

# Financing Agility and Innovation

## Part 1: Investing for Growth



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# Hitting a Brick Wall

## COE Strategy Often Thwarted by Institutional Structure and Politics

### 1 *Authority, But No Budget*

- COE unit executive develops strategic plan for 5-year growth
- Plan includes expanded authority to offer professional master's programs
- Successfully lobbies for conferral authority from provost and faculty senate



CBO lowers COE budget allocation to forestall faculty pay cuts. COE unit left without funds to invest in new programs

### 2 *Stalled by Faculty*

- COE unit executive works with VP for Enrollment Management to develop professional, for-credit certificates targeted to recent undergraduates
- Provost supports effort, recognizing need to embed professional competencies in student experience



Faculty leaders tie up program proposals in senate approval stage, stalling introduction of programs for more than two years

### 3 *Competition for Revenue*

- COE unit gains authority to move high-profile graduate programs online
- Years of negotiation between campus stakeholders lead to an agreement for revenue sharing between COE, core campus, and colleges, paving way for migration to online



Deans capture all online revenue centrally, rather than allocating to departments doing the work, weakening the incentive

# If You've Seen One COE Unit...

## No Two COE Units Exactly Alike in Portfolio or Authority

### An Unpredictable (Sometimes Downright Baffling) Mix



#### *Educational Products for Non-Traditional Learners*

- Graduate degrees
- Undergraduate degrees
- Credit certificates
- Non-credit certificates
- Standalone credit courses
- Standalone non-credit courses
- Contract/custom corporate education
- Bootcamps
- Partnership programs



#### *Mission Extenders*

- Summer session
- Conference center
- International recruiting
- OSHER Institute
- K-12 Programming
- Study Abroad
- OID Support
- Military and Veteran Services
- Academic Advising and Student Support



#### *Some Odd Ones We've Heard in Our Travels*

- University parking services
- Undergraduate graduation ceremony

*How does your authority extend on campus?*

*What odd sources of authority or oversight do you have?*

# Changing Hats on the Rack

## COE Executives Asked to Do More Than Ever

### Sampling of Titles Illustrates Growing Array of Responsibilities

- *VP for Lifelong Learning & Strategic Growth*
- *Dean of Academic Outreach & Innovation*
- *Dean, Division of Continuing, Online, and International Education*
- *Director of Special Programs, Online, and Continuing Education*
- *VP for Continuing Education, Planning & Outreach*
- *Vice Provost for Adult & Graduate Education*
- *Assistant Vice Provost, Online and Summer Programs*
- *Vice Provost, Academic Innovation*
- *Vice Provost, Graduate Education, Research, and Outreach*

**100%** Increase in average number of words in COE executives' titles

### While Tasked with Most Complex Initiatives



Jeff Jones  
*Vice Provost for Regional Campuses*



Oversees online education, community and corporate partnerships, and transfer student strategy



Cynthia DeLuca  
*AVP for Innovative Education*



Oversees campus partnerships, completion programs, and K-12 outreach



Gary Matkin  
*Dean of Continuing Education & Vice Provost of Career Pathways*



Oversees career advising, corporate partnerships, and university extension programs

# Groundhog Day

## Near Constant Swings Between Organizational Structures Common

### Decentralizing Forces

- Deans want control of program development funding
- Chief marketing officer wants to absorb adult program marketing
- Faculty don't respond to financial incentives
- COE unit not able to support launch of faculty-proposed programs
- Faculty question online program quality, demand development oversight

### Centralizing Forces

- Academic colleges struggle to independently enroll students in adult-serving programs
- Little expertise serving adult student populations
- Duplicated support services place strain on institutional budgets
- Internal competition from overlapping offerings
- Missed opportunities to create enrollment pathways for adult students

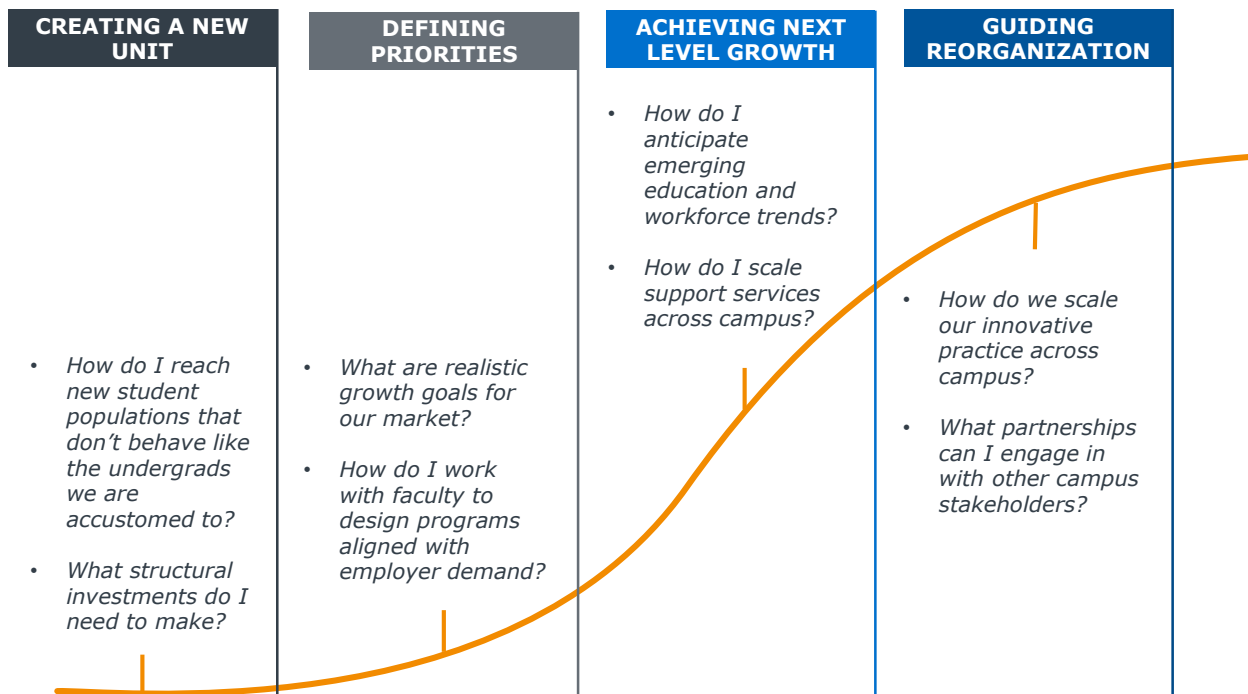


“I wish I knew more about how these adult-serving units are best organized. We struggled to grow enrollments among non-traditional audiences, so I just eliminated our extended campus unit and re-located all programming to our academic colleges. **Now I fear I’ve made a critical mistake.**”

*Provost, Private Master’s University*

# Guidance Along the Maturity Curve

Goals, Priorities, and Strategies Shift As Units Grow





# COE Forum Organizational Benchmarking Survey



## Organizational Benchmarking Survey

- Launched in 2012
- 80 Questions
- 45-60 minutes
- Typically completed by senior-most COE executive, but save-and-continue function enables staff responses

## Asking Members to Describe Themselves According to Easy-But-Informative Rubrics

**Q: "Which of these most closely describes your unit?"**

### Core Faculty Program Administration

Largely  
Uninvolved

Ladder Faculty  
Chair in 20-50%  
of Programs

Ladder Faculty  
Chair in 50-80%  
of Programs

Ladder Faculty  
Chair in  
80%+/Required

### Principal Pricing Strategy

Competitor  
Benchmarks

Parity to Campus  
Programs

Higher than  
Campus  
Programs

Lower than  
Campus  
Programs

Complete the survey and the new module at: [www.eab.com/coe/orgsurvey](http://www.eab.com/coe/orgsurvey)

# A One-of-a-Kind Data Set on COE Units

## Correlating Specific Attributes to Recalibrate Organizational Decisions

### Institutional Attributes

#### Core Campus

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

#### COE Unit Structure

- Self-Supporting/Subsidized
- Activities Managed
- Administrative Staff Reporting

### Academic Governance

#### Program Approval

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

#### Faculty Structure

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



### Critical Organizational Design Considerations

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

**230+** Institutional responses create a diverse benchmarking cohort

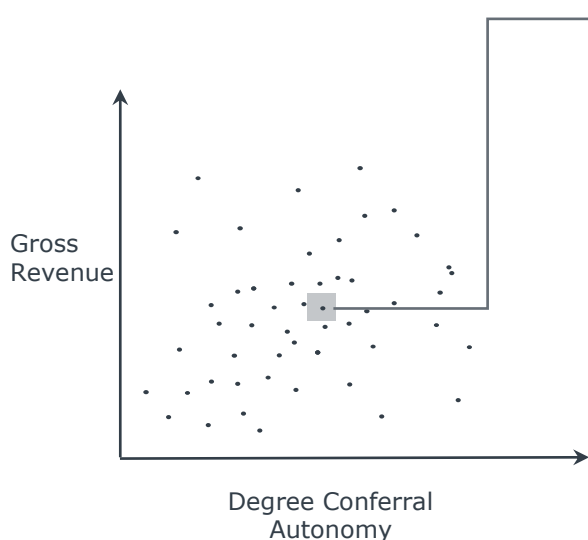




# Providing Peer Benchmarking On Specific Attributes

## Illustrative Analyses from COE Forum Organizational Benchmarking Survey

### Where Do We Stand Overall?

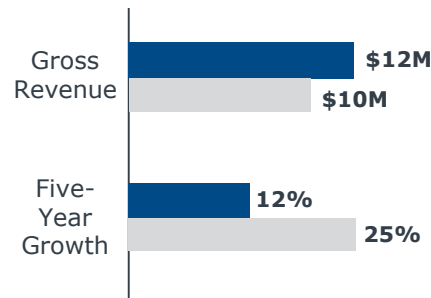


### How Do We Compare to Units Most Like Us?

*COE Unit Attributes*



(n = 11 peers)

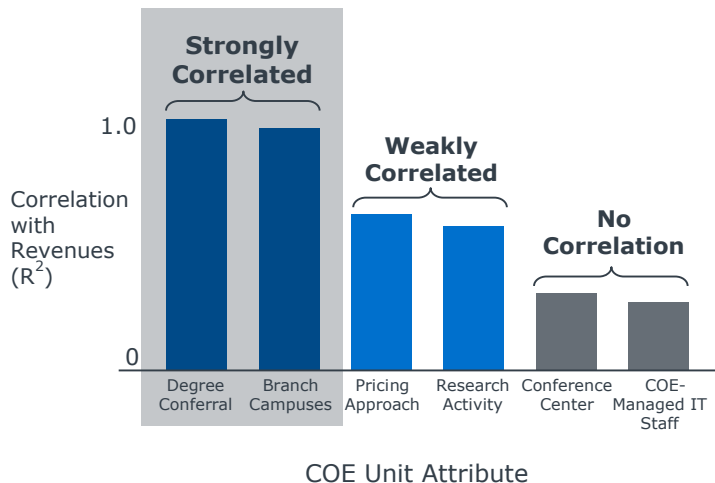


■ My Institution ■ Peer Average

# Identifying and Calibrating Productivity Drivers

## Illustrating Analyses from COE Forum Organizational Benchmarking Survey

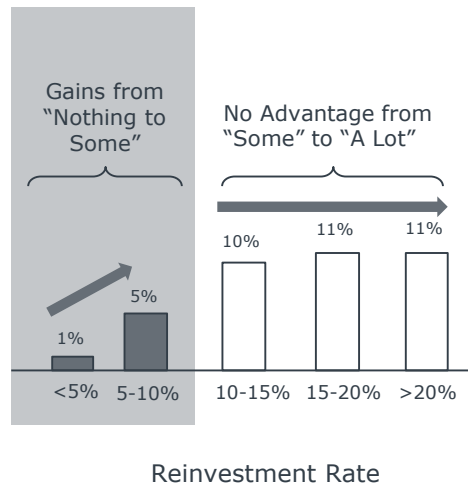
### What Organizational Attributes Most Influence Growth?



### What Are the Resource and Autonomy Inflection Points?

*Growth vs. Reinvestment Rate*

Five Year Growth (CAGR)



# An Evidence-Based Case for Change

## Evaluating the Impact of Operational and Governance Structures on Productivity and Growth

1

### Advocating to Leadership for Sufficient Resources

#### Member Questions

- “Where do I invest in staff to immediately jumpstart growth?”
- “How many FTE do peer units allocate across functions?”
- “What are ‘nice-to-haves’ that most units think are critical?”



#### Possible Recommendations

- *Invest in COE-specific marketing function to boost enrollments for existing programs*
- *Hold on hiring instructional designers until more online programs start development*

2

### Setting Achievable Revenue and Enrollment Goals

#### Member Questions

- “What are reasonable revenue and growth goals for the resources we have?”
- “How can I communicate the limitations of our current portfolio?”
- “How are units in our competitive area resourced?”



#### Possible Recommendations

- *Similar institutions see stagnant revenue growth, indicating minor gains could be a major success*
- *Communicate to stakeholders how COE programs engage underserved student populations*

3

### Deciding Conferral Authority and Revenue Share Plans

#### Member Questions

- “Do other units in our peer group have the ability to confer degrees?”
- “How much revenue could my institution expect to share back with faculty?”
- “What are the best ways to involve faculty in program approval?”



#### Possible Recommendations

- *Peer institutions allocate 20 percent of revenue to departments, amounting to more than \$1 million annually*
- *Create a faculty committee to review COE program proposals, rather than relying on a full senate vote*

# Introducing the Agility & Innovation Module

## Focus Areas for Module Data



Emerging Staff Roles



Strategic Reserve Funds



Short Format Credentials



Program Redevelopment



### The Module at a Glance

- 30 questions
- Takes 8 minutes to complete
- Released in late Fall 2017
- 70 participants to date

## What We Can Help You Answer

- *What do I need to invest in new program development?*
- *What do my peers spend on program marketing?*
- *What staff should I invest in to seed growth?*
- *Are we too reliant on one type of program revenue?*
- *What support functions should we think about insourcing from a third-party vendor?*
- *Where should I look to grow our capabilities next?*

# What Makes Innovation Challenging for COE?



## **Lack of Staff Capacity**

COE units lack the staff capacity and infrastructure to launch and operate new programs quickly



## **Tight Budgets Impede Risk-Taking**

As institutional budgets face stress, COE units are left with little funding for strategic growth initiatives



## **Focusing on What You Already Do Well**

Many units logically prioritize programs and credentials where they've previously experienced success



## **Launching Programs Expensive and Slow**

Launching programs, while key to growth, is limited by access to staff time and capital



## **Limited Authority**

COE units rarely have broad mandates to offer any program that displays strong market potential

# Data Only Gets You So Far

## Identifying Peers Who Can Help with the How, Not Just the What

1

### Expanding Staff Capacity

COE unit needs data to show that peers maintain more FTEs. Highest-revenue peers also have the largest staffs



Benchmarking data shows unit understaffed compared to aspirant revenue peers



### Lacking Executive Buy-In

Provost unconvinced by data, demands more revenue growth before further investment

2

### Broadening Conferral Authority

COE leaders seek authority to offer credit-bearing programs in order to meet ambitious revenue-targets



Benchmarking data shows high-revenue units maintain broad authority to offer diverse array of programs and credentials



### Faculty Opposition

Faculty leaders oppose ceding any programming to COE unit, seeing it as trampling faculty authority

3

### Revising Revenue-Sharing Model

COE leaders seek to shift more revenue from programs to departments in hope of incentivizing faculty participation



Benchmarking data shows high-performing peers allocate more revenue to academic departments and colleges



### Money Only the Start

Financial incentives alone not enough to incent many overburdened and skeptical faculty

# A Word About the Data You'll See Today

## From the Original Survey

- 230 institutional responses
- Launched in 2012
- Data included for the following topics:
  - *Staffing levels and support functions*
  - *Strategic investment*
  - *Sunsetting programs*
  - *Portfolio diversity*

## From the Agility & Innovation Module

- 70 institutional responses
- Launched in 2017
- Data included for the following topics:
  - *Funding for strategic reserves*
  - *Emerging staff roles*
  - *Program revision*

## Caveats to the Data



### *Not Always Apple to Apples*

Longitudinal data does not include exact same set of institutions in 2012 and 2017



### *Balancing Broad Applicability with Precision*

Questions framed to apply to wide variety of institutions limits ability to arrive at most precise recommendations



### *Relies on Self-Reporting*

Data is self-reported by member institutions, meaning some data is down to interpretation of questions

## Investing for Growth

1

### Support Infrastructure and Staffing



Build internal infrastructure and staff ahead of need to ensure capacity is not an inhibitor of growth.

2

### Strategic Investment Funds



Create an internal fund to invest in high-potential programs likely to grow future revenues.

3

### Differentiated Offerings



Prioritize programs likely to stand out in an increasingly competitive market.

4

### Balancing Launch and Revision



Design flexibility in programs to ensure launched programs can be re-positioned for success.

5

### A Diverse Portfolio



Maintain a broad portfolio with multiple credential types and modalities.



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What functions and staff positions are needed to compete in today's market?

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How can I fund new staff functions in an era of tightening budgets?

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What expertise can we add to our existing staff to prevent program launch mistakes?

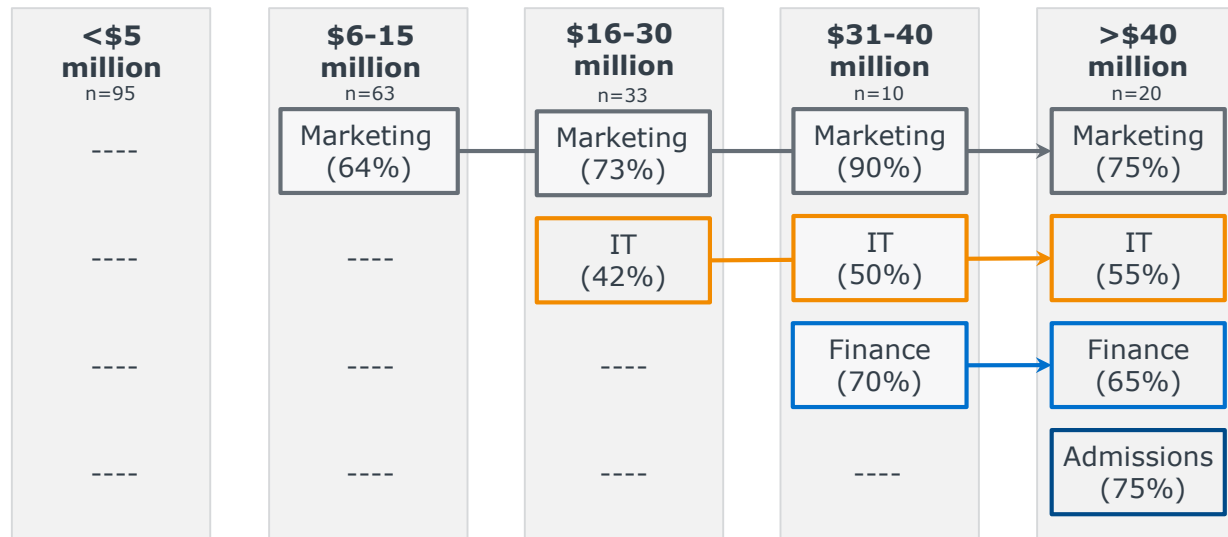
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How can I better deploy staff to execute against aggressive program launch timelines?

# At What Revenue Sizes Do We Need to Add Staff?

## Support Functions Correlated to Revenue

### COE Dedicated Staff Functions By Annual Revenue



#### Getting on the Board:

A staffing functionality is listed if ~50% of respondents in the given revenue band reported it was in their portfolio.

# Investing in Financial Expertise

## Dedicated Analyst for Forecasting Program Profitability



The COE Financial  
Analyst

### Key Responsibilities

- Partners with faculty to project costs for new program launches
- Creates self-service tools for faculty to build program business plans
- Provides critical cost-context to labor market analysis

*“This role is a key part of our shift towards building profitable programs that benefit students and the university.”*

Luke Dowden  
University of Louisiana  
at Lafayette

### The Value of More Precise Measures of Total Cost



#### *Anticipate Impact of Indirect Costs*

- New program proposals typically underestimate indirect costs for facilities, tech, and student services
- Incremental increases in administrative costs created by growth of programs over time



#### *Provide Context to Labor Market Demand Data*

- High-demand programs face strong competition and high start-up costs
- Mid-demand, low-cost programs can offer the clearest path to profitability

### Specialized Financial Support Possible at Every Revenue Level



- CBOs often willing to lend FTE to support sustainable planning and growth
- Templated financial planning tools can equip faculty to anticipate costs and build their own financial models

# 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
<b>4+1</b>	0	0	0	0
<b>Total NEW</b>	21	30	36	41

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

**This row for track-up/4+1 ONLY**

**Expected Credit Enrollment per Student in each Semester**

Student Type	Total # of Program Credits	Expected Credit Enrollment per Student in each Semester				
		2017		2018		
		Summer	Fall	Spring	Summer	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	
<b>4+1</b>						

**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 number**

**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**

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

Program Cost Calculator Tool Forthcoming



# Clearing Program Launch Roadblocks

## Project Managers Facilitate Aggressive Program Launch Plans

### Membership Sample Shows a Third Investing in Project Managers

*Early Results from the Financing Agility and Innovation Module<sup>1</sup>*

20%

Proportion of surveyed COE units that **maintain project managers as FTE staff** dedicated to supporting program launch

15%

Proportion of surveyed COE units that have FTE staff serve as **project managers to support program launch part-time**



### University of Arizona's Project Manager Involved at Each Stage of Planning and Implementation



#### Curriculum Mapping

Partners with faculty to ensure program curriculum is navigable for students, courses sequenced for ease of completion



#### Instructional Design Liaison

Facilitates work with UA Online's instructional design experts, keeping progress on track to launch program by set date



#### Business Plans

Works with academic department on pro-forma, including projected revenue from enrollments and indirect expenses



#### Pricing Strategy

Calibrates ideal price point for launching programs, considering both internal expense profile and external market indicators

### Instrumental to High-Volume Program Launch Plans

22

Number of online undergraduate programs launched in 12 months with support of a project manager

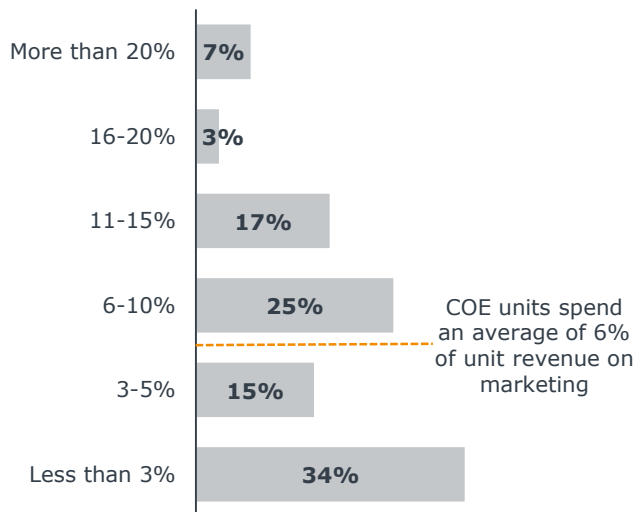


1) N=73 respondents as of 02/2018

# Spending Difficult to Compare

## Peers Spend Less on Marketing than Commonly Thought

*What share of revenue do you spend on marketing?*  
n=87



How do you currently determine the optimal marketing spend for programs?

How does spending vary across different types of programs?

Has marketing gotten easier or harder in the last 3 years?

## What Makes Benchmarking Difficult

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

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#1

While COE units need to invest in expanded staff capacity that correlate with growth at every stage, specialized staff expertise in financial analysis and project management are critical investments even in the earliest phases of growth.

#2

Investing in full-time specialized staff is not always necessary, as part-time and creative staff sharing arrangements make expertise accessible to COE units at every stage of development.

#3

Financial analysts are critical for anticipating the true costs of program launch and operations, helping COE units and academic programs avoid costly mistakes.

#4

Specialized project managers are instrumental to executing high-volume program launch plans and meeting aggressive timelines, accelerating work with campus partners on curriculum design and business planning.

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## Designing for Agility

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Prioritize programs likely to stand out in an increasingly competitive market.

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## Metrics and Data Available:

- Organizational models
- Reporting lines
- Staffing levels
- Support functions
- Academic governance
- Conferral authority
- Program approval
- Demand validation
- Faculty composition
- Pricing strategy
- Revenue trends

## Peer Benchmarking Reports



Detailed breakdown of organizational data compared to a custom selection of institutional peers

## Custom Gap Analysis



Summary document of benchmarking findings written by EAB experts for sharing with senior institutional leaders

## Org Design Consult



Facilitated strategy session with institutional leaders including custom benchmarking data and best practices for agile org design