

Winter 3-5-2013

Leadership and Stock Value

Walter V. Wendler

Southern Illinois University Carbondale, wendler@siu.edu

Follow this and additional works at: http://opensiuc.lib.siu.edu/arch_hepc

Recommended Citation

Wendler, Walter V. "Leadership and Stock Value." (Winter 2013).

This Article is brought to you for free and open access by the School of Architecture at OpenSIUC. It has been accepted for inclusion in Higher Education Policy Commentary by an authorized administrator of OpenSIUC. For more information, please contact opensiuc@lib.siu.edu.

Our Universities: Leadership and Stock Value

Diplomas are like stock certificates. Stock certificates are possessed by people to prove partial ownership through corporate shares. A bearer's stock certificate entitles the holder to exercise all legal rights associated with the stock. At GM, you buy it; at a university, you earn it. In both cases the value of the stock is directly proportional to the perceived value of the enterprise and its work.

Paraphrased from ***Our University: Stock Certificates***, February 14, 2008

Walter V. Wendler

Graduates of any university hope the value of their diploma will rise, pushed by academic excellence and leadership and the ever-increasing quality of the institution in which they own stock.

My experience at Texas A&M University bears out the impact of leadership, intelligence and academic excellence on stock value. In 1970, the school was little more than a regional university, mostly male, ethnically and socially monolithic, with scant research, few doctoral programs, located in the middle of nowhere, primarily undergraduate: a proverbial "no-show" on any radar screen as a national research university. Through 50 years of nearly always good, sometimes brilliant, presidential leadership, initiated by the visionary Earl Rudder, Texas A&M University is now a national powerhouse. The value of the stock I earned in 1972 has skyrocketed. The institution focused on academic excellence and was successful in achieving it in multiple dimensions, despite aggressive and ever shifting politics of boards, governors and legislatures.

Delyte Morris did the same thing, in the 50's and 60's, for a small teachers' college that eventually became Southern Illinois University: an institution with great potential currently experiencing political paroxysm and paralysis; costing many, benefiting few.

Universities distracted from academic issues unintentionally fritter away stock value.

At the University of Texas, the Board of Regents is embroiled in acrimonious debate about ideas and appointments by Governor Rick Perry, about the influence he and the board members exercise over the various campuses, the reported \$2.6 million in political contributions since 2004 and all manner of stock-impacting maneuvering according to the ***Daily Texan***, armed with information from the Texas Ethics Commission and the Federal Election Commission. There is an inference that "pay to play" was at work and Governor Perry was exercising undue influence over board members to achieve his desired ends on university campuses. Who knows? I don't know where the truth is, but it echoes concerns regarding former Illinois Governor Rod Blagojevich, whose shenanigans with boards at universities in Illinois set a low watermark.

But the stock value of the University of Texas' shares continues to rise. President Bill Powers, a committed academic leader, knows how to get the job done and leaves the politics to the politicians.

Machinations in Texas, a deep red state on the one hand, and Illinois, a deep blue state on the other, have about the same impact. Real academic leadership defines worthy universities. Given the very different

nature of Texas and Illinois politics, purported soul-selling is evidently color blind. The boundaries of political ideology do not confine silliness. Stock depreciating foolishness is rooted in something deeper, and even more vexing -- human nature -- where greed, power, and personal gain reside on the top shelf. Concerns for stock value of alumni shares are off the table when leadership falters, and that is debilitating.

"Pay to play" is unfortunate anywhere, but crippling at universities. Graduates get very little chance to play, and they are the ones who actually pay -- on the way in through tuition and fees -- and for the rest of their lives through the value of their stock.

The general public is smart enough to know that the university's purpose is not political but academic. The average applicant and his or her family may not know exactly how important test scores, retention rates, graduation rates, class sizes, alumni giving, National Merit Scholars, National Academy members, Nobel or Pulitzer Prize winners are to the university, but they read US News & World Report. Politicians don't drive up quality or enrollment...excellent faculty and capable students do.

The university leadership and political debates have reached fever pitch in Texas. Lieutenant Governor David Dewhurst and House Speaker Joe Straus agreed to form a joint panel to look at the relationship between electoral politics and campus leadership. Dewhurst and Straus understand full well the negative implications of chicanery on the value of degrees from Texas universities.

Chicago State University has been the home to political twists that make Boss Tweed look like a Sunday school teacher and Tammany Hall, a church. The latest casualty, President Wayne Watson, stepped down last week. Low graduation rates, infighting of every imaginable kind, mismanagement of resources and a Noah's Ark of what not to do, are powered by a university that is a patronage machine rather than a seat of learning.

In Chicagoland, the negative impact of Chicago State University on its students and graduates has almost no immediate economic impact on the region. Luckily, Chicago citizens rely on many other powerful enterprises. The economic hiccup caused by infighting, partisanship and gamesmanship in and around CSU is a widow's mite on Chicago's ledger. Of course, the stock value continues to fall with fiddling Neros so numerous they would overflow the violin section of the Chicago Symphony Orchestra. The alumni should demand performance; their stock value sinks as degrees are diminished.

On rural campuses, institutions paralyzed by tomfoolery devalue not only alumni stock, but economic development, residential real estate, and business balance sheets of the faithful who serve the universities' citizens. Our universities in smaller communities do more than sustain alumni stock, but also keep the butchers, bakers and candlestick makers solvent, even prosperous.

Academic prowess elevates stock value and fills restaurants, increases property value and creates jobs, but only when it's there and celebrated.