How to Create Agile, Market-Driven Strategy

June 18, 2019

Community College Executive Forum

Audio Options

Refer to the webinar confirmation email you received in your inbox.

Date Time: Jul 23, 2018 11:30 AM Eastern Time (US and Canada)

Join from a PC, Mac, iPad, iPhone or Android device:

Please click this URL to join. https://eab.zoom.us/w/477956446?tk=v76BQ7-GGtjFFkf-Cv5w3gWr_whS5K-vlY_kTcb9uQE.DQEAAAAAHH0JXhZsS3lTZWJ1VVNSMjRzY2FFMWxxZ1NBAA

Note: This link should not be shared with others; it is unique to you.

Add to Calendar   Add to Google Calendar   Add to Yahoo Calendar

Or iPhone one-tap :

US: +16468769923,,477956446# or +16699006833,,477956446#

Or Telephone:

Dial(for higher quality, dial a number based on your current location):

US: +1 646 876 9923 or +1 669 900 6833

Webinar ID: 477 956 446

International numbers available: https://zoom.us/u/nndvwKZ5

Using Your Computer Speakers

If you select the "Computer Audio" option, please be sure that your speakers or headphones are connected.

Using Your Telephone

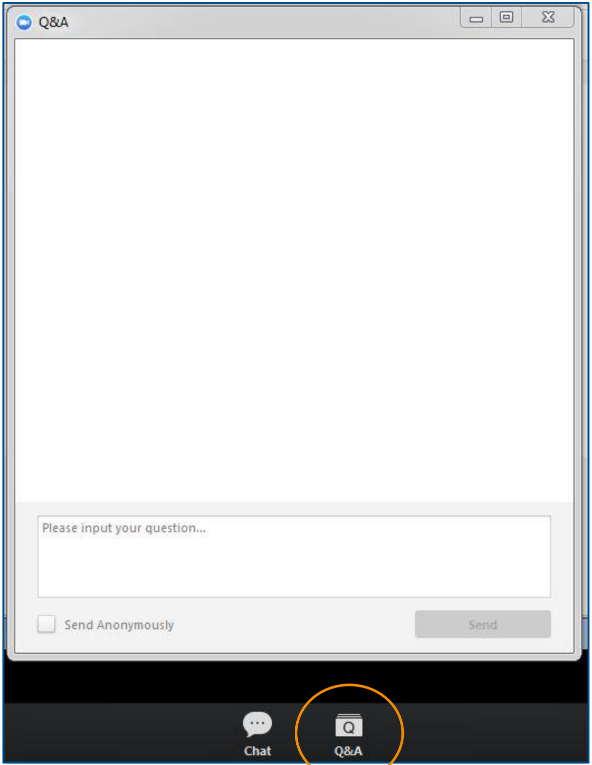
If you select the "Phone Call" option, please dial in with the phone number and access code provided.

Asking a Question

To ask the presenter a question, navigate to the Q&A button at the bottom of your screen and type it into the Q&A Panel.

After the webinar, a member of our team will be in touch to follow-up on your questions individually.

Type your question here



Community College Executive Forum Team

Today's Presenter

Larisa Hussak, PhD
Consultant,
CCEF

lhussak@eab.com
202-266-6950

Member Services Team

Kibibi Bonner
Senior Strategic Leader,
Research Member Success

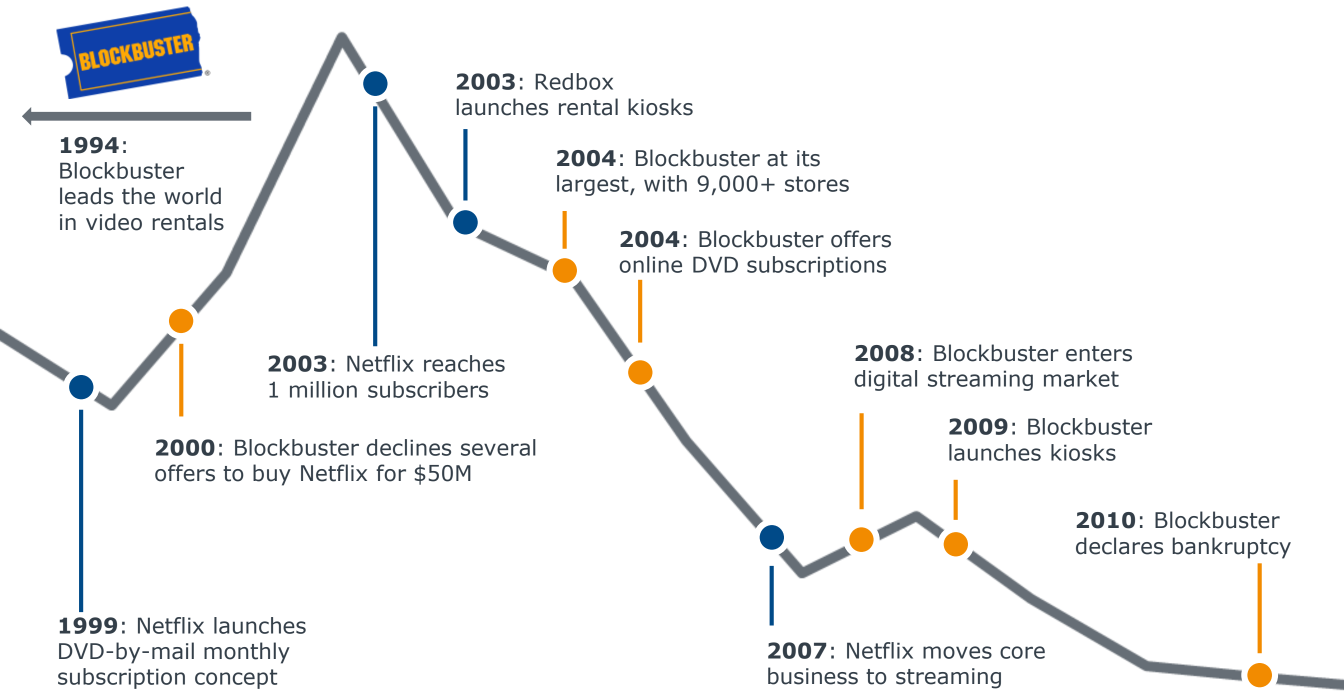
kbonner@eab.com
202-568-7842

Carter Carney
Strategic Leader,
Research Member Success

CCarney@eab.com
202-266-5908

From Boom to Bust

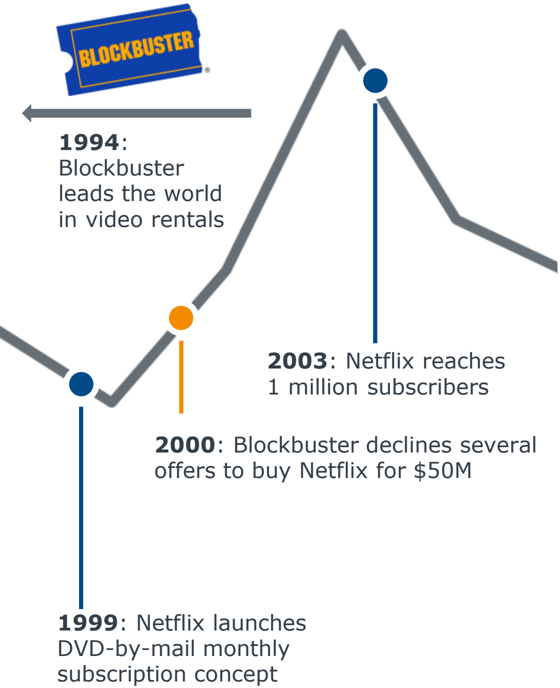
How Reactionary, Market-Blind Strategy Doomed Blockbuster



Sources: "Creative Destruction: Netflix vs. Blockbuster", Mark Perry, AEI.org; "Blockbuster Bankruptcy: A Decade of Decline," Austin Carr, Fast Company; "Timeline of Netflix," Wikipedia; "Blockbuster CEO Has Answers", (2008) Rick Munarriz, The Motley Fool EAB interviews and analysis.

Resting on Their Laurels

Failure to Plan for the Future Left the Door Open for Competition



Strategic Misfire: Assuming Continuity

"This is a powerful brand worldwide. We're **strategically better positioned than almost anyone out there**. Never in my wildest dreams would I have aimed this high."

Ken Lewis
Former Head of Blockbuster Digital Strategy

"[When we approached Blockbuster with a sale offer], they **nearly laughed us out of the office**."

Former Netflix CFO

Sources: "Creative Destruction: Netflix vs. Blockbuster", Mark Perry, AEI.org; "Blockbuster Bankruptcy: A Decade of Decline," Austin Carr, Fast Company; "Timeline of Netflix," Wikipedia; "Blockbuster CEO Has Answers", (2008) Rick Munarriz, The Motley Fool EAB interviews and analysis.

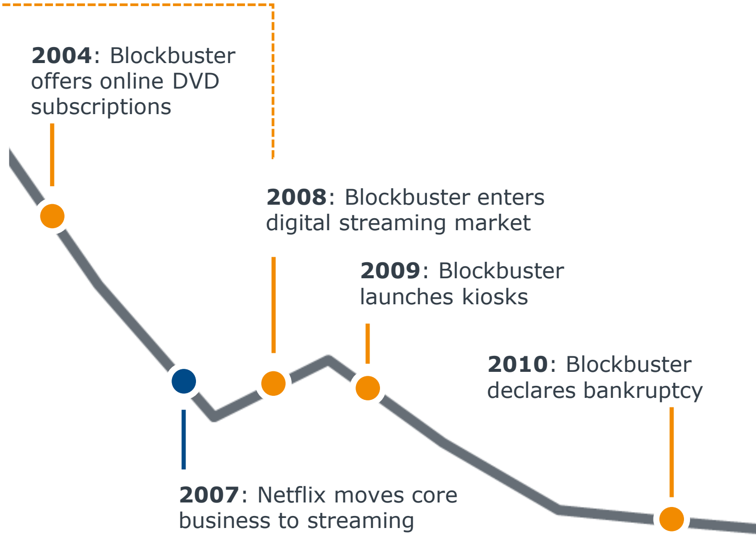
Too Little, Too Late

Reactive Efforts Not Enough to Drive Differentiation

Strategic Misfire: Reactive vs. Proactive

"Having some skin in the digital game is important—but it's still a niche market. Should we **invest in a digital streaming market that's at best five years away** from being commercial? I don't think so."

Jim Keynes, 2008
Former CEO of Blockbuster



Sources: "Creative Destruction: Netflix vs. Blockbuster", Mark Perry, AEI.org; "Blockbuster Bankruptcy: A Decade of Decline," Austin Carr, Fast Company; "Timeline of Netflix," Wikipedia; "Blockbuster CEO Has Answers", (2008) Rick Munarriz, The Motley Fool EAB interviews and analysis.

From the Private Sector to Our Own Campuses

Higher Ed Strategic Plans Show Hallmarks of Doomed Strategy

Three Characteristics of College Strategy

1

"The masses need a strategic plan, but it is out of date as quickly as it's printed."

President

Present-Focused

2

"For faculty, they don't see the changes happening outside their classroom."

VP of Academic Affairs

Ignorant of Market Shifts

3

"Our college is notoriously slow. It took years just to get on the same page."

President

Slow and Reactive

Source: EAB interviews and analysis.

Imperatives for Agile, Market-Driven Strategy

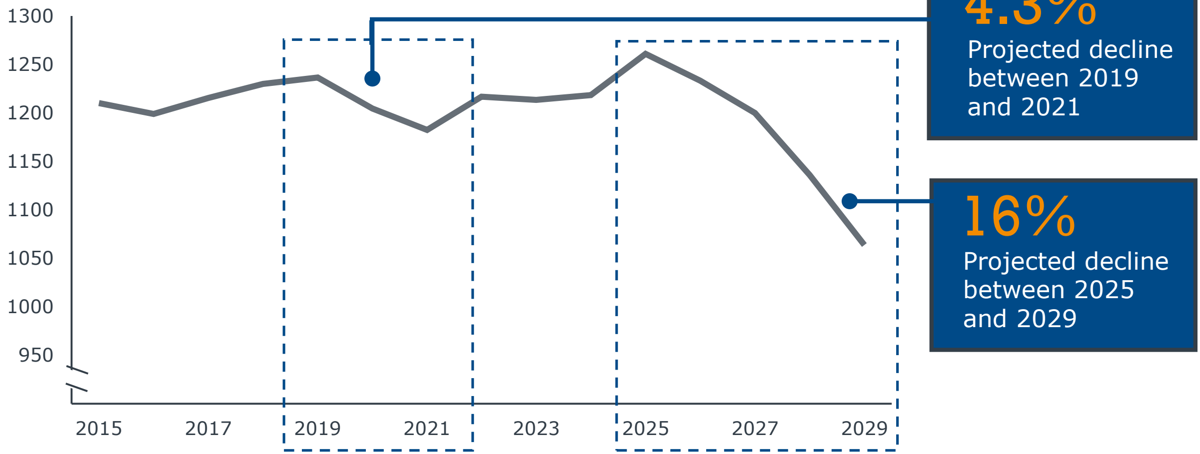
1. Prepare for a Radically Different Future
2. Read from the Outside In
3. Anticipate and Embrace Change

A Familiar [and Alarming] Tale

Dearth of Recession-Era Births To Take Drastic Toll on Two-Year Enrollments

Heading Toward a Cliff

Two-Year Enrollment Projections for 18-year-olds, in Thousands



> The primary challenge for the two-year sector in the next fifteen years is clear: dramatically reduced enrollments. Indeed, the **expected rate of contraction in two-year enrollments is almost 20% faster than for college enrollments in general.**
>
> Nathan Grawe, *Demographics and the Demand for Higher Education*, 2018

Source: Nathan D. Grawe, *Demographics and the Demand for Higher Education*, (Baltimore: Johns Hopkins University Press, 2018); EAB interviews and analysis.

Traditional-Age Enrollments Not the Whole Story

Disruptive Changes Ahead for the Entire Sector

Major Dual Enrollment Growth

Dual enrolled students at public two-year colleges **more than doubled** from 2007-2017

Widespread Curricular Reform

Thirty-one states have a statewide assessment and placement policy; 21 have authorized use of innovative curricular policies

Sector-Shifting Policy Proposals

Twenty states have active promise programs or bills under consideration

Traditional Revenue Declines

State funding for higher education remains 13% below pre-Recession levels, despite economic recovery

Source: Digest of Education Statistics, NCES; "Tuition-free College is Now a Reality in Nearly 20 States," CNBC, March 12 2019; "50-State Comparison: Developmental Education Policies," Education Commission of the States; "'Lost Decade' Casts a Post-Recession Shadow on State Finances," Pew Charitable Trusts, June 4, 2019; EAB interviews and analysis

Look Ahead to Plan Ahead

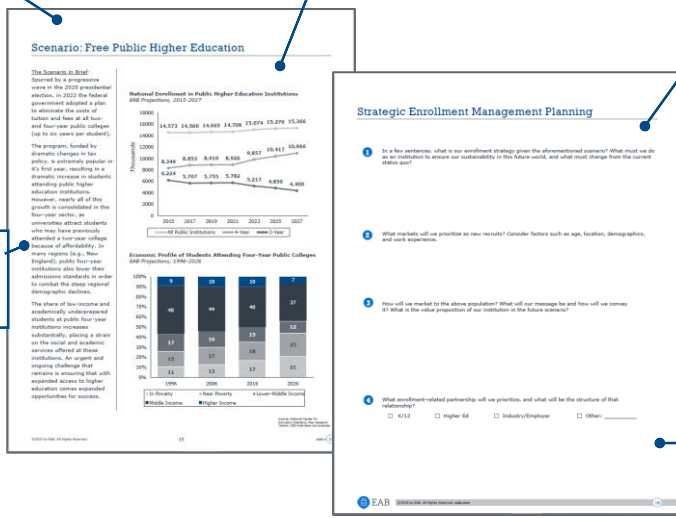
Leverage Scenario Planning To Prepare For A Multiplicity of Futures

Key Components of Effective Scenario Plans

Supplement storyline with quantitative projections and trends

Craft scenarios that reflect a significant departure from current realities

Create discussion questions that foster engagement with the scenario



Include a detailed narrative to enhance comprehensiveness

Encourage strategic thinking by requiring participants to make trade-offs

Source: EAB interviews and analysis

Gazing in the Mirror

Strategic Plans Largely Ignore Market Trends and Environmental Forces

Emphasize Internal Stakeholders

Incremental Projections

Focused on Institutional Data

Rely on Historical Practices

Strategic Plans are Inward Looking…

Average Count of Common Words by Theme[1]

199 vs. **57**

Inward-Looking Words

Examples:
- *Our*
- *Us*
- *Faculty*
- *Campus*

Outward-Looking Words

Examples:
- *Community*
- *State*
- *Global*
- *Market*

122 vs. **69**

Past/Present Tense Verbs

Examples:
- *Is*
- *Are*
- *Has*

Future Tense Verbs

Examples:
- *Will*
- *Be*

1) EAB Analysis of 11* Strategic Plans

Source: EAB Research and Analysis

Use Data to Inform Strategy From the Outside

Turn What You Already Have Into A Blueprint For Future Transformation

Changing Student Demographics

- Community colleges are expected to see a **19% decline in non-Hispanic White** high school graduate attendees

Shifting Employer Demands

- **Alternative energy technicians** are the **fastest growing** occupations projected through 2026

Evolving Consumer Behavior

- **Part-time student attendance is expected to grow by 5%** through 2029 compared to 1.5% for full-time student attendance

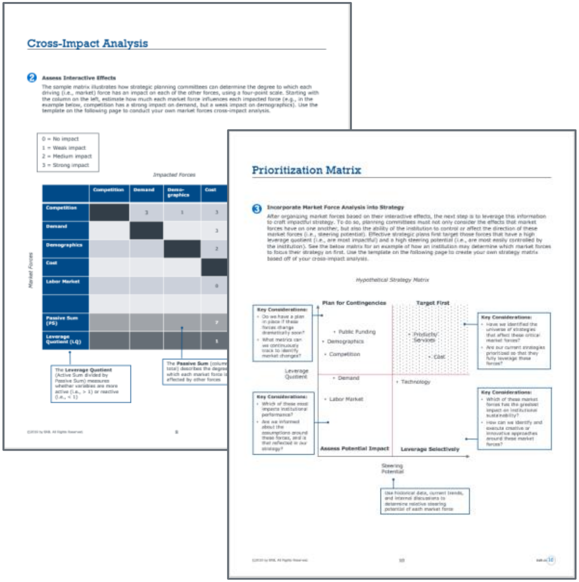
Common Strategic Considerations:

- Advance Student Equity
- Improve Access and Attainment
- Launch and Grow New Programs
- Develop Alternative Revenue Streams
- Grow Enrollment Market Share

Source: Grawe N, "Demographics and the Demand for Higher Education," 2018; "Occupational Outlook Handbook," Bureau of Labor Statistics, April 12, 2019; Digest of Education Statistics, NCES; EAB interviews and analysis.

Enhance Market Alignment with Strategic Bets

Use Quantitative, Qualitative Information to Prioritize Market Forces



Address Impactful Market Forces in Your College Strategy

1. **Identify Relevant Market Forces**
   - Policy
   - Student Demand
   - Competition
   - Cost
   - Programs/Services

2. **Determine Relative Impact**

   Conduct a Cross-Impact Analysis to determine which forces are “drivers” (i.e., influence others) and which are “reactors” (i.e., influenced by others)

3. **Assign Prioritization Based on Impact, Controllability**

   Target “driver” forces that the institution has high control over (e.g., cost), and incorporate these forces into every strategic conversation and initiative

Take Your Next Meeting Out of the Here and Now

Quick Wins to Help Your Team Think Outside the Boardroom

Look Outside

Take an Extra 20 Seconds

Research has found that when people spend an extra 20 seconds crafting an explanation, they're more likely to incorporate external, historical, and market information

Take Action: Stop and Think

- After a new idea is posed, impose a mandatory "thinking period" before soliciting responses

Look Ahead

Take Your (Inner) Child to Work Day

Children's imaginations are less constrained by present-day and physical realities. Incorporating imagination activities frees leaders from operational thinking and encourages bold ideas

Take Action: Imagination Station

- Conduct a 15-minute "imagination intensive" at the outset of strategic conversations. Reward the most creative idea generated

Source: Hussak, L. J., & Cimpian, A., "Memory Accessibility Shapes Explanation: Testing Key Claims of the Inherence Heuristic Account," 2018; EAB interviews and analysis.

What a Difference 10 Years Makes

Lengthy Cycles, Missed Assumptions Hinder Colleges' Ability to Be Agile

When Strategic Assumptions Ignore Market Reality

Ten-Year Vision: 2017-2027

We will grow enrollments by 10% by 2027 leveraging our longstanding reputation in professional masters programs in Business, and expanding our international presence

Strategic Assumptions:

- ✖ Demand for MBA will remain high
- ✖ International student pool will be sufficiently large
- ✖ Current delivery model will remain competitive

FT FINANCIAL TIMES

Sept. 2018—"Demand for MBAs Falls for the First Time"

INSIDE HIGHER ED

Nov. 2018—"New International Enrollments Decline Again"

Pittsburgh Post-Gazette

Dec. 2018—"MBA of the Future: More Courses Online, Less Time on Campus"

"These [strategic planning] documents don't actually drive decision-making because they **don't represent reality about three months after they're produced**"

President, Private Baccalaureate College

Source: Moules, J., *Demand for MBAs Falls for the First Time,* Financial Times, September 30, 2019; Redden, E., *New International Enrollments Decline Again*, Inside Higher Ed, November 13, 2018; Gannon, K., *MBA of the Future: More Courses Online, Less Time on Campus*, December 10,2018; EAB interviews and analysis.

Embed Agility into Strategy-Setting

Set Assumptions "Tripwires" to Trigger Immediate Action

Outline Assumptions Underlying Strategy

Assumptions describe the institutional, environmental, or market conditions necessary for a particular strategy to succeed

Example: Digital Badging

Assumptions

- Labor Market: Employers Value Digital Badges
- Competition: Digital Badges are a Differentiator
- Student Demand: Students Are Interested in Career-Relevant Programs

Identify Signposts to Track Assumptions

Signposts are quantitative metrics that signal whether an assumption is valid

Example: Digital Badging

Signposts

- Labor Market: Job Placement For Badge-Holding Students
- Competition: Institutions Offering Badges
- Student Demand: Enrollments in Badge Programs

Set Tripwires to Trigger Action

Tripwires are the signpost threshold that indicates an assumption is invalid

Example: Digital Badging

Tripwires

- Labor Market: Job Placement Below 80%
- Competition: More than 75% of Competitors Offer Badges
- Student Demand: Enrollments Fall by 2+% from Initiation

Source: EAB interviews and analysis.

Next Generation Community College Strategy

Join Us at Our Strategy Intensive Meeting Series

Leading Transformation

- Identify psychological barriers to strategic transformation
- Provide tools to craft future-focused campus strategy

Designing the Agile Community College of the Future

- Adapt campus policies to be responsive to shifting student and sector demand
- Ground strategy in market trends and forecasts

Save The Date

July 24 *(waiting list only)*
Washington, DC

November 21
Chicago, IL

January 29, 2020
Los Angeles, CA

Source: EAB interviews and analysis

Crafting Transformational Strategy Toolkit

New This Summer: Start-to-Finish Support for Agile, Market-Driven Strategy

Prioritize Market Forces

Identify and incorporate critical market forces into strategic decisions

Contains:

- *Market forces prioritization calculator*
- *Strategic discussion drivers*

Scenario Plan

Plan for a multiplicity of future states to create strategy that is agile and market-driven

Contains:

- *Enrollment, market projections and trends*
- *Strategic enrollment planning worksheet*

Evaluate Assumptions

Outline key internal and market assumptions underlying strategic goals

Contains:

- *Market, political, behavioral, and societal assumptions checklist*

Set Tripwires

Create action triggers to respond to environmental shifts

Contains:

- *Market signals identification*
- *Tripwire calculator*

Source: EAB interviews and analysis.

How EAB Can Help

Partner With Us to Ensure Your Strategy Sets Your College Up for Success

Learn Best Practices in Transformational Change

CCEF Strategy Intensive Meeting

Learn from research experts and peers in an interactive setting, exploring the barriers to transformational change and the best practices to overcome them.

Assess Internal Roadblocks

Strategic Mindset Diagnostic

Identify group-level dynamics and barriers to change within decision-making bodies. Receive tailored, actionable advise on how to create strategic mindset shifts.

Educate Internal Stakeholders

Private Label Webinar

Share insights from EAB’s strategy research with internal teams through a customized research presentation and discussion.

Drive Sustainable Change

Toolkit Walkthrough

Receive individualized guidance on implementing EAB tools and resources, including creating effective and immersive scenario planning experiences.

Source: EAB interviews and analysis.

Connect With Us To Learn More

EAB's Strategy Support

Strategy Intensive
National Meeting Series: Register Here

Blog Post: Three Things Community Colleges Get Wrong About Strategy—And How to Get Them Right

Webconference: Top Strategic Opportunities for Community Colleges in 2019

Today's Presenter

Larisa Hussak, PhD
Consultant,
CCEF

lhussak@eab.com
202-266-6950

EAB

Washington DC | Richmond | Birmingham | Minneapolis

P 202-747-1000 | **F** 202-747-1010 | eab.com