



Supporting Academic Leaders in Business-Driven Growth Planning

Templates and Tools for Finance Leaders

Business Affairs Forum

Audio Options



Using Your Telephone

If you select the “Use Telephone” option, please dial in with the phone number and access code provided.

A screenshot of a software window titled "Audio". It contains two radio button options: "Use Telephone" (which is selected with a green dot) and "Use Mic & Speakers" (which is unselected). Below these options, the text "Dial: +1 800 555 1212" is displayed in red, followed by "Access Code: 141-607-114" in black, and "(and [additional numbers ..](#))" in blue. At the bottom, it says "You are connected to audio" in green. A red line is drawn on the left side of the window.

Using Your Microphone and Speakers

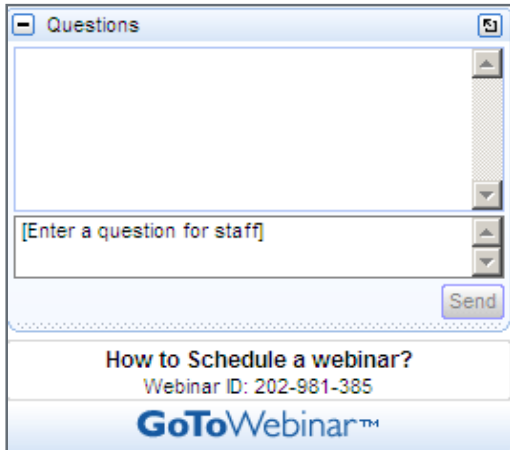
If you select the “Use Mic & Speakers” option, please be sure that your speakers or headphones are connected.

A screenshot of a software window titled "Audio". It contains two radio button options: "Use Telephone" (which is unselected) and "Use Mic & Speakers" (which is selected with a green dot). Below these options, there is a status bar with a microphone icon, the word "MUTED" in red, a speaker icon, and a series of ten zeros. Below the status bar is a blue link labeled "Audio Setup".

Questions Panel and Minimizing GoToMeeting

Asking a Question

To ask the presenter a question, type it into the question panel and press send.



The screenshot shows a 'Questions' panel with a title bar containing a minus sign and the word 'Questions'. Below the title bar is a large text input area. At the bottom of this area is a smaller input field with the placeholder text '[Enter a question for staff]'. To the right of the input fields are vertical scroll bars. A 'Send' button is located at the bottom right of the panel. Below the input fields, the text 'How to Schedule a webinar?' and 'Webinar ID: 202-981-385' is displayed. At the very bottom is the 'GoToWebinar™' logo.

Minimizing and Maximizing Your Screen



- Use the orange and white arrow to minimize and maximize the GoToMeeting panel.
- Use the blue and white square to make the presentation full screen.



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

”

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.

Principled Growth Depends on CBO Action

Finance Must Provide Voice of Business Rigor in Academic Program Planning

Traditional Finance and Operational Roles

- ▶ Respond to ad hoc faculty questions about program costs
- ▶ Ensure approved programs are included in operating budget
- ▶ Conduct damage control when infrastructure and resource needs identified late in program planning

Finance and Business Disciplines Necessary for New Program Success

- ▶ Support faculty with tools and processes to enhance business planning
- ▶ Model financial impact of proposals to improve go/no go decisions
- ▶ Serve as “angel investors,” evaluating market viability of proposals and funding only promising opportunities
- ▶ Generate ideas to minimize program costs and optimize existing resource utilization
- ▶ Coordinate with administrative leaders to plan for total program costs
- ▶ Work with academic affairs to build business support infrastructure and sensitize faculty to market challenges

”

“In the past at both my current and former institution, all the schools did their own planning, or the provost would get involved. That’s changed dramatically in the last few years. My office needs to be in those conversations. I want to hear about market research, see financial models. There needs to be a business case for what decisions a school or department is making.”

Vice Chancellor for Finance and Administration, Public Research University

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

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

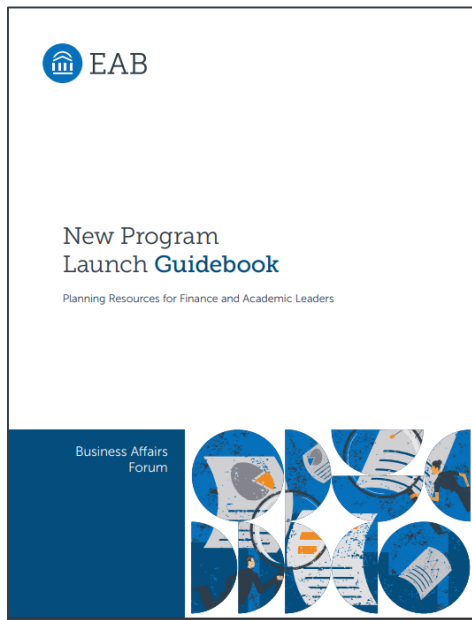
Mistake 10:

Failing to react to post-launch performance

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.

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

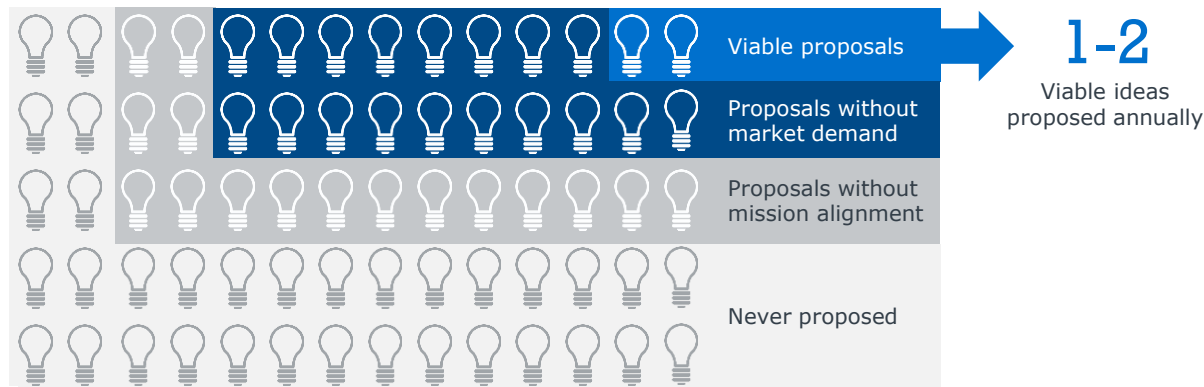


Prioritize disciplinary prestige over institutional growth



Prefer traditional delivery methods and audiences

Representative Bottom-Up New Program Idea Pipeline



Creighton's Top-Down Growth Engine

Enrollment Pipeline Group Surfaces and Recommends Program Ideas



Enrollment Pipeline Group's Process for Surfacing Growth Ideas

1 Recruit Cross-Campus Leadership

- Academic and administrative unit leaders represented include:
 - Center for Academic Innovation¹
 - Provost office
 - Enrollment management
 - Finance
 - Market research
 - Academic Excellence and Assessment²

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.

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).

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 Trantor¹

- 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 University¹

- 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:

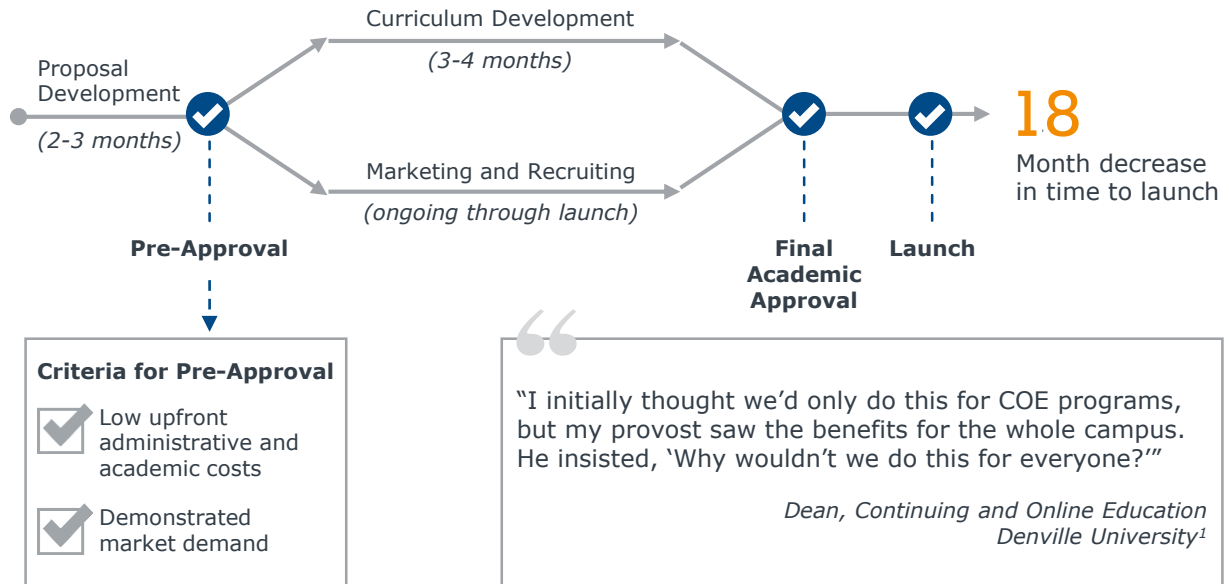
Bedminster College¹

- 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.

Creating a New Program Launch Express Lane

Denville University¹ Pre-Approval Process Expedites Time to Market



1) Pseudonym.

Tool 2: Compendium of Business Case Templates



17

CREIGHTON UNIVERSITY
New Program Approval Template

Name of Proposed Program: _____

Department/Division: _____

Program Director(s): _____

Proposed Start Date: _____

Program Type and Delivery Mode: _____

Program Type (select one): _____
Delivery Mode (select one)

☐ Bachelor's Degree (BA) ☐ BA Online (all or more of the required courses are delivered online)

☐ Graduate Certificate ☐ On-ground (all or more of the courses are delivered face-to-face)

☐ Graduate Degree ☐ Blended (all or more of the courses are delivered on-ground)

CMS: ☐ DMS ☐ DMS ☐ Other _____

TEMPLATE FOR PROPOSALS FOR NEW GRADUATE PROGRAMS

- Proposed program title.
- Authors of proposal, name of contact person, and contact information.
- Proposed start date.
- Program summary (executive summary). Provide a brief description of the proposed program.
- Rationale
 - Explain why this is an opportune moment for the creation of the program.
 - Describe the niche that the program will fill. Provide a list of similar programs from peer institutions. Describe how this program would differ from those programs (i.e., how is this program unique? Why should students want to come here to support it?).
 - Explain how the program fits within the department's and the college's strategic plans.

FORMAT FOR PROPOSALS FOR NEW ACADEMIC PROGRAMS

MASTERS DEGREES

All program proposals must be submitted in MS Word format using this template and have the following elements:

Cover page
The title page should include the name of the program; the names of the institution, college, and department; proposed delivery mode; the proposed CIP code; the proposed implementation date; the name and electronic signatures of the president and provost; and the date the proposal was submitted.

Table of Contents
The table of contents should include the name of the program; the names of the institution, college, and department; proposed delivery mode; the proposed CIP code; the proposed implementation date; the name and electronic signatures of the president and provost; and the date the proposal was submitted.

Information, charts, tables, and other data
The information, charts, tables, and other data should be submitted in the form of a separate document.

Budget Narrative
The budget narrative forms must be submitted in the form of a separate document.

+ + +

EXAMPLE
NEW GRADUATE PROGRAM PROPOSAL FORM
(For Kentucky Council on Postsecondary Education)

Instructions: "Budget" section must be included for submission to CPE for 45-day review. When completed, this form and the [College Information Form](#) should be submitted to proposals@kccpe.org. For further questions regarding this form, send an email to proposals@kccpe.org.

BASIC INFO

1.* Degree level and designation: (Dr. Master of Arts, PhD, Bachelor of Science, etc.) _____

Master of Arts (MA)

2.* Program name: (Interior Design, Social Work, etc.) _____

Interior Design (BAF)

3.* CIP Code: (provided by [Graduate Council](#)) (max) 00.0000 _____

4.* Is this program an advanced practice doctorate? Yes ☐ No ☒ _____

If yes, see **additional pre-proposal questions** at the end of the form.

5.* Requested effective date: _____ Semester after approval or _____ Specific Date 8/25/14
(Proposals are typically made effective for the semester following approval. No program will be made effective unless all approvals, up through and including Board of Trustees and CPE approval, are received.)

6.* Contact Information: (Individual responsible for submission of, completion of, and answering questions about the proposal)
Name: Dr. Jani Jara Doe
Title: Co-Director, Associate Professor
Email: jara@uky.edu
Phone: 859-257-1111

MISSION

1.* Provide a brief description of the program: (300 word limit)

The program is a two-year, full-time, non-degree program at the graduate level offering to the Department of Art the terminal degree of Master of Fine Arts in Imaginative Arts. The mission of this program is to prepare MFA candidates to be well equipped for the teaching of poetry, fiction, and creative nonfiction, but also for writing and publishing in a national literary audience. The UK MFA in Imaginative Arts Program will serve to complement with the best MFA programs in the nation, and will seek to attract high quality, highly motivated MFA students. The program will offer MFA students a sophisticated program of artistic and literary study, which includes substantial scholarly study and writing. The program will dovetail perfectly with the undergraduate program at UK.

UK Training & Institute of Education - New Graduate Program Proposal Worksheet Form for 2014 Page 2 of 25

UNIVERSITY OF THE FRASER VALLEY

(NON-DEGREE PROGRAM PROPOSAL TEMPLATE)

Full Program Proposal

Program Name

UNIVERSITY OF THE FRASER VALLEY

Department _____

Faculty _____

Submitted to: (e.g. name of committee) _____

Date: _____

Blame of PhD

This material is for internal distribution and use only

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

1

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2

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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*

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

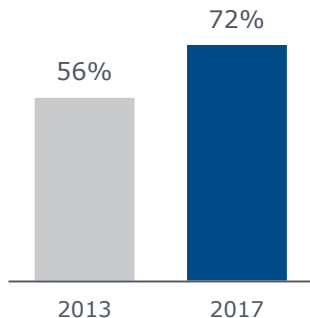
Type of Data	Source	Limitations
<i>Labor Market Demand</i>	National and State/Provincial Government Databases (e.g., Bureau of Labor Statistics)	- Databases updated infrequently (i.e., every 3-5 years), so not all new and emerging fields (e.g., data science) are included - National and state/provincial 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
<i>Student Demand</i>	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
<i>Competitor</i>	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)

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 AWP¹ 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*

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.

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

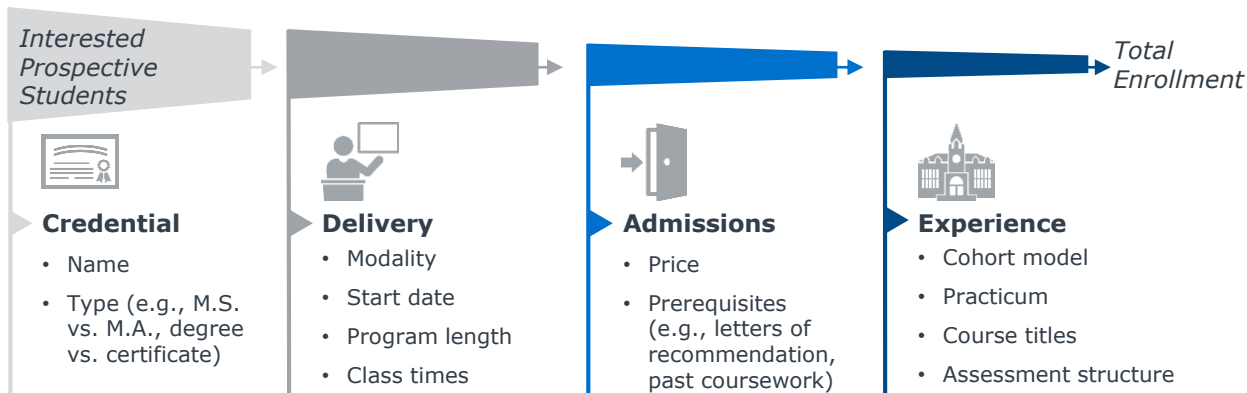


Mistake 4: Designing Programs Around Academic Norms and Preferences



Four Types of Market-Design Mismatches Undermine Projections

Representative Enrollment Decision-Making Process of Prospective Students



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 |
|--|---|---|---|

What Millennials Want

Institutions Capitalizing on Changing Credential and Delivery Preferences

Emerging Preference	Stackable Certificates	2 nd Bachelor's Degrees	Bootcamps
<i>Description</i>	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
<i>Millennial Demand Drivers</i>	- 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
<i>Example</i>	 Core landscape design and specialized sustainable landscape certificates can be combined into a MPS¹ in Landscape Design	 Post-baccalaureate BS in Computer Science requires no prior technical training; offered online in full- and part-time formats	 Coding bootcamp prepares students for web developer careers in 12 (full-time program) or 24 (part-time program) weeks

1) Master of Professional Studies.

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

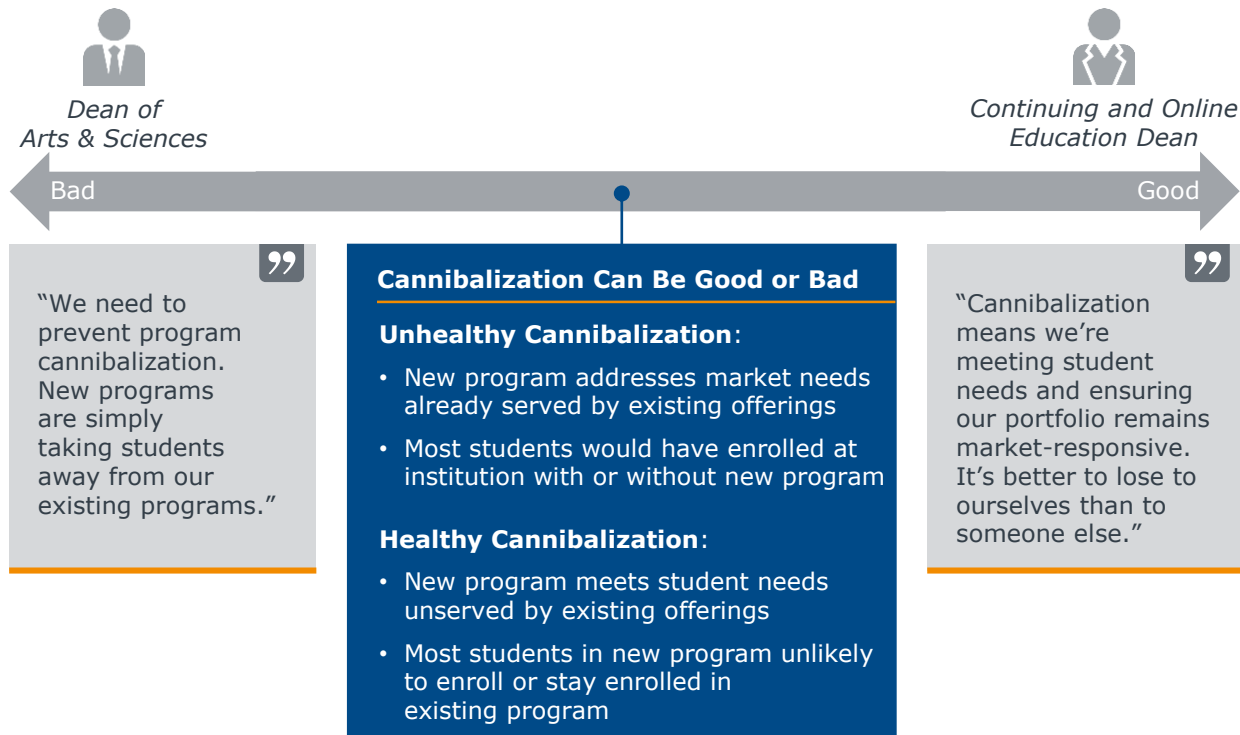
Download the New Program Launch Guidebook at eab.com for complete Program Design Checklist.

Mistake 5: Conflating Healthy and Unhealthy Cannibalization



Despite Stakeholder Assertions, Cannibalization Not Inherently Good or Bad

Spectrum of Academic Attitudes Towards Perceived Program Cannibalization



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

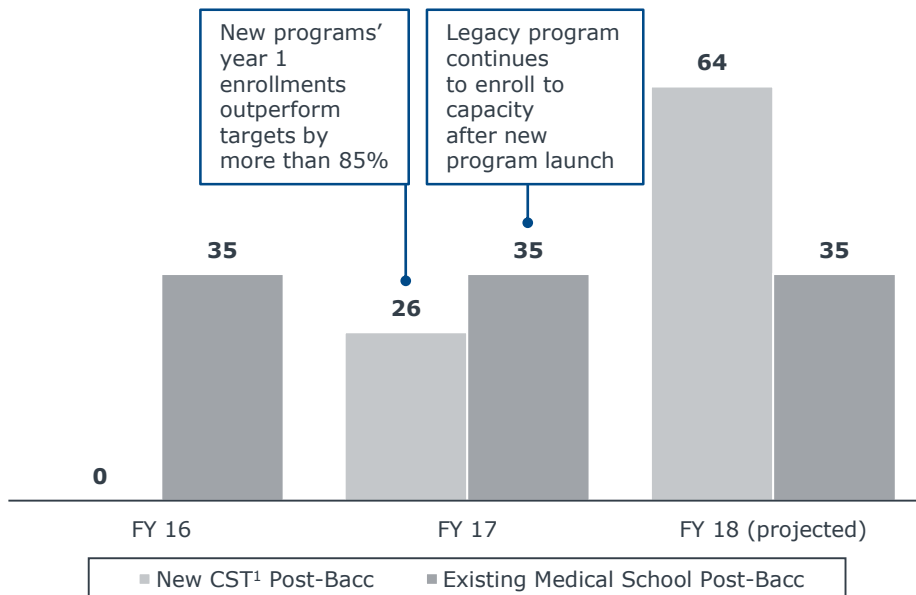
Accessible, straightforward form prompts faculty to raise concerns about new programs' cannibalization potential. Faculty select type of concern from a pre-populated list and describe legacy programs that may conflict with new proposals.

Cannibalization Review Process at Work

New CST¹ 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 CST¹ post-bacc by 2020

1) College of Science and Technology.

1

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



31

Types of Academic Program Costs

	 Direct	 Indirect	 Incremental	 Knock-On
<i>Description</i>	• 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
<i>Relative Magnitude</i>	High	Moderate	Low	Moderate
<i>Misestimation Risk</i>	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

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

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
Total NEW	21	30	36	41

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

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

Expected Credit Enrollment per Student in each Semester

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

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

Comment boxes provide guidance on common faculty problem areas

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

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

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

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

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 <i>required</i> for the major that are offered by other departments and the projected enrollment of <u>new</u> 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

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

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%

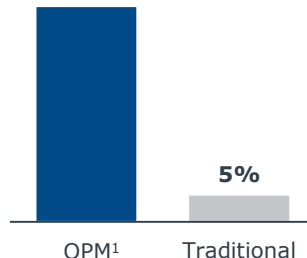
Increase in graduate program cost-per-click from 2009-2014

2 Increasingly high standard for marketing spend

Traditional institutions competing with for-profits and OPMs¹ that invest significantly in marketing

Average new program's budget allocated to marketing

40%



...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

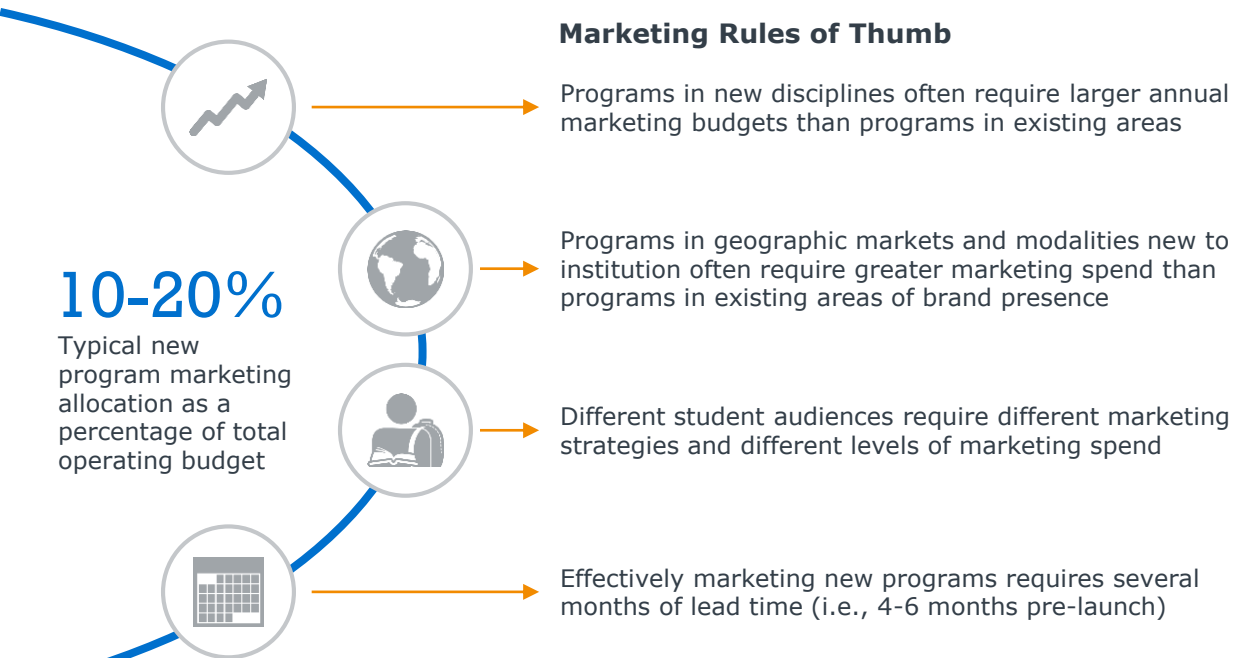
Savvy consumers seek validation of investment from third parties

87%

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

Tool 7: Marketing Investment Rules of Thumb

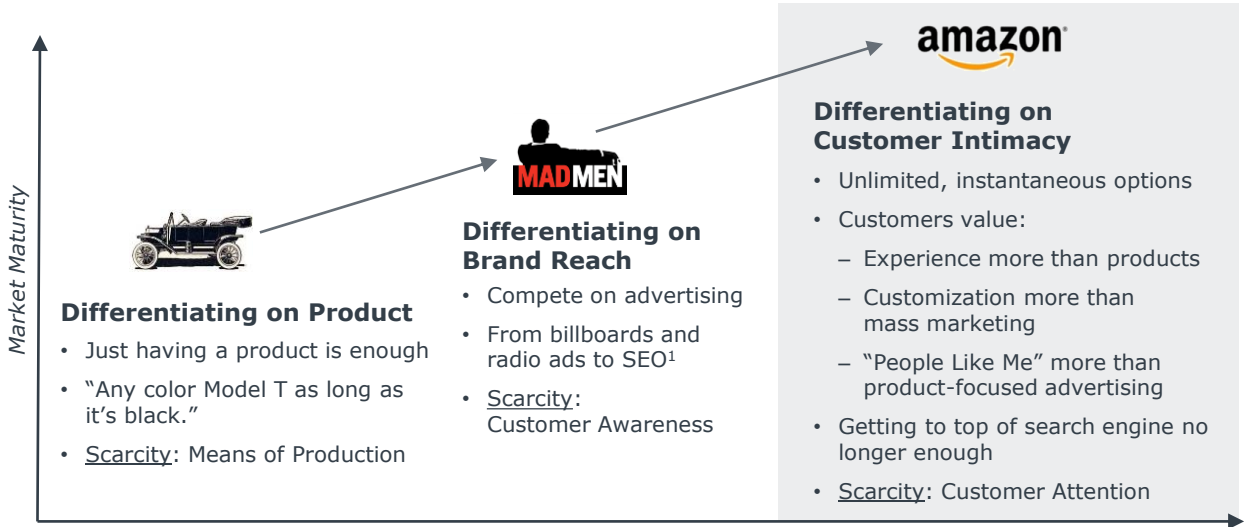
Program Specifics Will Dictate Need



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

The Evolution of Marketing

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



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.

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

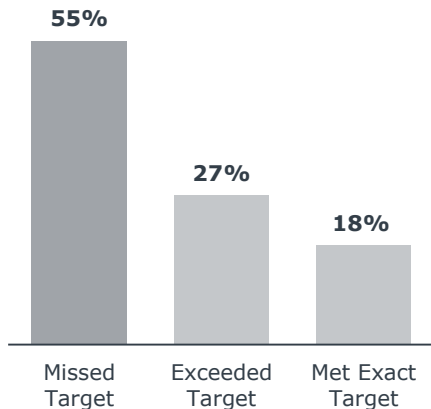
Mistake 8: Aiming for Near Certainty in Financial Projections



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.”

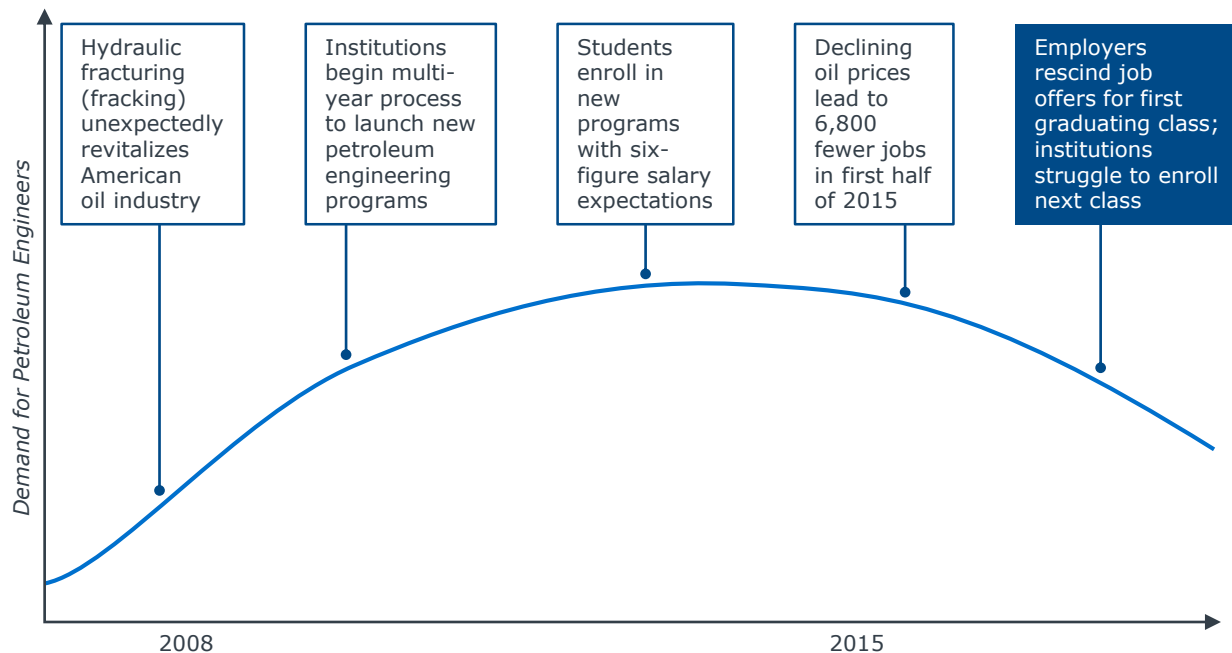
*Director of Adult and Online Education,
Comprehensive Public University*

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		
<i>Note: tuition rises 4% per year unless otherwise noted</i>		
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.

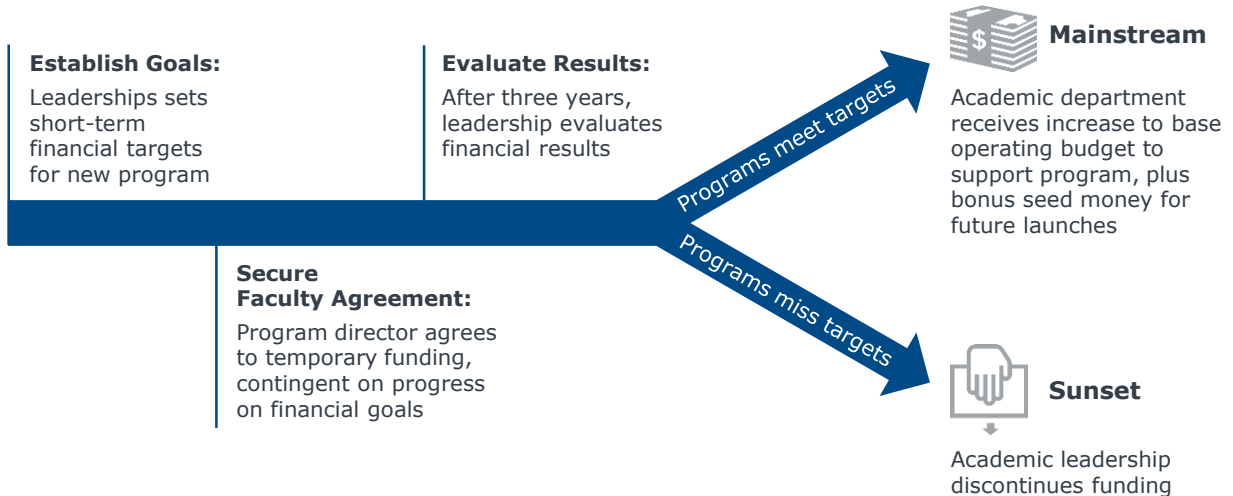
Mistake 9: Committing Inflexible, Fixed Resources Before Programs Demonstrate Demand



Upfront Sunset Provisions Facilitate New Program Closures



Upfront Sunset Provision Process for New Programs



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/E¹ ratio targets
- Targets vary based on program type, location, and proportion of direct expenses
- Recurring failure to achieve expected I/E¹ 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.

Tool 9: New Program Cost Minimization Checklist

Proven Playbook for Minimizing Upfront Costs of New Programs

Type of Expense	Cost-Minimizing Tactics
<i>Instruction</i>	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.
<i>Administration</i>	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.
<i>Facilities</i>	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.
<i>Licenses</i>	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.

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

”

Thomas Jefferson U's Template Enables Review of Program Performance



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.

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		

Webconference Survey and Contact Info

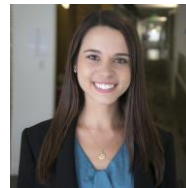


Evaluating Today's Session



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

Contact Information



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Please note that the survey does not apply to webconferences viewed on demand.



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