrative → External pressure → Board action

Not all exits reflect performance — Leadership outcomes are increasingly driven by narrative.

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Where Contracts Fail Under Pressure

"Reputational risk is no longer episodic, it is continuous, and the pressure isn't more —it's a different type of pressure."

Contact Design Gaps

+ Narrow "for cause" definitions tied to conduct, not reputation
+ Binary outcomes (retain vs. terminate) with limited flexibility
+ Terms built for stability, not rapid escalation

Governance Constraints

+ Compressed decision timelines under public scrutiny
+ Limited ability to deliberate or sequence responses
+ Misalignment between board expectations and contractual tools

Compensation & Optics Tension

+ Severance provisions become public flashpoints
+ Benchmark-driven pay difficult to defend in crisis
+ Downside risk is unprotected and uncompensated

Contracts

+ Cause definitions
+ No recognition of reputational triggers
+ Fixed structures
+ Stability design

Governance

+ Decision speed
+ Boards forced into reactive decisions
+ Limited flexibility
+ Board constraints

Compensation

+ Severance optics
+ Benchmark tension
+ Risk not priced

President Reality

No Protection from Reputational triggers

Binary outcomes with limited dignified exit paths

Pay not aligned with asymmetric downside

What the Role Now Requires vs. What the Contract Protects

"Reputational risk is no longer episodic, it is continuous, and the pressure isn't more —it's a different type of pressure."

Reality	Protection
Public, real-time evaluation	Private, lagging review cycles
External actors influence outcomes	No contractual recognition
Short tenure, high volatility	Long-term expectations remain
Reputation risk = career-ending	No structured downside mitigation
External narrative risk	No contractual recognition

"This creates a fundamental imbalance. In most sectors, increased risk is accompanied by either increased compensation or defined downside protection—higher education has not consistently evolved in either direction.".

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What Real Downside Protection Requires

Moving Beyond Binary Outcomes

Expanded exit definitions	+ Beyond traditional "for cause" to reflect reputational and situational realities
Graduated outcomes	+ Not all exits are equal—performance, misalignment, and external events require different treatment
Structured transition pathways	+ Pre-defined approaches to leadership change that preserve stability and reduce disruption
Process before reaction	+ Defined review mechanisms before immediate action under pressure
Alignment of risk and reward	+ Where risk increases, protection or compensation must adjust accordingly

What this is and isn't

*This is **not**:*

- *Golden parachutes dressed up in new language*
- *Paying for failure*
- *Removing accountability*

It is:

- *Acknowledging that not all exits are performance failures*
- *Recognizing external risk as real and unpriced*
- *Avoiding chaotic, reputationally damaging exits*

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The Enterprise Presidency



Scope Has Expanded

- Multi-revenue operating models (tuition, research, healthcare, philanthropy)
- System or multi-campus structures
- Increasing capital and financial complexity



Expectations Have Shifted

- Deliver long-term strategic outcomes
- Drive revenue growth and diversification
- Lead large, complex executive teams



Operating Reality

- Decisions have multi-year implications
- Performance tied to institutional trajectory, not annual results
- Role increasingly resembles an enterprise CEO



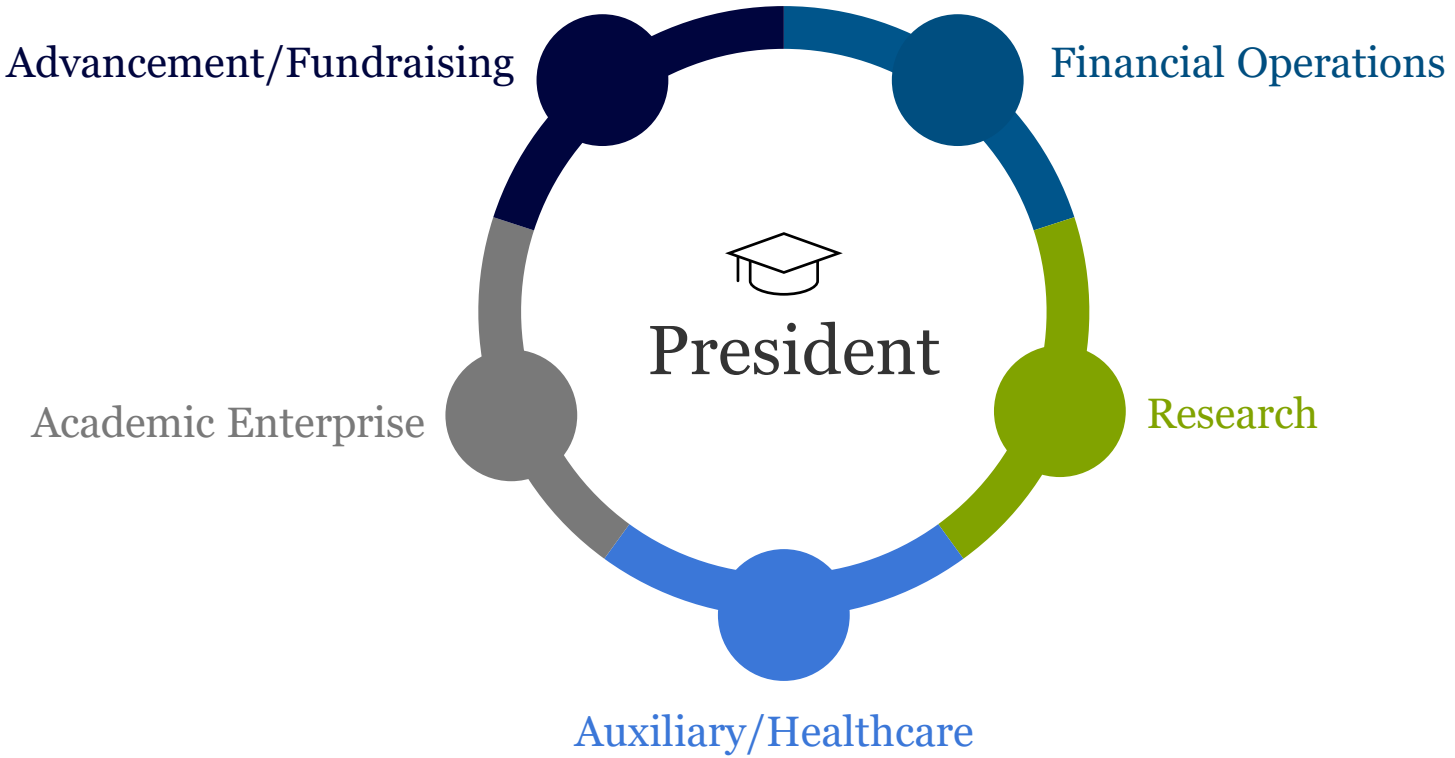
What Success Looks Like

- Sustained enrollment and revenue growth
- Capital strategy execution
- Long-term institutional positioning

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Enterprise Map

How the president sits at the center of a complex, multi-dimensional enterprise



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Enterprise Leadership in Practice

Case 1 – Arizona State University

Model

+ Scaled growth and innovation strategy

Leadership Focus

+ Enrollment expansion
+ Online and partnership development

Implication

+ Performance measured over long-term institutional growth

Case 2 – Purdue University

Model

+ Financial discipline and cost control

Leadership Focus

+ Tuition freeze strategy
+ Operational efficiency

Implication

+ Leadership tied directly to financial and strategic outcomes

Case 3 – University of Southern California

Model

+ Enterprise scale with reputational recovery

Leadership Focus

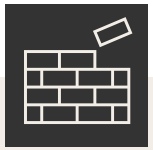
+ Fundraising
+ Governance stabilization
+ Operational restructuring

Implication

+ Dual mandate: recovery + long-term enterprise performance

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Where Enterprise Leadership Contracts Lag Reality



Incentive Misalignment

- Heavy reliance on annual performance metrics
- Limited use of multi-year or long-term incentives
- Weak linkage between strategy and pay outcomes



Time Horizon Disconnect

- Strategic outcomes unfold over 3–5+ years
- Compensation decisions made on annual cycles
- Short-term measurement distorts long-term priorities



Benchmarking Limitations

- Peer groups based on size, not complexity
- Limited differentiation for enterprise scale
- Market data used without strategic context

What the Role Requires	What the Structure Measures
Multi-year execution	Annual results
Strategic outcomes	Short-term metrics
Enterprise performance	Market positioning

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The Transitional Presidency

Tenure Is Shorter and Less Predictable

- Increased frequency of early departures
- Leadership transitions tied to specific challenges
- Reduced expectation of long-term continuity

Roles Are Often Situational

- Crisis stabilization
- Turnaround or financial recovery
- Cultural or governance reset

Interim and Bridge Leadership Is More Common

- Use of interim presidents during transitions
- Extended search processes
- Overlapping or phased leadership handoffs

What's Driving This?

External pressure and scrutiny | Board and stakeholder expectations | Complexity of institutional challenges

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Leadership Instability in Practice



Case 1 – Michigan State University

Context

+ Institutional crisis requiring leadership reset

Leadership Pattern

+ Multiple presidential transitions over a short period
+ Reliance on interim leadership

Impact

+ Extended governance instability
+ Delayed strategic progress



Case 2 – University of Louisville

Context

+ NCAA violations and governance disruption

Leadership Pattern

+ Repeated presidential turnover
+ Board and leadership changes

Impact

+ Reputational damage
+ Financial and strategic disruption

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Where Transitional Leadership Exposes Structural Gaps

Most institutions underestimate the cost of a failed presidency

Retention Design Is Reactive

+ Retention tools introduced late in the cycle
+ Limited forward planning for leadership continuity
+ Compensation adjustments made under pressure

Renewal Discipline Breaks Down

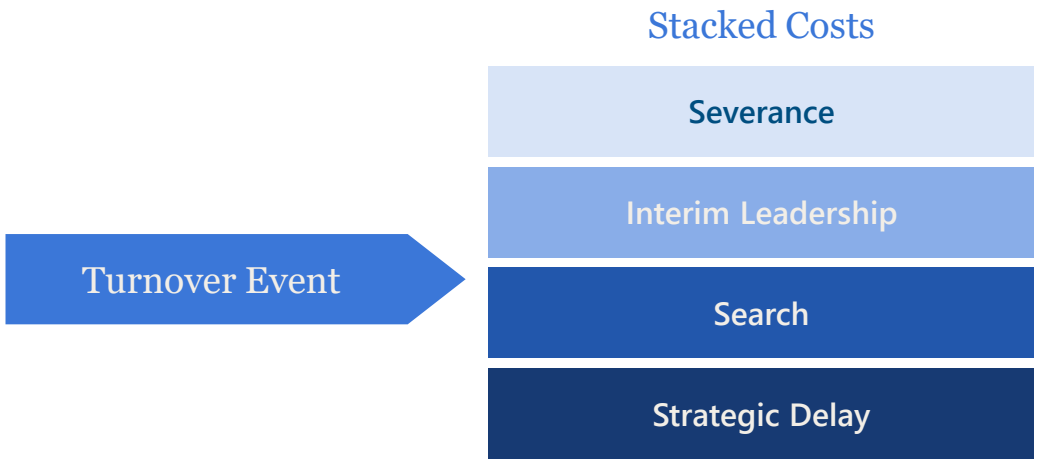
+ Renewal decisions driven by circumstance, not structure
+ Inconsistent timing and process
+ Limited linkage to defined outcomes or milestones

Cost of Turnover Is Underestimated

+ Search and transition costs not fully quantified
+ Interim leadership adds incremental expense
+ Strategic and donor disruption not measured

What This Leads To

+ Repeated transition cycles
+ Increased cost and instability
+ Reduced leadership effectiveness over time



These costs are not hypothetical—they are recurring

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A Practical Tool: Presidential Contract Stress Test

Five Questions Boards Should Be Asking

1

Does the contract reflect the institution's actual risk environment?

(Political, reputational, financial, and governance dynamics)

2

Are exit pathways clearly defined beyond binary outcomes?

(Beyond traditional "for cause" definitions)

3

Are performance expectations clearly defined and measurable?

(Including performance under pressure and public scrutiny)

4

Is renewal a structured process—or a reactive event?

(Timing, criteria, and governance discipline)

5

Would the agreement withstand public and stakeholder scrutiny?

(Optics, transparency, and defensibility)

If the answer to any of these is 'no' or 'unclear,' the contract may be outdated.

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A Practical Tool: Presidential Contract Stress Test

Five Questions Presidents Should Be Asking

1. What risks am I actually being asked to absorb?

   (reputational exposure, external actors, loss of control)

2. What triggers exit—and who defines them?

   (reputation, narrative, board discretion)

3. What is protected vs. unprotected downside?

   (Compensation, role continuity, reputation, and transition outcomes)

4. How is success measured under external pressure?

   (Decision-making, response quality, and leadership under conditions outside full control)

5. What happens if the narrative—not performance—drives outcomes?

   (Reputational events, perception-driven pressure, and decisions made independent of underlying performance)

If the answer to any of these is 'no' or 'unclear,' the contract may be outdated.

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Rethinking Peer Groups and Market Benchmarking

The Traditional Approach

+ Static peer groups based on size and selectivity
+ Compensation positioned around median market data
+ Limited reassessment over time

Where It Falls Short

+ Does not reflect institutional complexity or strategy
+ Ignores differences in risk exposure
+ Reinforces historical positioning rather than future direction

A More Effective Approach

+ Align peers to institutional strategy and ambition
+ Incorporate risk profile and leadership demands
+ Reassess peer groups regularly as conditions evolve

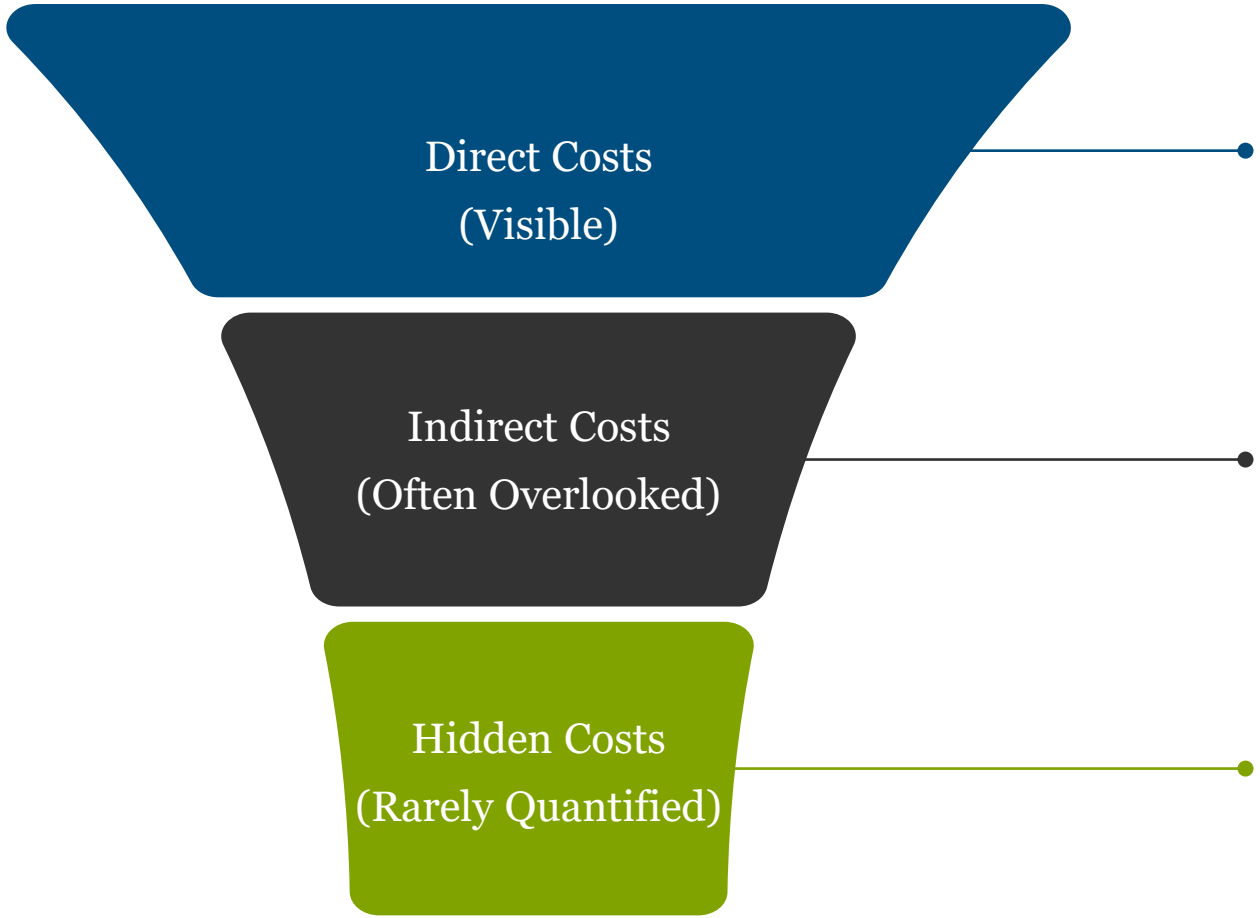
Key Questions for Boards

1. Are our peers aligned with where we are—or where we're going?
2. Do they reflect similar complexity and risk?
3. Are we using data to inform judgment-not replace it?

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Understanding the True Cost of Presidential Turnover

"Total impact routinely reflect significant sums—and is rarely planned for—before considering long-term strategic effects."



Search firm and recruitment expenses
Interim leadership compensation
Severance and contractual obligations

Strategic delay and lost momentum
Donor hesitation or disruption
Leadership team turnover and disruption

Reputational impact
Enrollment uncertainty
Internal morale and organizational focus

Boards pay for misalignment—either proactively or through disruption

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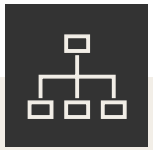
The Risk Has Already Changed

The risk has already changed. The only question is whether your contracts have



The Environment Has Changed

+ Greater external pressure
+ Increased enterprise complexity
+ Less stable leadership tenure



The Structure Has Not

+ Legacy contract frameworks
+ Static benchmarking practices
+ Short-term performance alignment



The Opportunity

+ Align contracts to actual risk
+ Align compensation to long-term strategy
+ Align governance to today's leadership reality

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