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ABSTRACT

The role of the chief finance officer (CFO) in managing Christian, liberal arts colleges was studied at eight colleges with a reputation for being well managed. A profile of the eight CFOs includes these characteristics: they ranged in age from 40 to 61 with an average age of 51.5; they had been in this office an average of 11.5 years; and six of the eight had advanced degrees and all had at least the baccalaaureate degree. Based on interviews and data provided, six dimensions or themes were observed in the management style of the eight CFOs: (1) they enjoyed a strong relationship with the president; (2) they maintained strong relationships with the staff and delegated extensively to them; (3) they had positive relationships with other vice presidents and faculty; (4) they understood and supported the college, its religious values, and the office of the president; (5) they worked closer with the board and had more influence on them than did other vice presidents; and (6) they tended to be very confident yet conservative and nonassertive in approach. (SW)

MANAGEMENT AND THE CHIEF FINANCE OFFICER IN THE CHRISTIAN, LIBERAL ARTS COLLEGE

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I. Introduction

This study was conducted between June and November of 1984 and involved ten Christian, liberal arts colleges with a reputation for being well managed. This reputation was determined by interviewing individuals at the Council for Independent Colleges, the Christian College Coalition, CASE, CAPHE and NACUBO, professors of higher education at Stanford and SUNY, and presidents of liberal arts colleges. About 175 colleges were nominated by one or more persons and ten were chosen on the basis of intensity and frequency of mention. All ten were visited in the Summer and Fall of 1984 with taped interviews of the president and those reporting to him and, in some cases, faculty and students. Hard data including budgets, audits, application forms, salary schedules, student profiles, biographical information, an analysis of what percent of the budget went to the various parts of the college and enrollment was gathered and analyzed.

A paper was given at Wheaton College in May, 1985 to the Deans Meeting of the Christian College Coalition on management and the president. Today we will be examining management and the chief finance officer. Although all of them have broader responsibilities than finance and were generally given the title of vice presidents, they are referred to in this study as the chief finance officer (CFO).

II. Quantifiable Comparisons

Quantifiable data was available on the chief finance officer in eight of the ten colleges studied. No further reference is made to other than these eight colleges except where reference is made to the study of the presidents (ten colleges) and academic vice presidents (nine colleges).

The age of the chief finance officer corresponded closely to that of the presidents in this study and was somewhat above the 45.1 average of the academic vice president. It ranged from 40 to 61 with an average of 51.5 and only two being in their forties. They had been in this office an average of 11.5 years including two who had been appointed by a relatively new president two years earlier. Four were between 12 and 14 years with the highest reaching almost thirty. Three of the group started in other positions at the college bringing the average number of years of service to that college up to 14.4. Clearly the group, as a whole, had been in the position long enough to provide stability and knowledge of what was needed to be successful in that role.

They held a number of interesting positions prior to coming to that college although only two had been a chief finance officer in another college. Two had taught economics (finance at the collegiate level, two had been in the public schools and five of the eight had been involved in either a for-profit or not-for-profit (non-educational) position in finance including large corporations and banks. It is very clear that these individuals had held one or more positions of considerable responsibility for an extended time. It is assumed that this significant experience played a major role in shaping the amount and nature of influence they had in their college.

Their church affiliation had always been with the supporting church in three cases where the college demanded that affiliation. In the other five cases, four were now in a different Protestant denomination than they nad been at one time. An examination of those changes, however, revealed no significant theological changes.

Six of the eight held advanced degrees and all eight had at least the baccalaureate degree. One did not give the field and one held a history degree while the rest were in accounting, economics or finance. Two held the MBA (University of Michigan and University of Miami), one the M.Div. and three others with Master's in a variety of fields. There were three doctorates (Penn State, Northwestern and George Washington) in higher education, educational administration and economics/finance. The group was well educated but not as narrowly in accounting and finance as might have been expected.

Each was asked why they entered their current position with the most frequent response being recruiting by the president and wanting to be in a Christian environment.

All were white males. Seven of the eight are still in this position as of October, 1985.

II. Dimensions of Management Style

In an examination of the interviews and data provided, it was concluded that some six dimensions or themes could be observed in the management style of these eight chief finance officers. As in a previous study of academic vice presidents, it is apparent that the presidents set the tone for their institutions and that there was some rather marked differentiation in management ability among the chief finance officers.

<u>Dimension One. The chief finance officer enjoyed a strong relationship with the president which was at times broader than his area of responsibility and oriented toward process.</u>

In a previous study of the presidents in these institutions one of the dimensions was their reliance upon a presidential cabinet as part of their management style. The academic vice presidents did not emphasize this as much possibly because of so many other constituencies that they deal with on the campus. The chief finance officer, however, had an even stronger relationship with the president than did any of the other vice presidents and much of this relationship was carried out through the process of a presidential cabinet which went by names such as PAC (President's Advisory Council). These groups tended to meet every week or two weeks, sometimes on a set schedule. This had become an important avenue for the CFO to make recommendations that would be considered not only by the president but the other vice presidents as well. One CFO also commented that this is a place where "we get a feel on what he [the president] is thinking." Another CFO indicated that the cabinet is so effective that he doesn't meet with the president by himself on a regular basis and that the bigger issues tend to go to the cabinet, sometimes after the CFO has briefed the president on the issue. He reported that seldom will he and the president meet on a one to one basis. An important part of making this work is, of course, that the presidents in this study delegated extensively to the CFO and never became involved in detail decisions in his area. Another CFO reported that "we have had some very intense cabinet meetings" but that when it was done "we all came out and supported it" in conversations with our staff. This coupled with the general insistence of participants in these cabinets that it was not advisory to the president and not a decision making body suggests that there is a lot of persuading of one's point of view to win support of others that goes on in these meetings. It might be accurate to reflect that while formal decisions were not typically made by the group, individual participants did make decisions based upon the interaction with the group. The CFO was very much a part of such a process based upon the interviews with them.

In comparison with the other vice presidents, the CFO tended to have more influence both with the president and generally on campus in four of the eight campuses, about the same as the academic vice president on three campuses and less on only one campus. Because of this, the CFO must have been a very key figure in the discussions in cabinet meetings. This, of course, does not mean the academic vice president was weak but it might reflect the greater average age and experience of the CFO coupled with the power that naturally comes from controlling financial data.

One other facet of the relationship with the president and the cabinet needs to be discussed. The CFO tended to be a close confidant of the president and a person in whom the president placed a very high degree of trust. One CFO commented in regard to his president that "my relationship with him is so good" that I know what he wants so "the result is always what he will accept." Why a confidant? "We get along very well" and "I've been here many years" said one CFO. On at least two campuses the CFO was sought out for advice by other administrators and faculty as an indication of their value as a confidant and advisor.

Dimension Two. The CFO maintained strong relationships with his staff and delegated extensively to them.

More than the other vice presidents in this study, the CFO emphasized the strong relationships that were maintained with his staff in general and the controller specifically. A typical comment was that "right below the vice presidents are some very, very competent people." On this same campus the students who were interviewed said the controller was particularly competent. Another comment from a CFO was that "we operate as a team" and he rated his team between 7 and 9 on a ten point scale for good management saying there is still some room for improvement. As indicated earlier, the presidents delegated extensively to the CFO. The CFO, in turn, delegated extensively to the managers in his area. When asked how you find people to whom you are comfortable delegating, a CFO said you must "provide some framework for the business affairs area, then look for self-starter people with a love for their work and give a great deal of freedom to them." Those interviewed in this study often talked of their own staff meetings which are apparently similar to the president's cabinet meetings. The principle of assumed competence was clearly evident as the CFO talked about his staff and this led to a high level of trust in them. Part of this success was also due to an instilled attitude that "we are here to support the academic program." This same CFO observed that "I find it pretty easy for people in the business area to become concerned about details of some kind and when asked to do things see it as a personal inconvenience." He commented further, "If we do a good job it's because we have a lot of good people who understand [what is important] and they do it."

Dimension Three. Positive relationships were maintained between the CFO and other vice presidents as well as faculty in an open, participatory mode in which the CFO saw himself as a facilitator and advisor in support of the educational goals of the college.

Comments from Dimension Two on the attitude of people in seeing educational goals as the reason for the college carry over well to this dimension and is probably the key to the existence of this dimension. Egos and feelings of self importance were definitely in the background in these eight interviews. Words like "service," "participatory," and "facilitator" were the type of words most often heard from these successful chief finance officers. The CFO took the initiative to build relationships with faculty and other vice presidents in particular. Assumed competence and trust were very apparent as the CFO expressed nothing but admiration and support for faculty. The same feeling existed with their fellow vice presidents. Being on these campuses permitted the observation that cordial, warm, supportive personal relationships existed among the vice presidents. The CFO in many institutions is not fully trusted and yet they were on these campuses. A significant reason for the difference, it appears, is in the attitude of assumed competence of others by the CFO and the willingness by the CFO to share any financial information (excluding personnel data of course) with those who wanted to know. Secrets, partial information and an attitude that says it's none of their business did not exist. As a result, students, faculty, other administrators and the president really saw the CFO as a facilitator in the best sense of the word.

The CFO tended to be very knowledgable about non-financial matters on the campus which others appreciated and tended to have a lot of faculty contact. One CFO commented, "There's an openness here," which reflected the organizational climate of the whole college.

Dimension Four. The CFO understood and supported the institution, its religious values and the office of the president.

The CFO in five of the eight interviewed had been at the college for at least twelve years, a sixth had been there for seven years (after having been a CFO in a similar institution for seven years) and one of those of two years tenure had been a CFO at another college in this study for six years. The average service as CFO in a Christian, liberal arts college was 14.5 years. This length of service afforded the opportunity for these men to become very familiar with the purpose and scope of the institution. The fact that three were graduates of the college they serve and two others were graduates of other Christian, liberal arts colleges helped in this understanding as well. They were asked about whether their college was "faith affirming," church related (related to a church but not active in pursuit of Christian faith for the students) or unrelated to Christianity. All clearly said they are "faith affirming" and could cite many ways in which that was manifested. All were active Christians and many expressed that they held that position because they wanted to be in that type of environment. No doubt existed after the interviews that here were men who enjoyed and supported that environment.

The CFO likewise was very pleased with the president and his relationship with him. There were differences of approach and priority to a lesser extent but hardly significant enough to notice. The CFO in these successful colleges worked hard to support his president.

Dimension Five. The CFO worked closer with the board and thus had more influence on them than did other vice presidents.

The CFO worked closely with the president in board of trustees matters. Possibly because boards tend to be more interested in finance and buildings than education and student services, the CFO is likely to be drawn into more board matters. The extent of board "role depends very much on the issues" said a CFO who described the board as half ministers along with some businessmen and others. There was some feeling that board members were "not very attentive to the important issues" by thanking people for reports about which they should have had questions. The boards tended to have a "tremendous trust level" in the administration with the result that management of the college was only superficially seen by the board except in a few areas of interest. These few areas tended to fall within the responsibility of the CFO thus affording him greater contact and influence with the board. One college involved the board in a short retreat to look at some longer range issues with some success but this was the exception rather than the rule. On a positive note, the board in each of these eight colleges was supportive of the president, administration and faculty and did not dabble in day to day management of the college thus encouraging good management by the management team assembled by the president in whom they had great trust.

Dimension Six. The CFO tended to be very confident yet conservative and non-assertive in approach but nevertheless was highly regarded and trusted enjoying considerable influence throughout the college.

This dimension looks more closely at the CFO as a person and how that personality affected his management role. While maybe only one of the eight would have regarded himself as extrovert, they were all confident. Intellectually they were sharp as indicated by the considerable insight they had into issues and people. Their conservative nature probably comes in part from their career involvement in fiscal matters as well as being in a relatively conservative Christian institution. While not personally assertive, they were very open in their interviews and apparently very open in all their campus relationships where they were well known and highly respected. They were quiet forces of leadership on the campus in a manner that was respected by a collegial governance system. Their influence seemed to be sought as a means of helping others in the college because they were seen as positive people with a significant contribution to make. Why was this so? It probably goes back to the principle of assumed competence mentioned earlier. Faculty and administration assumed the competence of the CFO and their personality caused them to be individually respected. This combination led to a significant contribution to good management at the college.

IV. Observations

While it was noted above that the CFO probably had more influence with the board and president, the academic vice president still had the most influence on most campuses. The president, not the CFO, came close to the academic vice president in campus influence.

The CFO was not greatly interested in institutional planning although there was expression that more of it could be helpful. There was not a lot of individual goal setting either and a CFO expressed the thought that maybe the president should push him more in this area by showing a greater interest in it. There was a lot of interest by the CFO in income generators including enrollment projections and church relationships. Coupled with this was a keen interest in cost control. Although they were well educated, they were not nearly as well educated as were the presidents and the academic vice presidents. None expressed interest in being a president or vice president of a different area.

The CFO was generally happy in his work due to a high level of management success and good relationships with those around him. While much of the emphasis in this paper has been on relationships, audits, budgets, and budget allocations to various parts of the college have been examined and found to be in keeping with the tenor of the rest of what has been said.

A CFO commented that he enjoyed his relationship with the president because he found him a "very unpolitical person." This suggests a genuineness in the management process that allows the best of people's abilities to be expressed. Another CFO said, "We're successful because we're well managed." This study concludes that these eight colleges were indeed well managed and that no small part of that was due to the efforts and abilities of the chief finance officer.

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