2012 NAICU Annual Meeting

Improving Your Market Position in These Turbulent Times

Preserving the Public Good: Promote and Protect Institutional Market Position

Presented by

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Stamats
About Stamats

Stamats is recognized and respected as the nation’s higher education integrated marketing thought leader. Our comprehensive array of innovative products and services has set the standard for pairing insightful, research-based strategic counsel with compelling creative solutions.

Our approach is simple: Recognize the unique needs and expectations of each client and draw on more than 50 years of higher education experience for every project we undertake.

At all times, we promise the highest level of professional service and attention to detail in the industry because, in the end, we know our success is measured entirely by the success of our clients.

Research, Planning, and Consulting
• Brand clarification and development
• Image and perception studies
• Tuition pricing elasticity and brand value studies
• Recruiting and marketing assessments, plans, and counsel

Strategic Creative
• Institutional, admission, and advancement websites
• Mobile and social media solutions
• Recruiting and advancement campaigns and publications
• Virtual and experiential tours
• Institutional identity
• Advertising campaigns
• TV, video, and radio
Overview

• What is market strength?
• What is the senior team’s role in defining, developing and managing institutional market strength?

Let’s begin with some dialogue...
“Market Strength”

• How do you and your senior leadership team members define market strength?
• Why does market strength matter?
• What are your critical measures of market strength?
• How has improving market strength been addressed in your strategic plan?
“Market Strength”

• How is your market strength influenced by the way you do business?
• On your team, who is responsible for monitoring and managing market strength?
• How do members of your governing board assess market strength?
Essential Components of Market Strength

• Mission centricity
• Quality
• Demand
• Sustainability
• Others?
A Test of Market Strength

• The credit bureaus
  – Moody’s *Market Position: Key Credit Factors of U.S. Higher Education Ratings*
    • [http://moodys.alacra.com/research/moodys-global-credit-research---PBM_PBM132849](http://moodys.alacra.com/research/moodys-global-credit-research---PBM_PBM132849)
  – Standard & Poor’s *The Not-For-Profit Higher Education Sector’s Outlook Remains Mixed Despite A Gradual Recovery*

• As they say about the LPGA and the NBA:

  “These [folks] are good!”
Top 10 Factors Driving U.S. Higher Education Upgrades & Downgrades

CACUBO 2011 Annual Meeting

EVA H. BOGATY AVP/ANALYST - MOODY'S HIGHER EDUCATION & NOT-FOR-PROFIT TEAM

OCTOBER 17, 2011
Moody’s U.S. Not-for-Profit Private and Public Rating Methodology

- Operating Performance
- Market Position
- Governance & Management
- Balance Sheet and Capital Investment
- Legal Security & Debt Structure
Market Position: What’s YOUR Story?

Positive Indicators

» Strengthened selectivity, improved matriculation

» Enrollment growth across programs

» Growth of net tuition revenue and net tuition per student

» Better student retention

» Increased percentage of students from outside the local region or out of state

Negative Indicators

» Weakening of selectivity and/or matriculation

» Declining enrollment

» Stagnant or declining net tuition revenue or net tuition per student

» Rapid growth of tuition discount

» Unrealistic assessment of peers and competition
Moody’s and Standard & Poor’s

- Four branches of data to track:
  1. Market-strength metrics specific to market niche
  2. Scale of operations and offerings
  3. Pricing power (driven by student demand)
  4. Philanthropic strength
Why This “Dip” Is Different

- One macro observation:
  - Many of us have lived through roller coaster rides taking us from the heights of prosperity to the depths financial stress
  - But this “dip” is different
  - Economists, politicians, media, presidents, and chief financial officers tell us the current higher education financial model is unsustainable
  - The recession has not caused this problem; rather, it has exacerbated issues long in play
Certified Smart: Now What?

• We are expected to be the smartest ones in the room, right?
• If we turn out not to be, someone else will make decisions for us...like the Feds
• ...decisions that are unlikely to be in our best interest
• ...decisions not in the best interests of our students, or the public interest
The Associate VP of Finding Out How Much Things Really Cost Around Here
The Problem is Threefold

1. Clarifying the issues
2. Identifying a course of action
3. Execute

All three “steps” require significant political will.
Wisdom Is NOT Self-Contained

- Engage your entire senior leadership team
- Divide the responsibility
- Clear, reliably accurate metrics
- Prioritized actions
- Accountability
The Roles of the Members of the Senior Team
President

- Change is a leadership issue; not a management one
- Here are three variables that apply to the president and the rest of the senior team:
  1. What are some of the most important metrics to measure/manage?
  2. What are some of your key resources?
  3. What are some probable next steps?
President

• Metrics
  – Your relative position to peer/comparable institutions: Is it dynamic? How?
  – Cost per graduate, compared to competitors
  – Discount rate
  – Debt-to-endowment ratio

• Resources
  – Senior team
  – Literature: Popular, academic, and local

• Next steps
  – Tie strategic plan to budget
President

• Next steps - continued
  – Identify three or four “sustainability” metrics for myself and each member of the senior team
  – Invest in “educating” the campus personnel
Chief Academic Officer

• Metrics
  – Total course offerings: How changing? Request patterns for new courses?
  – Real “load” (net of releases)? Stable? Dynamic?
  – Adjunct patterns? Courses taught? Evaluations?

• Resources
  – Recruit faculty leadership: “Learnable moment”
  – Literature: Become a student OF industry, sector, institution; know the sources
Chief Academic Officer

• Resources - continued
  – Collaboration with peers: Copy homework when it works

• Next steps
  – Assure full alignment of academic programs and services with institutional mission and strategic plan
Chief Academic Officer

• Next steps - continued
  – Collaborate with faculty governance and chief financial officer to assure efficient execution of academic program and services by using expense, demand, and other campus-specific data for each major
  – Assure development and maintenance of high-quality programs, programs attractive to students, faculty, and researchers
Chief Financial Officer

- Metrics
  - S/he knows what they are
  - Five-year trends on five top revenue streams and expense patterns
  - Project five years forward: Be real

- Resources
  - IR
  - Sage and street-smart faculty
  - Literature
  - CIC toolkit
Chief Financial Officer

• Next steps
  – Identify, assess and prioritize risks within the campus and external environment
  – Develop strategies to reduce/minimize risks
  – Demonstrate willingness and ability to adjust to risk-related change by reassigning resources as required
  – Review pricing strategy as student demand shifts
Chief Financial Officer

• Next steps - continued
  – Confer with chief academic officer if program reductions are required owing to shifts in market demand
  – Develop and budget a program of research and development for the institution as a hedge to changing market circumstances
  – Invest in educating the campus human capital
Chief Financial Officer

• Next steps - continued
  – Review and modify, as needed, non-academic and auxiliary services (e.g., security, medical services to students, etc.)
  – Seek collaborations with third-party providers to achieve greater economies of scale (e.g., HR functions, student health services, physical plant maintenance, etc.)
  – Assess the cost and benefits of athletic program size
  – Tuition Pricing Elasticity Study
Chief Recruiting Officer

• Metrics
  – Collaboratively established SEM goals (built on a firm foundation of research) by quality, by region, by program, by net revenue, by propensity to persist...

• Resources
  – Your own non-matriculant research
  – NCES IPEDS Data Center

• Next steps
  – Firm finger on the pulse of your primary and secondary recruitment markets, and your competitors
Chief Recruiting Officer

• Next steps - continued
  – The recruiting four-step
    • What kind of students persist here?
    • Where do they live?
    • Build a brand
    • Recruit
  – Recruiting program audit to maximize efficiencies and economies
Chief Recruiting Officer

- Next steps - continued
  - Maintain or expand applicant pool of qualified candidates
  - Consistently meet or exceed SEM goals
  - Analyze demographic and family income patterns for current and prospective students and adjust to shifts in patterns
  - Compare your enrollment patterns with those of your competitors, and regional demographics
Chief Student Affairs Officer

• Metrics
  – Retention by recruitment region
  – Graduation rates

• Resources
  – *A Review of the Theories Developed to Describe the Process of College Persistence and Attainment*
  – [NCES College Navigator](#)

• Next steps
  – Know your students; changing demographics
  – Support strategic enrollment management goals
Chief Student Affairs Officer

• Next steps - continued
  – Know the demographics and align the services to cultural, financial, and academic needs of the students you have—not necessarily the ones you wished or thought you have
  – Manage with metrics; accountability matters
  – Base programming choices and strategic decisions on research, especially when it comes to students
Chief Student Affairs Officer

• Next steps - continued
  – Recognize: We are dealing with a student (and parent) culture for whom instant gratification is an “entitlement”
  – Students and families increasingly define institutional quality by demonstrated flexibility and responsiveness
  – From their perspective, shorter is almost always better than longer; faster better than slower
Chief Advancement Officer

• Metrics
  – Campus data variances from past five years
  – Campus data variances from national patterns

• Resources
  – Burk: Donor-Centered Fundraising®
  – Donors: Listen to them

• Next steps
  – Finger on the pulse of alumni and donor communities; find the “animating passion”
Chief Advancement Officer

• Next steps - continued
  – Calculate ratio of major donors for whom your campus is their first priority for philanthropy
  – Review history of maintaining or growing donor support through economically challenging periods
  – Commit to meeting or exceeding campaign goals—whether capital or annual
Chief Advancement Officer

• Next steps - continued
  – Insist on best practices on pledge collection procedures
  – Collaborate with the president and the board of trustees leaders to secure collective efforts to sustain and improve trustee donations
  – Use alumni leadership and publications to communicate challenges and opportunities for the campus
Chief Marketing Officer

• Metrics
  – Market share by recruitment cohort and region
  – Embrace and track your institutional SEM goals

• Resources
  – Listen to your target audience, not your gut
  – Competitive intelligence www.usnews.com/education

• Next steps
  – Listening is the new marketing, ears wide open (marketing as dialogue; messages and channels)
Chief Marketing Officer

• Next steps - continued
  – Ferociously support the recruiting four-step
    • What kind of students persist here?
    • Where do they live?
    • Build a brand
    • Recruit
  – Adjust messages and collaborate with chief recruiting officer to attract students from sufficiently diverse geographical backgrounds to minimize vulnerability to unfavorable regional economic or demographic shifts
Chief Marketing Officer

• Next steps - continued
  – Develop, monitor, and adjust as needed the brand identity of the institution
  – Assure alignment of messages with mission and strategic plan
  – Collaborate with Office of Institutional Research and outside providers to conduct market research and track changes in perceptions of the campus among stakeholders
Sustainability

• Perhaps the most embraced theme in the history of student culture
• Education sustainability is the antecedent to environmental (and economic) sustainability
• Education sustainability IS the foundation for both economic and environmental sustainability
• If we fail to sustain our education infrastructure, we will underdevelop our intellectual capacity and we will fail in our responsibilities to sustain our economy and our environment!
Resources

• Altbach: *American Higher Education in the Twenty-First Century*
• Archibald: *Why Does College Cost So Much?*
• Burk: *Donor-Centered Fundraising*
• Christensen: *Disrupting Class: How Disrupting Innovation Will Change the Way the World Learns*
• Christensen: *The Innovative University*
• (The) Delta Project on Postsecondary Education Costs, Productivity, and Accountability; [http://www.deltacostproject.org/](http://www.deltacostproject.org/)
• Dickeson: *Prioritizing Academic Programs and Services*
• Enhrenberg: *Tuition Rising*
• Fretwell: *Wise Moves in Hard Times*
• Gates Foundation (Postsecondary)
• Kamaentz: *DIY U: Edupunks, Edupreneurs, and the Coming Transformation of Higher Education*
• Kiley, *Inside Higher Education* (September 2011) "Where Universities can be cut"
• Lumina Foundation
Resources

• McTaggert: Academic Turnarounds
• Massy: Honoring the Trust: Quality and Cost Containment in Higher Education
• Moody’s Investor Services June 10, 2011 Special Comment: Market Position: Key Credit Factor of U.S. Higher Education Ratings
• National Center for Educational Statistics (NCES); http://nces.ed.gov/
• Ruch: Higher Ed, Inc.
• Standard & Poor’s February 14, 2011 Global Credit Portal: The Not-For-Profit Higher Education Sector’s Outlook Remains Mixed Despite A Gradual Recovery
• Taylor: Crisis on Campus
• Weisbrod: Mission and Money
• Zemsky: Making Reform Work: The Case for Transforming Higher Education
• Zemsky: Remaking the American University: Market-Smart and Mission-Centered
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Thank You

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