Business-Driven Growth Planning

Avoiding the Most Damaging Mistakes in New Program Launches

Business Affairs Forum

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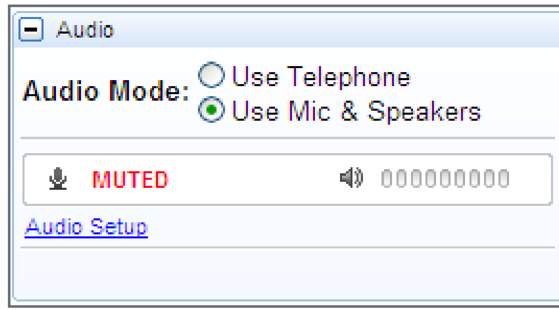

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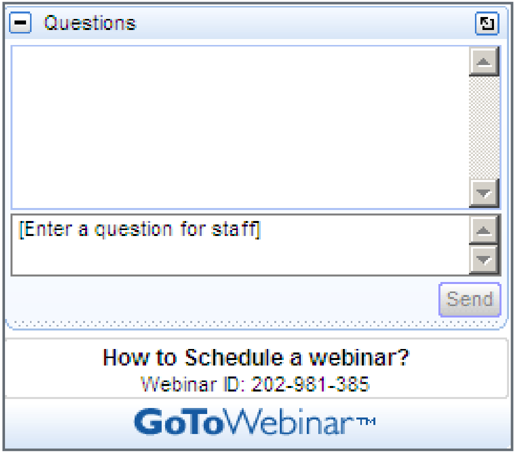

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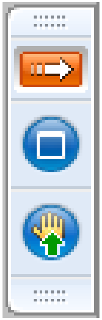

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EAB

The Need for Greater Rigor in New Program Planning

If You Build It, Will They Come?

New Market Pressures Cause Many Program Launches to Falter

"In today's environment, it's no longer 'if you build it, they will come.' Now, if you build it, and it is in demand, and you do a really good job marketing it, then *maybe* they will come."

Michael Cottam,
AVP for Academic Affairs
Webster University

"Until recently, I would have told you that health sciences and business were 'sure bets' for enrollments, but I'm now seeing failures in those disciplines, too. It's concerning to me that these sure bets aren't working out anymore."

Chief Planning and Budget Officer
Private Research University

Source: Business Affairs Forum interviews and analysis.

Many Campuses Experiencing "Profitless Growth"

New Programs Underperform, Become Long-Term Drains on Institution

Hard Lessons Learned in "Profitless Growth"

Lesson	Too many programs fail due to lack of validation	Strong enrollments do not equate with net revenue growth if costs too high	Longer-than-expected ramp up periods strain short-term finances
Example	Schuyler[1] University launched new specialized master's in education without adequately evaluating demand data	Burr[1] College neglected to account for new facilities costs of proposed science program prior to approval	Mulligan[1] University expected new data science program to generate positive net tuition revenue by year 2
Result	Projected year 1 enrollments of 60 students; enrolled four students in first cohort	Program continues to be subsidized by other programs in the college	Program ultimately broke even in year 5; college dean struggled to accommodate 3 years of unexpected losses

1) Pseudonym.

Source: Business Affairs Forum interviews and analysis.

Growth Strategies Vary…

… But All Succumb to the Same Failures

Different Institutional Growth Strategies…		
Face-to-Face	*vs.*	Online
Main Campus	*vs.*	Satellite Campus
Undergrad	*vs.*	Graduate
Institution-Wide	*vs.*	College-Specific
New Fields	*vs.*	Existing Disciplines

…Derailed by Similar Failures

1. Inadequate processes, resources, and incentives in place to capitalize on market opportunities
2. Insufficient or inaccurate market demand data leads to overly optimistic projections
3. Total costs of new programs underestimated or overlooked
4. Minimal post-launch evaluation of program performance and market demand changes

Source: Business Affairs Forum interviews and analysis.

Achieving Principled (Not Profitless) Growth

Avoiding the Most Damaging Mistakes in New Program Planning

I

Become a More Market-Responsive Institution

Mistake 1: Relying solely on faculty to organically surface new program ideas

Mistake 2: Losing competitive advantage through prolonged approval process

II

Ground Financial Goals in Market Realities

Mistake 3: Using one-dimensional market data to evaluate demand potential

Mistake 4: Designing programs around academic norms and preferences

Mistake 5: Conflating healthy and unhealthy cannibalization

III

Plan for the True Costs of Academic Program Growth

Mistake 6: Overlooking indirect, incremental, and knock-on costs

Mistake 7: Underinvesting in marketing

IV

Build in Flexibility to Adapt to Future Demand Shifts

Mistake 8: Aiming for near certainty in financial projections

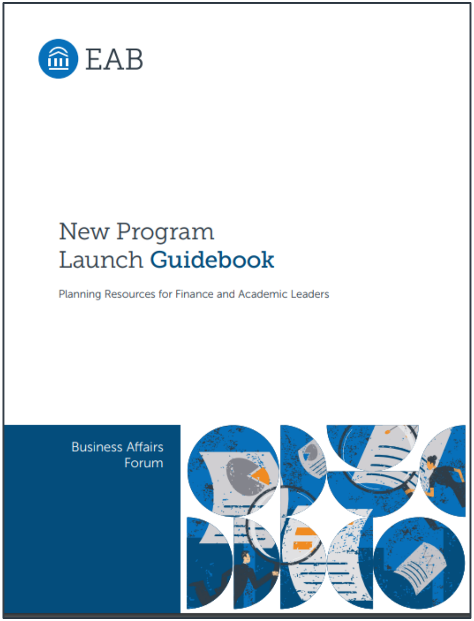
Mistake 9: Committing inflexible, fixed resources before programs demonstrate demand

Mistake 10: Failing to react to post-launch performance

Source: Business Affairs Forum interviews and analysis.

EAB New Program Launch Guidebook

Planning Resources for Finance and Academic Leaders



Resource in Brief

- Tools and templates to support business officers and their teams through major program planning and launch activities, including:
  - Evaluating viability of new program proposals
  - Vetting market demand projections
  - Projecting program costs
  - Monitoring program performance post-launch
- Finance leaders can share resources with faculty to bolster program planning and encourage partnership on new academic initiatives

Download full guidebook at www.eab.com/baf/programlaunchtools.

Source: EAB interviews and analysis.

1. **Become a More Market-Responsive Institution**
2. Ground Financial Goals in Market Realities
3. Plan for the True Costs of Academic Program Growth
4. Build in Flexibility to Adapt to Future Demand Shifts

Mistake 1: Relying Solely on Faculty to Organically Surface New Program Ideas

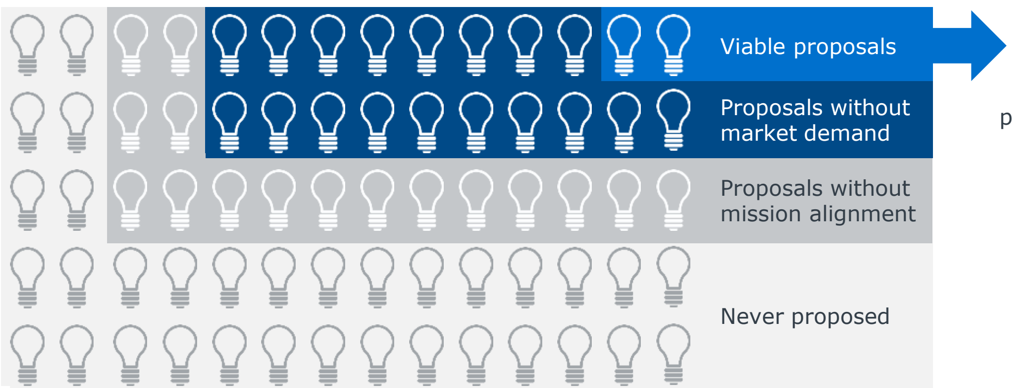
Limitations of Relying on Faculty Alone to Achieve Growth Goals

Focus on research and teaching rather than developing new program proposals

Prioritize disciplinary prestige over institutional growth

Prefer traditional delivery methods and audiences

Representative Bottom-Up New Program Idea Pipeline



1-2

Viable ideas proposed annually

Source: Business Affairs Forum interviews and analysis.

Creighton's Top-Down Growth Engine

Enrollment Pipeline Group Surfaces and Recommends Program Ideas

Creighton UNIVERSITY

Enrollment Pipeline Group's Process for Surfacing Growth Ideas

1 **Recruit Cross-Campus Leadership**
- Academic and administrative unit leaders represented include:
  - Center for Academic Innovation[1]
  - Enrollment management
  - Market research
  - Provost office
  - Finance
  - Academic Excellence and Assessment[2]

2 **Conduct Regular Labor Market Demand Analyses**
- Centralized market researcher analyzes external market data and circulates quarterly summary of high-demand programs to pipeline group members, deans, and provost

3 **Assess Potential Programs for Institutional Fit**
- Pipeline group, deans, and provost compare high-demand programs to Creighton's institutional strategy and brand
- Group recommends programs to deans and provost that align with goals and mission for further development

4 **Recruit Faculty Champion**
- Pipeline group and deans identify and recruit faculty champions to develop proposals and guide them through approval processes

Results

11 New programs launched in three years

8% Increase in graduate enrollment over three years

1) Campus office that helps faculty develop new programs and create online/hybrid courses.
2) Campus office that oversees faculty professional development, institutional research, and student learning assessment.

Source: Creighton University, Omaha, NE; Business Affairs Forum interviews and analysis.

Tool 1: Top-Down New Program Opportunity Analyses

	Analysis	Description
Internal Analyses	Excess Capacity	Institutions combine underutilized resources (i.e., course, faculty, staff, facilities) from existing programs to launch new programs with few new resource investments.
	Incremental Additions	Departments launch programs that build on existing foundational faculty, courses, and facilities. Programs create new economies of scale and improve the marketability of the overall department.
	Brand Synergies	Leaders launch programs in areas of existing brand strength. Such programs attract prospective students who are already familiar with institution's reputation or evaluating similar programs at the institution.
External Analyses	Student Interest	Institutions use independent majors requested by current students to surface new program ideas. Programs reveal emerging student preferences and launch expeditiously, since they already obtained senate approval.
	Employer Demand	Leaders consult local employers, part-time professional faculty, and real time labor data to determine emerging employer skills demands.
	Industry Trends	Institutions analyze labor market and macro-industry trends to anticipate future demands for new educational programs. Examples include new technologies (e.g., self-driving cars), legislation (e.g., MACRA[1]), demographic shifts (e.g., aging population), and economic trends (e.g., emergence of gig economy).

Source: Business Affairs Forum interviews and analysis.

Mistake 2: Losing Competitive Advantage Through Prolonged Approval Processes

Three Negative Consequences of Delayed Program Authorization

Missed Market Opportunity

Market grows so crowded that new entrant faces insurmountable competition and no viable niches

Example:

University of Trantor[1]

- Outside market research consultant recommends pharmacy program launch
- Internal politics delay final decision for five years
- Launch finally abandoned after three competitors launched programs during delay and locked up limited clinical spots

Weakened Competitive Position

Late market entrants spend more time and money differentiating offering from competitors

Example:

Middletown University[1]

- Dean identifies unique, fast-growth cybersecurity specialty program
- During three-year approval process, two competitors launch similar programs
- Leadership expends additional resources to differentiate program and increase marketing to compete for students

Frustrated Faculty

Unexpectedly long and complex process dulls academic enthusiasm and hampers future willingness to propose new programs

Example:

Bedminster College[1]

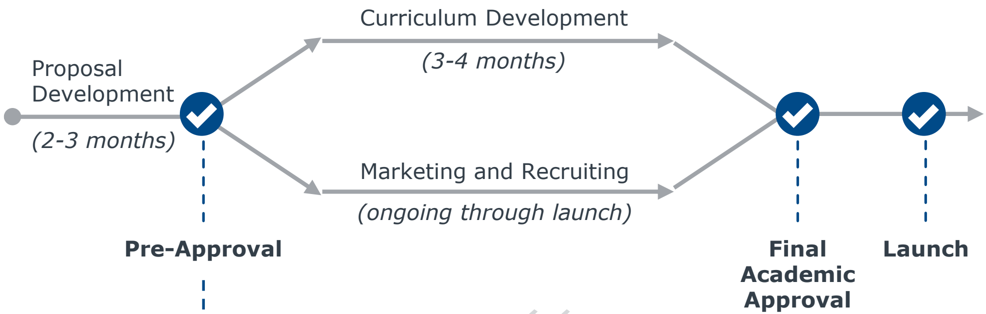
- Computer science faculty proposes new degree program in data science
- Review committees repeatedly request conflicting proposal revisions
- Program finally launches after four years; faculty champion vows to never again spend time on program development

1) Pseudonyms.

Source: Business Affairs Forum interviews and analysis.

Creating a New Program Launch Express Lane

Denville University[1] Pre-Approval Process Expedites Time to Market



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Month decrease in time to launch

Criteria for Pre-Approval

- Low upfront administrative and academic costs
- Demonstrated market demand

"I initially thought we'd only do this for COE programs, but my provost saw the benefits for the whole campus. He insisted, 'Why wouldn't we do this for everyone?'"

Dean, Continuing and Online Education
Denville University[1]

1) Pseudonym.

Source: Business Affairs Forum interviews and analysis.

Tool 2: Compendium of Business Case Templates

To download full versions of business case templates, please visit eab.com/baf/programlaunchtools.

Source: Creighton University, Omaha, NE; University of Notre Dame, Notre Dame, IN; Shippensburg University, Shippensburg, PA; University of Kentucky, Lexington, KY; University of the Fraser Valley, Abbotsford, BC; Business Affairs Forum interviews and analysis.

1. Become a More Market-Responsive Institution
2. **Ground Financial Goals in Market Realities**
3. Plan for the True Costs of Academic Program Growth
4. Build in Flexibility to Adapt to Future Demand Shifts

Seeking Answers to Difficult Demand Questions

Competition Driving Need for Sophisticated Understanding of Market Data

Evolution of Academic Leaders' Market Demand Questions

2011

Is there labor market demand for this program in my region?

2017

What secondary and tertiary markets should we consider?

What is the right format for this program?

Will this program help or hurt my current program portfolio?

How might student demand for the program change over time?

"We rushed into the market without doing the proper validation, and all four of the programs we launched in the last five years have not seen the desired enrollments."

Continuing and Online Education Dean
Public Comprehensive University

Source: EAB interviews and analysis.

Mistake 3: Using One-Dimensional Market Data to Evaluate Demand Potential

No Single Source of Data Reflects All Necessary Demand Considerations

Common Data Sources Limited in Isolation, Yield Robust Demand Insights in Aggregate

Type of Data	Source	Limitations
Labor Market Demand	National and State/Provincial Government Databases (e.g., Bureau of Labor Statistics)	• Databases updated infrequently (i.e., every 3-5 years), so not all new and emerging fields (e.g., data science) are included • National and state/provincial labor trends do not always apply to local context
	Industry Associations (e.g., American Nurses Association)	Industry-sourced growth projections often overly optimistic
	Real-Time Employer Demand Analytics (e.g., EMSI)	Labor market demand does not always translate into student demand
Student Demand	National and State/Provincial Government Databases (e.g., National Center for Education Statistics)	National and state/provincial student trends do not always apply to local context
	Institutional Surveys	Indicated interest from representative students (i.e., individuals in target demographic not actively seeking credential) does not always translate into actual student enrollments
Competitor	Integrated Postsecondary Education Data System (IPEDS)	Multi-year lag time for some datasets (e.g., two-year lag between enrollment period and enrollment data update)

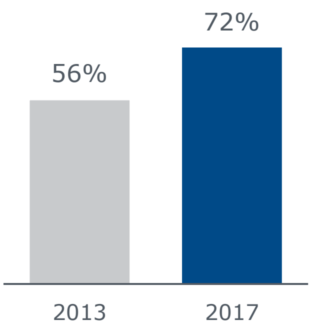
Source: EAB interviews and analysis.

Misinterpreting Data Weakens Projections

Flawed Assumptions About Market Size, Competition, Reputation

1 Overestimate Reach

Percentage of online students attending institutions within 100 miles of home



75%

of fully online students in 2016 visited campus at least once per year while enrolled

2 Underestimate Competition

"Faculty tend to only look at the two other Kansas research universities as competitors, but they aren't our primary competition in the AWP[1] market. Local community colleges, privates, and publics in nearby states offering similar programs pose bigger threats."

Rick Muma
SAVP for Academic Affairs and Strategic Enrollment Management, Wichita State University

3 Overestimate Reputation

"Given Brown's reputation, we historically were able to attract enough students to any program we launched. Today, that's not always the case."

Karen Sibley
VP for Strategic Initiatives
Brown University

1) Adult and working professional.

Source: "2017 Online College Students," LearningHouse, http://www.learninghouse.com/wp-content/uploads/2017/06/OCS-2017-Report.pdf, June 2017; Wichita State University, Wichita, KS; Brown University, Providence, RI; Business Affairs Forum interviews and analysis.

Tool 3: Market Demand Validation Checklist

EAB Resource Equips Finance to Pressure-Test Initial Projections

Market Demand Validation Checklist (cont.)

Section 1: Labor Market Demand

Labor market data refers to information about employment trends in a given market (e.g., city, region, industry). It offers insight into the hiring needs of employers within that market. Labor market data typically takes two forms, structural and real-time.

- **Structural** labor market data sources rely on surveys and other instruments that collect data periodically. Organizations that provide structural data include the Bureau of Labor Statistics, Statistics Canada, state or provincial departments of labor, and industry associations.
- **Real-time** labor market data sources use web crawling technology to analyze job postings and other employer hiring data. They provide insights into to current hiring needs in a given market, including total number of job openings, top hiring employers, skills required to fill open positions, and trends by geography. Sources that provide real-time data include Burning Glass Labor Insight and EMSI.

Valuable questions to ask about labor market demand data include the following:

Question	Guidance	Answer
I. Data Preparation		
List all labor market data sources considered when projecting program enrollment.	See page 1 for a list of most common data sources to consider and their relative limitations. Consider multiple sources where possible to improve accuracy of projections.	
Were internal or external stakeholders consulted when evaluating labor demand? Which ones?	Alumni advisory boards, part-time working professional faculty, and local employers can provide valuable feedback on market trends and the accuracy of projections.	
II. Data Sufficiency		
If employer or industry association data was considered, was it independently verified by a neutral third party?	Industry-sourced growth projections can be biased and overly optimistic. Use verified data when possible, or evaluate industry forecasts alongside objective data sources (e.g., governmental).	

Resource in Brief

- Equips business office to “ask the right questions” when vetting market demand projections
- Helps identify data sources necessary to assessing market demand early in the planning process
- Prompts faculty to question assumptions about demand and competition before submitting proposals

Download the New Program Launch Guidebook at eab.com for complete Market Demand Validation Checklist.

Source: Business Affairs Forum interviews and analysis.

Considering National Trends in a Local Context

Kansas State's Analysis Ensures New Programs Meet Regional Market Needs

KANSAS STATE UNIVERSITY

3-year average of EAB labor market data disaggregated by degree level

Regional jobs divided by national jobs

Sourced from O*Net and Burning Glass

3-year growth rate sourced from EAB market data

Program	# of National Jobs/Year	# of Regional Jobs/Year	Regional Presence	Median Pay	National Growth Rate	Regional Growth Rate
Chemical Engineering	6,981	340	4.9%	$94,683	8.9%	-4.3%
Agribusiness	1,367	104	7.6%	$80,159	17%	58.9%

Leadership prioritizes programs with regional ratios above median of 6.1%

Benefits of Region-Specific Demand Analysis

- Filters out nationally popular new programs without regional demand
- Ensures investment in programs with high student ROI
- Bolsters institutional mission to serve regional students and industries

Source: Kansas State University, Manhattan, KS; Business Affairs Forum interviews and analysis.

Mistake 4: Designing Programs Around Academic Norms and Preferences

Four Types of Market-Design Mismatches Undermine Projections

Representative Enrollment Decision-Making Process of Prospective Students

Interested Prospective Students

Total Enrollment

Credential

- Name
- Type (e.g., M.S. vs. M.A., degree vs. certificate)

Delivery

- Modality
- Start date
- Program length
- Class times

Admissions

- Price
- Prerequisites (e.g., letters of recommendation, past coursework)

Experience

- Cohort model
- Practicum
- Course titles
- Assessment structure

Sample Market-Design Misalignment

✖ Institution launches degree program in response to labor demand, but target market seeks certificate program

✖ Program launches in face-to-face format, but target audience comprised of working adults who wanted flexible online delivery option

✖ Application requires two academic letters of recommendation, but working professional target audience deterred by lack of faculty network

✖ Program has no experiential learning component, but prospective students seek hands-on opportunities to develop skills in new field

Source: Business Affairs Forum interviews and analysis.

What Millennials Want

Institutions Capitalizing on Changing Credential and Delivery Preferences

Emerging Preference	Stackable Certificates	2nd Bachelor's Degrees	Bootcamps
Description	General and specialized certificates that can be combined into full master's degrees	Accelerated undergraduate programs for bachelor's degree holders. Students complete only major, not foundational, coursework	Intensive, face-to-face, non-credit programs that teach specific skills
Millennial Demand Drivers	• Employers limiting tuition reimbursement to programs directly applicable to short-term job functions • Young professionals seeking specialized credentials for long-term career enhancement	• High number of under- and unemployed recent graduates • Greater salary premium for STEM-focused bachelor's compared to liberal arts master's	• Student preference shifting towards intensive, face-to-face learning experiences • For-profit start-ups targeting millennials in bootcamp marketing
Example	THE GEORGE WASHINGTON UNIVERSITY WASHINGTON, DC Core landscape design and specialized sustainable landscape certificates can be combined into a MPS[1] in Landscape Design	Oregon State University Post-baccalaureate BS in Computer Science requires no prior technical training; offered online in full- and part-time formats	RUTGERS Coding bootcamp prepares students for web developer careers in 12 (full-time program) or 24 (part-time program) weeks

1) Master of Professional Studies.

Source: Surden E, "Rutgers Coding Bootcamp, Graduating another Class," *NJ Tech Weekly*, Jul. 26, 2016; The George Washington University, Washington, DC; Oregon State University, Corvallis, OR; Rutgers University, New Brunswick, NJ; EAB interviews and analysis.

Tool 4: Program Design Checklist

EAB Resource Facilitates Market-Driven Design Decisions

Market Alignment Checklist

Section 1: Credential

Description: This checklist helps academic program planners align program design with market demand data. The questions have no right or wrong answers. Instead, the checklist is intended to proactively raise important decisions and spur thinking on program design decisions that may impact enrollment or student outcomes.

Academic and business leaders should use the completed form to evaluate program design decisions and guide further conversations about the optimal program for the target student market.

Section 1: Credential
The following questions relate to the proposed program's type (e.g., B.S., M.A., certificate), name, and accreditation potential.

Valuable questions to ask about credential decisions include the following:

Question	Guidance	Answer
I. Program Development		
Were internal experts consulted when determining what type of credential to offer and what to name the program?	Enrollment management and marketing leaders can provide valuable feedback on market needs. Consulting them early in new program development process helps ensure program design reflects target market's preferences.	
II. Credential		
Does the target student market seek the proposed credential over other potential credentials?	Different student markets seek different types of credentials (e.g., certificate, bachelor's degree, master's degree) to meet their career goals and financial needs. Consult student surveys, frontline enrollment management staff, and competitor program data to understand what type(s) of credential the target market seeks.	

Resource in Brief

- Prepares business office to "ask the right questions" about academic program design decisions
- Encourages faculty to consider market preferences when planning academic programs

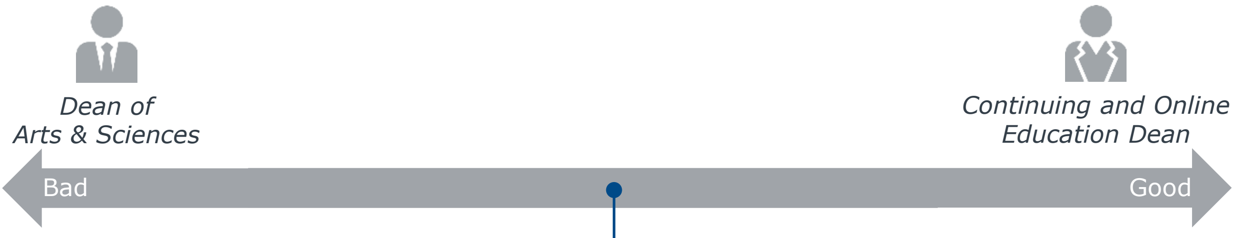
Download the New Program Launch Guidebook at eab.com for complete Program Design Checklist.

Source: Business Affairs Forum interviews and analysis.

Mistake 5: Conflating Healthy and Unhealthy Cannibalization

Despite Stakeholder Assertions, Cannibalization Not Inherently Good or Bad

Spectrum of Academic Attitudes Towards Perceived Program Cannibalization



"We need to prevent program cannibalization. New programs are simply taking students away from our existing programs."

Cannibalization Can Be Good or Bad

Unhealthy Cannibalization:

- New program addresses market needs already served by existing offerings
- Most students would have enrolled at institution with or without new program

Healthy Cannibalization:

- New program meets student needs unserved by existing offerings
- Most students in new program unlikely to enroll or stay enrolled in existing program

"Cannibalization means we're meeting student needs and ensuring our portfolio remains market-responsive. It's better to lose to ourselves than to someone else."

Source: Business Affairs Forum interviews and analysis.

Tool 5: Academic Proposal Feedback Form

Temple University's Academic Proposal Feedback Process

1

Post proposal

Leaders post new academic proposal to dedicated page on academic affairs website.

2

Request faculty feedback

Faculty review proposals. Reviewers complete proposal feedback form to voice concerns about overlap with existing programs.

3

Investigate concerns

Leaders use faculty feedback to conduct analysis of new program cannibalization potential.

New Program Launch Guidebook Tool 5: Academic Proposal Feedback Form

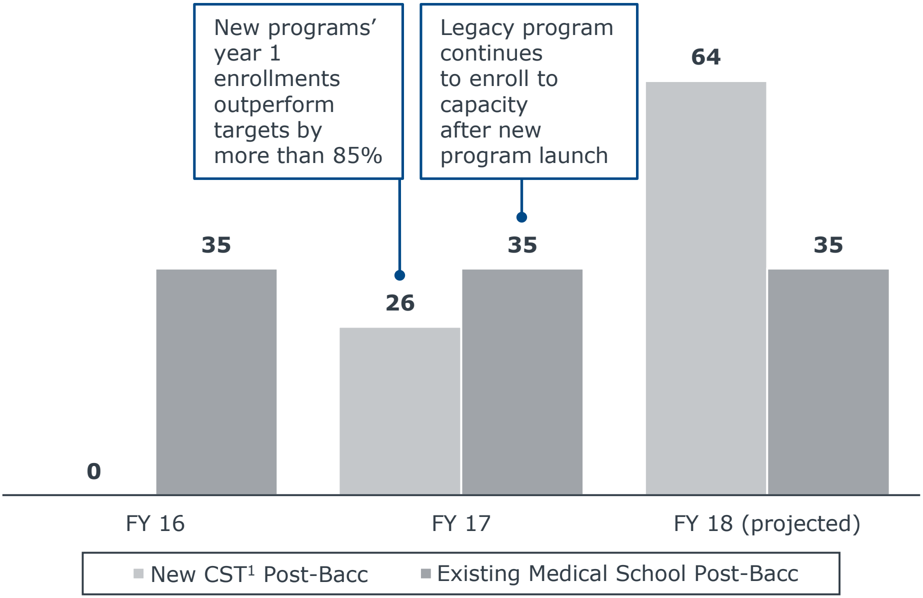
Accessible, straightforward form prompts faculty to raise concerns about new programs' cannibalization potential. Faculty select type of concern from a pre-populated list and describe legacy programs that may conflict with new proposals.

Source: Temple University, Philadelphia, PA; Business Affairs Forum interviews and analysis.

Cannibalization Review Process at Work

New CST[1] Post-Bacc Program Successfully Engages Distinct Student Market

New and Legacy Post-Bacc Programs Meet or Exceed Enrollment Goals



$2.7M

Projected annual net revenues from CST[1] post-bacc by 2020

1) College of Science and Technology.

Source: Temple University, Philadelphia, PA; Business Affairs Forum interviews and analysis.

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Mistake 6: Overlooking Indirect, Incremental, and Knock-On Costs

Types of Academic Program Costs

	Direct	Indirect	Incremental	Knock-On
Description	• TA stipends • Equipment and supplies • Course releases for program development • Marketing and recruiting	• Facilities • IT • Student Services • Library • Registrar • Bursar • Parking	New academic and administrative demands created by program growth over time	• Unforeseen impact on other programs • New sections of required courses outside of department
Relative Magnitude	High	Moderate	Low	Moderate
Misestimation Risk	Low	High	Moderate	High

Typical Root Causes of Program Expense Misestimates

Faculty focus primarily on direct instructional costs when preparing pro formas

Total cost knowledge resides with diverse array of campus stakeholders

Flat indirect cost rates fail to account for high program costs and service demands of atypical programs

Source: Business Affairs Forum interviews and analysis.

Tool 6: New Program Budget Templates

McMaster Tool Allows Faculty to Rate Relative Impact on Central Services

McMaster University's New Program Financial Planning Tool

2. TECHNOLOGY RESOURCES *- Please contact* ***UTS Director, Technology x21888*** *for assistance in determining impact if needed.*

Please indicate the likely impact on central technology resources for the proposal	**Impact**	**Are additional resources required to support this program? If so, please list.**
UTS Computer Labs and Software	Major	
Network/Internet/Cloud services access &	Minor	
Audio-Visual / Telecommunications	None	
Wireless Connectivity	None	
Other (Please specify)	Minor	

Straightforward, qualitative scale prompts faculty champion to rate relative impact of proposed program on central services, rather than estimate exact amount

3. LIBRARY SERVICES *- Please contact* ***Associate University Librarian, Collections x26557*** *for assistance in determining impact if needed.*

Please indicate the likely Library resource implications of the proposal	**Impact**	**Are additional resources required to support this program? If so, please list.**
Staffing (Add'l service desk staff, add'l librarians, new staff with skills/knowledge not currently present)	Minor	

Administrator contact info directs faculty to appropriate experts for cost consultations

To download McMaster University's full new program financial planning tool, please visit eab.com/baf/programlaunchtools

Source: McMaster University, Hamilton, OH; Business Affairs Forum interviews and analysis.

Embedding Future Growth Assumptions

TJU Template Enables Planning for Costs of Program Expansion

Thomas Jefferson University's New Program Cost Calculator

Enter projected number of NEW/admitted students:

	2017	2018	2019	2020
Full-time	8	10	12	14
Part-time	4	8	9	9
Boot	0	1	2	4
Certificate	4	5	6	6
CPS	5	6	7	8
This row for track-up/4+1 ONLY — 4+1	0	0	0	0
Total NEW	21	30	36	41

Include track-up students ONLY when student is CODED as graduate student (i.e., completed undergraduate program).

Student Type	Total # of Program Credits	2017 Summer	2017 Fall	2018 Spring	2018 Summer	2018 Fall
Full-time	36	0	12	12	6	12
Part-time	36	0	6	6	2	6
Boot	12	0	0	0	2	2
Certificate	6	2	0	0	2	0
CPS	4	1	1	1	1	
4+1						

Expected *Credit* Enrollment per Student in each Semester

Track-up student program credits should ONLY include those credits the student takes as a graduate student.

Once track-up students begin taking courses, what is the expected total numbe

Input | Program-Enrollment-Details | Report-Detailed | Report-Summary | Assumptions

Faculty, with academic finance, input enrollment growth assumptions across four-year ramp-up period

Comment boxes provide guidance on common faculty problem areas

Spreadsheet automatically populates growth assumptions in 5-year budget summary tab

To download Thomas Jefferson University's full new program cost calculator, please visit eab.com/baf/programlaunchtools

Source: Thomas Jefferson University, Philadelphia, PA; Business Affairs Forum interviews and analysis.

Projecting Impact on Other Academic Departments

UMBC Tool Promotes Cross-Campus Planning for New Programs

University of Maryland, Baltimore County's New Program Budget Template

REQUIRED COURSES FOR MAJOR OUTSIDE THE HOME DEPARTMENT

Please list all upper division courses *required* for the major that are offered by other departments and the projected enrollment of new students as a result of the proposed program

Course	College	YEAR 1		YEAR 2	
Total Outside Required Courses					

INTRODUCTORY AND PREREQUISITE COURSES OUTSIDE THE HOME DEPARTMENT

Please list all introductory and prerequisite courses (BIOL 100, CHEM 101, MATH 100, PSYC 100, SOCY 100, etc.) required for the major that are offered by other departments and the projected enrollment of new students as a result of the proposed program

Course	College	YEAR 1		YEAR 2	
1st Year		enrl.	cost	enrl.	cost

Form prompts faculty to list required courses taught outside home department to allow other departments to plan for increased course enrollments

Program champions estimate new enrollments in existing courses across ramp-up period to help departments quantify impact of new program

To download UMBC's full new program budget template, please visit eab.com/baf/programlaunchtools

Source: University of Maryland, Baltimore County, Baltimore, MD; Business Affairs Forum interviews and analysis.

Getting Cross-Campus Input on Budget Estimates

Committee Ensures All Costs of Proposals Considered

Thomas Jefferson University's Academic Program Facilitation Committee

- Diverse group of academic and administrative representatives meet to review initial program cost proposals and question financial assumptions
- Representatives raise cost, capacity, and process considerations that program directors may have initially overlooked
- Group generates ideas to reduce costs, leverage existing resources, and improve proposals

Representative Meeting Discussion

Group Member	*Example Proposal Feedback*
Facilities Leader	"We will need to hire a new evening custodian to accommodate this many additional night classes."
IT Director	"The classrooms you are considering using don't have the AV setup to accommodate the proposed learning technology."
Bursar	"These non-traditional start dates are going to require new billing processes that I'm not sure my staff can accommodate."

Other group members include CBO, budget director, provost, program champion, and representatives from marketing, university libraries, registrar, financial aid, admissions, and risk management

Source: Thomas Jefferson University, Philadelphia, PA; Business Affairs Forum interviews and analysis.

Mistake 7: Underinvesting in Marketing

Prospective Students Increasingly More Expensive and Difficult to Reach

More Entities Competing for Mindshare…

1 Ad space demand outpacing supply

Cost of buying attention via paid media unscalable and unsustainable

20x

Increase in marketing technology companies from 2011-2015

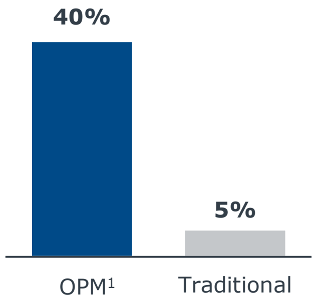
226%

Increase in graduate program cost-per-click from 2009-2014

2 Increasingly high standard for marketing spend

Traditional institutions competing with for-profits and OPMs[1] that invest significantly in marketing

Average new program's budget allocated to marketing



…and Students Paying Less Attention

3 Decreased attention span

Technological advances enable consumers to spend more time online, but they are increasingly more distracted

12 secs.

Average human attention span in 2000

8 secs.

Average human attention span in 2016

4 Increasing skepticism

Savvy consumers seek validation of investment from third parties

87%

of prospective students distrust institutional websites and seek external validation of program quality

1) Online Program Manager.

Source: Consumer Insights, Microsoft Canada, "Attention Spans," Spring 2015; "The Student Customer Journey," Learning Places, 2015, http://www.slideshare.net/LearningPlaces/student-customer-journey; "Local Consumer Review Survey," Bright Local, 2014, https://www.brightlocal.com/learn/local-consumer-review-survey-2014/; EAB interviews and analysis.

Tool 7: Marketing Investment Rules of Thumb

Program Specifics Will Dictate Need

10-20%

Typical new program marketing allocation as a percentage of total operating budget

Marketing Rules of Thumb

- Programs in new disciplines often require larger annual marketing budgets than programs in existing areas
- Programs in geographic markets and modalities new to institution often require greater marketing spend than programs in existing areas of brand presence
- Different student audiences require different marketing strategies and different levels of marketing spend
- Effectively marketing new programs requires several months of lead time (i.e., 4-6 months pre-launch)

Download detailed Marketing Investment Rules of Thumb at eab.com/baf/programlaunchtools.

Source: EAB interviews and analysis.

The Evolution of Marketing

Higher Ed Too Often Playing Catch-up to Corporate Marketing Tactics

Market Maturity

Differentiating on Product

- Just having a product is enough
- "Any color Model T as long as it's black."
- Scarcity: Means of Production

MADMEN

Differentiating on Brand Reach

- Compete on advertising
- From billboards and radio ads to SEO[1]
- Scarcity: Customer Awareness

amazon

Differentiating on Customer Intimacy

- Unlimited, instantaneous options
- Customers value:
  - Experience more than products
  - Customization more than mass marketing
  - "People Like Me" more than product-focused advertising
- Getting to top of search engine no longer enough
- Scarcity: Customer Attention

Meanwhile, Higher Ed Perfecting Yesterday's Strategies

"It feels like all our time is consumed playing catch-up. I worry that we're perfecting the marketing strategy of 1999 at the precise moment the world has moved onto something else."

Vice Provost, Public Research University

1) Search engine optimization.

Source: EAB interviews and analysis.

1 Become a More Market-Responsive Institution

2 Ground Financial Goals in Market Realities

3 Plan for the True Costs of Academic Program Growth

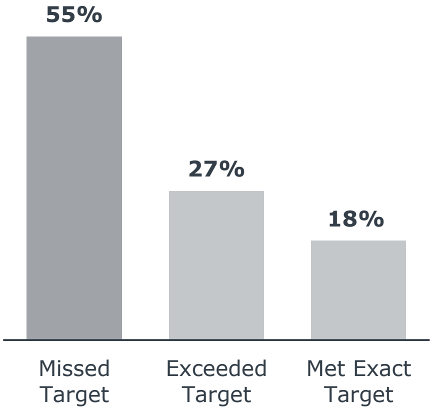
4 **Build in Flexibility to Adapt to Future Demand Shifts**

Mistake 8: Aiming for Near Certainty in Financial Projections

Demand for Market-Driven Programs Inherently Uncertain

Representative Program Launches at One Institution

Actual vs. Targeted Enrollments (n= 11)



Rarely Going to Get it Exactly Right

"Honestly, it's guesswork. There's no secret formula. We use the information we have to make our best guess of actual program enrollments. Sometimes we're close, but we're rarely spot on."

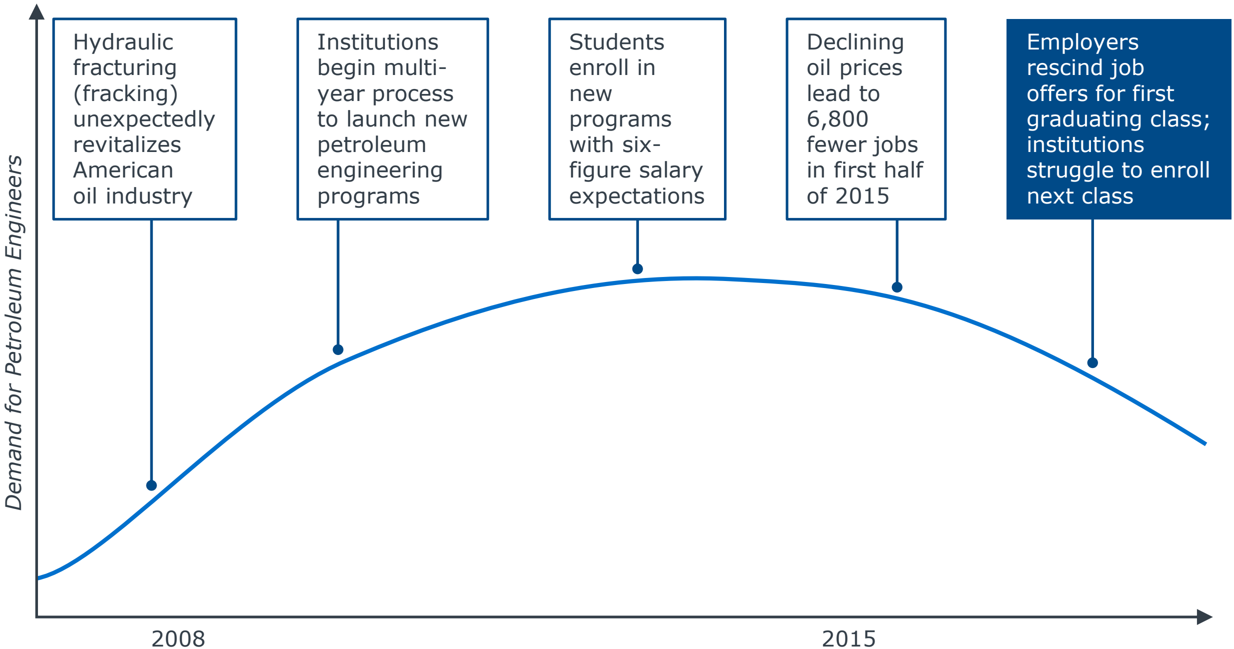
Director of Adult and Online Education, Comprehensive Public University

Source: Business Affairs Forum interviews and analysis.

Hot Today, Gone Tomorrow

Market-Driven Programs See Condensed and Unpredictable Lifecycles

Labor Trends Drive Sudden Swings in Demand for Petroleum Engineering Degrees



Source: Lam B, "The Danger of Picking a Major Based on Where the Jobs Are", *The Atlantic*, June 12th, 2015; Ailworth E, "Who Will Hire a Petroleum Engineer Now?", *The Wall Street Journal,* May 8th, 2015; EAB interviews and analysis.

Tool 8: Financial Sensitivity Analysis Template

UMBC's Budget Template Enables Planning Across Performance Spectrum

New Program Enrollment, Revenue, and Expenditure Template

	Year 1	Year 2
Program Enrollment & Retention Profile (Net new students)†		
Estimated number of first-time full-time resident students		
Estimated number of annual first-time full-time resident credit hours		
Estimated number of first-time full-time non-resident students		
Estimated number of annual first-time full-time non-resident credit hours		
PROGRAM REVENUE		
Note: tuition rises 4% per year unless otherwise noted		
Full-time Tuition & Fee Rate (resident)		
Undergraduate Tuition discount rate‡	%	%
Adjusted tuition & fee rate (resident)		
Estimated annual revenue from full-time students (resident)	$ -	$ -
Full-time Tuition & Fee Rate (non-resident)		
Undergraduate Tuition discount rate‡	%	%
Estimated annual revenue from full-time students (non-resident)	$ -	$ -
subtotal tuition revenue	$ -	$ -
Higher enrollment scenario: 125% of projected tuition revenue	$ -	$ -
Lower enrollment scenario: 75% of projected tuition revenue	$ -	$ -
PROGRAM EXPENDITURES		
PERSONNEL EXPENDITURES		
OPERATING EXPENDITURES		
SUBTOTAL IMPACT ON OTHER PROGRAMS COSTS (from worksheet 1B)		
TOTAL DIRECT EXPENSES		
INDIRECT EXPENDITURES		
University overhead rate	%	%
University overhead amount	$ -	$ -
TOTAL DIRECT & INDIRECT EXPENSES		
Higher expense scenario: 125% of projected expenses		
Lower expense scenario: 75% of projected expenses		
TOTAL REVENUE		

Base projections reflect program leadership's best enrollment, retention, and expense estimates

Optimistic (125% of base) projections show potential upside value and motivate stakeholders to invest in program success

Pessimistic (75% of base) projections help leaders assess risk of ventures not meeting expectations

To download UMBC's full financial sensitivity analysis template, please visit eab.com/baf/programlaunchtools.

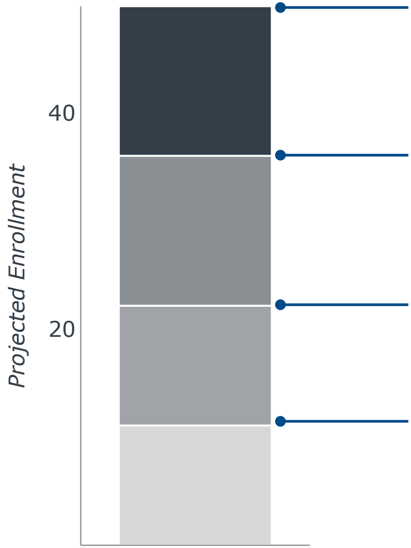
Source: University of Maryland, Baltimore County, Baltimore, MD; Business Affairs Forum interviews and analysis.

Aim for Optimal, Budget for Achievable

Pepperdine Plans Conservatively but Recruits Aggressively for New Programs

PEPPERDINE

Differentiated Targets Enable Smart Planning Across Functions



Enrollment management sets stretch goal for recruiters to promote best-case enrollments

Program leadership uses optimistic recruitment target to plan for instructional capacity and resources

Institutional leadership considers realistically achievable enrollment estimate in proposal approval decision

Finance builds conservative scenario into year 1 annual budget to guard against financial shortfalls from adverse or slow market response

Source: Pepperdine University, Malibu, CA; Business Affairs Forum interviews and analysis.

Mistake 9: Committing Inflexible, Fixed Resources Before Programs Demonstrate Demand

Upfront Sunset Provisions Facilitate New Program Closures

AMERICAN UNIVERSITY
WASHINGTON, DC

Upfront Sunset Provision Process for New Programs

Establish Goals:
Leaderships sets short-term financial targets for new program

Secure Faculty Agreement:
Program director agrees to temporary funding, contingent on progress on financial goals

Evaluate Results:
After three years, leadership evaluates financial results

Programs meet targets

Mainstream
Academic department receives increase to base operating budget to support program, plus bonus seed money for future launches

Programs miss targets

Sunset
Academic leadership discontinues funding

Source: American University, Washington, DC; Business Affairs Forum interviews and analysis.

The Secret to Sunsetting Success

Clear Financial Targets Facilitate Buy-In and Enable Program Closures

Sample New Academic Program Budget Projections

Total Costs (Direct and Indirect)	$377,208
Net Income/(Loss)	$250,692
Income to Direct Expense Ratio	2.09
Anticipated Residual Return to School	$125,346

Income/Expense Ratio

- Most new programs agree to 2:1 I/E[1] ratio targets
- Targets vary based on program type, location, and proportion of direct expenses
- Recurring failure to achieve expected I/E[1] ratio serves as grounds for potential program termination

Benefits of AU's Upfront Sunset Policy

Avoids underperforming programs becoming permanent budget drains

Achieves academic buy-in for program closure decisions

Motivates faculty to continually assess and improve programs

10% of new market-driven programs sunset for weak financial performance

1) Income to direct expense.

Source: American University, Washington, DC; Business Affairs Forum interviews and analysis.

Tool 9: New Program Cost Minimization Checklist

Proven Playbook for Minimizing Upfront Costs of New Programs

Type of Expense	Cost-Minimizing Tactics
Instruction	Identify under-enrolled existing courses to include in new program curriculum to minimize new instructional costs.
	Hire contract faculty when appropriate to reduce fixed labor costs. Students in select market-driven professional programs benefit from expertise of practitioner instructors.
	Leverage existing tenure-track faculty where appropriate to minimize new costs. Legacy faculty's reputations may bolster early enrollments in research-oriented programs.
Administration	Source program directors from existing faculty where possible. Compensating existing faculty through course releases more cost-effective than hiring new.
	Add program administrative responsibilities to existing staff workloads where possible to achieve economies of scale. Some staff motivated by diversified tasks and contributions.
Facilities	Review space utilization data to identify existing space to leverage before building new classrooms, laboratories, or office space.
	Lease new facilities space where possible until new programs prove demand and permanent facilities investment warranted.
Licenses	Review existing library subscriptions and software licenses to identify resources to use rather than entering new contracts.

Download the New Program Launch Guidebook at eab.com for complete New Program Cost Minimization Checklist.

Source: Business Affairs Forum interviews and analysis.

Mistake 10: Failing to React to Post-Launch Performance

Set It and Forget It

"We launched a few programs that we know far exceeded projections, but others sit quietly out there, and I have no idea how they are doing. We set programs out to sea and hope for the best."

VP FOR FINANCE AND ADMINISTRATION
PUBLIC RESEARCH UNIVERSITY

Source: Business Affairs Forum interviews and analysis.

Tool 10: Lookback Analysis Template

Thomas Jefferson U's Template Enables Review of Program Performance

Jefferson
Philadelphia University + Thomas Jefferson University
HOME OF SIDNEY KIMMEL MEDICAL COLLEGE

TJU's Academic Program Lookback Analysis Template

New Bachelor's Degree Program

SUMMARY REPORT

Year	2011	2010	2009	2008	2007	Total
Enrollment: Students	94	105	110	124	126	559
Part-time Faculty expense	$71,899	$85,805	$84,795	$87,168	$90,933	$420,600
Full-time faculty expense	$186,874	$223,279	$232,804	$242,917	$236,132	$1,122,006
Total Expenses	$1,263,434	$1,418,570	$1,363,827	$1,306,728	$1,220,216	$6,572,774
Revenue	$2,841,345	$3,024,000	$3,026,223	$3,302,120	$3,190,174	$15,383,861
CONTRIBUTION MARGIN	$1,577,911	$1,605,430	$1,662,395	$1,995,392	$1,969,958	$8,811,087

Input-Curriculum / Input-Expenses / Report-Details / **Report-Summary** / Assumptions / Intermediate-Calculations

Summary tab provides succinct overview of financial and enrollment performance across lookback period

Automatically calculated contribution margins enable analysis of program performance over time

Detail tabs allow leaders to identify specific revenue and cost drivers materially impacting financial performance

To download Jefferson's full lookback analysis template, please visit eab.com/baf/programlaunchtools.

Source: Thomas Jefferson University, Philadelphia, PA; Business Affairs Forum interviews and analysis.

Hindsight is 20/20

TJU Uses Lookback Template to Identify and Respond to Low Performers

Select Results from Thomas Jefferson University's Lookback Analyses

Program	**Master's in Global Fashion Enterprise**	**Master's in User Experience and Interaction Design**	**Master's in Instructional Design**
Performance Issue	Program targeted mid-career, instead of entry-level, professionals; curriculum misaligned with industry needs	Prior program name (Master's in Interactive Media) not recognized by target market; some curricular content outdated	Program misaligned with institutional mission and brand; high cost of instruction, as few courses shared with other programs
Action Taken	Worked with industry professionals to refresh curriculum and update marketing strategy	Renamed program and redesigned marketing campaign to better appeal to target market	Analyzed program and opted to disinvest due to low margins and misalignment with academic portfolio
Result	Enrollment tripled, yielding approximately $1M increase in annual gross tuition revenue	60% enrollment growth in 4 years	Program sunset

Source: Thomas Jefferson University, Philadelphia, PA; Business Affairs Forum interviews and analysis.

Program Restructuring Resources

Underperformance Often Rooted in Common Design and Marketing Mistakes

EAB Program Launch Resources Equally Valuable to Restructuring Efforts

3 Marketing Rules of Thumb

2 Market Demand Validation Checklist

1 Market Alignment Checklist

Market Alignment Checklist

Section 1: Credential

Description: This checklist helps academic program planners align program design with market demand data. The questions have no right or wrong answers. Instead, the checklist is intended to proactively raise important decisions and spur thinking on program design decisions that may impact enrollment or student outcomes.

Academic and business leaders should use the completed form to evaluate program design decisions and guide further conversations about the optimal program for the target student market.

Section 1: Credential
The following questions relate to the proposed program's type (e.g., B.S., M.A., certificate), name, and accreditation potential.

Valuable questions to ask about credential decisions include the following:

Question	Guidance	Answer
I. Program Development		
Were internal experts consulted when determining what type of credential to offer and what to name the program?	Enrollment management and marketing leaders can provide valuable feedback on market needs. Consulting them early in new program development process helps ensure program design reflects target market's preferences.	
II. Credential		

Source: Business Affairs Forum interviews and analysis.

Expanding Our Thinking to the Existing Portfolio

Applying Similar Tactics to Grow Current Program Enrollments

Four Proven Strategies to Bolster Enrollments

BALL STATE UNIVERSITY

Marketing Consultations

Require annual meetings between marketing and faculty leadership to diagnose and solve enrollment problems (e.g., low online application-to-enrollment conversion rate)

MARIST

Naming Benchmarks

Compare programs to competitors to identify and update out-of-date or unrecognizable program names

SIMMONS

Student Surveys

Survey current students to identify gaps in portfolio well-suited for future program launches

VirginiaTech

Web Audit

Update program websites to highlight student-centric content (e.g., career outcomes and value stories)

For more program review best practices, see EAB's "Revitalizing the Program Portfolio" study.

Source: Ball State University, Muncie, IN; Marist College, Poughkeepsie, NY; Simmons College, Boston, MA; Virginia Polytechnic Institute and State University, Blacksburg, VA; EAB interviews and analysis.

Webconference Survey and Contact Info

Evaluating Today's Session

Please take a minute to provide your thoughts on today's presentation.

Contact Information

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