



Summer
2004
Issue 45

The Western Association of College and University Business Officers

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Charting Changes for the Future

by Sally Roush,
President

WACUBO's 66th Annual Meeting in Maui was a great success and a wonderful way to conclude the outstanding presidency of Bill Everhart!

WACUBO member institutions and individual members owe Bill a debt of gratitude and a note of thanks for his leadership during this past year!

With Bill's goal-driven agenda, much was accomplished — including the revision of WACUBO bylaws to achieve the significant goal of creating stability in our organization through succession tracks for major officer positions, and through moving the critical function of membership into our constituency committees where so much of the very meaningful member service work gets done.

Thanks also to Mike Unebasami and the entire Host Committee for a superb annual meeting, including accommodations, dining and ambiance. You can't appreciate all the hard work that goes into the logistical side of an annual meeting until you've participated in a Host Committee. Last, but not least, congratulations and thanks to Jay Kenton and the Program Committee (who worked diligently for many months - all via teleconference) for providing much to think about regarding riding the waves of change, diversifying campus revenue, governance in the 21st century, generational management, succession planning, strategic leadership, Tales from the Front presentations, the future of "the University" and many other thought-provoking and well-presented topics. Kudos to both of these great committees!

As your incoming President, the WACUBO Annual Meeting was particularly meaningful to me as the culmination of many years of benefit from WACUBO,



beginning with my move to San Diego State University to work for Bill Erickson who was WACUBO President in 1983-84. I saw the leadership Bill exercised as WACUBO President and as chair of the Host Committee for the annual meeting that was held in San Diego in 1988. Little did I know how closely I was to follow in Bill's footsteps with co-chairing the Host Committee for the 2002 San Diego meeting, then moving on to Chair the Program Committee for the 2003 Annual Meeting in Banff. I was very honored that Bill and his wife Cathy were able to be in Maui when I became WACUBO President. And a special treat for all in attendance was the presence of Sedge (continued, page 2)



Charting Changes for the Future

Letter from the President (continued from page 1)

by Sally Roush

Thomson, who had been WACUBO President in 1964! Along with the many past WACUBO presidents, officers and committee members who were present at the Annual Meeting, it was a tribute to the value of WACUBO as a volunteer organization that so many in the field of university business and administration can benefit from an organization with such a rich history and record of dedicated service. WACUBO is an inclusive, diversified organization, always benefiting from the year-round efforts of its members. We welcome your participation!

We have many WACUBO volunteers who are moving on to other activities; I would like to thank them most sincerely for their efforts. Jan Legoza was chair of the Small Institutions Committee and did an outstanding job, as did Jerry Patton, who chaired the Community Colleges Committee. Victor Pacheco was chair of the Membership Committee. With the relocation of membership functions into the constituent committees, Victor has agreed to become a member of the newly formed Large Institutions (Comprehensive/Doctoral/Research) Committee and will bring with him a great deal of membership expertise. Suzanne Green did an outstanding job as Chair of the Professional Development Committee for a full three-year term. She will remain involved through the 2005 Annual Meeting Program Committee. Pat Oliver, who is a past WACUBO President and National Representative to NACUBO, goes off the WACUBO Board but will remain actively involved as our Annual Meeting registration coordinator and on the Information Exchange Program committee. My thanks go to Tom Nycum and Rufus Glasper for their dedication and contributions as at-large members of the Board. I'd like to thank each and every one of these individuals for the outstanding work and contributions they have made to WACUBO throughout the years.

Actions at the annual business meeting held on May 26th resulted in the following: Jay Kenton has moved into the First Vice President role for WACUBO,

and Stan Nosek was elected Second Vice President. These individuals, along with continuing Board members: Treasurer, Joanne Coville; Secretary, Gregg Goldman; and Communications Director, Bob Clemmons will continue the excellent volunteer service our organization has benefited from for decades. New At-Large Board members, Michael Unebasami and Jeff West will also serve the membership in the coming year.

As I mentioned earlier, we have a newly created committee for Large Institutions, chaired in its initial year by Charles Ingram. The constituent committees, including the Small Institutions Committee, chaired by Dennis Klaus, and the Community Colleges Committee, chaired by Beverly Brandt, have a significant new role - to increase membership and participation in their respective categories and retain those members. Key to their success is defining the programs and services that attract and retain membership. In that regard the committee chairs will be working closely with our new chair of Professional Development, Keith Foster. The Professional Development function is the heart and soul of WACUBO, and we are fortunate that Keith has been an outstanding member of the committee for many years and brings a record of accomplishment with him to continue the excellent work done by outgoing chair, Suzanne Green. Please be sure to check the WACUBO Web site at www.wacubo.org for a complete listing of Board and committee members and don't hesitate to contact them if you have any questions or issues you'd like to discuss.

Volunteerism is the engine that keeps WACUBO running. The friendships and networking that occur through these volunteer activities have incalculable value to both our individual members and our institutions. As your President, it is my opportunity and privilege to give back to the organization and members a measure of the value I have received. In the coming year, I will concentrate on implementing many of the changes occasioned by the by-law amendments Bill Everhart championed. An additional goal is to develop a means of ensuring our annual strategic planning outcomes are measured and sustained over time.

In terms of Professional Development, it has been a strategic goal of WACUBO for some time to identify tracks and curriculum for professional development, to ensure our members receive maximum value from all our programs - workshops, annual meetings, the Business Management Institute and the Executive Leadership Management Institute. The articulation of the relationship between professional development offerings will enable our members to concentrate on a specialty area or to gain comprehensive knowledge in a new area. WACUBO has worked cooperatively with NACUBO and other regional associations in the identification of related offerings and will continue this emphasis in 04/05.

The upcoming year begins with an opportunity to participate in two of WACUBO's premier professional development programs. The Business Management Institute at Santa Barbara is an invaluable program for entry and middle management personnel. The Executive Leadership Management Institute at Stanford provides an intensive immersion into leadership development for senior management. I encourage each of you to take advantage of these excellent programs.

Best wishes for a great Summer, and hope to see you at BMI or ELMI!

Changes of address

Send all address changes to:

Gregg Goldman

*Associate Dean for Finance
and Administration
University of
Southern California
Marshall School of Business
HOH 501C*

*Los Angeles, CA 90089-1424
gregg.goldman@marshall.usc.edu*

Submission of articles: We welcome articles from individuals on a variety of subjects that would be of interest to members of our specific industry. WACUBO also solicits articles from vendors in various industries that are essentially generic in nature, that describe current trends in the industry, and that are of interest to business officers in higher education. The articles are expected to be educational or informative but not favoring any one particular vendor. A byline including the author's name, position and institution will be included. Articles should be brief (500-750 words). Submit all articles in the body of an e-mail message, or as a text document attachment to an e-mail message addressed to raclemmo@uci.edu. WACUBO's newsletter is published quarterly by the University of California, Irvine, on behalf of the Western Association of College and University Business Officers. Copyright 2004 by the Western Association of College and University Business Officers, unless otherwise indicated.

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| President | Sally Roush (May 2005) — San Diego State University |
| First Vice President | Jay Kenton (May 2005) — Portland State University |
| Second Vice President | Stan Nosek (May 2005) — University of California, Davis |
| Secretary | Gregg B. Goldman (May, 2005) — University of Southern California |
| Treasurer | Joanne M. Coville (May, 2006) — California State University, Channel Islands |
| Communications | Robert Clemmons (May 2005) — University of California, Irvine |
| At-Large Members | Michael Unebasami (May 2005) — University of Hawai'i |
| | Thomas H. Gibson (May, 2006) — Montana State University |
| | Jeffrey West (May 2007) — University of Utah |
| | William L. Everhart (May, 2004) — Claremont Graduate University |
| | Sandra Lier (May, 2005) — University of Washington |
| National Members | Sally Roush (May 2007) — San Diego State University |
| | Sandra Lier (May, 2005) — University of Washington |
| | Patricia L. Farris (May, 2005) — California State Polytechnic Univ, Pomona |
| | William L. Everhart (May, 2006) — Claremont Graduate University |



News from NACUBO

by Sandra Lier

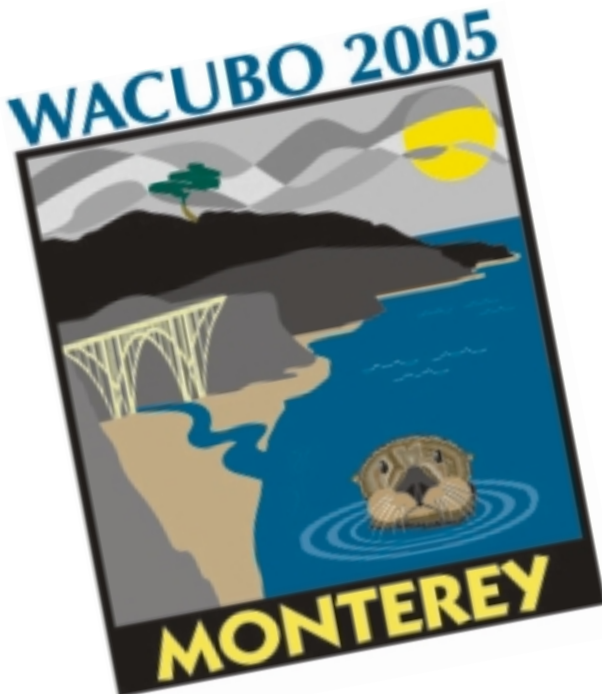
If you haven't taken a look at NACUBO's web site recently at www.nacubo.org, you ought to take the time as it has recently been updated. It offers a variety of sources of information about emerging issues in the higher education community. You'll find the legislative and regulatory news as well as articles, reports, research papers and distance learning presentations that you can join at your office computer. You'll find the position papers that have been written to respond to various issues in the Higher Education Reauthorization Act as well as information on the Environmental Protection Agency.



NACUBO organizational information can also be found on the web site including NACUBO's five year strategic plan to move the organization toward its vision, "*defining excellence in higher education business and financial management*" and to address the stated needs of the members and stakeholders of the organization. In addition to the strategic plan, the volunteer Board of Directors has developed a core purpose statement and the core values for the organization – those enduring principles that guide NACUBO in its behaviors and actions.

At the annual meeting in Milwaukee, the Primary Representatives for higher educational institutions will vote on bylaws changes on Monday, July 19, 2004 at the Primary Representatives Breakfast. The Board of Directors is recommending that the association raise its dues by 3 percent for membership year 2005-06. The proposed increase is designed to provide adequate support for member needs in the future. Also proposed is that the annual dues for the student/retiree membership category be set at \$99 annually. Finally, the board is proposing a two-tiered pricing structure within the subscriber member category especially for independent contractors. This dues category is limited to for-profit members that generate less than \$250,000, in annual revenue and limit member benefits to two individuals. Dues for this category would-be \$495 annually; the current dues rate for all other subscribers is \$1343 and offers NACUBO benefits for up to five individuals.

Primary representatives will also vote at the annual meeting on other revisions to the by-laws including a change to the fiscal year, a change in terminology to convey a more accurate description of members, and to establish the retiree category. P.R.'s unable to attend the meeting may designate an institutional proxy.



Looking ahead...

We have a logo!

Dan Johnson, Vice President of Administration and Finance at California State University, Monterey Bay, and Chair of the meeting to be held in Monterey, CA, said the meeting will be held at the Monterey Marriott and adjacent civic conference center.

Those who attended the annual meeting in Wailea, Hawai'i have already been given a preview of next year's annual meeting location, and took a peek at our otter and bridge-festooned logo. As the romantic coastal fog moves in, Our otter peeks out, welcoming us to the region.

The Monterey host and program committees have begun preparing for 2005, each having already met at least once by this printing. Stan Nosek, Vice Chancellor, Administration at the University of California, Davis, is chairing the Program committee.

Please contact us at any time with your suggestions for program improvements or enhancements. Advance registration forms for the 2005 Information Exchange Program are already available by contacting Linda Stewart, IEP chair, at (619) 594-6017 (lstewart@mail.sdsu.edu).

Schedule your plans now for the 2005 Annual Meeting, May 1-4, in remarkable Monterey.



Ten Steps for Implementing Change — Step Nine: Celebrate your Successes

by Jeff Marsee

It was a like a cruise ship bon voyage party. Streamers flying, champagne toasts, loud cheering and a large banner proclaiming, "Bon Voyage - Don't Return!" Then the elevator door closed and the stack of boxes began their journey to the basement for long-term storage. The employees, returning to their work stations, had just finished celebrating the formal "send off" of files that had been accumulating for years in their work area. The office manager smiled as the streamers settled to the floor and the last round of loud cheering and applause quieted down. She had just successfully implemented her first change initiative - a new process that created on-line data access and removed accumulated paper files to off-site storage.

When first arriving as a new manager, she had decided that her number one task was to computerize the department's data and clean up the files that had accumulated in the work area over the years. The staff had been trained (and continued to train new staff) on the importance of keeping files stored in the work area. The accumulation of files had become overbearing and dangerous. The ability of finding information had become cumbersome and often accomplished only by those who knew the system well. Evidently, the senior staff was heavily invested in the current method of records management. Knowledge was power, and not readily relinquished.

There was a need for a new strategy. The staff had to disconnect from their current record and data management practices. It became immediately apparent that the "culture keepers" were going to fight any change. The manager understood that she had to align her leadership style to the department's culture to minimize resistance (refer to Step #1: Align Leadership Style with Organizational Culture). She also knew that it was important to establish a reason, or sense of urgency, for initiating the change (refer to Step #4: Create a Sense of Urgency). Finally, by defining the "real problem," she was able to keep the group from drifting away from the task of improving efficiency (refer to Step #5: Find the Real Problem). This process in the change sequence is referred to as "disconnecting" practices or "unfreezing" the culture.

The next step in the change process was the transformation of the culture. The manager recognized that some staff members were going to be resistant to change. The "culture keepers" were either given roles of responsibility, which she hoped would result in their acceptance of the new processes, or they were shifted to less important roles and functions that would eventually be phased out. Carefully choosing her change agents and missionaries (refer to Steps #2 & #3 Utilizing Change Missionaries and Agents), she began the step-by-step change initiative that rewarded employees (training, promotions, leadership roles, etc.) who could make the transition successfully. Her role in the process was to remove barriers that may prevent success (Step #5: Identify and Remove Barriers Before Implementing Action Plans) and to help keep the project team focused and on task (Step #6: Maintain Focus to Prevent "Project Drift").

As the project moved toward successful implementation, the manager prepared for the final step in the process of implementing change. She decided that the bon voyage party would signal that the old practices had left. That aged paper files were no longer appropriate for the workplace. She involved all staff in the party preparations. Everyone got caught up in the preparation. When the elevator door closed on the files, the manager knew that by publicly celebrating success, she had completed the transformation of the new processes; incorporated them into the operation, and refroze the culture into the new procedures.

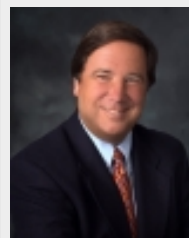
At another university, following the completion of each major project, a project team is invited to a celebratory lunch with the senior leader respon-

sible for initiating the project. Imbedded in this process of celebration is a supportive model for acknowledging the importance of change, which provides a means for senior leaders to get to know the institutional change agents and missionaries. Acknowledging the key change players (refer to Step #7: Recognize the "Unsung Heroes" & Replenish the Change Team) can reinforce new traditions and validate an intended status quo - i.e., the preferred culture. This is just another example of a university that follows the practice of celebrating success to perpetuate change.

Leaders often forget the importance of recognition and celebration when trying to create a new environment or reinforcing the impact of a successful change effort. Celebrating success is an effective means of strengthening the new culture. Don't underestimate the importance of the awards ceremony, the impact of a thank you note, the value of public recognition for a job well done, and the necessity of rewarding positive behavior and punishing inappropriate activities. When refreezing or strengthening an organization's culture, recognition ceremonies focus on behavior that supports the preferred culture ("the way of doing things"). They also create the historical heroes and symbols necessary to perpetuate the desired change and provide significance to the invisible signals that "this is the way it should be done."

For more information on this topic, suggested readings include:

- Deal, Terrence & Kennedy, Allan, **Corporate Cultures**
- Woodward, Harry and Buchholz, Steve, **After-Shock: Helping People Through Corporate Change**
- Wilson, David, **A Strategy of Change**
- Senn, Larry and Childress, John, **The Secret of a Winning Culture: Building High-Performance Teams**
- Schein, Edgar, **Organizational Culture and Leadership**



Jeff Marsee, President of Jeff Marsee & Associates (www.jeffmarsee.com), is an independent management consultant who specializes in facilitating process transformations for college and nonprofit organizations. He has written extensively, and has successfully consulted as a change management facilitator to help leaders understand the importance of the human element in the organizational transformation process.



2004-5 WACUBO Board, Representatives and Committee Chairs

BOARD

PRESIDENT Sally Roush (May 2005)
Vice President, Business and Financial Affairs
San Diego State University
sroush@mail.sdsu.edu

FIRST VICE PRESIDENT Jay Kenton (May 2005)
Vice President of Finance and Administration
Portland State University
kentonj@pdx.edu

SECOND VICE PRESIDENT Stan Nosek (May 2005)
Vice Chancellor, Administration
University of California, Davis
senosek@ucdavis.edu

SECRETARY Gregg B. Goldman (May 2005)
Associate Dean for Finance & Administration
University of Southern California
Marshall School of Business
Gregg.goldman@marshall.usc.edu

TREASURER Joanne M. Coville (January 2006)
Vice President for Finance & Administration
California State University, Channel Islands
Joanne.Coville@csuci.edu

COMMUNICATIONS & MARKETING DIRECTOR
Robert A. Clemmons (May 2005)
Analyst, Internal Controls
University of California Irvine
raclemmo@uci.edu

NATIONAL REPRESENTATIVES

Sally Roush (May 2007)
Vice President, Business and Financial Affairs
San Diego State University
sroush@mail.sdsu.edu

William L. Everhart (May 2006)
Senior Vice President for Finance & Administration
Claremont Graduate University
Bill.everhart@cgu.edu

Patricia L. Farris (May, 2005)
Vice President, Administrative Affairs
California State Polytechnic Univ., Pomona
plfarris@csupomona.edu

INSTITUTES

William Pickens (ex-officio)
Director,
Executive Leadership
& Management Institute
whpickens@aol.com

Monica Boulay (ex-officio)
President, EduSpeak
Director, Santa Barbara
Management Institute
eduspeak@aol.com

AT-LARGE MEMBERS

Michael Unebasami (May 2005)
Associate Vice President for
Administration and Community
College Operations
University of Hawaii
mune@hawaii.edu

Thomas H. Gibson (May 2006)
Treasurer
Montana State University
thgibson@montana.edu

Jeffrey West (May 2007)
Associate Vice President - Admin.
Svcs.
University of Utah
Jeff.West@admin.utah.edu

William L. Everhart (May 2006)
Senior Vice President for Finance
and Administration
Claremont Graduate University
Bill.everhart@cgu.edu

Sandra Lier (May 2005)
Associate Vice President
University of Washington
lier@u.washington.edu

Sandra Lier (May 2005)
Associate Vice President
University of Washington
lier@u.washington.edu

COMMITTEE CHAIRS

AUDIT COMMITTEE CHAIR
Jeanne Marie Isola
Project Manager
University of Washington
jmisola@u.washington.edu

PROFESSIONAL DEV. CHAIR
Keith A. Foster
Director of Administrative Services
Washington State University
kfoster@wsu.edu

LARGE INSTITUTIONS CHAIR
Charles E. Ingram
Assistant Vice President - Financial
Services
University of Arizona
cingram@arizona.edu

SMALL INSTITUTIONS CHAIR
Dennis Klaus
Vice President for Business Affairs
Salish Kootenai College
Dennis_Klaus@skc.edu

COMMUNITY COLLEGE CHAIR
Beverly Jo Brandt
Vice President of Administrative
Services
Shoreline Community College
bbrandt@shoreline.edu

IEP CHAIR

Linda Stewart
Assistant Vice President
San Diego State University
lstewart@mail.sdsu.edu

HOST COMMITTEE CHAIR

Dan Johnson
Vice President, Administration &
Finance
CSU, Monterey Bay
Dan_Johnson@csumb.edu

PROGRAM CHAIR

Stan Nosek
Vice Chancellor, Administration
University of California, Davis
senosek@ucdavis.edu



**Western Association of College and University Business Officers
Statement of Cash Flows**

	<u>Year Ended December 31, 2003</u>			<u>Year Ended December 31, 2002</u>		
	<u>Treasurer accounts</u>	<u>Executive Leadership & Management Program</u>	<u>Total</u>	<u>Treasurer accounts</u>	<u>Executive Leadership & Management Program</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES						
Net income (loss)	100,017	14,100	114,117	(44,603)	(6,658)	(51,261)
Net realized and unrealized (gains) losses on investments	(61,463)		(61,463)	78,480	0	78,480
Changes in:						
Accounts receivable	5,871	1,175	7,046	(2,314)	124	(2,190)
Other assets	(2,723)	0	(2,723)	(12,064)	0	(12,064)
Current liabilities	14,514	994	15,508	(145,600)	0	(145,600)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	56,216	16,269	72,485	(126,107)	(6,534)	(132,641)
CASH FLOWS FROM INVESTING ACTIVITIES						
Purchases of investments						
CASH FLOWS FROM INVESTING ACTIVITIES	0	0	0	0	0	0
CASH FLOWS FROM FINANCING ACTIVITIES						
Net increase (decrease) in cash and cash equivalents	56,216	16,269	72,485	(126,107)	(6,534)	(132,641)
Cash and cash equivalents, beginning of the year	224,278	6,038	230,308	398,385	12,564	362,949
Cash and cash equivalents, end of the year	\$ 280,494	\$ 22,307	302,793	\$ 224,278	\$ 6,030	230,308

**Notes to Financial Statements
December 31, 2003 and 2002**

(1) Organization

The Western Association of College and University Business Officers (WACUBO) was founded in 1937. WACUBO is one of the four regional associations (Central, Eastern, Southern, Western) making up the National Association of College and University Business Officers (NACUBO). WACUBO offers individuals in the western region a myriad of opportunities to develop professionally, identify solutions for issues affecting higher education, and to network with their colleagues.

(2) Significant Accounting Policies

• **Basis of Presentation**

The financial statements of WACUBO have been prepared on the accrual basis of accounting. The accompanying financial statements have been prepared in accordance with Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. All of WACUBO's net assets and revenue, expenses, gains and losses are unrestricted.

• **Investments**

All investments are recorded at cost when acquired and adjusted to fair market value through the recognition of unrealized gains and losses. Fair market value is based upon quoted market prices.

• **Spending Policy**

The Board of Directors reviews the long-term investment spending policy annually. The spending policy authorizes 5% of the average balance of the investments for the prior 3 years to be used as operating budget revenue, Board approved payout. Total return on investments includes any ordinary income, realized and unrealized net gains or losses. To the extent that the Board established spending amount differs from the actual total return, that difference is reflected as a other income or loss, rather than including such amount in net operating income.

• **Tax Exempt Status**

WACUBO qualifies under Section 501 (a) of the Internal Revenue Code as an organization described in section 501 (c)(3), and is exempt from federal and state income taxes on related activities. No tax provision has been made in the accompanying statement of activities.

(3) Investments

All investments are considered funds functioning as endowment and consist of the following:

	December 31, 2003		December 31, 2002	
	Cost	Market	Cost	Market
Bond Index	\$ 134,304	\$ 137,642	\$ 50,000	\$ 54,288
Index Trust	140,000	193,973	140,000	153,315
Smallcap	68,852	77,443	95,000	74,021
International equities	-	-	90,000	65,971
=====				
Total	\$ 343,156	\$ 409,058	\$ 375,000	\$ 347,595



Western Association of College and University Business Officers

Statement of Activities

	Year Ended December 31, 2003			Year Ended December 31, 2002		
	Treasurer accounts	Executive Leadership & Management Program	Total	Treasurer accounts	Executive Leadership & Management Program	Total
Income from operations						
Dues						
Subscriber	\$ 16,500		16,500	\$ 15,970		15,970
Membership	46,944		46,944	47,460		47,460
Total Dues	63,444	0	63,444	63,430	0	63,430
Board approved payout (note 2)	20,700		20,700	21,180		21,180
Sponsorship income	95,479		95,479	132,512		132,512
Registration fees	447,529	93,325	540,854	463,916	82,400	546,316
Interest & dividends	247	10	257	1,756	15	1,771
Other Revenues	107,996	3,750	111,746	121,850	70	121,920
Total Operating Income	735,395	97,085	832,480	804,644	82,485	887,129
Expense						
Marketing	76,060	3,658	79,718	47,024	4,742	51,766
Administration & facility costs	98,350	18,053	116,403	87,012	18,946	105,958
Program	70,027	3,819	73,846	70,911	6,665	77,576
Faculty and staff	103,689	20,574	124,263	98,389		98,389
Catering / food	160,175		160,175	196,246	22,074	218,320
Participant lodging and food	73,314	34,846	108,160	67,545	36,716	104,261
Special and optional events	2,496		2,496	12,517		12,517
Professional fees	16,125		16,125	60,750		60,750
Travel and meeting costs	42,902		42,902	78,720		78,720
Other operating costs	42,244	2,035	44,279	39,554		39,554
Total Operating Expenses	685,382	82,985	768,367	758,668	89,143	847,811
Net Operating Income	50,013	14,100	64,113	45,976	(6,658)	39,318
Other income: Total return on investments (note 2)			0			
Interest & dividends-Vanguard	9,240		9,240	9,081		9,081
Net unrealized gains (losses)	93,733		93,733	(78,480)		(78,480)
Net realized & realized gains (losses)	(32,269)		(32,269)	0		0
Total return	70,704		70,704	(69,399)		(69,399)
Less Board approved payout	(20,700)		(20,700)	(21,180)		(21,180)
Excess (shortfall) of total return	50,004	0	50,004	(90,579)	0	(90,579)
Net income (loss)	100,017	14,100	114,117	(44,603)	(6,658)	(51,261)
Unrestricted net assets at beginning of year	501,985	7,655	509,640	546,588	14,313	560,901
Unrestricted net assets at end of year	\$ 602,002	21,755	623,757	\$ 501,985	7,655	509,640

Western Association of College and University Business Officers
Balance Sheet

	December 31, 2003			December 31, 2002		
	Treasurer accounts	Executive Leadership & Management Program	Total	Treasurer accounts	Executive Leadership & Management Program	Total
ASSETS						
Current Assets						
Cash	\$ 280,494	\$ 22,299	\$ 302,793	\$ 224,278	\$ 6,030	\$ 230,308
Accounts receivable	0	2,550	2,550	5,871	3,725	9,596
Investments	408,058		408,058	347,585		347,585
Total Current Assets	688,552	24,849	714,401	577,744	9,755	587,499
Other Assets	33,678		33,678	30,865		30,865
TOTAL ASSETS	\$ 722,230	\$ 24,849	\$ 748,079	\$ 608,609	\$ 9,755	\$ 618,454
LIABILITIES & EQUITY						
Liabilities						
Accounts payable	9,172	544	9,716	3,037		3,037
Accrued expenses	32,782		32,782	32,479		32,479
Deferred revenue	79,274	2,550	81,824	71,188	2,100	73,288
Total Current Liabilities	121,228	3,094	124,322	106,714	2,100	108,814
Unrestricted Net Assets (equity)	602,002	21,755	623,757	501,985	7,655	509,640
TOTAL LIABILITIES & EQUITY	\$ 722,230	\$ 24,849	\$ 748,079	\$ 608,609	\$ 9,755	\$ 618,454



Helping Charitable Fiduciaries Meet Their Responsibilities

By Michael Garbooshian, CIMA

All foundations and endowments face a series of difficult tasks. Their primary mission is to make grants that will accomplish the goals for which they were created. To be successful in that regard, they must skillfully invest their bequests. While board trustees may feel entirely comfortable disbursing grants, the more arduous task they face may be the management of investment responsibilities.

Entrusted with often large sums of money, foundations and endowments accept an enormous responsibility. Often, when these sums were set aside, they were expected to last into perpetuity, often creating conflicting responsibilities for trustees. On the one hand, trustees are expected to disburse funds; on the other, they are expected to preserve the real value of bequests into eternity.

In a simple world, a charitable organization would only spend what it earned. But the issue is more complex. Foundations face the nettlesome challenge of meeting an annual spending requirement equal to 5% of their assets. Should they spend too little, they risk being penalized by the Internal Revenue Service—or even losing their tax-exempt status. Spend too much, and they may shrink their asset base. In effect, they would begin to liquidate themselves.

Compounding the complexity is the ever-present eroding effect of inflation. When inflation increases, the value of the dollar declines and with it, so too does the value of the grants that foundations and endowments can disburse. The goal of trustees, then, is to ensure that not only do their grants keep pace with inflation, but also that the value of their bequests keeps pace as well.

To help manage the complex tasks facing today's endowments and foundations, many organizations help

by structuring their responsibilities into a process that includes:

- Developing spending policies
- Establishing investment policies consistent with spending requirements
- Creating prudent asset allocation strategies
- Selecting professional investment management firms
- Objectively measuring and evaluating the performance of investment management firms
- Fulfilling trustee fiduciary responsibilities under the Investment Advisors Act of 1940 and other relevant regulations
- Formulating socially responsible investment portfolios that match an organization's specific social causes

Six Key Steps in a Prudent Investment Process

Philanthropic fiduciaries can help manage their organizations' goals by considering these six key steps to a prudent investment process:

- 1.) Developing a Spending Policy:** Spending policies vary widely from institution to institution. Each endowment and foundation should develop a policy that is appropriate for the spending objective set by the organization's directors or trustees. Based on these goals, an investment strategy can then be crafted to support those grant-making targets.
- 2.) Assessing Investment Objectives:** Investment objectives represent a blueprint for the future. Each assessment should begin with a thorough

assessment of needs. Once a set of broad investment objectives have been defined, board members or other fiduciaries can write an investment policy statement.

3.) Investment Policy Statement: The policy statement outlines the key assumptions and expectations that will guide the portfolio management process. It takes into account such factors as current and projected future cash flows, investment time horizons and the amount of risk the organization is willing to accept in order to achieve a desired return.

4.) Due Diligence: Trustees are expected to select portfolio management firms prudently. This means giving careful consideration to the firm's experience, credentials and performance record, as well as the quality of its research and its adherence to a stated investment discipline. A diligent research process should be developed to help each organization identify the management firms that are most suitable for their foundation.

5.) Monitoring Performance: Once a manager has been hired, that manager should be regularly reviewed to monitor business, operational and investment activities. This includes on-going evaluation not only the firm's investment performance, but also its performance relative to the appropriate benchmarks—and, even more importantly, relative to the foundation's objectives.

6.) Performance Reporting: The organization should receive quarterly reports summarizing the performance of each manager as well as the aggregate performance of all assets. Occasionally, it may be necessary to receive additional reports that enable trustees to assess manager performance relative to customized benchmarks or the specific investment objectives of their institutions.

Finally, in order to provide financial leadership, charitable fiduciaries have a responsibility to be informed about the economic and financial concepts governing their organization's investment program—such as the global economic climate, the performance of the capital markets and the regulatory environment. These factors can have important implications for the management of the organization's endowment.

This article is based, in whole or in part, on information provided by the Consulting Group of Smith Barney. Michael J. Garbooshian is a Certified Investment Management Analyst and Financial Consultant with Smith Barney in Seattle, WA.

For more information, please e-mail michael.j.garbooshian@smithbarney.com for a copy of the Smith Barney Consulting Group White Paper, The Prudent Fiduciary.

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Understanding Decision-Making on Campus

by William Pickens, Director

No doubt, higher education is a challenging place for administrators to work, much less to succeed in. Why is this and how can we improve the decision-making process?

Administrators most frequently complain that their campuses have overlapping authority, frequent battles over turf, and highly charged debates about governance that frequently cause paralysis. Surely many traditions, such as tenure, faculty shared governance, and the extensive network of committees slow down the process, and sometimes make it more cumbersome and contentious. Often, the campus processes appear a demoralizing mixture of randomness, chaos, or rule by personality.

When added to government regulations for many public institutions, these all can lead even the most optimistic college administrator to conclude the campus is “unmanageable” or that important decisions require energy far beyond the point of diminishing returns.

I suggest that the sanity of administrators in this environment is best preserved if they interpret behavior and interaction according to certain concepts. In this regard, I have found four that serve especially well in explaining patterns of behavior and reasons for decision-making problems. Each concept begins with a fundamental assumption about what is the essential reality on campus and then proceeds to conclusions about what should be done to improve.

Reason, Logic, and Efficiency

This concept assumes that colleges and universities, whose prime goal is the organization and transmission of knowledge, should conduct their business according to certain canons of logic and reason, especially for those processes where decisions have great weight. The canons involve the assimilation of facts, their organization into logical patterns, debate over evidence and its analysis, careful evaluation of the costs/ benefits of alternatives, and so on. Prime attention is paid to empirical evidence, thoroughly researched and understood by all, and on following the principles of sound organization. Increasingly, the values of private-sector businesses are promoted by those adhering to this concept, with standards of efficiency and attention to “the bottom line” being foremost among them.

Effective Personal Communication

This concept assumes that misunderstandings and conflict within the institutions come largely from poor communication, especially between individuals. The campus is best served by improving patterns of dialogue, especially in difficult or emotional situations. Administrators should foster an atmosphere of openness and sharing ideas with the goal of fostering closer personal connection. Enhanced collegiality and decision-making based on well-articulated, shared values are seen as the characteristics that will most improve governance and administration. “Seek first to understand and then to be understood” is the motto here.

Values and Culture

This concept assumes that it is most important to identify and move easily among the different “cultures” on campus, which are defined as the values and goals within the different functional areas (the assumptions here draw heavily on anthropology). The most essential connections are values held by individuals in conducting their business, and these differ depending on where one works. The three areas most often identified are the “academic culture,” the “business/administration culture,” and the “student services culture”. Of course, within these can exist other distinctions of culture relevant to race/ethnicity or religion, but it is the operational areas that most affect the decision-making process and its results. Improvements come from helping the individuals within each “culture” to understand, and work successfully with, the values and goals of the others.

Power and Politics

This concept assumes that the most important element in successful administration is to identify who has power and to shape one’s actions accordingly. The defining reality is considered the competition between organizational divisions and, within them, among individuals who seek resources, power, or status. Their interaction is most accurately explained as struggles over gaining (or avoiding the loss of) these things. In these struggles, everyone is considered an ally, a neutral, or an opponent. In terms of action, administrators should strategize with—and support—their allies, try to win over neutrals during crucial decisions, and thwart opponents by understanding and successfully responding to their strategies and tactics. Campus decision-making is best improved if everyone would recognize these political realities, quit spending time pretending the reality is otherwise, and organize the competition more efficiently.

A Conclusion

Which among these concepts helps administrators best cope with challenges in the decision-making process? I believe that they all can contribute—each does identify a crucial important dimension of the process and the problems which undermine it. Each helps make clear that conflicts or process problems are not random nor the result of purely personal idiosyncrasies.

I would also suggest that the most successful leaders in higher education already interpret much that happens through these concepts, whether they realize it or not. Even more important, they are skilled in using the lessons of each.

The
**Executive Leadership
Management Institute**
at Stanford

July 29 to August 6, 2004



Dr William H. Pickens is Director of WACUBO’s Executive Leadership and Management Institute at

Stanford. You can contact him at WHPickens@aol.com



WACUBO Annual Meetings: Maui Information Exchange Program Acknowledgments

by Susan Geiss and Linda Stewart

The 2004 Information Exchange Program in Maui was indeed the best and set a high standard of energetic networking between WACUBO members and 42 exhibiting business partners who shared challenges, opportunities and experiences pertinent to today's higher education administrators.

Sponsorships contributed to the overall success of the Maui meeting, providing a variety of enhancements to the meeting experience for WACUBO registrants. Mahalo (thanks) to one and all for your participation!

Platinum Sponsor Follett Higher Education Group, represented by Scott Deaton, Bill Dowdy and Mary Perry, started the annual meeting off with the wonderful tradition of a Hawaiian luau - from the torch lighting and sounding of the conchshell to the traditional Imu Ceremony - a variety of Hawaiian favorites from Kalua pig and sautéed island fish to lau lau and poi. The evening concluded with a display of "kahiko" or ancient hula with exotic costumes and talented dancers. And, a WACUBO favorite, Monday night's "Sweets in the Suite" was well attended throughout the evening.

Gold Sponsor Sempra Energy Solutions, represented by Brian Lynch, Susan Pridmore and Wendy Gumb sponsored this year's golf tournament at the spectacular Makena Golf Resort.

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Noteworthy contributions of our **Silver Sponsors** include:

- George K. Baum and Company, sponsor of the reception preceding Tuesday's banquet, with special thanks to Lee White
- Michael Bauccio and Bon Appetit Management Company for the keynote speaker
- Sherry Manning for continuing ECCI's Long Distance Messaging Services
- PricewaterhouseCoopers, sponsor of Monday's membership networking luncheon
- Commonfund, sponsor of two issues of WACUBO's quarterly newsletter
- Carl Fuhrmann and Jeff Phillips of Projector Superstore with Andy Dick of Panasonic for presentation equipment support

We also appreciate the many sponsors at the Bronze, Copper and Tin levels:





WACUBO Business Management Institute

by Monica Boulay

Summer has arrived, with, sunny days and light ocean breezes, and the 48th annual WACUBO Business Management Institute at Santa Barbara is just weeks away! It is not too late to get on board, and attend the 2004 Institute, scheduled for July 25-30, at University of California, Santa Barbara.

We encourage you to spend a week of in depth professional development with your higher education colleagues from across the nation. The program begins with registration and a welcome buffet on Sunday and concludes on Friday at noon. Days are packed with sessions; evening special events include an ice cream party, a buffet at the beach, and another outdoor buffet with a DJ and dancing. Participants have Wednesday afternoon free to explore the beautiful Santa Barbara area, visit the shops, sample the local culture and cuisine, or unwind at the beach.

One of the key programs of WACUBO's professional development, the Institute offers a four-

year curriculum for managers, supervisors, staff and other personnel who perform mid-level administrative and business functions for the institution. Those who are new to higher education find the Institute very valuable in providing an overview of higher education and an opportunity to begin building their higher education professional network.

Bill Lynagh of the Staub Leadership Center in North Carolina will explain the principle of WholeHearted Leadership, which true leaders follow in recognizing the value of purpose and the need to achieve balance of purpose both professionally and personally. This *wholistic* approach focuses on the importance of a leader's ability to relate, to connect and to care, as well as to demonstrate courage, especially when leading in difficult times.

So act quickly! Call Monica Boulay today at 520-298-8680, or write to Monica at Eduspeak@aol.com, and register for this career changing curriculum.



Upcoming Professional Development Workshops

This just in:

Fall 04

The Professional

October 2004 - Sarbanes-Oxley and Detecting Fraud - Hosts: Jennifer Stockton and Judy Sharpe - location: San Francisco, CA

Development Committee

October 2004 - Introductory & Intermediate Accounting (concurrent sessions) - Hosts: Sandy Boyle and Edwin Coate - location: San Diego, CA

will be offering the

following workshops for

November 2004 - Crisis Management/Homeland Security - Hosts: Bruce Klewer and Keith Foster - location: Las Vegas, NV

Fiscal Year 2004-05.

Spring 05

Detailed information on

February 2005 - Introductory & Intermediate Accounting (concurrent sessions) - Hosts: Keith Foster and Kim Kvaal - location: Albuquerque, NM

the workshops will be

posted on the WACUBO

March 2005 - Managerial Accounting - Hosts: Trudy Collins and Monica Boulay - location: Vancouver, WA

website as it becomes

available.

April 2005 - Non-Resident Aliens Tax Issues - Hosts: Beth Barker and Dan Morris - location: Seattle, WA



Calendar

2004

July 16 — 20	NACUBO Annual Meeting	Milwaukee, WI
July 25 — 30	WACUBO Business Management Institute	Santa Barbara, CA
July 29 — Aug. 6	WACUBO Executive Leadership and Management Institute	Stanford, CA
October	Sarbanes-Oxley and Detecting Fraud	San Francisco, CA
October	Introductory & Intermediate Accounting	San Diego, CA
November	Crisis Management/Homeland Security	Las Vegas, NV

2005

February	Introductory & Intermediate Accounting	Albuquerque, NM
March	Managerial Accounting	Vancouver, WA
April	Non-Resident Aliens Tax Issues	Seattle, WA
May 1 - 4	WACUBO Annual Meeting	Monterey, CA