

COE 101: Intro to Org Models



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The Cost of Getting It Wrong

The Wrong Organizational Model Leeches Dollars and Precludes Growth

Duplicative Technological Expenses

\$100k+

Continuing education offices utilized different registration systems. Duplicating these ultimately cost the university more than \$100k annually.



Twelve Decentralized Offices Create Internal Competition and Miss Opportunities for Collaboration

- No centralized strategy for creating adult-serving offerings and training
- Staff only manage CE programs part-time, reducing ability to build expertise in serving working adult population
- CE offices spend scarce marketing dollars competing for same pool of students

“

“If a student in our city is interested in continuing education, our model gives them twelve experiences of hugely varying quality. **We might as well be different universities, the only thing unifying this is the logo on the front.**

Provost, Regional Public University

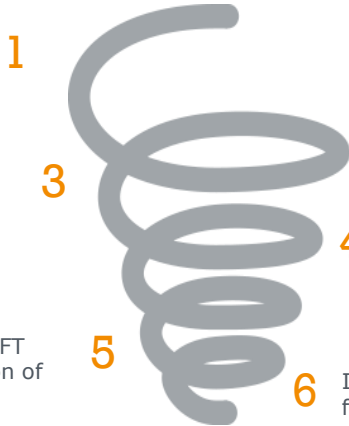
The Perils of Making a Bad Deal

OPM Partnerships Can Be Foiled by Internal and External Hiccups

1 Institution partners with an online program manager to launch new online offering

3 Institution defers to OPM expertise on marketing, student recruitment, and instructional design

5 Partnership enrolls 130 FT students, a small fraction of projected enrollment



2 Arrangement seeks to enroll thousands of online students over the 10-year contract

4 Faculty bristle at for-profit partnership, question revenue-sharing model

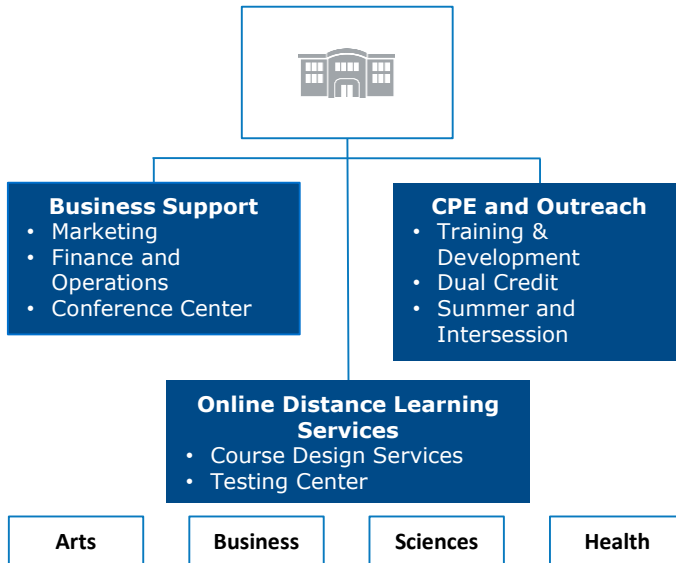
6 Institution reneges on contract, facing political pressure on campus



Internal “Turnkey” Support for COE Programs

Administratively Centralized, Programmatically Decentralized

University A’s Division of Extended Learning and Outreach



- Single point of turnkey support for all colleges
- Charges colleges for services rendered
- Faculty-led program launch

Five Founding Mandates

- 1 *Self-Funded – No Subsidies*
- 2 *Accommodate Rapid Growth*
- 3 *Reduce Administrative Costs*
- 4 *Shoulder Financial Risk of Faculty-Led Programs*
- 5 *Translate Capabilities to Core University*

Model-in-Brief

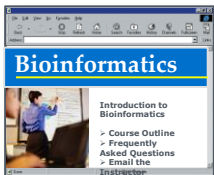


University COE Shared Services

| | |
|-------------------------|---|
| Description | <ul style="list-style-type: none">• Central service unit assumes operational responsibilities (marketing, course development, student services) and financial risk of new CPE launch• Faculty initiate launch (credit and non-credit), design content and teach• Academically decentralized, administratively centralized |
| Effective At | <ul style="list-style-type: none">• Reducing infrastructure duplication• Applying adult and distance learning capabilities to core undergraduate instruction |
| Success Measures | <ul style="list-style-type: none">• Cost savings and avoidance in staffing and systems• Surplus returned to deans and chairs• Faculty time savings for online course design• Number of departments opting into shared services |
| Limitations | <ul style="list-style-type: none">• Unable to launch market-driven programs without faculty sponsorship• Growth limited by core faculty capacity and willingness to scale (hiring adjuncts, increasing class sizes) |

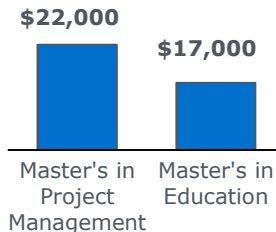
Demand Beyond “Steeple of Excellence”

University B’s College of Professional Studies



Market-Led Programs

- Fast-cycle launch of high-demand, B2C applied programs
- CPE unit catalyzes collaborations across colleges



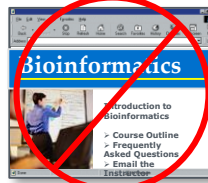
Flexible Pricing

- Market-driven discounting in price-sensitive programs and online
- \$16 M+ in graduate financial aid



Flexible Faculty Costs

- Long-term, full-time contracts and 600+ adjuncts
- Easier to add sections or cut back courses



Active Sunsetting

- Declining programs with no connection to core cancelled
- Funds reinvested in new high-demand areas



Professional Subspecialties Fuel Growth

Market-Responsive Programs Align with Emerging Industry Needs

Selected Program Introductions (2004 to 2010)

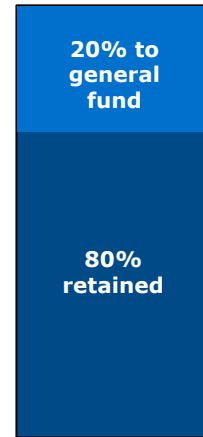
- *Applied Nutrition*
- *Corporate and Organizational Communication*
- *Criminal Justice Leadership*
- *Global Studies and International Affairs*
- *Nonprofit Management*
- *Respiratory Care Leadership*
- *Informatics*
- *Regulatory Affairs for Drugs, Biologics, and Medical Devices*
- *Technical Communication*
- *Technology Commercialization*
- *Teaching English to Speakers of Other Languages*
- *Geographic Information Technology*

\$22 M



2003
Revenues

\$72.5 M



2010
Revenues

*First Graduate
Degree Offered in
2004*

Model-in-Brief



Independent COE School or College

| | |
|-------------------------|--|
| Description | <ul style="list-style-type: none">• COE enjoys full privileges of a college, able to launch own programs• Can hire full-time, non-tenure-track faculty and adjuncts as needed• Academically and administratively centralized |
| Effective At | <ul style="list-style-type: none">• Pursuing interdisciplinary “hot fields” aligned to emerging industry needs• Launching, scaling and sunseting programs quickly subject to changes in demand• Cross-subsidizing “loss-leader” programs useful for cultivating industry and donor relationships |
| Success Measures | <ul style="list-style-type: none">• Enrollment and revenue growth• Surplus returned to general fund• Time-to-launch for new programs |
| Limitations | <ul style="list-style-type: none">• Potentially duplicative support services with college-led COE programs• Collaboration across units may be limited absent concerted central support |



National Signature Programs

- Online versions of world-class professional programs
- Deeply involved core faculty
- *Education, Pharmacy, Social Work*

Regional Applied Studies

- Portfolio of interdisciplinary programs In hot fields
- Often short windows of opportunity
- *Environmental Policy, Medical Informatics*

Customized Corporate Learning

- Certificates and degrees combining generic and domain-specific content
- Requires iterative collaboration with industry partners
- *Hospitality Revenue Management, M&A Simulations*

Long-Tail Niche Programs

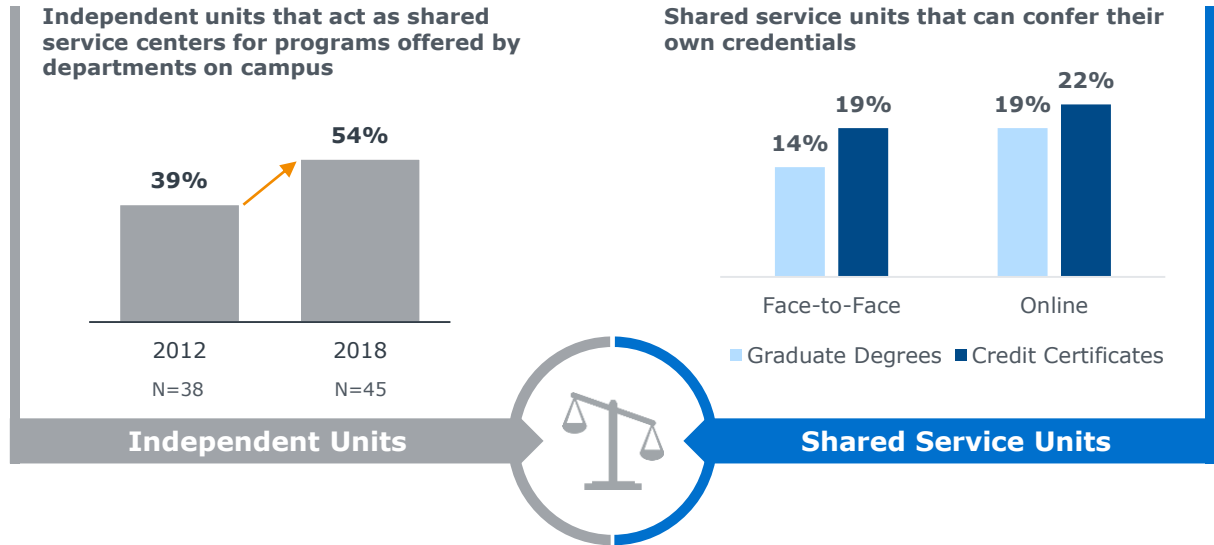
- Unique programs built around institutional strength or faculty expertise
- Requires online delivery to reach scale – not enough local demand for viable classroom program
- *Turfgrass Management, Military History*

One Size Does Not Fit All

Unit Models Display Great Variation to Suit Internal and Market Needs

Independent units increasingly sharing support services ...

...as shared service units offer their own credentials



A Diversified Portfolio

High-Performing Units Look Beyond Online Degree Programs

Proportion of COE Unit Enrollments by Category and Unit Revenue

| | Less than \$5M | \$5M - \$40M | \$40M+ |
|-----------------------|----------------|--------------|------------|
| Non-Degree | 27% | 33% | 35% |
| Graduate | 41% | 51% | 62% |
| Tuition Reimbursement | 17% | 16% | 24% |
| Face-to-Face | 58% | 52% | 63% |



Characteristics of the High-Revenue COE Program Portfolio

- Offer **more non-degree offerings** like certificates, courses, and nano-degrees
- Leverage large pools of bachelor's-prepared professionals through **robust graduate-level offerings**
- **Partner with regional employers** to create market aligned programs for tuition reimbursement revenue
- Actually **prioritize face-to-face learning** for most courses and programs

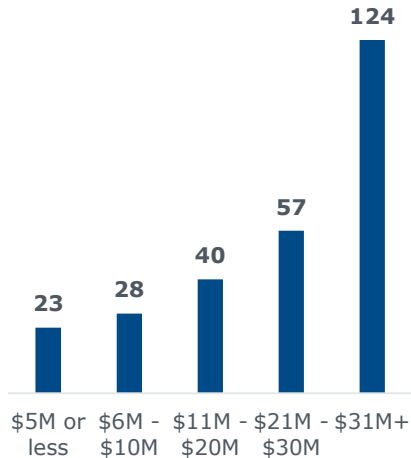
Investment Required

Increased Revenue Correlated with Staffing Levels and Support Functions

Units add FTE staff to support programs...

...And add COE-specific supports to better serve growing non-traditional student populations

Average COE Unit FTE Staff by Revenue Band



Proportion of COE Units with Support Functions by Revenue Band

| | \$5M or less | \$6M - \$10M | \$11M - \$20M | \$21M - \$30M | \$31M + |
|---------------|--------------|--------------|---------------|---------------|------------|
| Marketing | 31% | 49% | 83% | 71% | 81% |
| Admissions | 23% | 31% | 43% | 50% | 58% |
| Registrar | 10% | 17% | 19% | 36% | 26% |
| Financial Aid | 5% | 6% | 10% | 14% | 16% |
| IT Support | 10% | 17% | 41% | 43% | 55% |

Thinking Like a Venture Capitalist

Deploying Seed Funds to Maximize ROI

Key Characteristics of Successful Seed Funding Programs

-  **Rigorous Vetting Process**
Institutions establish clear seed fund criteria and require faculty and staff to build strong business case for initiatives
-  **Compelling Revenue-Sharing Agreements**
Institutions establish revenue-sharing agreements that ensure approved initiatives keep reloading the fund
-  **Build in Key Strategies for Successful Program Launch**
Institutions ensure that faculty and departments implement best-practices for launching successful programs and enrolling students

Mizzou's Program Seed Funding Initiative



- Mandatory RFP Process**
Academic units applying for access to seed funding must meet with online program coordinators, build a plan for instructional design, and complete a proposal
- Rigorous Requirements Lead to Consistent Returns on Investment**
Revenue-sharing agreement assures that successful programs return revenue to seed fund for further investment
- Mandate Spend on Marketing and Recruiting**
Seed funding recipients are required to spend 10 percent of funding on marketing and recruiting, a critical piece of launch success often overlooked by faculty

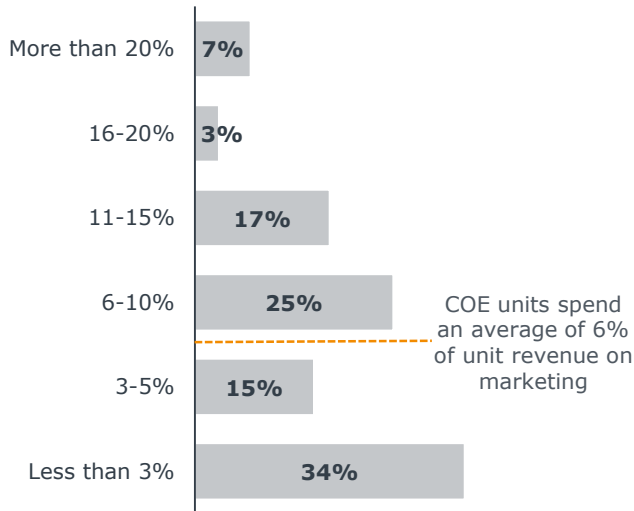
196% *Average two-year return on Mizzou Online's seed funding initiative*

Spending Difficult to Compare

Peers Spend Less on Marketing than Commonly Thought

What share of revenue do you spend on marketing?

n=87



How do you currently determine the optimal marketing spend for programs?
How does spending vary across different types of programs?
Has marketing gotten easier or harder in the last 3 years?

What Makes Benchmarking Difficult

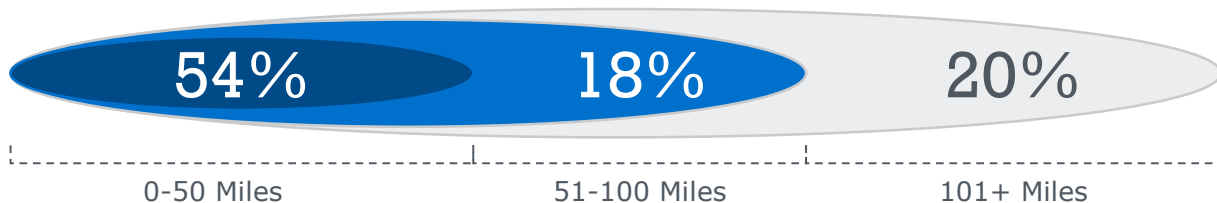
- *Marketing cost varies by market*
- *Spend should be calibrated by program growth potential*
- *Programs have distinct student audiences*
- *Saturation increases cost to stand out from competition*
- *Reputation can organically boost effectiveness of marketing dollars*

Place Matters Online Too

Online Students Still Local

Online Student Distance from Institution, 2017¹

1) Eight percent of respondents indicated that they were not sure how far they lived from the closest campus/service center of the college/university in which they enrolled



Access to In-Person Services Valued

75%

Proportion of Students Who Visited Campus or a Campus Center at **Least Once During Program**

Sudden Generational Shift Unlikely

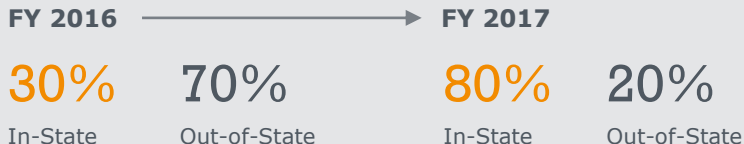
83%

Percentage of Gen Z preferring face-to-face connection—despite sending 100 texts per day.

Online Leader Pivots Marketing Spend Back Home



Proportion of Online Marketing Budget Spent In- vs. Out-of-State



Unlikely Success in a Saturated Market

Serving Segments Reveals Unmet Student Need for Liberal Arts College



University of
MOUNT OLIVE

Small liberal arts college targets nontraditional student segments

- Established as a two-year college in 1950s
- 900 traditional undergrad students
- 80 miles from the highly populated Research Triangle



“As a day campus, we simply could not survive doing what we had always been doing.”



Traditional undergrads well-served in the RTP

- Highly competitive elite institutions attract students nationwide



22 Other higher ed institutions in region



Targets police and gov't workers for BA completion (required for promotion).

Program offerings include:

- Criminal Justice
- RN to BSN
- Business Admin.



Location in strip malls for easy access and parking



Offers 5-week courses

390

Students enrolled in RTP location

3800

Adult students total across main campus and 7 off-site locations



COE Forum Organizational Benchmarking Initiative



Organizational Benchmarking Initiative

Guide Unit Design and Strategy with Data to Advocate for Resources



Designing a New Unit

- How should a COE unit look on our campus?
- What should we name the unit?
- Who should run the unit?
- How do we structure reporting lines across campus?



Achieving Next-Level Growth

- How do I grow from \$20M to \$40M in annual revenue?
- How should revenue be shared across campus?
- Do units like mine maintain a reserve?



Defining Strategic Objectives

- Do peer units have the ability to confer degrees?
- How do our enrollment trends compare to others?
- What investment strategy best supports growth?



Guiding Reorganization

- What should we stop offering?
- What functions should be centralized?
- What new positions are needed to support growth?
- How are peer institutions organizing COE activity?

Getting Beyond Simplified Models

Correlating Specific Attributes to Recalibrate Organizational Decisions

Institutional Attributes

Core Campus

- Public/Private
- Local Market Size
- Research Activity
- Branch Campus Network

COE Unit Structure

- Self-Supporting/Subsidized
- Activities Managed
 - Conference Center
 - Summer/Intersession
 - International Recruiting
 - Online Instructional Design
- Administrative Staff Reporting
 - Marketing
 - Admissions
 - IT

Academic Governance

Program Approval

- Degree Conferral Authority
- Certificate Conferral Authority
- Degree Approval Process
- Certificate Conferral

Faculty Structure

- Percentage of Ladder vs. Non-Ladder Faculty
- Percentage of FT, Non-Tenure Lines Maintained by Unit
- Unionized vs. Nonunion
- Compensation Structure
 - Core Faculty
 - FT Non-Tenure
 - Adjuncts



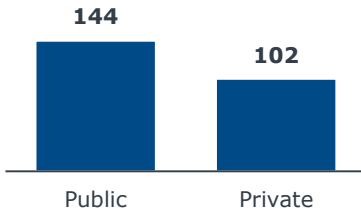
Critical Organizational Design Considerations

- 1 *Where Does My Unit Stand Relative to Peers?*
- 2 *How Do I Compare to Similar Units?*
- 3 *What Attributes Have the Greatest Impact on Revenue?*
- 4 *At What Levels of Autonomy and Staff Resources Do Dramatic Increases or Diminishing Returns Set in?*

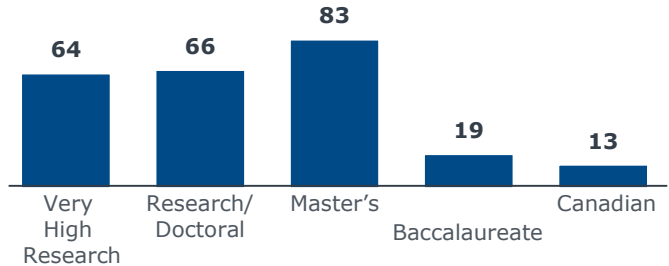
Our Data Set

240+ Respondents Create Opportunities for Customized Comparisons

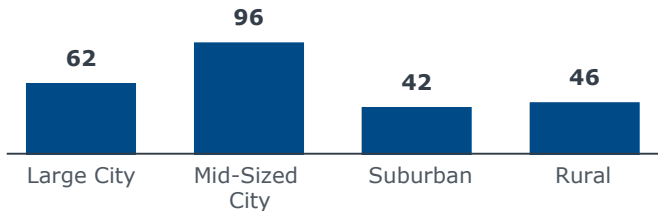
Ownership



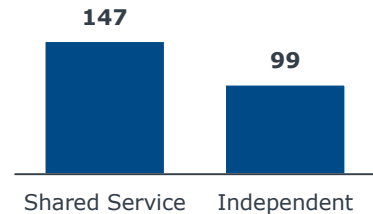
Carnegie Classification



Location



Unit Model



What Next?

Take our Benchmarking Survey to Receive a Custom Data Analysis



- 1** Go to www.eab.com/coesurvey to complete the survey
- 2** Receive a custom benchmarking report and gap analysis within 3-4 weeks
- 3** Follow up with an phone consultation to debrief on organizational findings

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