



AMERICAN UNIVERSITY
WASHINGTON, DC

January 29, 1996

Mr. Cyrus Ansary
American University
4400 Massachusetts Avenue, N.W.
Washington, DC 20016-8129

Dear Cy:

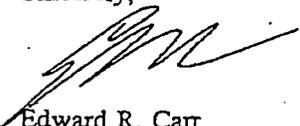
Enclosed is a memorandum to the Compensation Committee from Dr. Ladner. Ben prepared this memorandum at my request. It will be our task to review the President's contract and settle on a compensation package for him for the next contract period. You will receive under separate cover a copy of the existing contract between the university and Dr. Ladner.

I have asked Margie Hadsell, Dr. Ladner's assistant, to arrange a meeting time and place for us. It should be possible for both George and Bill to attend by phone. Hopefully, the rest of us can meet at some location at the university.

If you have any questions or comments, or any further information prior to the meeting, please contact me at your convenience. We will attempt to schedule the meeting sometime in the last two weekend's of February 1996.

Thank you for your participation and interest.

Sincerely,


Edward R. Carr
Chairman

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FEB 01 1996

BENJAMIN LADNER

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OFFICE OF THE PRESIDENT

4400 MASSACHUSETTS AVENUE, NW WASHINGTON, DC 20016-8060

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AMERICAN UNIVERSITY

W A S H I N G T O N , D C

MEMORANDUM

January 15, 1996

TO: Board of Trustees Compensation Committee
[Edward Carr, Cyrus Ansary, George Collins, William Jacobs, John Petty]

FROM: Benjamin Ladner

SUBJECT: Performance Review of the President

Prior to our last Board meeting, Ed Carr appointed the Compensation Committee and indicated that at the beginning of the year (1996), the committee should review the performance of the president during the first 18 months of my tenure, which began on July 1, 1994.

He has asked me to provide the committee with an overview of the kinds of activities in which I have been engaged and any other information which the committee should consider in determining the quality of my work and deciding the level (if any) of merit increase in my compensation.

I will first provide a general description of what I found coming to the position and how I have attempted to deal with the challenges and opportunities. Then I will list major initiatives and activities in which I have been involved to give you a sense of what I feel I have accomplished during the period of review.

General Background

As you know, I arrived as the fifth president of AU in four years. It would be difficult to overstate the needs of the university after several years of changing and uncertain leadership. It was, in fact, an institution adrift, without clear, purposeful direction. The university was facing a fifth straight year of projected budget reductions (estimated at \$2 million for 1994-95); a 2% annual enrollment decline over six years; little accountability; unclear reporting lines; unqualified or ineffective staff in key positions; numerous major projects stalled or put on hold; and disaffected constituencies. A single observation, expressed to me repeatedly, sums up the sense of the place: "AU is less than the sum of its parts."

I set out to do several things immediately. First, after extensive research in the archives and files, I wrote a new mission statement. Within a few months, the "Statement of Common Purpose" was accepted by the university community and

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adopted by the Board, outlining what the university will emphasize in the years ahead.

Second, faced with the fragmentation of "parts," I restructured operations and connected administrative units to each other, with clear lines of reporting and accountability. By January 1995, I introduced a new organization plan which eliminated old units and positions and created new ones. The plan became fully operational this past summer.

Third, I evaluated individuals in key leadership positions and made appropriate changes. I made more than a dozen new senior appointments, and in some cases, replaced the numbers two and three persons in relation to those positions as well.

Fourth, in order to ensure that the reorganization is more than a surface "face lift" with only temporary impact, I instructed the new cabinet members to begin a review and reorganization of their individual units, which will be largely completed by summer 1996.

Fifth, there were several "emergencies" that needed immediate attention. The budget process, for example, was a mess, and it was difficult from among five different budget sources to establish reliable financial data. I moved the budget to a direct report to me and have totally reorganized the process, which is unfolding for the first time this year. Similarly, the enrollment/recruitment process was inadequate, as reflected in a pattern of declining enrollments. I established and chaired an enrollment committee which developed new outreach methods, resulting in a 27% increase in this year's freshman class—one of the highest in the university's history. Since more than 90% of our revenue is tied to student enrollments, this has been an important turn-around that bodes well for the future.

Sixth, there was a need to repair and enhance the visibility and external awareness of the university. I embarked upon a strategic plan to represent the university in as many public settings as possible—social, political, academic, financial, athletic, etc. These included local, regional, national, and international events. Additionally, I developed a new visual identity program and merged several administrative areas to create a new marketing unit,

Seventh, in light of its recent history, there was a need for the campus community to have a president who was present and visible in the day-to-day workings of the institution. I attended and addressed nearly every kind of meeting imaginable during the past year and a half, including student groups, staff, faculty, academic and administrative departments, clubs, athletes, parents, alumni, etc., and attended performances, games, conferences, ceremonies, classes, dinners, parties, etc., on a regular basis. This has contributed to a greater sense of community and school spirit.

Eighth, I established new lines of communication among and between various

university constituencies – students, faculty, alumni, staff and Board – by developing new formats for discussion and creating new vehicles of print communication.

Ninth, I launched a continuous university-wide planning effort to define a clear direction for the institution over the next few years. Specific recommendations will be presented for Board consideration later in the year.

In sum, I came to an institution living under the shadow of a past that had become a negative weight, with a management structure lacking strong or clear administrative leadership. In my first year and a half, my central task has been to restore a sense of integrity, identity and pride in the university, to define major problems and opportunities, and to make the changes necessary for the university to begin to realize its full potential.

Listing of Initiatives and Activities

Vision and Direction

1. Wrote "Statement of Common Purpose"
2. Delivered inaugural address setting forth general university mission
3. Presentations to wide variety of constituencies (students, faculty, alumni, staff, donors, Board, etc.) explaining new directions and possibilities
4. Launched university-wide planning process

Management

5. Reorganized entire administrative structure of the university
6. Made more than a dozen new executive and senior appointments
7. Eliminated waste and inefficiency; a few examples:
 - a. Achieved a balanced budget in the Athletics Department, after losing \$300,000 annually for five years;
 - b. Relocated AU's Vienna Program to Berlin, with new leadership and savings, after losing \$50,000 annually for four years;
 - c. Closed the AU Press, after losing \$50,000 annually for seven years;
 - d. Restructured the development office, where revenues had exceeded operating expenses by only \$500,000 - \$1,000,000 annually for five years; maintaining roughly the same revenues, we saved \$1.1 million in operations last year;
 - e. Reduced five different budget processes that operated independently and with different numbers to a single process under my direction;
 - f. Overhauled the entire university committee structure, which had not been reviewed in more than a decade, resulting in fewer committees with clearer functions;
 - g. Disassembled two offices with large spending discretion and little accountability (University Programs and Institutional Support) and reassigned personnel, with savings this year of \$350,000;

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- h. Reorganized and replaced heads of two long-standing problem areas, the Health Center and Financial Aid, reducing complaints significantly;
- i. Moved internal audit to a direct report to me, and approved a five-year plan to have major administrative units audited within three years and all of them within five years.

Law School

- 8. Conducted national search and appointed new dean;
- 9. Reestablished regular communication with neighborhood groups and reduced number of law suits;
- 10. Renegotiated annual \$250,000 consulting firm fee to \$50,000 six-month single purpose assignment to get a building permit;
- 11. Obtained building and occupancy permits to move into new building;
- 12. Restructured financial arrangements with law school as revenue center

External and Public Relations

- 13. Extensive travel/speaking engagements locally, nationally and internationally (in roughly 15 states, 30 cities, and 8 foreign countries)
- 14. Represented universities nationally as spokesperson at White House news conference on education and in meetings with the President and Vice President
- 15. Created new university visual identity
- 16. Established first university marketing unit
- 17. Represented AU in meetings with dignitaries, including heads of state (U.S., Korea, Jordan, Morocco, Austria, Palestine), cabinet members, ambassadors, *et al*
- 18. Appearances in print and broadcast media (CNN, C-Span, ABC, NBC) locally, nationally and internationally
- 19. Strengthened ties with United Methodist Church (addressed national meetings; hosted meetings on AU campus; served on boards and committees)
- 20. Proposed restructuring of Washington Area Consortium of Universities, and took leadership role in implementing
- 21. Worked with District officials, Congressional leaders, and Cabinet members on issues affecting AU and higher education—financial aid, bond issues, taxation, etc.)
- 22. Created plan with Mayor to establish AU-DC program to assist minorities
- 23. Served as representative for universities on D.C. 2000
- 24. Created plan for using university faculty to improve teaching in D.C. schools, and lobbied district officials, business community and Congress for passage
- 25. Served on Boards of Federal City Council, Wesley Theological Seminary, Washington Consortium of Universities, Washington Research Library Consortium, and active in Board of Trade
- 26. Systematic use of President's Residence for external relations (speakers series, fundraising events, VIP dinners, receptions, etc.)

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Board of Trustees

27. Revised by-laws and policies for Board approval
28. Worked with Board Chair to plan and conduct Board Retreat
29. Worked with Board and Trusteeship Chairs to revise Charter, attract new trustees, assess trustees for re-election, and "clean up" overdue pledges
30. Worked with Board and Committee Chairs to revamp committees
31. Worked with Board Chair and staff to improve content of Board and Committee meetings

Facilities

32. Renovations of Law School Building; Mary Graydon Center; Anderson Residence Hall; Bender Arena exercise and weight rooms
33. Built new track, outdoor basketball and tennis courts, and library plaza
34. Launched comprehensive facilities planning for entire campus, with services of major architectural firm provided by a donor
35. Began plans for new campus beautification initiative

Development/Fundraising

36. Appointed new vice president and began rebuilding and restructuring
37. Maintained overall level of giving for previous year;
38. Restarted Arts Building fundraising after three-year lapse;
39. Began fundraising for renovation of Broadcast Center;
40. Began extensive cultivation process expected to result in major gifts for Business School (\$1 million already pledged from a donor), College of Arts and Sciences, and the Law School
41. Attracted two major gifts from Korean sources (\$1 million and \$200,000) for School of International Service, with others expected

Other Activities

42. Presided over commencements, awards, and other official ceremonies
43. Oversaw accreditation reviews conducted by the National Collegiate Athletic Association (NCAA) and the American Bar Association (ABA)
44. Completed negotiations with Phi Beta Kappa officials resulting in an AU-designated chapter
45. Successfully managed implementation of controversial and high-profile Nuclear History Institute and exhibit, donated by Hiroshima Peace Museum

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Additional Item for Consideration by the Committee

Realizing that there is not a tradition at this university for direct compensation of the president's wife, nevertheless, I feel the Committee should give consideration to rewarding the full-time work of my wife, Nancy, in advancing the best interests of AU.

During the past year, she has served effectively as a university ambassador to sectors that could not otherwise be reached by the president's office. Working as much as 10-12 hours daily, including many weekends, she has:

1. been active in Washington social circles (Wolftrap, the arts, etc.);
2. designed and hosted a distinguished speaker series that brings Senators, Ambassadors, artists, etc., to the residence for informal seminars with students;
3. represented the university and me at functions I cannot attend;
4. been actively and effectively involved in student recruitment efforts, especially focused on parents;
5. chaired the restarted arts fundraising initiative and hosted numerous arts fundraising events in the residence;
6. led the interior design effort that resulted in the current decoration of the new president's residence;
7. managed a residence staff of three, as well as outside vendors (caterers, etc.);
8. been fully involved in campus life (attending events and relating to special groups);
9. accompanied me and played an active role on trips for fundraising and alumni development;
10. represented the university as First Lady at official functions with dignitaries and spouses, locally, nationally, and internationally.

In addition to her time, there are real costs involved in her work on behalf of the university (for example, approximately \$25,000 in clothes for official functions thus far; use of personal car; etc.). More important, however, is the need to recognize and reward the value of her work, beyond staff support to assist in her uncompensated efforts. Whether this comes as additional compensation built into my own package, or a clothing and expense allowance, or in some other form, I would like the Committee to take seriously the need to provide adequate reward for her services to the university.

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