ISM recently conducted a study of School Head leadership to extend our knowledge of executive leadership and investigate the relationship among our Tier 1 Stability Markers: School Heads’ characteristics and experience, and their well-being/flourishing. In a previous article, we re-introduced our approach to measuring executive leadership and described the general results and conclusions for the study. This article is the second in the series.

In our introductory article, we demonstrated statistically significant bivariate correlation relationships among executive leadership, the reported flourishing of the leader, faculty culture, and measures of organizational performance. To examine the more complex relationships among outcome variables, we conducted a series of multiple regression analyses. Multiple regression has the power to establish which variables have the strongest relationship with the dependent or outcome variable (Y) and/or provide a unique contribution to predicting Y. This provides a clearer picture than simple correlation as to the relationships among three or more variables. 

The two primary strategic outcome variables for independent schools are:

- financial stability (Stability Marker No. 1), which ISM defines as the positive mix of cash reserves, low debt, and endowment; and
- enrollment demand (Stability Marker No. 6), which ISM defines as 90%+ retention and full class waiting pools at entry grades.

Related to Stability Marker No. 1, there was only one positive significant factor: length of tenure of the School Head. No other variables were retained. This finding may be obvious—School Heads who encounter financial trouble are more likely to be let go by their Boards. However, we speculate that, while true, it is more complex than that. Success on Stability Marker No. 1 does not just rest on the quality of the executive leader. It is highly dependent on a high-functioning strategic Board that approves budgets aimed to achieve financial stability (i.e., 20% cash reserve, annual debt service < 5% of expenses, etc.). Perhaps more important, success on Stability Marker No. 1 most likely occurs when a Board creates a predictable/supportive environment within which the Head can serve productively. A high-quality, supportive Board gives the Head time to formulate and execute a school improvement plan, move the wrong people “off the bus” and the right people “on the bus” and in the “right seats,” improve the school culture, realign the school mission with school practice, and brand identity, etc. This all moves a school toward sustainable annual surpluses that can accelerate debt reduction and/or a build-up of rainy-day money. We have argued in the past that School Heads need longer tenure than the current average. One of the many reasons why Heads leave their schools is because their relationships with their Boards are not as supportive or trusting as they must be. One of the major themes throughout this series is that the Head’s perception of the Board-Head relationship is a significant factor in school outcomes. The relationship between the financial stability of a school and the length of Head tenure is also likely dependent on the presence of an environment in which the Head wants to stay long term.

Enrollment demand was best predicted by three factors, represented by the following equation. These three factors accounted for 30% of the variance in enrollment demand.

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\text{Enrollment Demand} = \text{Strategic Plan/Strategic Financial Plan} + \text{Executive Leadership} – \text{Social Facility}.
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The first factor is the presence of a formal strategic plan and an accompanying strategic financial plan (“Strategic Plan/Strategic Financial Plan”—Stability Marker No. 2). The second factor is our measure of executive leadership. This is a 20-item inventory, completed by faculty, that measures the characteristics of leadership and points of emphasis of the School Head that are associated with building a strong faculty culture. Having a plan and being a strong leader is associated with greater enrollment demand.

Social facility or extraversion was measured in the study since effective communication is identified by ISM as an essential characteristic of a school leader. It is noteworthy that social facility was significant, but with a negative coefficient. School Heads, it seems, must be confident and comfortable, but not overly bold, aggressive, or grandiose in their communication. They must solicit input from others and relate a clear, strategic focus to others. This finding supports ISM’s previous studies on executive leadership suggesting that while leadership style does not matter, the level of charisma—as marked by having a gracious, respectful, contemplative, self-effacing, and humble presence—does matter.

ISM asserts that enrollment demand is impacted through the Board’s creation of a quadrennial strategic plan along with an accompanying strategic financial plan. Tactically, this plan is translated by Executive Leadership into a healthy school culture that needs to be effectively, internally marketed. Our School Head study has confirmed this teaching. The result, noted above, of an inverse relationship between the scores on Stability Marker No. 1 and the presence of a plan suggests that schools tend to only employ such a plan when their financial picture is weak. This should stand as a keen warning to all schools. If schools want long-term stability, then a strategic plan/strategic financial plan is essential. Waiting to construct a formal plan when the school is in financial peril is to place your enrollment demand in jeopardy.

This second article in the Head Leadership Study series explains that the quality of the executive leader (aka, the School Head) as perceived by the faculty is correlated with enrollment demand. Leaders who are charismatic, flexible, predictable, supportive, effective communicators, and not overly extraverted appear to produce greater enrollment demand. We note the Board’s role in...
enrollment demand through the strategic plan/strategic financial plan and, thus, the Board-Head strategic relationship is also correlated with enrollment demand. Finally, we suggest that overly extraverted Heads often negatively impact enrollment demand and should exercise discretion in their communication. This connection of enrollment demand to the School Head is a real leap forward in our understanding of the factors that impact a family’s willingness to enroll and re-enroll. 

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3 Variables were entered into an exploratory equation, and only those factors with significant coefficients were retained. Insignificant factors were eliminated and the model was reproduced, resulting in a final regression equation that accounted for the most variance ($R^2$) while providing statistically significant $p$ values for the entire equation and each individual factor.