

# Moving Ahead With Confidence

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# About Stamats

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

## Research, Planning, and Consulting Services

- Image, perception, and brand studies
- Recruiting, marketing, brand, and academic program marketability audits
- Tuition pricing elasticity and brand value studies

## Creative Services

- Creative concepting
- Web strategies
- Recruiting and advancement publications



# Stamats On Your Campus



Stamats has a wide array of presentations & workshops—like this one—that we conduct on campus for departments, senior leadership teams, and boards

A partial list of sessions includes:

- Major Trends That Will Impact Your Ability to Recruit Students, Raise Dollars, and Market Your Institution
- Moving Ahead With Confidence
- Developing an Integrated Marketing/Brand Marketing Strategy

Please contact me for a complete list or to discuss a session for you in greater detail. Thank you. Bob

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# This Presentation

- This presentation contains many ideas that are expanded upon in a new paper from Stamats: *Achieving Competitive Advantage in Today's Marketplace*
- You can download a copy at: [www.stamats.com/AchievingCompetitiveAdvantage](http://www.stamats.com/AchievingCompetitiveAdvantage)



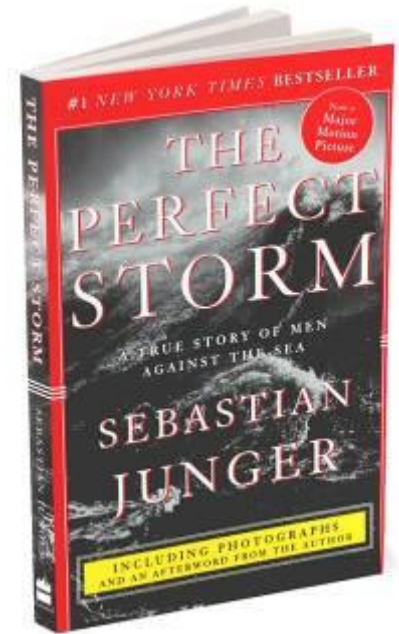
# Overview

- The perfect storm
- A tough marketplace
- How students and parents will react
- Colleges in the middle
- “Move ahead” recommendations in:
  - Leadership and governance
  - Academic programming
  - Marketing
  - Fundraising
  - Recruiting

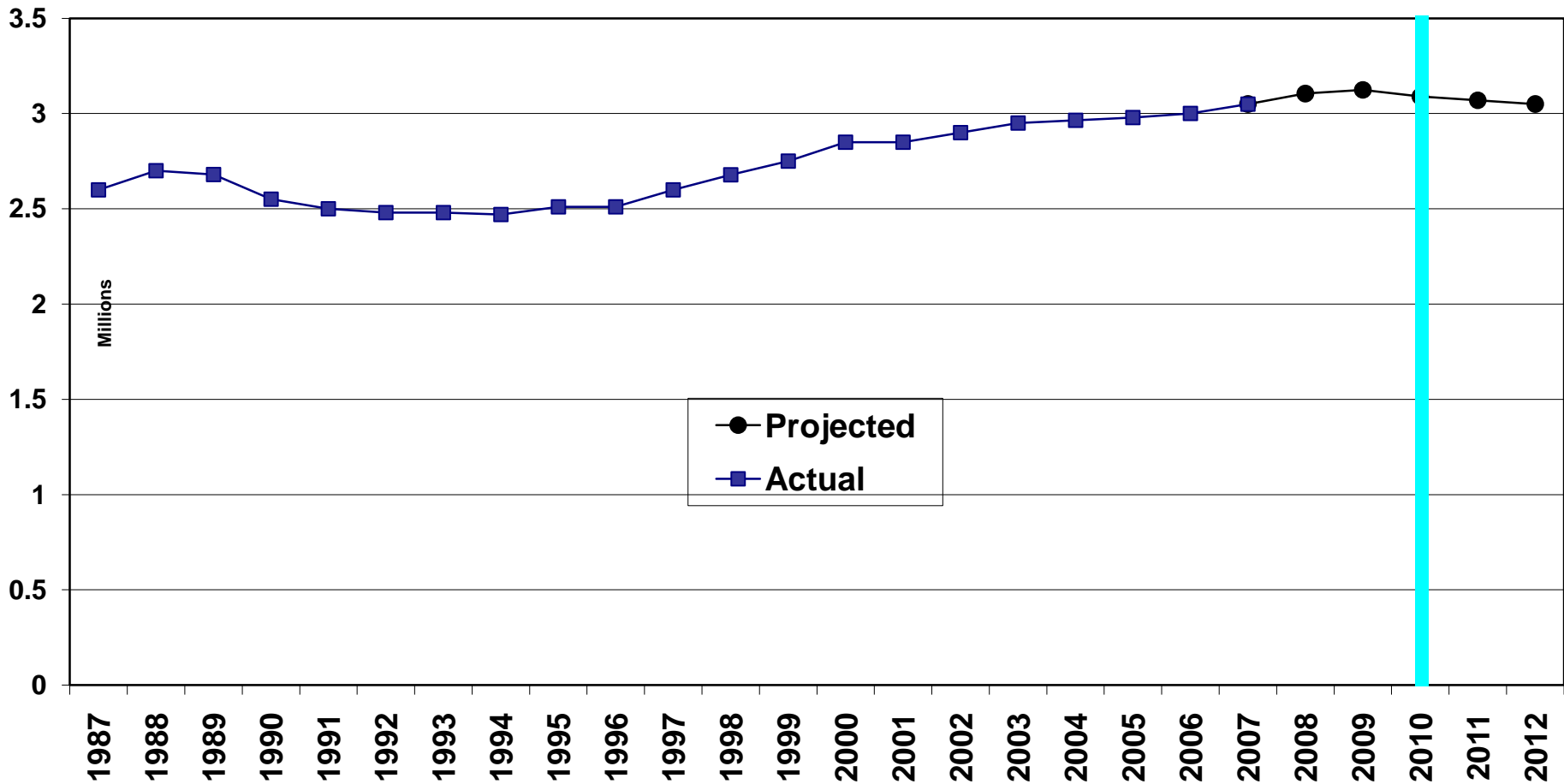


# The Perfect Storm

- A confluence of four gales:
  - Changing demography
  - Rising cost to attend
  - Increased competition for students and donated dollars
  - Duress in the economy among:
    - Students and families
    - Donors
    - Creditors



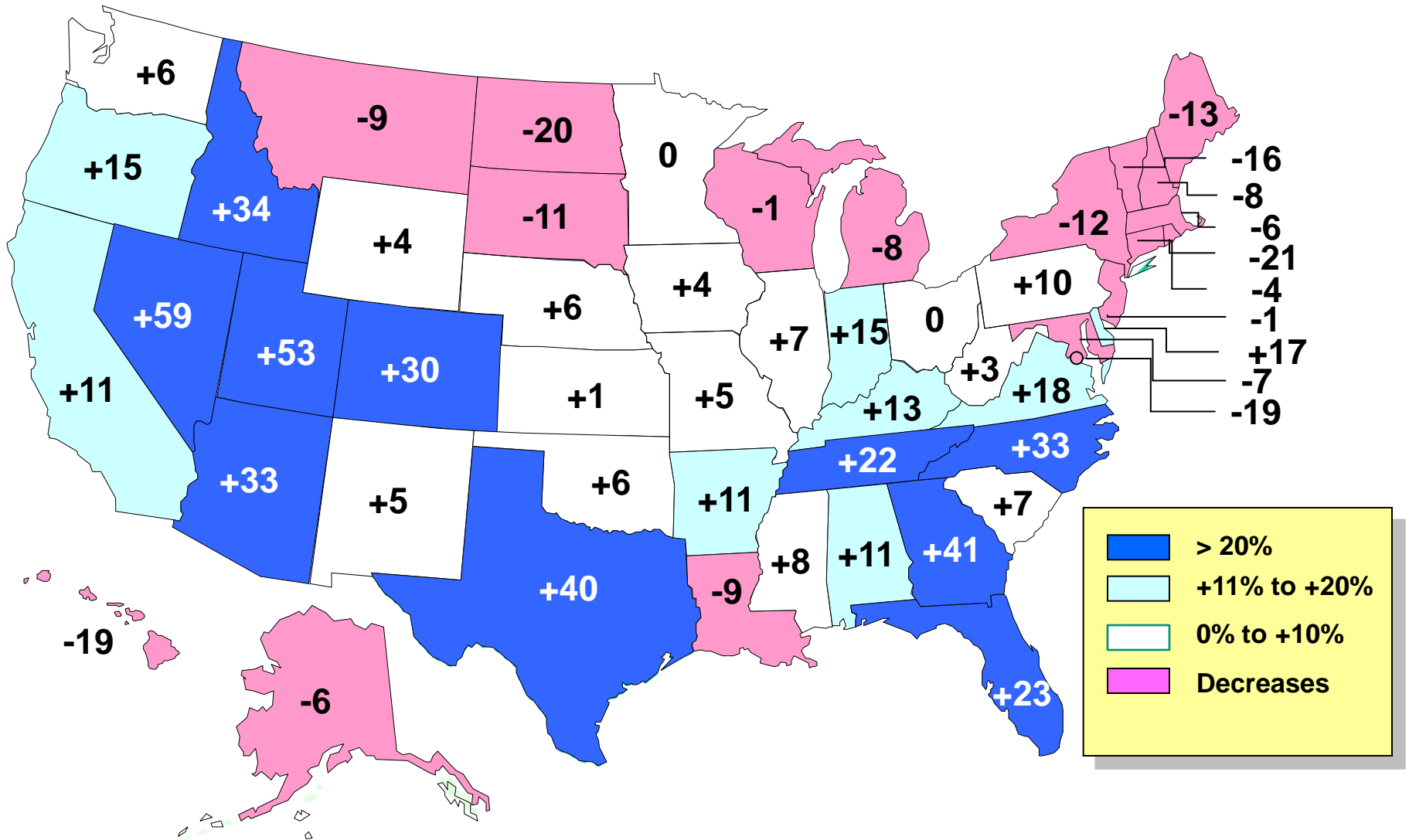
# Projected Number of High School Graduates



Sources: National Center for Education Statistics



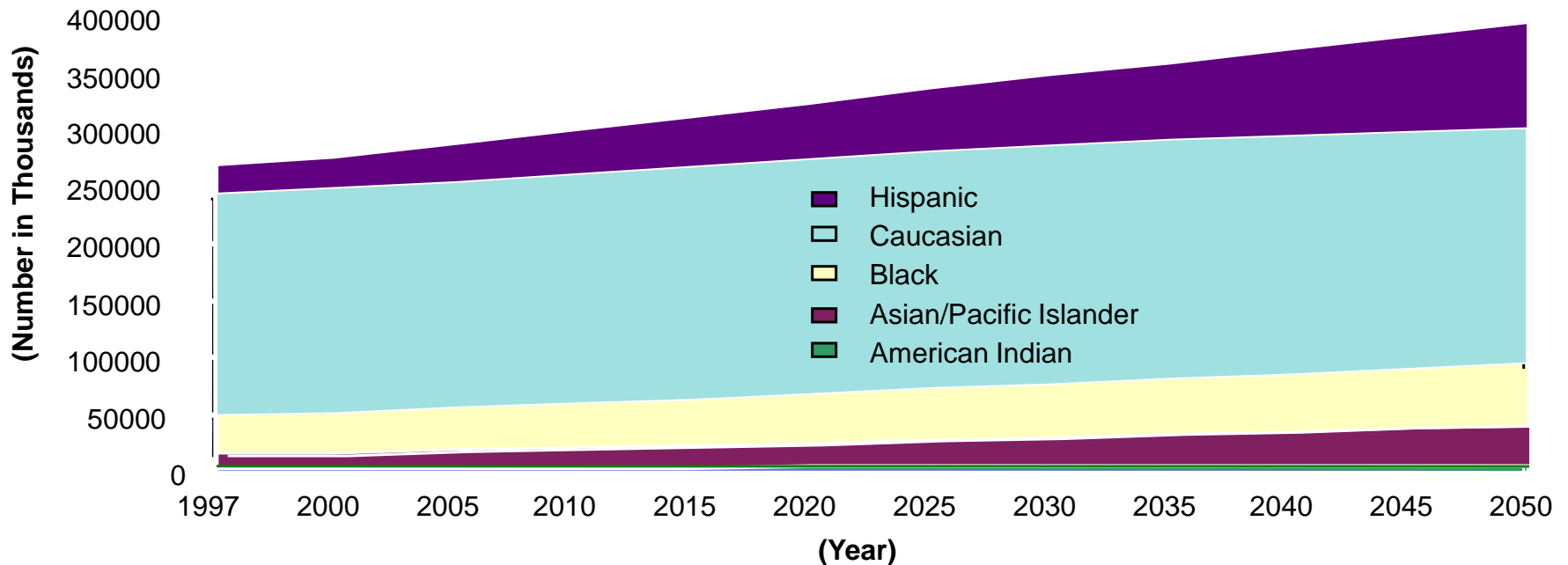
# Projected Change in H.S. Graduates to 2018–19



Source: U.S. Department of Education, National Center for Education Statistics, December 2008



# U.S. Population Growth by Ethnicity



- Minority population rising to about 50% of population by 2050
- 76% of Asian Americans have college degrees (only 67% of whites, 9% of blacks, and 7% of Hispanics have degrees)
- Asians account for 26% of freshmen at MIT, 24% at Stanford, 19% at Harvard, 15% at the University of Chicago, 17% at Cornell. By 2010, >50% at UC schools

Sources: U.S. Census Data, The College Board



# Majors of Interest to Prospective Students

- **Public-bound**

- Undecided (8%)
- Business (10%) ↓
- Nursing (7%)
- Education (7%)
- Engineering (6%)
- Psychology (5%)

- **Private-bound**

- Undecided (7%)
- Business (9%) ↓
- Nursing (5%)
- Education (6%)
- Engineering (6%)
- Psychology (7%)

- **Fastest-growing majors**

- Business
- Social sciences and history
- Education
- Health professionals and related clinical sciences
- Psychology
- Visual and performing arts
- Communication, journalism, and related programs
- Biological and biomedical sciences
- Engineering



Source: *The College Board* and *Stamats' 2009 Spring TeensTALK®*



# Fastest Growing Occupations

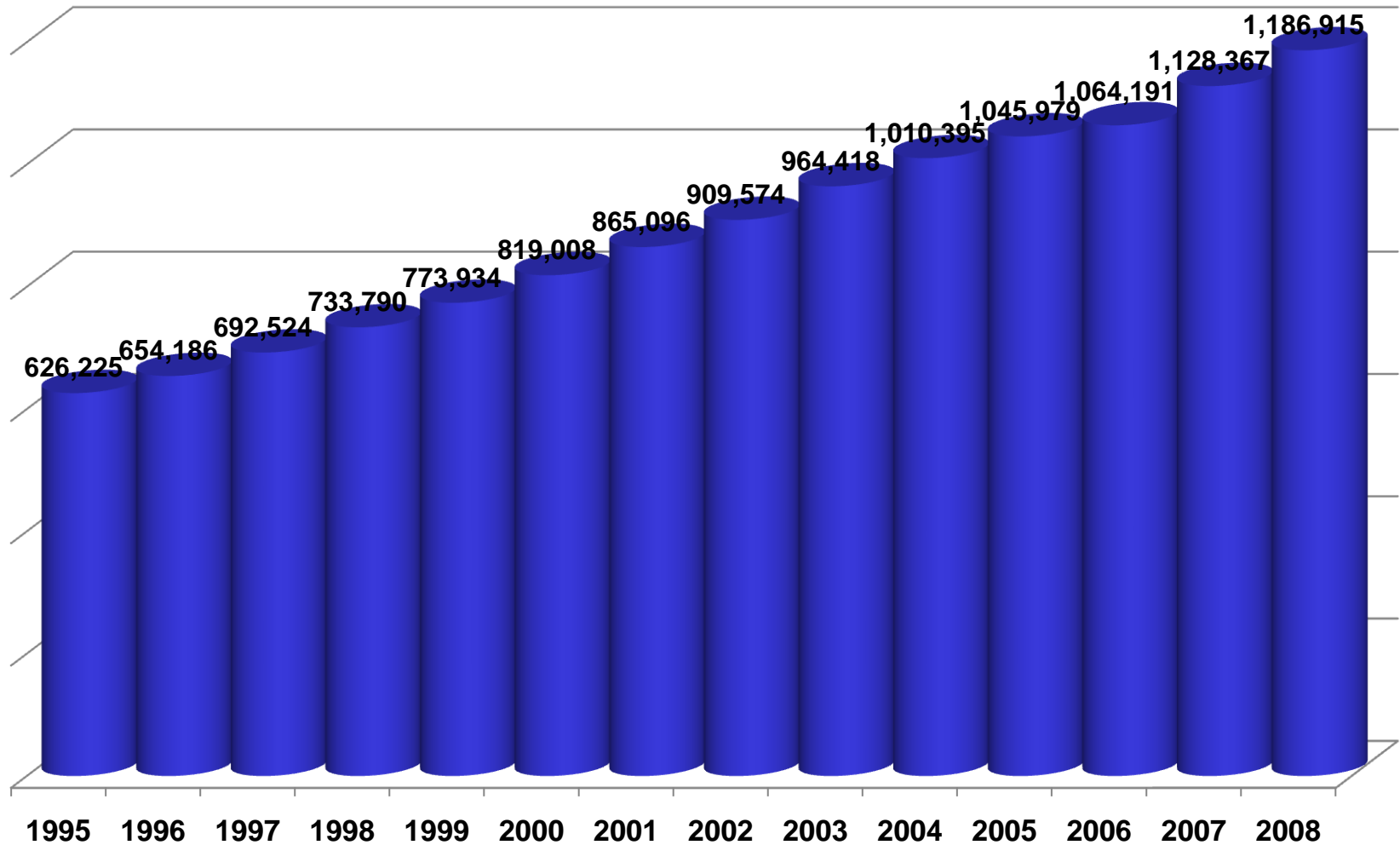


- 2008–2014:
  - Network systems and data communications analyst
  - Nursing
  - Physician assistant
  - Computer software/systems engineer
  - Physical therapist
  - Medical researcher
  - Occupational therapist
  - Network and computer systems administrator
  - Engineering (environmental)
  - Elder care/social services
  - Energy, especially renewable
  - Security
  - Government service

Sources: *Business 2.0*, *USA Today*



# Registered 501(c)(3) Organizations – 1995–2008



Source: Giving USA 2008



# Tough Times – Jobs

- In January 2010
  - Unemployed: 15.3 million
  - Unemployment rate: 9.7%
- The number of long-term unemployed (those jobless for 27 weeks and over) continued to trend up, reaching 6.1 million
  - 4 in 10 unemployed workers were jobless for 27 weeks or longer
- January 2010 unemployment:

– Michigan:	15.5%
– Florida:	11.2%
– Texas:	8.3%
– California:	12.5%
- 6.1:1 ratio of people looking for jobs to job openings



# Tough Times – Housing

- 1/8 homeowners owe more on their house than it is worth
- 1 in 45 homes are in foreclosure
  - There are 3,141 counties in the US; half the foreclosures are in 35 of these counties
- House prices have bottomed:
  - Tampa -21%
  - NY -7.29%
  - Illinois -25%
  - LA -25.3%
  - Las Vegas -31%



**The economy is not the cause of many of the problems that are facing higher education.**

**It has merely exacerbated issues and trends that have long been in play.**



# Tough Times – Higher Education

- According to NACAC, 78% of c/u reported an increase in apps
  - An increase in apps does not mean much, but a decrease in apps does
  - Expect more incomplete apps as students shop for aid
- Only three states did not cut funding for public education
- According to *USA Today*, states will cut an estimated \$80 billion from their higher ed budgets (about 18.5%) over the next three years
- 39% of colleges said giving is down 10% or less, 17% said it is down 10% or more
- College endowments are down (at least the 3–4 year rolling average)



**The biggest indicator of institutional success is not the number of students or even your discount rate.**

**The key indicator is net tuition revenue.**

**Many privates had record enrollment this fall, but many of those schools also missed their net tuition revenue goals.**

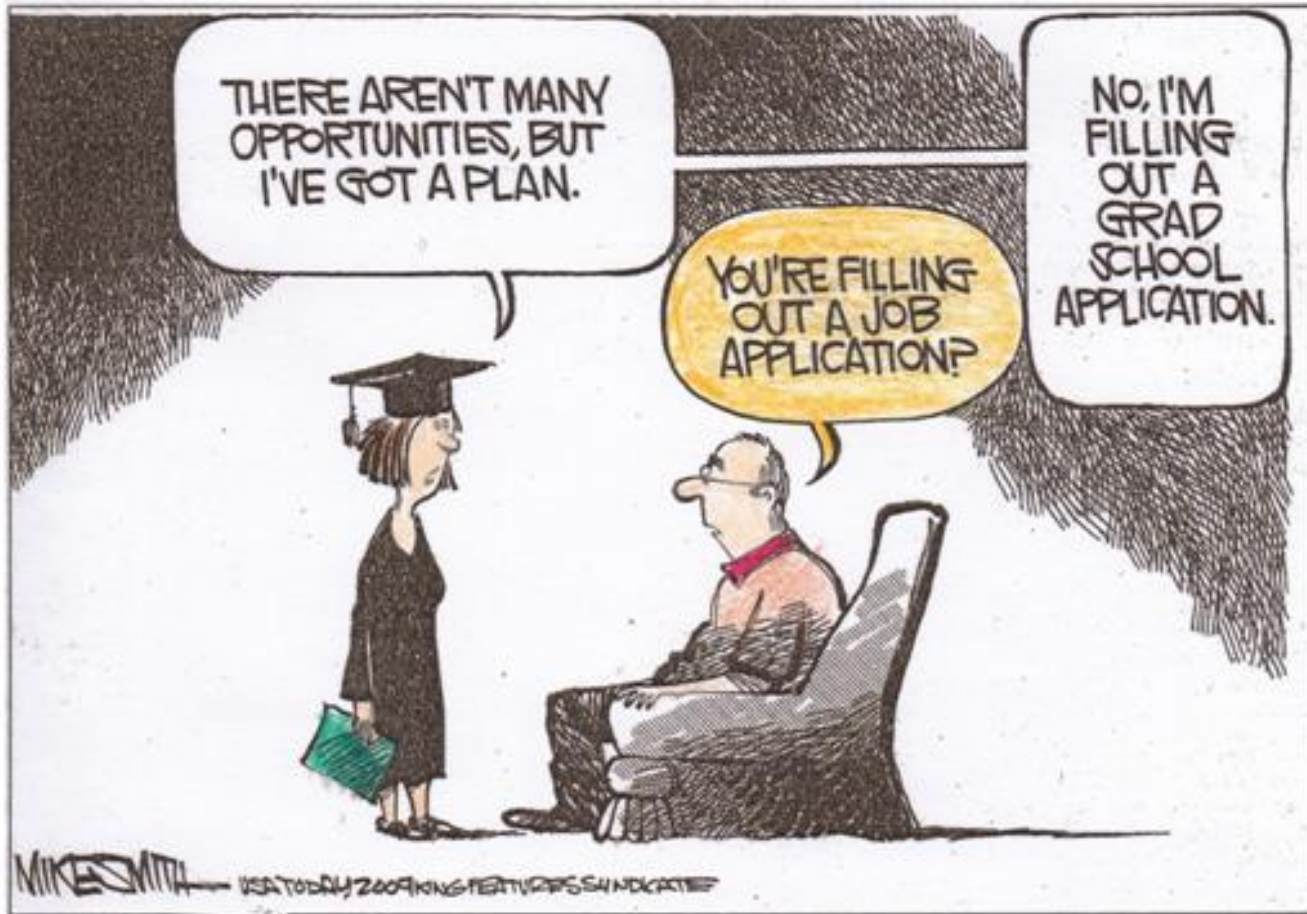


# We Can Expect – Students and Families

- The big issue in their minds: **Affordability**
- Students will apply to more and more schools
- More students will opt for two- and four-year publics and for-profits
- Students will transfer more often
- Students will seek and expect more financial assistance
- Students will be wary of aid packages that are predominantly loan based
- More students will need to work while attending school
- Students will flock to majors with clear job prospects
- Students will attend school closer to home, even online
- Parents will become even more involved in the college-choice process

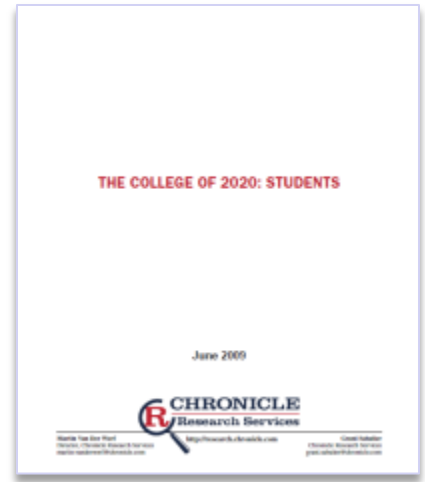


# A Bit About Graduate Students



# Chronicle: College 2020

- Three types of schools:
  - Flagships and well-branded
    - Will do well
  - The colleges in the middle
    - Unknown, underfunded privates and publics that largely focus on residential, full-time students
  - Commodity (public and private, for-profit)
    - Most will at least do OK; some will do well



# Eight Key Areas

- Drawing on research, existing literature, and best practices, let's look at the colleges in the middle through eight lenses:
  1. Institutional type and description
  2. Leadership and governance
  3. Finance
  4. Academic programming
  5. Recruiting and financial aid
  6. Retention
  7. Fundraising
  8. Marketing



# Queuing Up on the Front Porch

- Every college has at least some of these issues
- Colleges in the middle have a preponderance of these issues



# Colleges in the Middle



- Institutional type and description:
  - Private
  - Rural/remote
  - Small < 2,000 students
  - High discount rate/low net tuition revenue
  - Focus almost exclusively on traditional, residential undergraduate students



# Colleges in the Middle



- Leadership and governance:
  - President has been in place for <4 years or >12 years
  - Vision is not compelling nor differentiating
  - Senior team is not cohesive
  - Trustees and senior team are at cross-purposes
  - Unable to identify blue ocean initiatives
  - Faculty are bi-modal: <35 and >55
  - Inability to agree on challenges school is facing
  - Unable to make tough decisions in a timely fashion
  - Cut resources in revenue-generation areas:
    - Recruiting
    - Fundraising
    - New programs
  - Managing rather than leading



# Colleges in the Middle



- Finance:
  - Cost to attend is higher than major competitors
  - Less than 3:1 ratio between endowment and operating budgets
  - No cash reserves
  - Short-term “bridge” financing required in final quarter of academic year
  - Increase in uncollectable receivables
  - Debt service more than 10% of annual budget
  - Few unallocated dollars (little ability to invest in a blue ocean initiative)
  - Few strategic alliances/networks/associations/consortia that allow you to achieve economies of scale
  - Bond rating has been lowered
  - Salary freezes
  - Reductions or eliminations to retirement contributions
  - Suspension of capital expenditures



**Most institutions can no longer afford to be what  
they've become.**

**-- Robert Dickeson**



# Colleges in the Middle



- Academic programming:
  - Focus largely/solely on liberal arts; much less emphasis given to pre-professional programs
  - Traditional faculty undermine new academic initiatives
  - No new degree program offered in last two years or degree programs designed without marketplace data
  - Takes longer than one year to bring new program on line
  - Complex core precludes transfer-student recruiting
  - Academic programs are largely indistinguishable from competitors
  - Too many majors with too few students



**If you believe in reincarnation, come back as an  
academic program and enjoy eternal life.**

**-- Robert Dickeson**



# Colleges in the Middle



- Recruiting and financial aid:
  - Understaffed
  - Focus largely on residential undergraduate students
  - No segmentation of prospective students
  - No transfer recruiting strategy
  - Aid for current students is disproportionately loan based
  - Aid is disproportionally focused on new students
  - Have a high discount rate (uncertain brand value)
  - Qualification for federal financial aid has been downgraded
  - Parents push back on tuition increases; insist on repackaging of aid



# Colleges in the Middle



- Retention
  - Pressure to get the class has undermined ability to shape the class
    - More students who are not a good fit
    - Students from the lower third of their high school class have less than a 20% probability of graduating in eight years (Townsend)
  - First year to second year and four-, five-, and six-year graduation rates are slipping
  - 75/75 rule



# Colleges in the Middle



- Fundraising:
  - Understaffed
  - Annual giving is flat or declining
    - Less than 20% of alumni give to annual fund
    - Still doing annual fund annually
  - Capital giving is flat or declining
  - Campaigns are taking longer to close
  - Donors backing out of their commitments
  - Trustees do not financially support the institution at a significant level
  - Size of donor pool is stagnant
  - No giving pyramid



# Colleges in the Middle



- Marketing:
  - Marketing is seen only as promotion
  - Political issues are confused as marketing issues
  - No brand
  - Have not embraced an integrated marketing model
  - Marketing plan does not dovetail with recruiting and fundraising plans
  - Do not measure marketing effectiveness



# Is the Model Broken?

- Our historic model of higher education depends on a sufficient number of traditional-aged students who are willing to pay a large portion of their tuition
- Considerable data suggests that this pool of students is declining and there is no data to suggest that, at least nationally, the pool will get larger
- If schools that largely serve traditional students wish to get larger, someone has to get smaller
- In the future, full-time, residential, private higher education will simply be beyond the reach of anyone but the most affluent



# So How Do We Respond?

- Let me offer “top line” suggestions in five areas:
  - Leadership and governance
  - Academic programming
  - Recruiting and financial aid
  - Fundraising
  - Integrated marketing
- I am going to leave out finance because in many cases financial issues occur because of problems in the five areas outlined above
- If any of these concepts or ideas pique your interest, please contact me for additional detail
- But first, four quick lessons



# Demystifying Turnarounds

- If you look at the true college turnarounds (the Elons, the USCs, the NYUs) they all have six common denominators:
  - Great leadership
  - Strong senior team
  - Compelling vision
  - Board support
  - The ability to raise money
  - A willingness to stay the course



# Enhancing Revenue

- **Cut costs**
- **Increase revenue**
  - Improve student recruiting
  - Enhance fundraising
  - Improve retention
  - Seek sponsored research
  - Seek earmarks
  - Grant writing
- **Identify academic growth areas**
- **Reallocate resources to support growth areas**
- **Build a brand to support recruiting and fundraising Increase**



# Key Area #1: Leadership and Governance


- This is an extraordinary time to be a well-led college
  - The issues, the opportunities, and the questions have never been more compelling
- At the same time, it is a terrible time to be a poorly led college
  - Cannot gain agreement on the issues
  - Cannot discern a course of action
  - Do not have the political will for the tough decisions
- Four key insights:
  - It is about leadership and not management
  - Develop a compelling vision
  - Build the senior team
  - Find your blue ocean



# The Need for Exceptional Followers

- Effective leaders cultivate exceptional followers
- How leaders undermine the exceptional followers on their senior team:
  - Have no sense of vision
  - Refuse to listen
  - Cannot make the tough decision
  - Betray trust
  - Pit one team member against another
  - Burn them out





**Followers and leaders  
both orbit around the  
organization's purpose;  
followers do not orbit  
around the leader!**



**We will not be managed out of this crisis.**

**We must be led.**

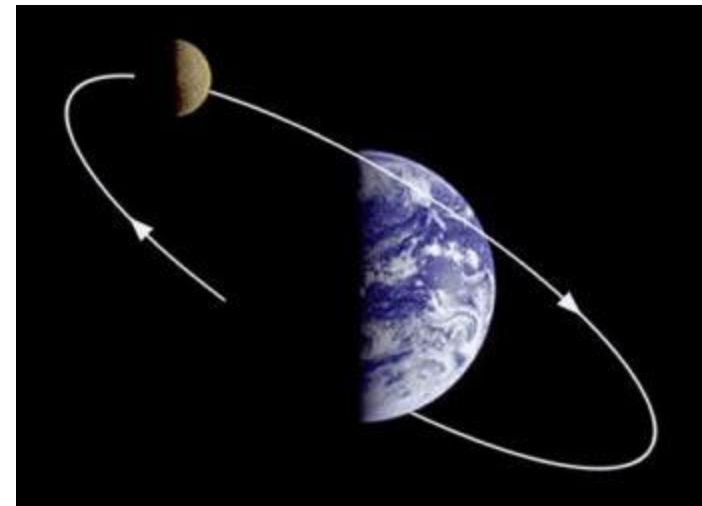
**Managers manage within paradigms.**

**Leaders lead between paradigms.**



# Develop a Compelling Vision

- More than ever, your vision must be:
  - Galvanizing
  - Differentiating
  - Compelling
- According to Burt Nanus, a vision is a “realistic, credible, and attractive future” shared by members of an organization
- Your vision must be have such gravity that it attracts a talented senior team, faculty and staff, students, and donors



# Vision Failure

- Most visions revolve around the twin concepts of “more” and “better”
  - Both concepts lead to bankruptcy
- It is not about doing more → it is about doing less
  - Most institutions do not have the resources for more
  - It is better to swarm smaller than strangle more
- And it is not about doing better → it is about doing different in ways that students and families value and will pay for
  - For \$10, \$15, \$20 K or more a year, they expect quality.
  - They are looking for a lot more than quality!



**The greatest tragedy in life is when  
people have sight but no vision.  
– Helen Keller**



# Build the Senior Team

- The key strength of today's leader: Team builder
- One of the greatest predictors of institutional success is whether or not the senior team is truly a team
- Key areas:
  - Their cohesiveness around the vision
  - Their cohesiveness around the decisions the team makes
  - The signals they send to their middle managers
  - Their level of cooperation and integration





**Is everyone on your team truly rowing together?**



# Find Your Blue Ocean

- It's not about being number one in your market
- It is about being the only one in your market



## Red Ocean Strategy

- **Compete in existing market space**
- **Beat the competition**
- **Exploit existing demand**

## Blue Ocean Strategy

- **Create uncontested market space**
- **Make the competition irrelevant**
- **Create and capture new demand**



# Blue Oceans



- Abilene's mobile learning
- Cornell's One-Course-At-A-Time
- Berea's teaching and work (service)
- Culver-Stockton's EXP@CSC 12+3 program
- Hartwick's three-year BA
- Quinnipiac's Professional Athletes Transition Institute

- What is your blue ocean?



## Professional Athlete Transition Institute

Dedicated to helping elite athletes make a productive and satisfying transition into a second career, the institute offers training, career coaching and counseling, and educational guidance.



**What you will look like in five years will depend on the decisions, in light of reduced resources, that you make now.**



# Key Area #2: Academic Programming

- Manage the academic experience
- Assess the marketability of your academic programs
- Strive for curricular innovation



# Manage the Academic Experience

- Classroom experience (lab, theatre, etc.)
- Advising
- Availability of classes
- Student-to-faculty ratio
- Faculty-to-major ratio
- Technology (wireless)
- Quality of other students (cohort groups)
- Facilities – smart classrooms
- Faculty commitment to teaching
- Faculty mentorship
- Opportunity to work with faculty on research
- Internships – co-op
- Graduate school placement
- Job placement (starting salary implied)
- Honors
- Variety of classes within the program (can customize program)
- Library (coffee bar, study space, connectivity)
- Registration
- Transfer friendly (both to and from)
- Travel abroad

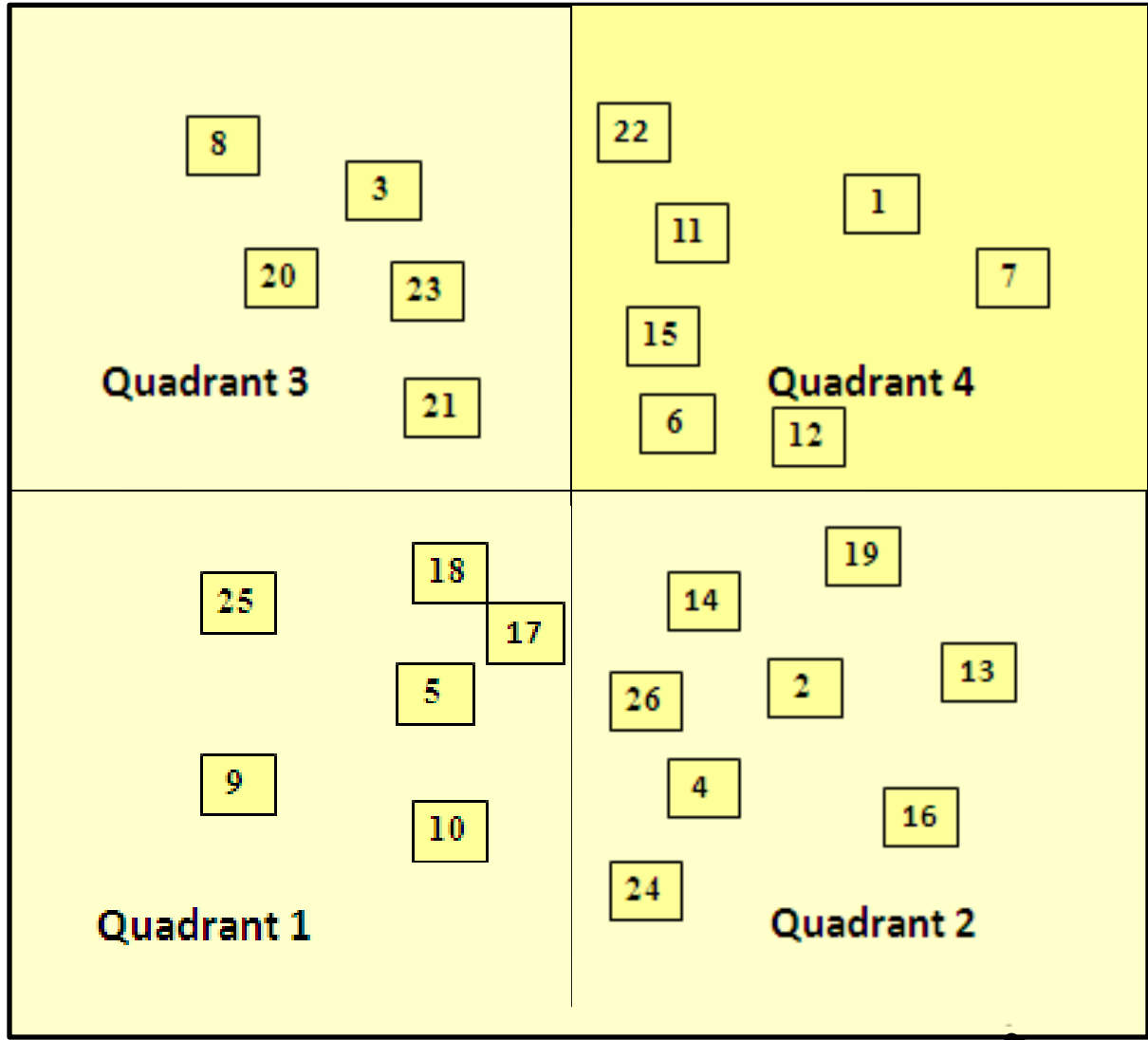


# Assess the Marketability of Your Programs

- Fine-tune your academic offerings:
  - To increase share and tuition revenue
  - To identify which programs to build/expand/add
- Measures of **quality** and **demand**
  - Quality indicators:
    - Graduation rates by major
    - Student satisfaction within major
    - Job placement by major w/in six months
    - Graduate school placement by major w/in six months
  - Demand indicators:
    - Prospective student interest in major
    - Enrollment by major
    - **Estimate of unused capacity by major**
    - Job and employment trends
    - Percentage of top five competitors that offer this major



Demand



Quality

- 1. Business
- 2. Social Work
- 3. Biology
- 4. English Literature
- 5. Spanish
- 6. Math
- 7. Management
- 8. Mass Communication
- 9. History
- 10. Geology
- 11. Secondary Education
- 12. Pre-med
- 13. Political Science
- 14. Travel & Tourism
- 15. Counseling
- 16. Economics
- 17. Journalism
- 18. Creative Writing
- 19. Pre-law
- 20. Education
- 21. Government
- 22. Chemistry
- 23. Physics
- 24. Psychology
- 25. Theatre
- 26. Art

# Strive for Curricular Innovation

- Offer a BA in four years
  - We are increasingly looking at five- and six-year graduation rates
    - What happened to earning a BA in four years?
    - This would give you a significant advantage vis-à-vis the public
- Shorten time to degree
  - Three-year BAs
- Combine degrees
  - 3+2 models (and all their variations)
- Refine your core
  - In many cases, cores are too complex and unapproachable
- 5<sup>th</sup>-year specialty programs: Pre-med intensives
- Foreign language intensives



# Key Area #3: Recruiting and Financial Aid

- Initiate a new market strategy
- Implement three strategies:
  - High school relations strategy
  - Alumni referral network
  - Transfer student strategy
- Conduct a comprehensive financial aid assessment



# New Market Strategies

- New students to serve with existing programs
- New target geographies
- New programs to existing students



# Implement Three Key Strategies

- High school relations:
  - Identify and swarm top feeder schools
    - Do you have a database of alumni who work in those schools?
    - Send a brand ambassador to each high school
      - Ideally a current student who graduated from that school
    - High school newspaper ad campaign to precede visit
      - Don't forget Facebook
    - Showcase students enrolled at your school in ads (choose carefully)



# Alumni Referral & Recruiting Network

- Engaged alumni are powerful recruiting resources
- There is also considerable evidence that alumni who are good recruiters also become good donors
- If you are just beginning to use alumni in support of your recruitment efforts, here are some pointers to keep in mind:
  - Assign a senior admissions staff member to oversee the program
  - Start small, with alumni who have natural connections to young people or are in territories you want to expand
  - Create clear “job descriptions” and provide training
  - Establish regular communication and feedback loops
  - Recognize outstanding contributors
  - Solicit all alumni for prospective student referrals at least twice a year



# Transfer Student Policy

- In the years ahead we are going to see an unparalleled number of students who will transfer
- Develop an effective transfer-student policy based on friendly articulation agreements
- Make your core approachable
- Financial aid policies for transfers typically can be less generous than for freshmen, but be sure to communicate affordability effectively, especially to students coming from community colleges



# Financial Aid Assessment

- A comprehensive financial aid assessment will almost immediately:
  - Save you money
  - Give you greater control and predictability over your financial aid resources
  - Positively impact enrollment



# Key Area #4: Fundraising

- This is an extraordinary time to raise money
  - There is more wealth in motion than at any other time in our nation's history
  - Big donors are still giving
  - Smaller donors are still giving, though they are supporting fewer causes more robustly
- Five concepts/strategies/tools to help you raise money
  - Develop a compelling vision
  - Expand your giving base
  - Customize
  - Establish a giving pyramid
  - Find your donors' animating passions



# Remember Vision?

- 20 years ago, the number one reason people didn't give was because they weren't asked
- Today, the number one reason is because the reason (vision) wasn't compelling
- Today's donors will support:
  - Your vision
  - Students
  - Bold initiatives
- Today's donors will not support:
  - Budget shortfalls because of poor planning
  - Poor leadership



# Expand Your Giving Base

- Too often, we rely on a handful of donors (often aging donors) and do not spend sufficient time expanding our giving base
- To expand your donor base:
  - Ask trustees to refer one potential new donor each year
  - Ask alumni to refer potential new donors
  - Move existing alumni up your giving pyramid
  - Look at parents and relatives of existing students who have not given
  - Require that members of the senior class all join and become active in at least one different civic/professional organization
  - Hire a grant writer (a retired faculty member is often a good resource)
  - Ask faculty and staff to keep their eyes open for prospective donors
  - Hold special events that are truly special
  - Develop a comprehensive donor database



# Customize

- One size does not fit all
- Every donor has specific needs and interests
- Notre Dame – 250 major donors, 250 case statements



# Establish a Giving Pyramid

- Giving pyramids have several functions:
  - They help to determine whether or not you have a sufficient donor base for your campaign goal
  - They guide a cultivation strategy that helps move donors from lower giving categories to higher giving categories
  - They support the customization of messages and appeals



# Discover Your Donor's Animating Passion

- As a fundraiser, don't tell donors how their gift will help you achieve your campaign goals
- Rather, show donors how your campaign will help them achieve an animating passion they have
- In many respects, it is less about you, and all about them
- When you find their hearts, you will find their checkbooks



# Key Area # 5: Integrated Marketing

- Everyone is talking about marketing, but not everyone has a clear idea of what marketing is:
  - According to the AMA: Integrated marketing is an **organizational function** and a set of processes for **creating, communicating, and delivering value** to customers and for managing customer relationships in ways that benefit the organization and its stakeholders (2004)
- Marketing is a whole lot more than promotion
- Three solid marketing moves:
  - Conduct a tuition pricing elasticity and brand value study
  - Build a brand
  - Focus on five key programs



# Conduct a Tuition Pricing Elasticity and Brand Value Study

- Tuition pricing elasticity studies identify your brand value in the marketplace and highlight the relationship between tuition increases and share
  - They can also isolate the drivers (attributes) that most significantly impact the perception of value

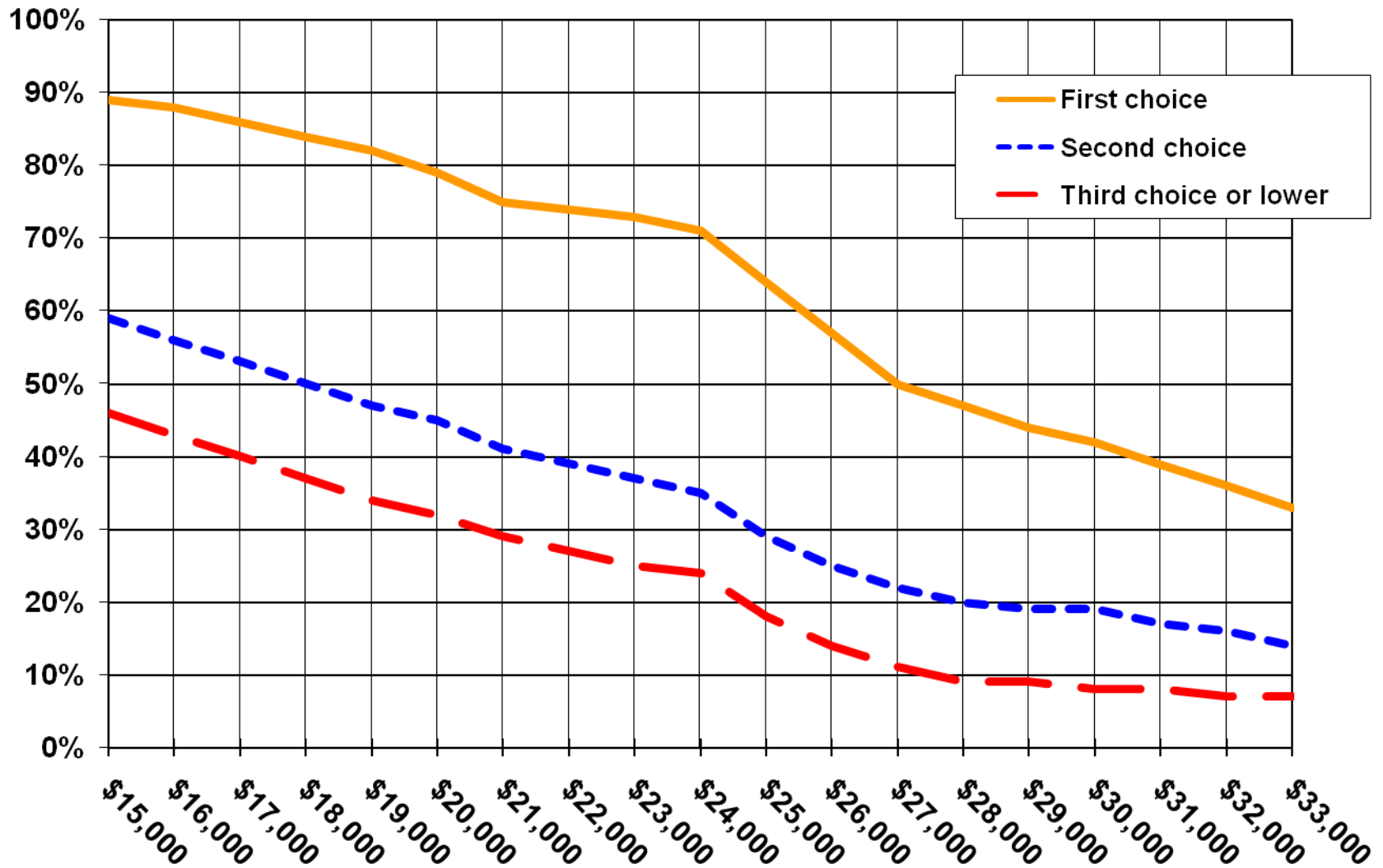


**There is an inverse relationship between your brand value and your discount rate.**

**The higher your discount rate, the less value your brand has in the marketplace.**

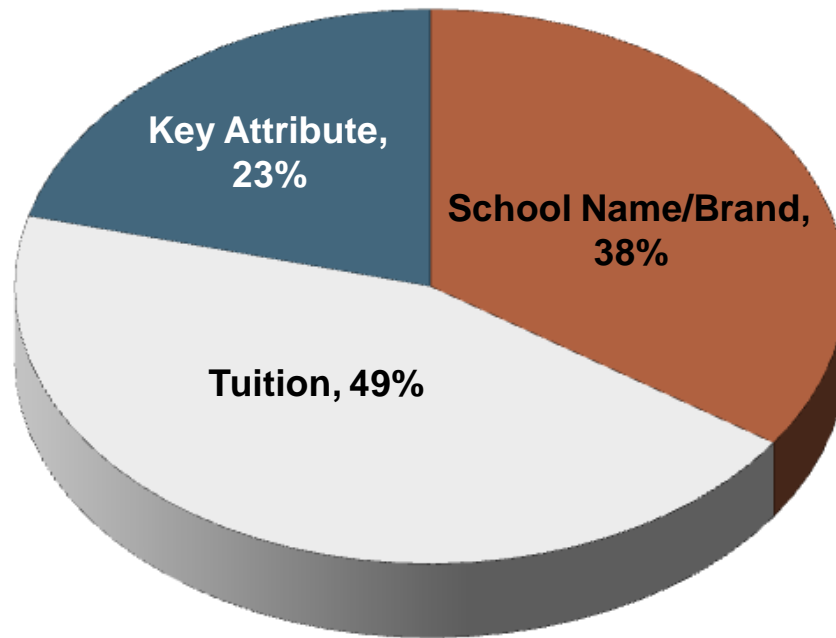


# Price Sensitivity by Position in Choice Set

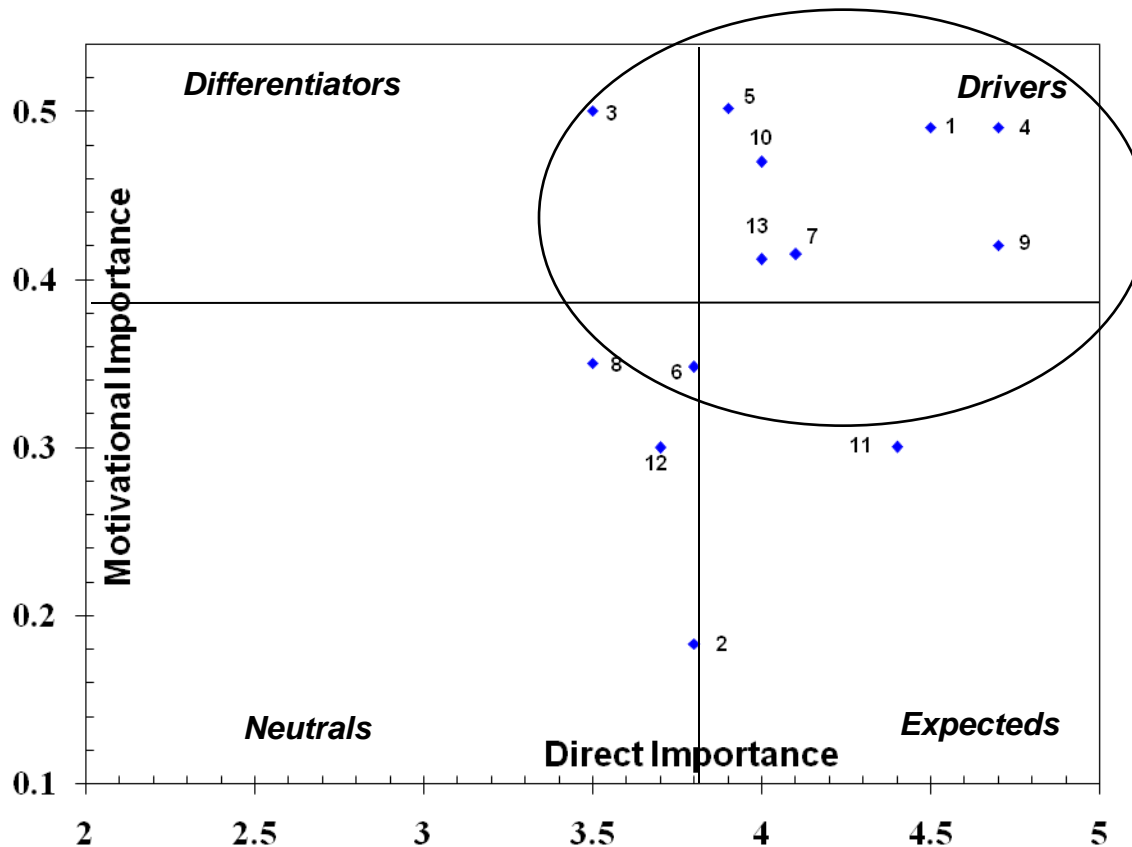


# Test Relationship Between Cost and Brand

## Prospective Students



# Identify Brand Drivers That Students Value

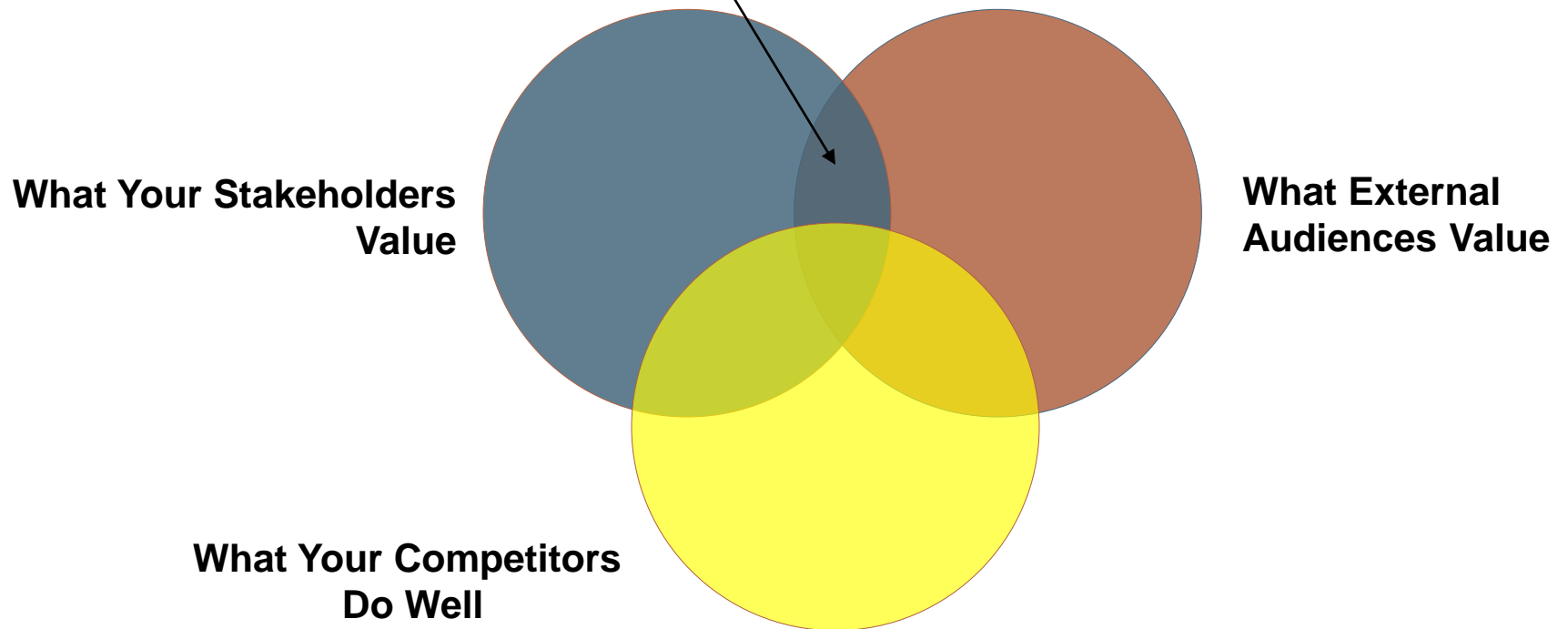


- 1=Academic reputation of XYZ
- 2=Cost to attend
- 3=Opportunities for internships
- 4=Quality of major/program at the college/university
- 5=Quality of facilities
- 6=Availability of on-campus activities
- 7=Updated/well-maintained residence/dining
- 8=Beauty of the campus
- 9=Quality of faculty as teachers and mentors
- 10=Graduates get good jobs
- 11=Graduates get accepted into good grad schools
- 12=Location
- 13=Variety of programs offered



# The Idea of Relevance

Where Your Brand Strategy Is Nested



# Build a Brand...

- ...on a solid point of differentiation
  - Who are your top four or five competitors?
  - How are you different from them in ways that your target audiences value?
  - If you aren't different, then you need to find a blue ocean
- Communicate your brand
- Live your brand
- Strengthen your brand



# Focus on Five Programs

- Commit to building your brand around four or five programs which:
  - Offer substantial quality
  - Are undersubscribed by prospective students (you have capacity)
  - Are high margin
  - Lead to higher-paying jobs
  - Are of high interest in the marketplace
    - Students
    - Employers
    - Donors
    - Media
  - Have an effective champion in place
  - Offer co-branding opportunities
  - Do not have a significant competitor
  - Have a high barrier to entry



# The Lesson of Kogi Korean BBQ



**Closing Comments**

**Final Questions**



# Resources

- Burk: *Donor Centered Fundraising*
- Chaleff: *The Courageous Follower*
- Kim: *Blue Ocean Strategy*
- Leslie: *Wise Moves in Hard Times*
- Sevier: *Building Brand Momentum*
- Sevier: *Moving Ahead With Confidence* (Occasional Paper, Stamats)
- Townsley: *The Small College Guide to Financial Health*
- Zemsky: *Making Reform Work*
- Van Der Werf: *Chronicle of Higher Education: The College of 2020: Students*

