

PAUSING, PONDERING, AND PARTNERING:

Communicating in Financially Challenging Times

BY KAREN GROSS

Much has been written about the challenges colleges and universities face in this trying economic climate. One set of issues that has not been sufficiently addressed, however, is how to communicate more effectively about money (or, more realistically, the lack thereof) to faculty and staff. Skillful communication can not only calm troubled waters—it can also prevent avoidable missteps that make matters worse than they already are.

Both Adrian Furnham in *The Psychology of Money* and David Krueger in *The Secret Language of Money* observe that understanding money is about vastly more than dollars and cents. The key to such understanding is to recognize money's deep symbolic power. A previous life as law professor specializing in consumer finance and indebtedness gave me an appreciation for how and when to use language to increase a sense of financial empowerment.

Karen Gross is president of Southern Vermont College and is a distinguished visiting professor of law at New York Law School, where she has taught since 1984.



Pause

Break

New academic research and literature on neuro-economics and behavioral economics, the lessons garnered from credit counseling and financial literacy initiatives (including those within the consumer bankruptcy system), and strategies derived from restructuring financially troubled companies in Chapter 11 of the Bankruptcy Code also add to our capacity to “speak money” and provide important, transportable, and adaptable lessons for higher education leaders.

What follows are some suggested communication strategies for those leaders, gleaned from my experience and from the literature.

CHOOSE YOUR WORDS CAREFULLY

The media regularly use words to describe our current economic situation that are inflammatory: *crisis*, *recession*, *fiscal calamity*, *financial woes*, *unprecedented times*, *grave circumstances*, etc. The words portend disaster and agitate people. As Kurt Mortensen, author of *Maximum Persuasion*, observes in his article “Emotional Word Choice,” “When you want to create emotion, choose words that will trigger feelings. If you want to downplay the event or situation, use an unemotional word.” Clearly, the media want to trigger in us a sense of urgency with respect to the economy so that we will buy more newspapers and magazines and listen more frequently to the news.

The media may know what they’re doing in using such words, but financial experts often don’t consider the unintended consequences of their linguistic choices. For example, many financial planners and counselors talk to financially troubled consumers about “budgets.” They show people sample budget forms, with multiple lines detailing income and expenses. Consumers’ reactions are predictable: budgets feel like straightjackets. As *Wall Street Journal* reporter Jeff Opdyke opined, “Budget might well be the dirtiest word in financial language.”

But watch what happens when a planner talks about a *spending plan*. A spending plan is all about prioritizing—deciding how to spend whatever money one has. Whether one’s income is large or meager, everyone can make financial choices. That capacity to decide is empowering: It moves the economic locus of control from an externality (where others decide for you) to an internality (where you decide for yourself). And as Gerrit Antonides observes in *Psychology in Economics and Business*, those who believe they are more in control are more motivated, more open to new information, and more willing to assume responsibility—all behaviors we want to encourage.

Currently, college and university leaders are, regrettably, scouring budgets to find ways to make cuts without hurting the quality of education. In this painful process, it is easy to lose sight of the fact that they are actually making spending choices, prioritizing how to use the limited income available. It is not that institutions totally lack income; it is that they have less of it than they want. If the focus is put on spending plans rather than budgets, everyone will feel less victimized. Time to change “budget meetings” to “spending plan discussions.”

Another example of language failure: Considerable attention has been paid to our diminished levels of *financial literacy*, with programs being offered for the remediation of our deficiencies. The word *literacy* suggests we are presently illiterate and thus incompetent—not a good launching pad for high-quality learning. While the words *financial education* are better, they too sound remedial and make the topic appear difficult to master.

Financial experts should consider speaking instead about providing *financial empowerment*, a term cleverly used in naming the City of New York’s Office of Financial Empowerment, which is designed to help consumers with fiscal problems. This office has opened one-stop “financial empowerment centers” across the city. Who doesn’t want to be empowered, especially about money?

Festive words present challenges too. As we approach the holidays, terms like *galas*, *celebrations*, and *parties* can sometimes make people feel worse, not better. Doctors, particularly those communicating bad news to patients, know the risk of false hope or artificially cheery reports; they frustrate and hurt those who are sick by seeming to gloss over their pain. With respect to the economy, then, the financial instability we are all experiencing makes false cheer grate. People don’t celebrate if they think it will make them feel worse. Dressing up for a funeral does not make people merry.

Bottom line: It is time to be cautious about, and in some instances change, the rhetoric used on campuses—what is said in meetings, what is written in memos and letters, and what is presented on websites. It is time to stop parroting media verbiage, using financial planning language, and adopting greeting-card jabber.

**Revisit commonly
used words that,
in the present climate,
may engender
even more anxiety;
consider alternative,
calming words.**

A TIME AND PLACE FOR EVERYTHING

In tough times, campus leaders rightly want to communicate with their constituencies, contextualizing what is happening on campus inside the larger economy and disclosing how they will deal with these issues on campus. This desire to be transparent is admirable.

But in challenging times, communicating everything immediately is not always wise. Not every situation or choice requires a memo, particularly if that memo is not going to offer any new or concrete information. Memos that suggest leadership is aware of the issues and is working on them, since they leave people not knowing what will happen next, can exacerbate campus uneasiness. In healthcare, reducing uncertainty is a critical part of improving patient care—lack of certainty is often harder for people to bear than bad news.

Writing too many memos is like taking one’s temperature too many times when one is ill, tracking a fever’s ups and downs. If a memo establishes that raises will be reviewed in the fall and spring, it is not useful to send another each time expenses go up unexpectedly (suggesting that raises are less likely) or donations are exceeding expectations (suggesting that raises are more likely). Between now and then, both types of events will occur, and multiple memos will only put people on a see-saw.

Best to send the original memo and review the situation, as promised, in the fall and spring.

When situations are at once fluid and unclear, what exactly can leaders say to be comforting? Until the facts are known and the situation stabilized, they cannot make any promises and certainly should not speculate on the probable impact of fiscal problems on the institution.

What people want and need to help them deal with fiscal uncertainty is a thoughtful, knowledgeable leader with a steady hand on the tiller. One-on-one or smaller meetings—where leaders can provide a listening ear and indicate vigilance—are often better for cultivating that perception than mass communications. Employers can also suggest to the employee that the best employment strategy in tough times is to make oneself indispensable. But no memo and no meeting are better than an uncertain memo and vague (if honest) answers.

WHEN SILENCE ISN'T GOLDEN

But sometimes more is more. When there is something concrete to say, leaders sometimes say too little, in an effort to write clearly and concisely. But when decisions are made, say, with respect to salary increases (or the lack thereof), it is much better to communicate fast and thoroughly, thus preempting (or curbing) the water-cooler conversations. People across campus know when big events are in the offing. They know when the trustees are meeting. And they are likely to project their worst fears onto such events, absent good information.

In these communiqués, sometimes redundancy can help. Suppose, for example, that a decision is made not to provide raises at present but to review the situation again in the fall and spring to see if circumstances have improved enough to enable salary increases or adjustments. Here are the seemingly straightforward words to describe this situation: “After considering all the facts, we have determined that there will be no salary raises or adjustments for the coming academic year. We will revisit the issue in late fall and early winter.”

Notice the silence as to whether the “no-raise” decision applies to the president and other senior administrators. The assumption should be that “no raises” means exactly what it says: no raises for anyone. However, silence on that point is likely to raise speculation as to whether the president and senior team will be exempted.

So I suggest adding the following words: “inclusive of the president and senior administrators.” A lawyer would say that this is unnecessary verbiage, and from a legal standpoint that’s true. But this is not about contract

**Adding words that
anticipatorily address
concerns, even if they
are redundant, is wise.**

**Communicate
campus-wide only
if you have something
concrete to say;
sometimes less is more.**

drafting; it’s about sending an important message: We’re all in this together.

PAUSE, TAKE A BREATH, STAY THE COURSE

Companies in financial trouble, before they meet with restructuring professionals, try to solve their problems by cutting expenses—slashing and burning, sometimes with remarkable speed. It seems like the right thing to do: Dollars are short and there is a need to balance the budget immediately. This pattern is seen over and over again in business. Personnel are fired; partnerships are jettisoned; and, worst of all, customers’ problems (particularly of those owed small sums) are pooh-poohed.

The better, though counter-intuitive, approach is suggested by the “automatic stay” in Chapter 11 of the Bankruptcy Code. Companies (and individuals) in bankruptcy get a statutorily mandated time period in which to reflect on their situation and consider options for reorganizing. “Debtors-in-Possession,” as managers of Chapter 11 companies are called, can explore mergers, partnerships, sales (both large and small), and strategies for improving finances over the short and longer term while creditors are legally held at bay.

This is not to suggest that institutions of higher education should seek

bankruptcy relief! But college and university presidents would do well to impose on themselves a “stay” from time to time. A rush to action may feel better by creating a sense that something positive is happening.

The problem is that fiscal stress warps judgment and encourages short-term decisions that can damage relationships and lead to less-than-optimal futures. The principle of the automatic stay in Chapter 11 can give leaders time to find partners, get large mileage out of small wins, and build a sense of trust and shared commitment to the college or university’s future.

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CONCLUSION

Some of what is suggested here may feel counter-intuitive. In troubled times, leaders want to be up-beat. They want to communicate. They want to feel in control. They want to act. The problem is that false cheer, misplaced certainty, and short-term decision-making thwart success and can actually worsen the situation.

Difficult financial times call for carefully calibrated leadership approaches, judicious rhetoric, and skillful timing. Those of us who have toiled in difficult financial trenches in the past are certain of the value of three things as the recent financial calamity has unfolded: pausing, pondering, and partnering. They all provide a good counter-point to our more natural instincts. ☐