

White Paper



Five Audacious Moves¹

Strategic thinking and acting in a very busy marketplace.

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SUBJECT HIGHLIGHTS:

This White Paper will present five moves that will help you and your institution move ahead decisively in a marketplace that is ripe with opportunity. The key to these moves is the idea of thinking and acting audaciously.

The idea of being audacious

Most colleges and universities work inside a fairly wide comfort zone. They are comfortable making certain kinds of decisions and acting certain ways. In their minds, then, strategic thinking and acting has one general outcome: to help us do things better. And while decisions about doing things better are important, they seldom have the power to truly galvanize an organization and its people.

As I think about this fairly traditional approach to thinking and acting I am reminded of two quotes:

Insanity is doing things the same way you have always done and expecting different results. —Roger Milliken

If you always do what you've always done; you'll always get what you've always got.

With these quotes as a catalyst, I would like to present a slightly different idea: the idea of thinking and acting audaciously. Beyond decisions that will help you do things better are those decisions about doing things that you—and your competitors—cannot imagine doing.

These are audacious decisions. Audacious decisions galvanize. They liberate. They fire imaginations. They help you break through the clutter. And they capture the attention of the marketplace. Audacious decisions are not without pain; but neither is a future that is approached tentatively or with reservation.

With the goal of acting audaciously, here are five strategies for you to consider:

- (re)Organize for action
- Evaluate the marketability of your existing academic programs
- Use a strategic business approach for the creation of new programs
- Show them the money (or motivating faculty to bring new programs online quickly)
- Identify four or five tall poles

Audacious Move #1: (re)Organize for Action

Most colleges and universities have their marketing functions far too decentralized. Generally, the special events office reports to one administrator, media relations to another, and publications to a third. No one knows what the alumni office is up to, and the athletic office won't attend any planning meetings.

¹This White Paper is adapted from a chapter in a new book by Bob Sevier. Tentatively titled, *Working Without a Net*, the book focuses on strategic thinking, acting, and communicating in today's very competitive marketplace. It is scheduled to be published late Spring 2001.

As a result, there is no sharing of goals, no pooling of talent, no stewardship of resources. Where there could be a symphony, there is a cacophony.

Let's look at the scope of the problem. On most campuses, the following offices and individuals probably affect your institution's image:

- President's office
- Academic dean
- Graduate school deans
- Student recruiting
- Development office
- Student services
- Alumni office
- Public and community-relations office
- Publications office
- Special events
- Institutional research

With this many people, offices, responsibilities, and agendas involved, there is little likelihood that any effective and long-term marketing strategies will be developed, implemented, and maintained. Before you can begin to think and act audaciously, then, you need to deal with this (mis)organizational problem. You need, in other words, to develop a market-oriented organizational structure.

A market-oriented organizational structure has all marketing and communication functions—and I would include student recruiting, student services, and fund-raising as marketing functions—arrayed under one vice president. Note, too, this vice president has parity with the institution's other VPs.

Clearly, this is a dramatic—and some might say irrational—departure from how most current colleges and universities are organized.² This model does, however, reflect both the importance of and need for coordinated marketing strategies.

Consider:

- This organizational structure raises the marketing

function so that it has parity with the academic and finance strategic functions;

- This organizational structure arranges all the marketing, imaging, and branding functions under one vice president so there is greater coordination and effective use of resources;
- This organizational structure places the recruiting (pre-customer), retention (student customer), and alumni (graduate customer) under one vice president and thereby creates the opportunity for a seamless and long-term relationship.

In addition to the organizational change outlined above, the market-oriented structure has one other important characteristic—the creation of soft alliances that allow regular, policy-making input not only at the board and cabinet levels but at the program level as well.

One note: when I first proposed this model some years ago I was surprised by the number of e-mail messages I received from people who said, in effect, that they were moving in that direction. Perhaps the higher education landscape is more receptive than I first imagined.

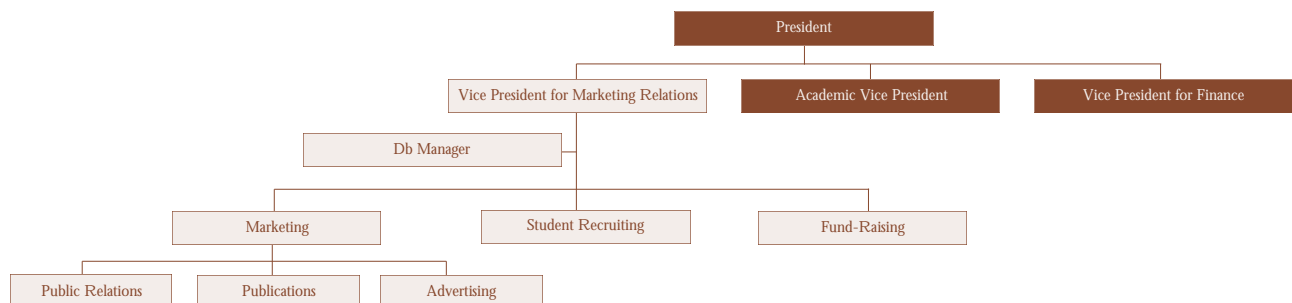
Audacious Move #2: Evaluate the marketability of your existing academic programs

Sometimes you just have to be willing to lasso a sacred cow, and there is perhaps no cow more sacred than your curriculum. However, to be truly strategic, and audacious, you must continually evaluate the marketability of your curriculum. To fail to do so is to miss one of the most significant marketing opportunities you have.

The following pages contain three tools to help you evaluate the marketability of your programs. These tools include:

- Determination of distinctive competencies
- Product life cycles
- Marketing evaluation of your curriculum

Market-Oriented Organizational Structure



² Organizational integration is the second component of an integrated marketing strategy. The others are strategic integration and message integration.

Before we proceed with a discussion of these tools, I would like to make three comments. First, these tools, especially the more sophisticated analytic tools, are designed to help you assess your academic programs and processes from a strategic and marketing perspective. They are not designed to stand in place of an accreditation evaluation.

Second, these tools often attempt to achieve the same purpose through slightly different avenues. While one tool is not necessarily more or less effective than others, differing political climates on campus may make one tool more suitable than others.

Third, these tools all require solid, consistent data and the courage to apply it and act on it.

Analytic tool #1: Determination of distinctive competencies

Perhaps the easiest analytic tool to use is a determination of the distinctive competencies that differentiate you from other colleges and universities. These might range from specific academic programs such as engineering at MIT, to delivery methods such as Cornell College’s One-Course-at-a-Time.

Colleges and universities that are certain about their distinctive competencies and work to build on them are more likely to succeed in achieving their mission than institutions that do not. For example, Heritage University in Washington State has as a distinctive competency the ability to meet the educational and social needs of a key stakeholder group: Native Americans who live in the Yakima Valley. Not only is Heritage an educational resource, but it is a vital part of the social and economic fabric of the local geography—Toppenish, Washington, and the people who live there.

The distinctive competency of the University of Phoenix is the delivery of distance education to adult students.

The distinctive competency of Berea College is to entwine education with work and service.

Uncovering distinctive competencies

To determine your distinctive competencies you might ask stakeholders and members of your target audiences such questions as:

- What characteristics make us unique?
- When you think of us, what words and phrases come to mind?
- How are we different from other (local, regional, national) colleges or universities?
- If we were to go out of business tomorrow, would we be missed?

- Why have people elected to support us (attend, give money, etc.) in the past?

If you find that different constituents consistently answer these questions in the same fashion, then you are beginning to get a handle on your distinctive competencies. Keep in mind that some of your competencies may need to be honed a bit before they become truly distinctive—and valued—by the marketplace.

As you think about distinctive competencies, it is important to remember that the distinctions must exist in the mind of customers such as students and donors and not merely in the minds of internal stakeholders such as faculty. In addition, the distinctive must be valued enough that students are willing to pay for it and donors are willing to support it.

Having a distinctive competency is important. Having a distinctive competency that the market values, and is willing to pay for, is priceless!

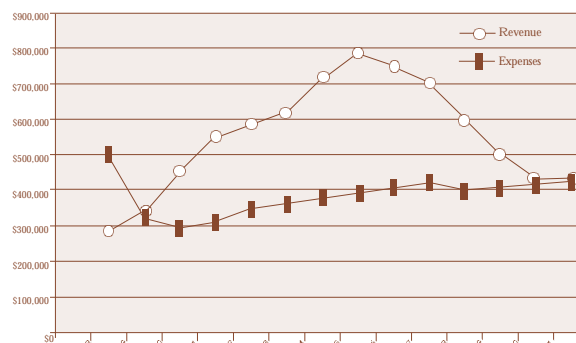
Analytic tool #2: Estimation of product life cycles

A product life cycle is designed to help you determine the life stage of academic programs. Typically, products and curriculums move through four stages:

- Emergence
- Growth
- Maturity
- Decline

However, not all programs move through these same stages at the same rate. While it is always dangerous to speak in general terms, we know from a revenue generating perspective, for example, that on many campuses the curriculum is clearly skewed toward mature and declining programs. And while all campuses should and must have some mature and declining programs, they must also have enough growth programs to offset the lost or declining revenue.

The calculation of the life cycle of your academic programs is painfully simple. All you need to do is gather longitudinal revenue and expense data for each course or program and then calculate the trend line.



As you can see from the previous example, revenue has fallen dramatically while the cost of running the program has been slowly inching up. While these data should not be a reason to terminate a program, it should be a catalyst for conducting a very aggressive evaluation.

Recently we have seen a raft of programs such as physical therapy and occupational therapy develop revenue/cost curves that are beginning to look a lot like the previous example.

Analytic tool #3: Portfolio analysis

The third analytic tool is a review of your academic portfolio based on market interest.

Portfolio analyses were first developed by the Boston Consulting Group (BCG).³ Their paradigm (depending on which version you are looking at), introduced the world to the idea of rising stars, cash cows, question marks, and dogs.

For our purposes, we will use a highly modified analysis that organizes your portfolio (your academic majors) into six categories:

- Anchors
- Problem children
- Sitting ducks⁴
- Rising stars
- Cash cows
- Bright ideas

Before we discuss the individual categories, I want to mention that by their nature, portfolio analyses are extremely political. As a consequence, a very rigorous methodology is mandatory. At the very least, this should include:

- A comparison of your curriculum offerings with those of your competitors
- A comparison of marketing, pricing, and financial aid strategies
- A review of short- and long-term job trends in your marketplace
- A review of overall economic and demographic trends
- A survey of prospective students to ascertain their academic goals
- An evaluation of your faculty and facilities
- A review of current enrollment by:
 - Program
 - Program revenue
 - Program contribution to overhead
 - Retention rates
 - Graduation rates

The six categories

Anchors are those programs that flow directly from your mission. Whether they generate enough revenue to support themselves is not a primary consideration because anchors represent a lot of where you came from. They also guide and offer direction for the future. They present some of your most enduring core values. If you are a Catholic school, a basic course in Catholic theology is an example of an anchor. While anchors are to be cherished, most institutions cannot afford to have more than a handful. In addition, there is a difference between a required course in theology and a major.

Problem children are programs that are in trouble. They have value, or had value in the recent past, and there is strong evidence that they are salvageable. They may lack a champion. They may need to be brought up to date. They might need a new facility, faculty, or an infusion of other resources. A business program that has fallen on hard times is a good example of a problem child. Your goal, of course, is to have as few problem children as you can because problem children consume more resources than they generate. Problem children are also notoriously distracting.

Every campus has one or more **sitting ducks**. These are programs that many people believe should be terminated. However, they are often kept alive for political or humanitarian reasons. While I do not generally recommend closing these programs and laying off faculty, I do strongly suggest that these programs be slowly but deliberately downgraded. When faculty retire, do not rehire. Do not promote and thereby create a problem with students who enrolled. Reduce the sitting duck from a major to a support area. Seek to cross-train staff and transfer them to other programs.

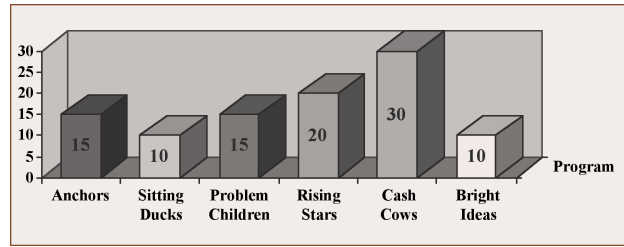
Your fourth group of programs are your **rising stars**. Rising stars generate attention, students, and some cash. What cash they do generate, however, is usually reinvested in the program. These programs are growing and are generally highly entrepreneurial. They are often centered around a strong faculty champion. Rising stars are seldom stable. Some will become longer-term cash cows. Others may become problem children. If you look around your campus, chances are the rising stars will be found in either business or information technology. On some campuses environmental science is a rising star. Former rising stars include occupational and physical therapy. At some institutions, these are now problem children. One final thought about rising stars: Donors, especially corporate donors, love them.

The fifth category is **cash cows**. Cash cows generate many more resources than they take in. They are longer term. Many were former rising stars. If you have a high number of

³For more information on portfolio analyses, you might want to take a look at Carl Stern's: *Perspectives on Strategy from the Boston Consulting Group* (New York: Wiley and Son, 1997).

⁴I realize that some of these categories are somewhat offensive to the higher education community and I apologize. However, I think that some of the offense comes because they strike pretty close to home.

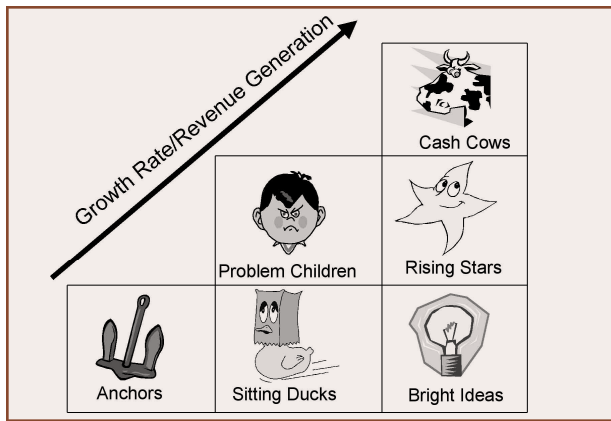
anchors, sitting ducks, and problem children, then you need a high number of cash cows. Generally, cash cows require few institutional resources other than skillful management. There is a tendency, however, for cash cows to become bloated and a bit moribund. While cash cows seldom have the edge that rising stars have, they need to have enough of an edge to remain current and in tune with the marketplace.



Finally, we have **bright ideas**. Bright ideas are those programs that research, and the students in your marketplace, suggests you should consider adding to your curriculum. In an ideal world, these programs are vetted through the creation of a business plan for each potential candidate. Some ideas on how to develop bright ideas are presented in the next chapter.

Audacious Move #3: Use a strategic business approach for the creation of new programs

I am no longer surprised by how few four-year colleges and universities have a strategic business approach to the creation of new programs and majors. Interestingly, this approach is much more common at two-year institutions than four-year.



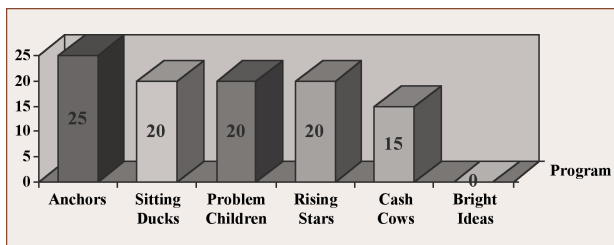
Program mix

As you might suspect, the key to a portfolio that balances mission and tuition revenue is a proper mix of anchors, sitting ducks, problem children, rising stars, cash cows, and bright ideas. As we can see from the illustration below, institutions with more anchors, sitting ducks, and problem children are not likely to have the cash flow to sustain themselves over the long run.

Unfortunately, the failure to use a strategic business approach to program development causes two sometimes insurmountable flaws that undermine the likelihood that these new programs will flourish. First, the rationale and impetus for new programs appears to be faculty, rather than marketplace interest. As a result, ideas for new programs are seldom tested and validated externally. As a rule, the "research" involves discussions with some faculty, a division head or two, and maybe a dean. There is usually no real rigor, especially marketplace validation, applied to the decision.

A better mix of programs is presented in the next column. This institution's relatively modest number of anchors and

And second, new programs are almost always under resourced. Seldom are adequate dollars budgeted for marketing and scholarships. The champions of new programs often do not have time to manage their day-to-day activities, fight the political battles, and nurture their new programs. Ironically, it seems as if new programs are always approved too late in the academic year when there is neither dollars nor time to promote them.



As one audacious move, I suggest a strategic business approach to the creation of new academic programs.

sitting ducks—and even problem children—are easily sustained by a sufficient number of rising stars and cash cows. In addition, this institution has some bright ideas that might, in the future, become rising stars or even cash cows.

This approach addresses four key decision areas:

- Strategic
- Marketplace
- Economic and resource
- Marketing and promotion

Proposals for new programs must be able to weather the questions presented in the four decision areas. If they can't, they should be delayed, reworked, or even shelved.

Strategic issues:

- How will this program advance our mission, vision, and strategic plan?
- Do we have a faculty champion who will live and breathe this program?
- Does this champion have the time, talent, and political acumen to pull this off?
- Are other faculty groups and departments supportive of this new program?
- What detractors are in place? What are their concerns? Can they be assuaged? Can they be brought on board?
- Will the resources for this program draw resources away from other critical areas?
- Will this program create or build on synergy with other programs?
- What opportunities will we have to set aside to fund this new program?
- What is our rationale for offering this program? Is it solely economic?
- Is this program going to be a truly high quality program or will it be marginalized because of scarce resources?
- What chances for collaboration with other organizations does this new program offer?
- Will beginning this program cause us to cut another program?
- Will this program lead graduates to higher paying jobs and thereby reduce the negative impact of cost and college debt?
- Will this program generate true excitement on campus and in the marketplace?
- In five years, will this program be a rising star or a problem child?

Marketplace issues:

- Could this be a signature program; something that attracts regional, or even national, attention?
- Is this program unique or are similar programs offered by competitors?
- If this program is not unique, can we offer it in unique ways (three-year B.A., aggressive internships, collaborations with other schools)?
- Will this program survive the Internet commoditization of programs?
- Have we tested this idea with:
 - High school influencers?
 - Prospective students (and even parents)?

- Employers?

- Donors?

- What absolutely solid, external data do we have that indicates this program is/will be a winner?

Economic and resource issues:

- Can we offer this program less expensively than our competitors? Will we have a price advantage?
- Will the institution provide venture capital for this new program or will it have to immediately "payoff?"
- Have we developed a "payoff" schedule for this new program (when revenue surpasses real and indirect costs)? Is this schedule reasonable? Does it include reinvesting into the program to make it better?
- Do we have capacity (staff, physical plant) for this program? Do we have enough capacity if this program is successful?
- When we calculated the costs of this program, did we include:
 - Promotion?
 - Staffing?
 - Renovation?
 - Equipment and supplies?
 - Scholarships?
 - Contribution to overhead?
- Have we developed a model whereby revenue is shared with the sponsoring department, thereby fostering a sense of reward and innovation among faculty?
- Will special, and long-term, financial aid resources be available for this new program?
- Are there immediate fund-raising opportunities for the new program?

Marketing and promotion issues:

- Is a list of prospective students available? Is this list compiled or response?⁵
- Will we use a segmented marketing campaign to support this new program:
 - Direct mail?
 - Web?
 - Advertising?
 - Telemarketing
 - Outreach?
- Have we developed an adequate, sustainable promotion strategy?

⁵Response lists include individuals who actually responded to an offer or have expressed an interest. Compiled lists are lists of people who "might" have an interest but have made no overtures. Response lists, while more expensive and sometimes more difficult to obtain, are almost always more effective than compiled lists.

- Will this program attract media and public attention?

The purpose of these questions is to help you assess possible new programs and to help assure the success of the programs you choose.

If you can't, or didn't, answer many of these questions then your program is likely to have difficulty and you should question your decision to proceed.

Audacious Move #4: Show them the money (or motivating faculty to bring new programs online quickly)

Bringing new programs online can be difficult, time consuming and painfully political. Let me give you an example. Recently, while working with a large church-related college in the South, I asked the president how long it took to bring new programs on board. His reply of "about two years" was delivered with half chagrin and half anger. Of course, I asked why it took so long. He said that it generally took that long for a new program to go through all the faculty governance. "We've tried to change the approval process," he noted, "but that got bogged down as well."

In today's marketplace two years is too long. And changing the governance process will likely cost too much political capital; capital you may well need later for some of the other audacious moves you have in mind. There is, fortunately, an alternative: show them the money. It works like this.

On most campuses, the revenue for new programs automatically goes back to the institutional coffers. A more effective model is a revenue split. The academic department that created the new program keeps one-third of the revenue and the institution retains the balance. The academic department can use the one-third to support new research initiatives, buy equipment, even hire non-budgeted faculty or staff.

Even more important than the cash this strategy generates for sponsoring faculty is the signal that it sends—that initiative and entrepreneurship are valued—to the larger campus community. This "share the wealth" strategy also puts incredible pressure on recalcitrant faculty and departments when they notice that their peers are being rewarded and they are not.

Showing the money is not a perfect solution.

But neither is waiting two years for a new program.

Audacious Move #5: Identify four or five tall poles

According to my friends in North Carolina, tall poles are those poles which rise above the rest. In a stand of timber, it is the tall poles that overarch the other trees.

For our purposes, tall poles are those academic programs that an institution decides to push more aggressively than other programs. In other words, the identification of tall poles is the foundation stone for a segmented recruiting strategy. Rather than pushing all programs equally which, while being democratic and all, is grossly inefficient, a tall pole program works on the premise that additional marketing resources should be directed at a handful of programs that show special promise (remember the *rising stars* and *bright ideas*?).

Generally, these programs are those which:

- Already offer substantial quality
- Are undersubscribed by prospective students
- Are high margin
- Are of high interest in the marketplace
- Have an effective champion in place

By now, you should be thinking that there is a fair degree of symmetry between the business approach model for identifying new academic programs outlined earlier in this White Paper and the identification of tall poles. This is not coincidental because both have at their core this basic tenant:

- Decisions about academic programs must be more marketplace driven

The creation of a tall pole program allows you to:

- Focus resources on those programs which offer the most immediate payoff for the institution
- Develop special segmented recruiting strategies including direct mail and Web
- Direct financial aid where it will have the most immediate impact
- Create a sense of excitement and anticipation because it is often easier to move a handful of programs ahead where you might not have the time, talent, and money to move the whole institution

As you think about building and marketing your tall poles, remember you must be willing to:

- Allocate a disproportionate level of strategic resources to enhancing the quality of these programs:
 - Hiring
 - Facilities
 - Scholarships and financial aid
- Develop special marketing and financial aid strategies

And most importantly, you must be willing to weather the political storms and the cries of "that's not fair" that will attempt to distract you from your vision and mission

Finally, is there anything magical about having "four or five" tall poles? Well, look at it this way: you probably cannot manage more than five, and with any less the whole effort will probably not have that much impact on the institution.

One final audacious move

There are very few sources of quick cash around most colleges and universities these days, so I would like to point you to one idea that will save you a few bucks.

The idea is this: don't print your academic catalog or your alumni directory any more. Instead, put them on your Web site. Not only will this be less expensive than printing them, but they will also be much easier to update and be more "searchable."

Don't think this is audacious?

Try convincing your academic dean and alumni director. They will scramble to come up with reasons why you shouldn't do this. Most of their responses will contain the words, "but we've always..."

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