



An Occasional Paper

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Moving Ahead With Confidence

Four Strategies for Fall '10 and Beyond

This Occasional Paper will examine four strategies that will enhance your ability to shape your class, increase tuition revenue, and move ahead with confidence in these tumultuous times.

In June, I attended a board meeting in the South. During the meeting, the chief admissions officer answered four questions given to him by the board chair a couple of weeks previously:

1. Will we get our class this fall?
2. Will we meet our tuition revenue projections?
3. Will our discount rate hold steady?
4. Will our academic quality increase?

During the next hour, the enrollment officer indicated they would not get the class, they would miss their tuition revenue goal, their discount rate would likely increase, and their academic quality would probably slip.¹

As he talked, the faces of the board members revealed surprise, frustration, panic, and even a little anger. The next few minutes erupted into a verbal freefall that centered around one theme: “Why weren’t we told it was this bad?”

Later, during a break, one board member mentioned to me that the presentation and follow-up discussion reminded him of a

scene from *12 Angry Men*. “That’s what the board was,” he said, “22 angry men and women who feel like they were ambushed.”²

I was amazed by his assertion that the board was ambushed. How, I wondered, could they have missed all the data about the economy and its impact on enrollment? I probed a bit and the board member admitted that they knew things were rough, but somehow they felt that their school would not be impacted that much.

The afternoon meeting was a mixture of finger pointing and hand wringing. They adjourned frustrated, worried about what had happened, but without a clear course of action.

This summer, I had the good fortune to read Jon Meacham’s *Franklin and Winston*, an examination of the extraordinary war-time relationship between these two great leaders. At one point in 1940, Churchill turned back calls for recrimination about Britain’s failure to stop Hitler sooner, saying, “Of this I am certain. If we open a quarrel between the past and the present, we shall find that we have lost the future.”

I am worried that too many schools seem preoccupied with what happened and why, and they are not identifying those strategies that will help them move ahead with confidence. Recognizing that 2010 will likely be more challenging than 2009, I want to offer four near-term strategies that will positively impact enrollment and net tuition revenue:³

¹In June 2009, Chronicle Research Services released *The College of 2020: Students*, an overview of student and marketplace trends that will have a dramatic impact on colleges. In the final pages, the authors outline three broad types of colleges and predict their futures. The first two groups—elite colleges with strong brands and community colleges and for-profits—will likely do well. The third group, described as “colleges in the middle”, likely will not. They are the relatively unknown schools with high discount rates that largely serve residential students. The school whose board meeting I attended was from this last group, the vulnerable “colleges in the middle.”

²Sidney Lumet’s 1957 film starring Henry Fonda. The movie focuses on a jury made up of 12 men as they deliberate the guilt or innocence of a defendant on the basis of reasonable doubt.

³This paper will build on and expand some of the themes in a previous Occasional Paper: *Wise Moves in Tough Times*. It can be downloaded at http://www.stamats.com/resources/publications/occasionalpapers/pdf/Wise_Moves_in_Tough_Times.pdf

1. Focus on affordability
2. Fine-tune your curriculum
3. Differentiate your institution from your competitors
4. Develop best practices in three key areas

As I assembled these suggestions, I sought options that did not require significant dollar expenditures.

FOCUS ON AFFORDABILITY

Jim Scannell and Kathy Kurz, of Scannell and Kurz, Inc., are two of the most astute observers of higher education around. As financial aid strategists, they keep a keen eye on college cost and its impact on enrollment. At a recent conference, Kathy reminded the audience that in the near-term, the primary issue for college-bound students and families will be affordability.

I want to open our discussion on affordability with a simple reality: There is a big difference between describing your institution as affordable and truly being affordable.

With this admonition in mind, Jim, Kathy, and I want to outline some ways that can make your cost—whatever it is—more approachable.

- Recruiters, financial aid counselors, coaches, and others on campus are often uncomfortable talking about cost and financial aid and frequently avoid the subject even though it is top of mind for most families. Their comfort level will increase with training about the facts.
- Making the case for affordability involves providing proof of how families at different income levels are funding an education at your institution through such data as income distributions of new students, the percent receiving different types of aid, and case studies of students in different circumstances.
- Becoming as transparent as possible regarding eligibility for aid (e.g., through the use of Web-based calculators, guaranteed awards, etc.) is also an important method for communicating affordability. For high cost institutions, it is critical to get the affordability message out early, at the prospect and inquiry stage, especially to parents. That message needs to be repeated at every stage of the admissions cycle.
- Develop more flexible payment options. A surprising number of schools still insist on payment for the quarter or semester up front rather than allowing families to pay for a year's worth of tuition over 12 months.
- Make sure students are informed about deadlines for state aid programs so that they receive everything they are qualified for.

- Commit a staff person to seeking out low-cost, non-institutional loans. Currently, many families are caught in a credit crunch, and their options increasingly include high interest third-party loans or even credit cards.
- Commit a counselor to work directly with prospective students/families. A sort of financial aid ombudsmen, this person should be the most knowledgeable and friendly person on the staff and be empowered to make decisions. Ideally, this staff member should not only take incoming calls, but also reach out to families to encourage them to apply for aid and say, "I'm here if you need help." This could be particularly important for first-generation families.

There are some academic issues that directly impact affordability. For example, you might:

- Realign some of your academic programs so they can be accomplished in three years. This eliminates one year's worth of tuition and allows students to enter the job market more quickly.
- Heighten the quality of your advising. Advising miscues that derail a student's graduation plans happen far more often than we want to admit.
- More carefully manage the number, sequencing, and availability of prerequisites to help more students graduate in four years.
- Develop program plans for every major, with options that, if followed, will lead to an on-time graduation.

One gentle reminder: Colleges love to talk about value. However, when families are in survival mode, they are most concerned about the real impact of cost and not the sometimes more ephemeral issue of value.

FINE-TUNE YOUR CURRICULUM

At an association meeting in the Midwest earlier this year I heard a president say that every member college (there were 30) needed to have a major in philosophy. "It's about academic quality," he said.

While this may sound noble, it is actually a recipe for academic mediocrity because fewer dollars will be spread across more academic programs.

The hard reality is that most of these philosophy programs had few if any students. While historic academic models were founded on the idea that every college largely offers the same array of liberal arts programs, today's economic climate suggests that this model is no longer sustainable and that well-led schools should consider focusing their academic core. I am suggesting that it would be much sounder for a handful of these schools to have truly extraordinary philosophy programs, than for most of the schools to have marginal ones. Dollars saved from eliminating marginal philosophy programs could be reinvested in strengthening programs that are in demand.

There is another variation on the academic quality theme: something I call academic featherbedding. This occurs when faculty develop and approve large, complex academic cores. One fully intended by-product of complex cores is that they must be served by a large number of faculty. In other words, big cores provide big opportunities for faculty who do not have enough students to generate tuition hours.

Let me offer five options for countering these two historic practices. As you read these recommendations, keep in mind that these activities do not pay homage to traditional definitions of academic quality. Rather, my goal is to increase marketability.

First, add an economic component to any evaluation of your academic core. For example, calculate, in dollars, how much the changes to your academic core will cost not only the institution, but students. Consider, too, the economic impact of lengthening time to degree. Estimate how much revenue from transfer students will be lost if your core is made even more complex. Chances are, you will be astounded at how quickly the dollars add up.

Second, make your academic core as approachable to transfer students as possible. Too often, cores punish transfer students by forcing them to repeat courses they have completed at other institutions. The rationale given by faculty often centers around quality. What is implied, of course, is that courses taken at other schools are simply not as good. Of course, sometimes there are issues of quality. But sometimes, too, the issue is really about generating tuition hours.

Third, consider evaluating your curriculum from a marketplace perspective. Having a clear sense of student and employer interest, as well as job trends, is of great value for near- and long-term planning. At the very least, this information can help you reasonably project growth and guide decisions on staffing, space, and other resources.

Stamats' Academic Program Marketability Assessments examine two diverse datasets.

First, we look at **quality** from the perspective of current students. Second, we look at **demand** from the perspective of prospective students and the job market.

By “marrying” these two data sets, we can assign a marketability score to each academic program. This dynamic model also allows you to test how changes in the variables that predict quality and demand will impact quality and demand.

These studies can also be used to test or identify potential new programs.

Next, consider identifying five growth majors to “push” more aggressively in the marketplace. Some may decry this as unfair. It's true, it is not fair, but it is effective and will increase enrollment.

As you consider which programs to push, keep the following in mind:

- The programs should not be offered by your top five competitors
- They are of demonstrable high quality
- There is clear student demand
- There is capacity in those programs
- They lead to higher paying jobs

Finally, carefully consider launching one or two new programs that have potential for long-term life. However, remember that any potential new program must deal with the same “bullets” outlined above. In addition, make sure to commit significant dollars to marketing that new program.

Some of the recommendations I have made about fine-tuning your curriculum may involve the closing of programs. While the decision to close programs will always be tough, it should never be impossible. Programs with historic low enrollment that do not directly serve the institution's mission consume significant dollar and emotional resources without any real calculable return on that investment.

Most colleges will be better off when they realize that the same marketplace forces which impact the manufacturing and the service industries will ultimately impact them as well. Smart companies use this time to realign themselves with their core businesses; the businesses that will help them remain strong in the years ahead. By extension, these companies are cutting away businesses that are no longer viable or that are tangential to their core. Over time, these organizations will out-perform competitors who remain bloated and moribund.

Because of poor endowment performance and flat or declining tuition revenue, colleges need to adopt some of these same strategies.

DIFFERENTIATE YOUR INSTITUTION

There is nothing better and nothing more bankable, than being different from your competitors in ways that target what audiences value. Differentiation preserves and enhances share, and it allows you to charge premium dollars. When I think of well-differentiated schools I think of the University of Denver, Texas Christian University, the University of Southern California, and NYU. These schools lead their competitors and have a strong and growing base of loyal students and graduates.

At the other end of the continuum are commodity schools. These are the schools that typically describe themselves as friendly, caring, and supportive with great academic quality. Unfortunately, these schools can also be described by another characteristic: high discount rates. In many respects, high discount rates are an indicator of low brand value. By using the same language to describe your institution as competitors use to describe theirs, you are greatly undermining your ability to differentiate.

At this point I do not have room for a lengthy discussion of differentiation. I do, however, want to briefly outline the five basic steps in developing a differentiation strategy.

To differentiate your institution from your competitors, you must:

1. Look at overlap data to identify the top four or five schools with which you truly compete. While it is easy to make the case that you have lots of competitors, it is much more effective to isolate the four or five with which you compete most often.
2. Gather competitive intelligence on those schools. In particular, glean their pricing strategy, identify differentiation strategy, determine their truly unique programs, and learn how they are perceived in the marketplace.
3. Conduct a tuition pricing elasticity and brand value study to identify how you are perceived in the marketplace, as well as your current brand value and the brand value of your top competitors.²
4. Develop two or three potential positioning/differentiation strategies and test those strategies with your most important audiences along four dimensions: important, believable, distinctive, and emotionally engaging. Fine-tune the strategy that achieves the best score.
5. Execute your differentiation strategy along the 4 P's/C's: product/customer, price/cost, place/convenience, and promotion/communication.

Following these steps will significantly enhance your market position and your ability to hit your enrollment numbers.

If the idea of differentiation has piqued your interest, please check out our **White Papers** on the topic (see <http://www.stamats.com/resources/publications/whitepapers/default.asp>) or my latest book, **Building Brand Momentum** (www.strategypublishing.com).

DEVELOP BEST PRACTICES IN FOUR KEY AREAS

I want to close this Occasional Paper by suggesting that you critically and objectively assess four key areas:

- Student recruiting
- Financial aid
- Retention
- Marketing

I recognize that personnel in these offices are sometimes skittish about bringing someone in from the outside to evaluate them and their work. However, the people that are most skittish about assessment are often the people who have the greatest sense that something is wrong.

While there will be an up-front cost for an assessment, savings will be identified that will more than cover the initial outlay in almost all cases. In addition, a good audit will stress the more effective use of existing resources, not simply adding more resources.

CONCLUSION

Forty-one years ago, Dr. Martin Luther King, Jr., stood before an assembly of clergy and lay people at the Riverside Church in New York. During the course of his message, he uttered a phrase that I believe is especially poignant for the time in which we now live.

Speaking about a growing opposition to the war in Vietnam, Dr. King said, "We are now faced with the fact, my friends, that tomorrow is today. We are confronted with the fierce urgency of now. In this unfolding conundrum of life and history, there is such a thing as being too late. Procrastination is still the thief of time. Life often leaves us standing bare, naked, and dejected with a lost opportunity. The tide in the affairs of men does not remain at flood—it ebbs. We may cry out desperately for time to pause in her passage, but time is adamant to every plea and rushes on."

Think well about some of the ideas I have outlined, but do not think long.

If you have any questions or comments about any of these recommendations, please drop me an email at **bob.sevier@stamats.com**. I would be glad to engage in a conversation with you.

For the financial aid portions of this paper I encourage you to contact **Jim Scannell** at scannell@scannellkurz.com or **Kathy Kurz** at Kurz@scannellkurz.com.

ABOUT STAMATS, INC.

Stamats, Inc. is the nation's leading provider of integrated marketing solutions for higher education institutions.

²The tuition pricing elasticity studies we offer are the most sophisticated available and offer clear insight, among other things, in how changes in pricing will impact share.