

Financial Challenges and Structural Deficits Workshop: Symptoms and Origins of Structural Deficits

 The Council of
Independent Colleges

Under
the Big Tent



2024 Presidents Institute
Independent Higher Education in a Democratic Society

The Diplomat Beach Resort | January 4–7, 2024

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2024 Presidents Institute

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Meet Your Facilitators



Paul N. Friga, PhD

UNC Chapel Hill and AGB

Paul is one of the foremost higher education thought leaders and strategists. With 20 years of experience as a professor, researcher and consultant at UNC CH and Indiana University, Paul understands how public education really works and how it should change. His former experience as a consultant with PwC (earned CPA and CMA designations as) and McKinsey (including projects in public higher education) round out additional relevant experience. He has also served as a Trustee at Saint Francis University and the Board Chair at Saints Francis and Clare Church in Greenwood, Indiana. He has an MBA and Ph.D. from UNC Chapel Hill.

For the past 10 years, Paul has been researching best practices strategic resource allocation in higher education, presenting at international conferences, and co-founded ABC Insights, a premier higher education benchmarking consortium that was acquired by HelioCampus. Over the past 24 months, Paul has authored 22 articles in the Chronicle of Higher Education and InsideHigherEd on strategies for change in higher education and positioning universities for the long-term (over 500K views/downloads). He has also conducted many strategic planning projects and board retreats for universities, not-for-profit entities (including the Marines), and corporations (including The Biltmore Estate). He has written two best-selling books on team problem-solving (The McKinsey Mind and The McKinsey Engagement) and is an award-winning teacher of strategy and consulting for undergrads, MBAs, and Executives. He delivers numerous webinars and conference presentation and is AGB's practice area leader for Strategy and MAP (Mergers, Affiliations, and Partnerships).



Michael Creed Maxey

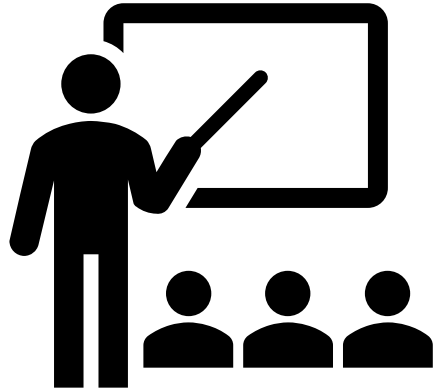
Past President, Roanoke College

Mike has worked for 40 years in higher education leadership roles including advancement, enrollment management, student and academic affairs, planning, and marketing. He completed fifteen years of service as president of Roanoke College in 2022 and currently serves as an Academic Search senior executive coach. He served on the Board of Directors for CIC filling the role of board chair for 6 months prior to his retirement from the presidency. He is a current member of the Augsburg University Board of Regents and the Educational and Institutional Insurance Administrators Board of Directors. His undergraduate and initial graduate study was at Wake Forest University in history and counseling, respectively. He later earned an advanced graduate degree in counseling at the University of New Hampshire. He has consulted with many colleges in the areas of advancement, board relations, enrollment management, and strategic planning. He is a passionate believer in independent higher educational institutions and their transformational impact on students and society.

Introduction and Warm-up

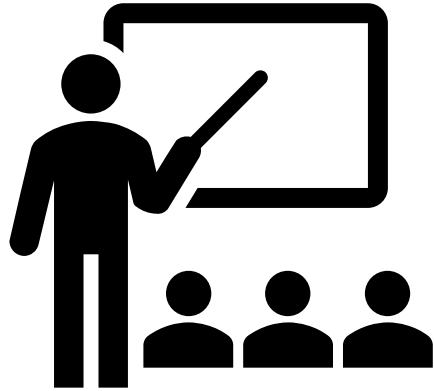
- What's on your mind?
- Why did you come here?
- What kinds of questions do you hope to have answered?

Today's Agenda



1. Symptoms and Origins of Structural Deficits
2. Cost Control
3. Solution Support
4. Revenue Generation
5. Campus Applications

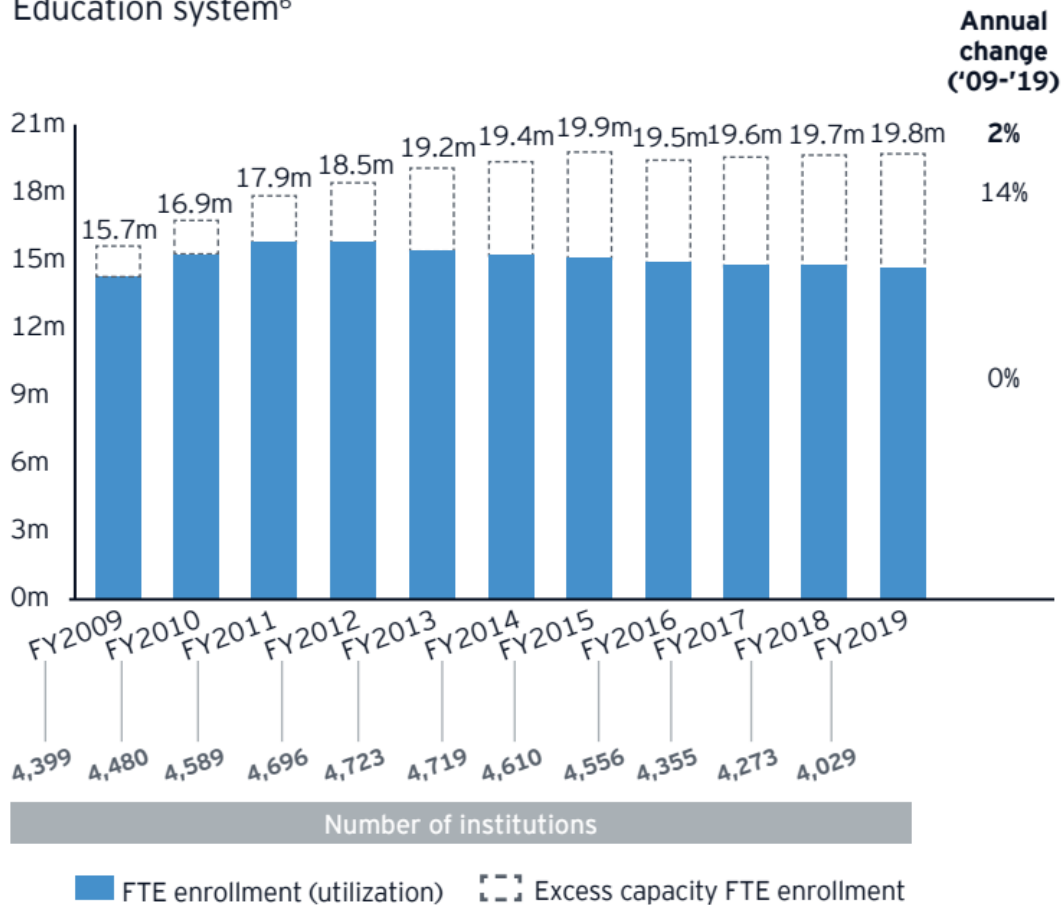
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Our Starting Point Is An Over-supply Of Higher Education

Figure 2. Excess and utilized capacity in the US Higher Education system⁶



Capacity growth of 26% dwarfs enrollment growth of 3% (FY2009–FY2019)

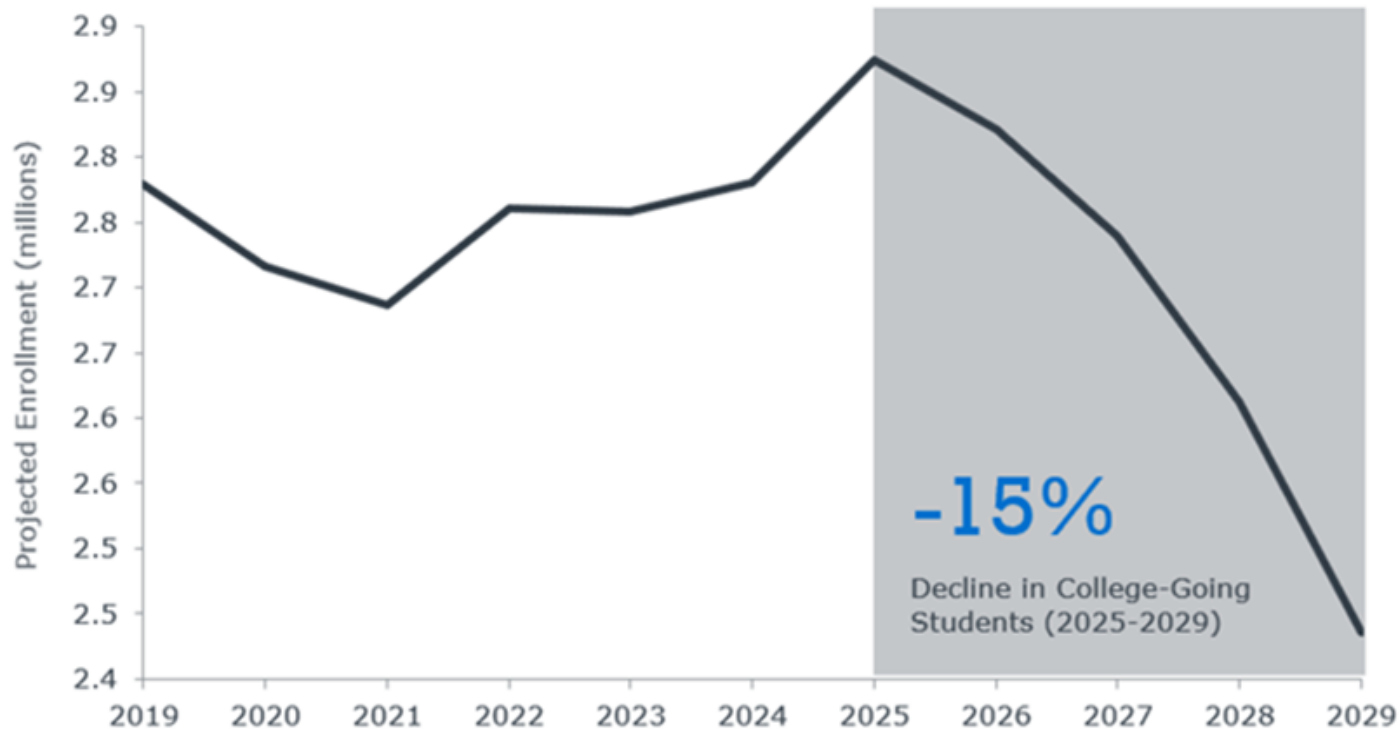
75% usage implies excess capacity of 3 million to 5 million seats

The cost of excess capacity could be as high as \$50 billion annually

Declining #S Of High School Graduates And Fewer Enrollments Are Causing Financial Pressure

Enrollment Projected to Drop Sharply After 2025

Forecasted Number of College-Going Students in the U.S. (millions), by Year of High School Graduation



Update on Recent Enrollments:

Undergraduate enrollment remains 15% below 2010 levels, the most recent headcount peak. Analysts expect enrollment to continue shrinking because of a strong labor market and the resumption of student loan payments.

Enrollment has recently declined at all levels, with the steepest declines in the undergraduate sector. Here, enrollments have fallen year-over-year for the past two years, **-4.9% in spring 2021**, **-4.7% in spring 2022**, and another **-0.2% in spring 2023**.

However, graduate-level enrollments have been more resilient throughout the pandemic. They decreased by only -0.1% in spring 2020, grew by 4.6% in spring 2021, declined -0.8% in spring 2022, and declined again by -2.2% in spring 2023.



Small (<5K) And Mid-sized (5-15K) Institutions Are At Most Risk

“One deep” on all functional areas of the organization, limiting the ability to successfully execute

Many outdated and “out-of-market” operating policies and procedures

Lack 7x24 digital student acquisition systems, resources, and organizational depth

Outdated technology and limited tech resources

Quality of earnings – prosperity gap that requires major long-term revenue growth

Concentrated revenue positions in declining markets

Underpay employees, making it difficult to retain top talent

Attempt to use “tactical funds” for strategic initiatives

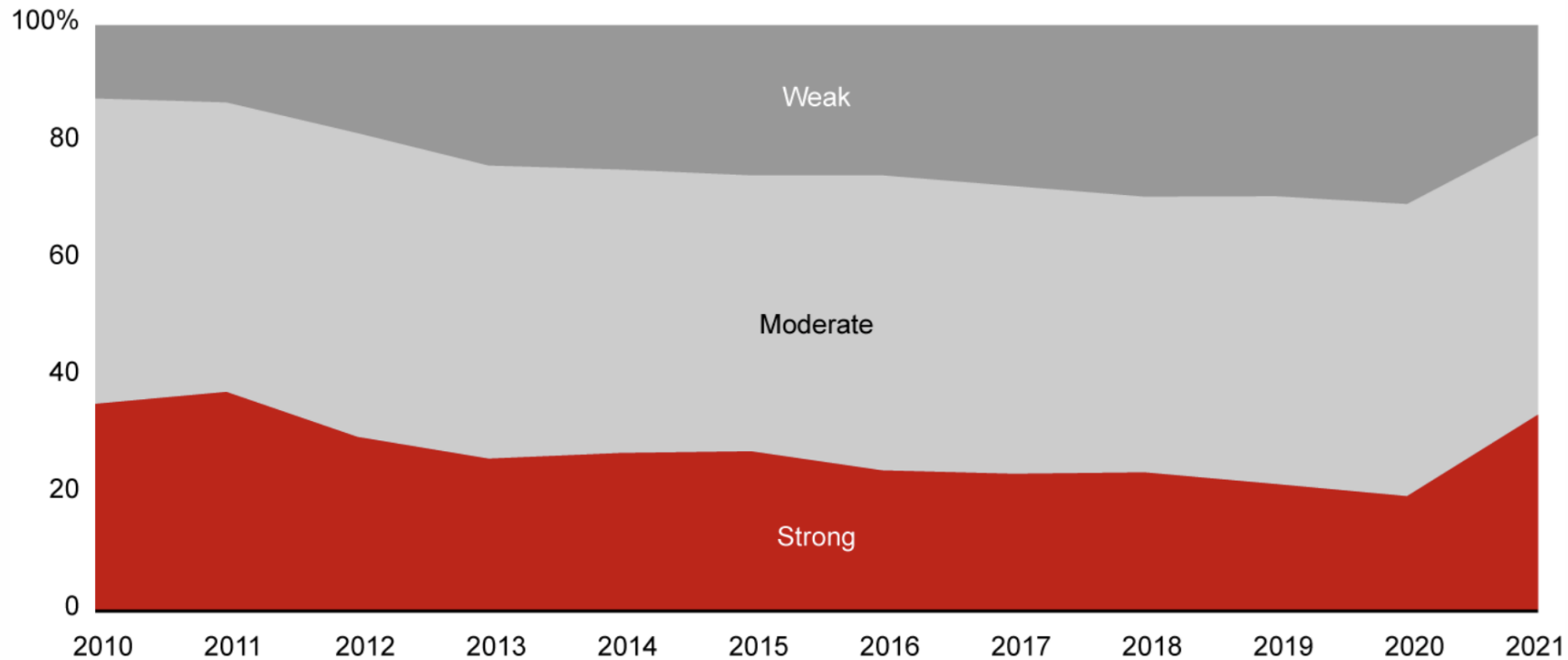
*Summary of 62 - Small and Mid-Sized Institutions
From 2017 to 2022 (Common Themes)

Growth initiatives & ambitions are too small and even if successful will not bridge their prosperity gap



The Majority Of Universities And Colleges Are In A Weak To Moderate Financial Position

The annual composite score measures a university's resiliency based on three equally weighted metrics: **primary reserve ratio**, **net margin**, and **three-year enrollment growth**



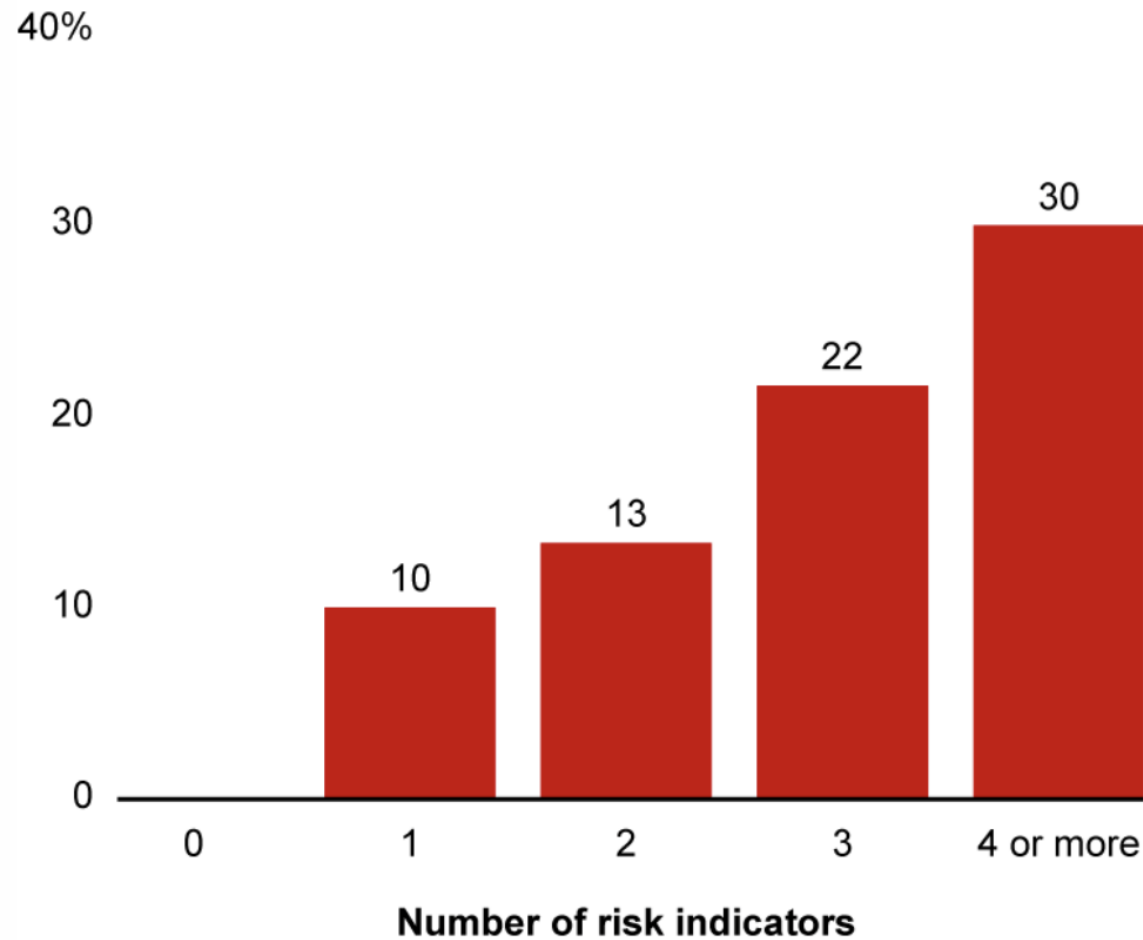
Temporary uptick due to significant federal support and strong endowment returns (not likely to be sustainable).



Note: n=1,504



The More Risk Indicators, The Higher Risk Of Challenges With Financial Resiliency



Selected financial-resilience risk indicators

- ▶ Low national ranking (below 150)
- ▶ Low yield on accepted students (below 20%)
- ▶ Declining number of applications
- ▶ Declining tuition revenue
- ▶ Declining non-endowment total assets



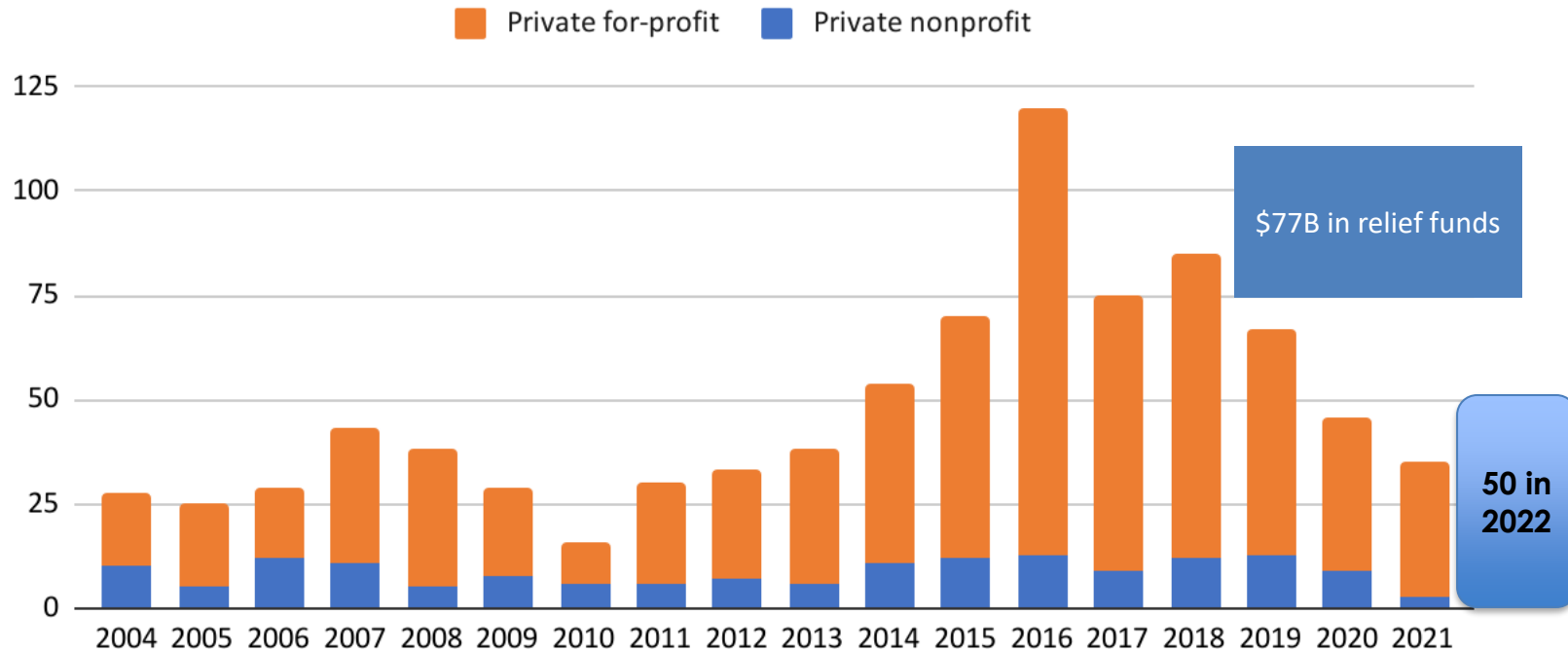
Notes: Scope limited to institutions with data available for all five risk indicators; n=1,214



The Rise In Closures Between 2015 And 2019 May Be On The Decline Due To Federal Relief Funds But Are On The Rise

College closures

861 colleges and universities have ceased operations since 2004



Data source: SHEEO analysis of PEPS database at U.S. Department of Education

- 300 colleges have closed since 2000, according to EY-Parthenon. **80% had fewer than 1000 students.**
- 861 colleges and 9,499 campuses have closed since 2004
- Fitch Ratings issued a deteriorating outlook for U.S. colleges and universities in 2024, citing high labor and wage costs, elevated interest rates and uneven enrollment gains across the sector.

Structural Deficits – Headlines



Sign up

DIVE BRIEF

WVU board approves dramatic academic cuts to address \$45M deficit

West Virginia University will cut 28 degrees and lay off 140 faculty over the objections of students, faculty and alumni.

Published Sept. 15, 2023



[Laura Spitalniak](#)
Associate Editor

Slashing Its Budget, West Virginia University Asks, What Is Essential?

The New York Times



Expert guidance, proven solutions.



Dickinson State looks to cut tenured faculty in massive academic restructuring

The president of the North Dakota college wants to distill its nine academic departments into four schools in part to counter a projected \$1 million shortfall.

Published Aug. 10, 2023



Jeremy Bauer-Wolf
Senior Reporter

Administrators at Dickinson State University, above, want to restructure the public college's academic operations in part to correct a projected \$1 million shortfall. [The image](#) by Magicpiano is licensed under [CC BY-SA 4.0](#)



2 more state universities eye furloughs and spending cuts to address deficits

UW-Parkside and UW-Platteville face combined deficits of \$15M amid \$4B state budget surplus



Source: Higher Ed Dive, New York Times, WPR

Cooperation Could Also Be Key For Survival

- A macro trend is forming that will see multiple institutions join or create Private System Affiliation (PSA) supporting organizations and Course Sharing.
- Private institutions will have an opportunity to access a significant depth of resources to grow their revenue and transition their business model.
- **Clayton Christenson's prediction: "by 2028, a quarter of universities in the US could go bankrupt, merge, restructure or close" – not likely to happen at that pace but still coming**



National
University
System



arize



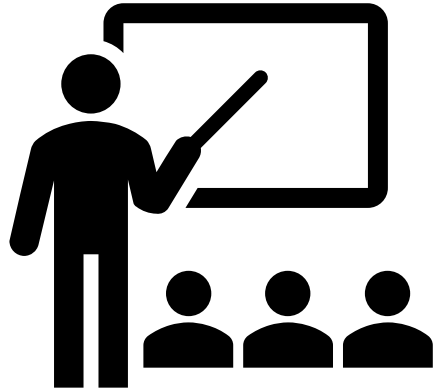
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Over the next five years, private system affiliation models and course sharing will increase.



AGB

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“Quality Of Earnings” Analysis – Quantifying The Prosperity Gap



There are hundreds of institutions with poor quality of earnings.

Calculate the total cumulative expenses not allocated in the current operating budget. The output of this calculation will identify the incremental “operating margin” required for long term success. This can be translated into the required revenue growth to fulfill the institutional prosperity gap

- Financial Gaps
 - Cash flow requirements to service, debt, fund depreciation, building cash reserves
- Operational Gaps
 - Salary gap to attract and retain talented employees
 - Head count deficiencies
 - Student support services, coaching mentoring, tutoring, career advising, job placement
 - Student acquisition (marketing and enrollment)
 - Employee training, research, mission and diversity
 - Technology – CMR, LMS, ERP, SIS
 - Program development investment (R&D), Scholarly Research
- Infrastructure Gaps
 - Plant and Equipment
 - Maintenance, replacement fund

Analysis should be completed through the lens of being your best self



Expenses Continue To Grow And Now Exceed Revenues On Average

Balance Sheets

Average equity ratios have declined by

8 percentage points

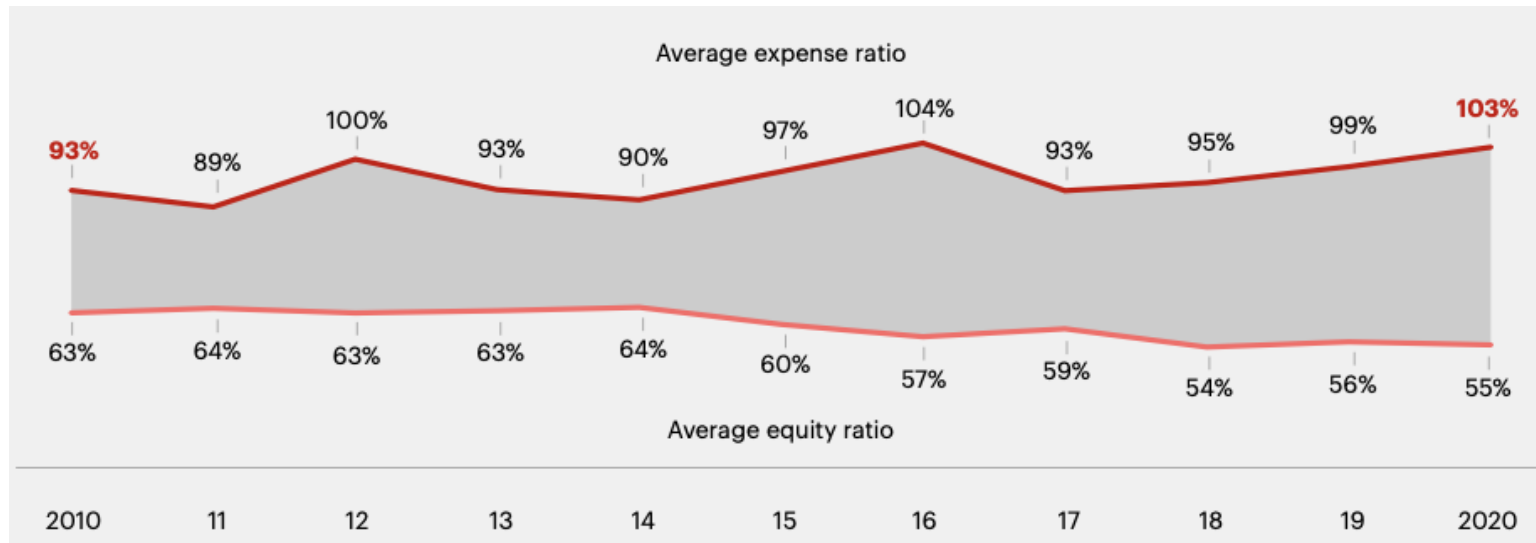
34% of universities saw equity ratios drop more than **5%**

Income Statements

Average expense ratios have increased by

10 percentage points

56% of universities saw expense ratios increase by more than **5%**



Consider A Wide Range Of Potential Strategic Actions

Optimize Administrative Spend

Assess level of investment vs strategy

- Consolidate Purchasing
- Cut Staff
- Re-engineer Processes
- Outsource
- Centralize/Shared Services
- Modernize Technologies
- Merge Multiple Locations
- Increase Spans of Control
- Decrease Energy Use

Increase Academic Program Returns

Rationalize academic offerings based upon demand

- Sunset Programs
- Grow Existing Programs
- Launch New Programs
- Increase Teaching Loads
- Hire More PT Faculty
- Hire More NTT Faculty
- Freeze New Faculty Hires
- Decrease # of Faculty
- Increase Student Retention

Our Special Guests



Alison Morrison-Shetlar
University of Lynchburg

Higher Education servant leader with the passion and the skills to develop educational environments that support all stakeholders reaching their maximum potential. My expertise in Higher Education Leadership, Economic Development and Workforce Talent Innovation have afforded me the opportunity to transform lives, be an agent of change and positively impact my communities. Some of the accomplishments of which I am most proud:

- Public speaker and thought leader in Higher Education
- Led the establishment of an Office of Diversity and Inclusion and hired the first Chief Diversity Officer
- Developed and implemented the Women in Leadership Academy for faculty and staff
- Led the formation of the Workforce Talent Development series (54 workshops, micro credentials, certifications)
- Work closely with community thought leaders in regional and statewide economic development and hired the Exec. Dir. of Economic Engagement and Innovation
- Revitalized the WCU Cherokee Center, hired the Director of the Center and significantly increased collaboration with the Eastern Band of Cherokee Indians
- Created two Lifelong Learning Communities (LIFE@Elon and LIFE@WesternCarolina) for community members over the age of 50



Elizabeth Davis
Furman University

Elizabeth Davis became Furman University's 12th President on July 1, 2014. Under her leadership, the university has instituted The Furman Advantage, a distinctive vision for higher education that combines learning with immersive experiences outside the classroom, creating a personalized pathway that prepares students for lives of purpose, successful careers and community benefit. The groundbreaking effort, which has received more than \$52.5 million in support from The Duke Endowment, was launched in October 2016.

President Davis is a member of the Council of Presidents, an advisory group of college and university chief executives who provide guidance to the Association of Governing Boards of Universities and Colleges on issues of governance in higher education. She is also a member of the Council of Independent Colleges (CIC) Board of Directors.

Before coming to Furman, Dr. Davis spent 22 years at Baylor University in Texas, where she most recently held the position of Executive Vice President and Provost. In addition to being a member of the accounting faculty at Baylor, she also served as Vice Provost for Financial and Academic Administration, Associate Dean for Undergraduate Business Programs, and Acting Chair of the Department of Accounting and Business Law. Before beginning her higher education career, she spent three years at Arthur Andersen & Co. in New Orleans.

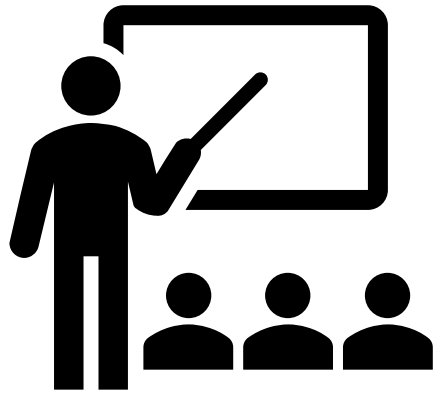


Roslyn Clark Artis
Benedict College

BA, JD, EdD – Roslyn Clark Artis is the 14th president of Benedict College and the first woman to hold the position. She holds the additional distinction of being the first female president of Florida Memorial University. She is also educational advisor to the U.S. Secretary of Homeland Security, serves on the board of directors of the United Negro College Fund and the Council of Independent Colleges, and serves as co-chair for the United Way of the Midlands Campaign.



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Kamalika Sandell
Core Education

Currently President of Core Education PBC, Kamalika Sandell has a combination of executive experience in business and higher education. As CIO/CTO at New Jersey Institute of Technology and a technology and innovation leader at American University, she held direct P&L responsibilities from \$20M-\$200M spanning startups, mid-size, and global enterprises. Kamalika has vast experience in creating and executing digital strategies, transforming processes, and influencing policies and organizational change. She has built organizations from the ground up, led divisions through multiple rounds of modernization, and championed an organizational culture of learning and innovation. Kamalika held senior positions at Capital One where she was responsible for the implementation and oversight of 23 acquisitions.

Kamalika is a BCSE in Computer Science & Engineering graduate from Jadavpur University and completed a Master of Science in Organization Development at American University.



Steve Probst
Gray Decision Intelligence

Executive and management consultant with deep experience in higher education, bridging the perspectives of faculty, administrators, trustees, and other stakeholders. Work with colleges and universities to assess current and identify new academic programs, evaluate potential new geographic markets and campus locations, improve curricular efficiency, and address other strategic, enrollment, and financial challenges. Use distinctive skills in creating, interpreting, and helping decision-makers use data about student demand, employment outcomes, competition and trends at other institutions, and instructional economics to reach a shared understanding of their situation and agree on important decisions.

Before joining Gray Decision Intelligence, I consulted in the motor vehicle and transportation industries, and on supply chain management strategy in other industries. This work included engagements in Europe and Asia as well as North America, and it included related work as an interim executive at client companies and in management education.

Specialties: Overall strategy development, communication, and implementation; higher-education program and campus portfolio management and curricular efficiency improvement; "Moneyball"-style operations improvement





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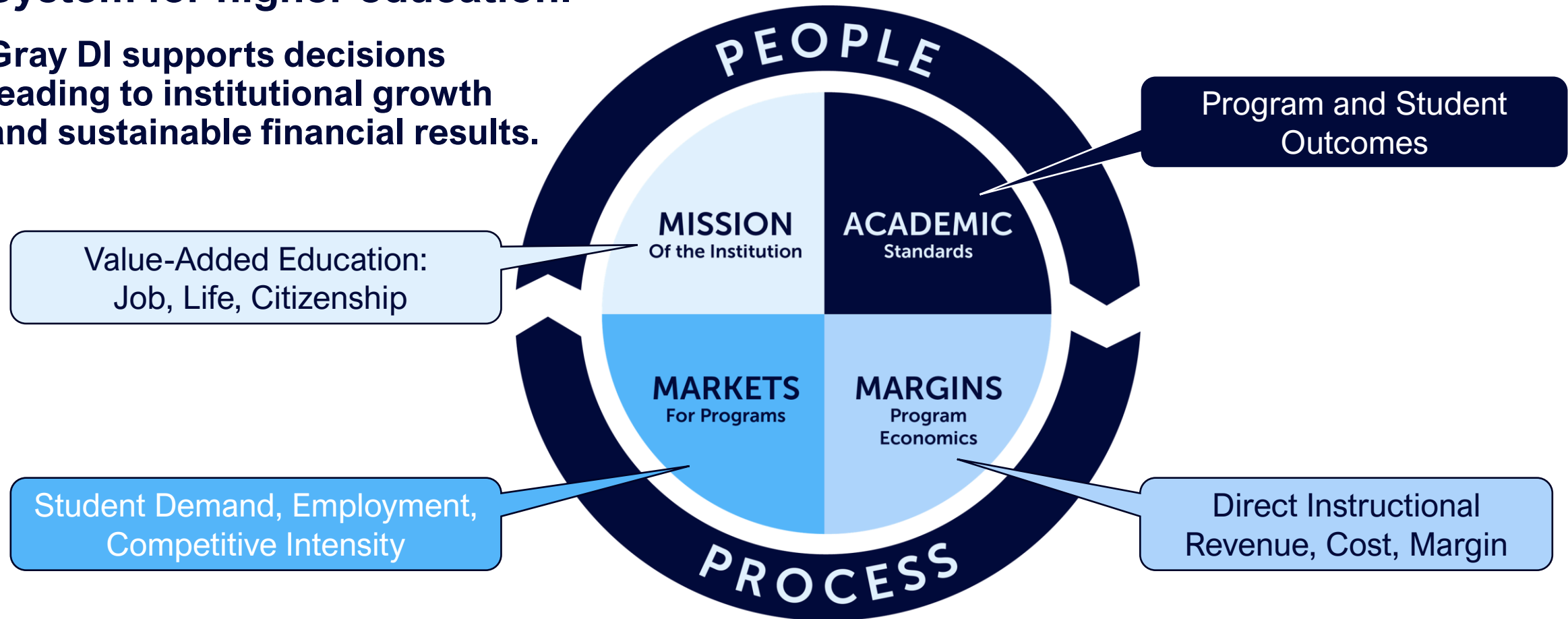
Curricular Efficiency

Presentation for CIC Presidents' Conference

January 7, 2024

Gray Decision Intelligence provides the only complete Program Evaluation System for higher education.

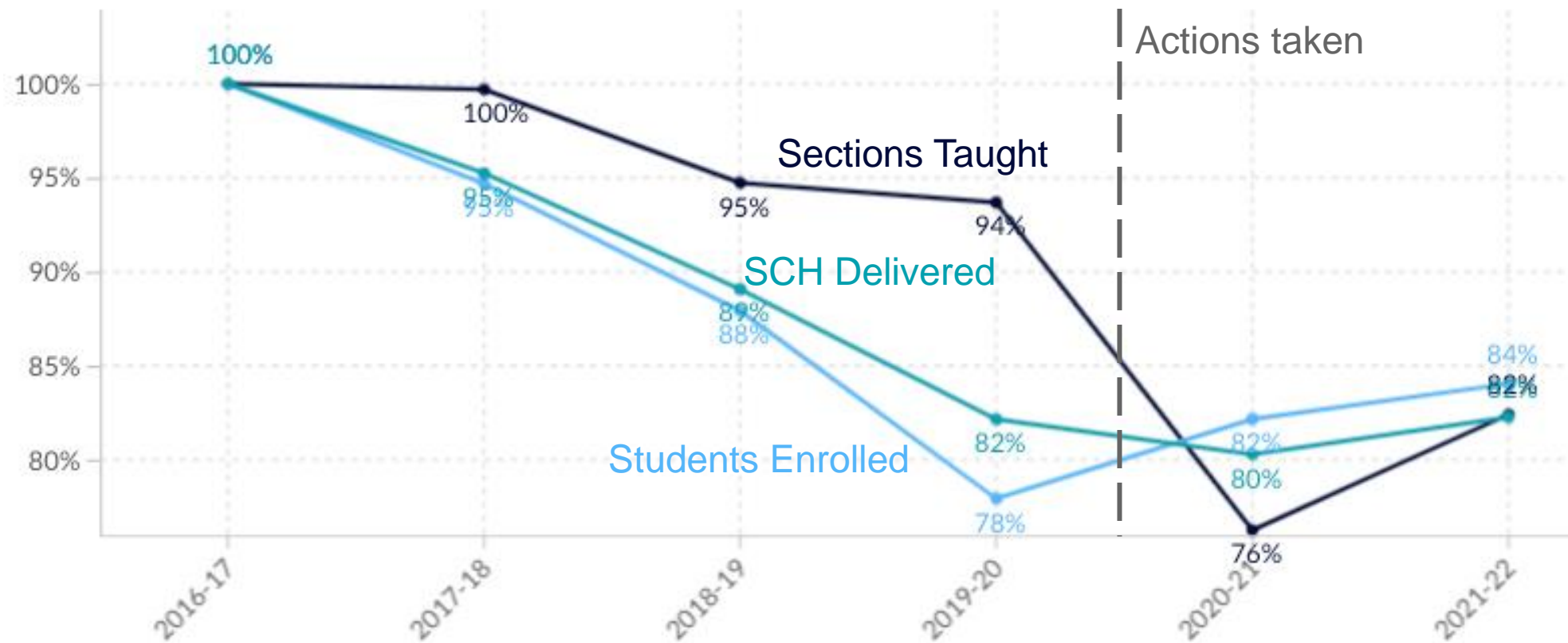
Gray DI supports decisions leading to institutional growth and sustainable financial results.



Actual Results for a Private Comprehensive College

This institution brought its instructional costs into alignment with its tuition revenue.

- Substantial cost reduction
- Data-informed decisions
- No “Financial Exigency”
- No headlines in local press
- No vote of no confidence
- Moved onto a sustainable path





Policy Decisions

Recurring Decisions

Average SCH per Student per Section

Mix of Full-Time, Overload, and Adjunct Classes

Compensation Levels

Teaching Share of Full-Time Compensation

Average Teaching Load

Curricular Plans and Course Schedule

Costs per Section for Full-Time, Overload, and Adjunct Classes

Average Class Size

Weighted Average Cost per Section

Direct Instructional Cost per Student Credit Hour

Big Lessons Learned in Helping Colleges Improve Curricular Efficiency

- Small programs rarely indicate large cost-cutting opportunities.
- Look at margins, not just costs.
- For savings, start by looking at courses and departments, not programs.
- If you don't know whose paychecks your savings are coming out of, you have not identified real savings.
- The least painful savings come from not hiring people in the first place.
- The easiest savings (adjuncts, overload) raise the average cost per SCH.
- The faculty handbook is not a suicide pact.
- Savings can be used to “prime the pump” for growth initiatives.

Where Are Your Hidden Instructional Costs?

- Student attrition
- DFW rates
- Duplicative or unnecessary classes – particularly Gen Eds
- Courses with high workload units for faculty but low credit hours for students
- Excessive release time

Potential Actions to Strengthen College Finances

- Program launch and growth
- Increasing student retention
- Program pruning – but be careful, because most programs are contribution-positive
- Actively managing curricular efficiency
 - Managing the size of the full-time faculty
 - Managing the breadth and redundancy of course offerings
 - Setting reasonable (and internally consistent) policies for loads, releases, and course credit values

Thank you.

Steve Probst

SVP for Customer Success and Data Integrity

steve.probst@graydi.us

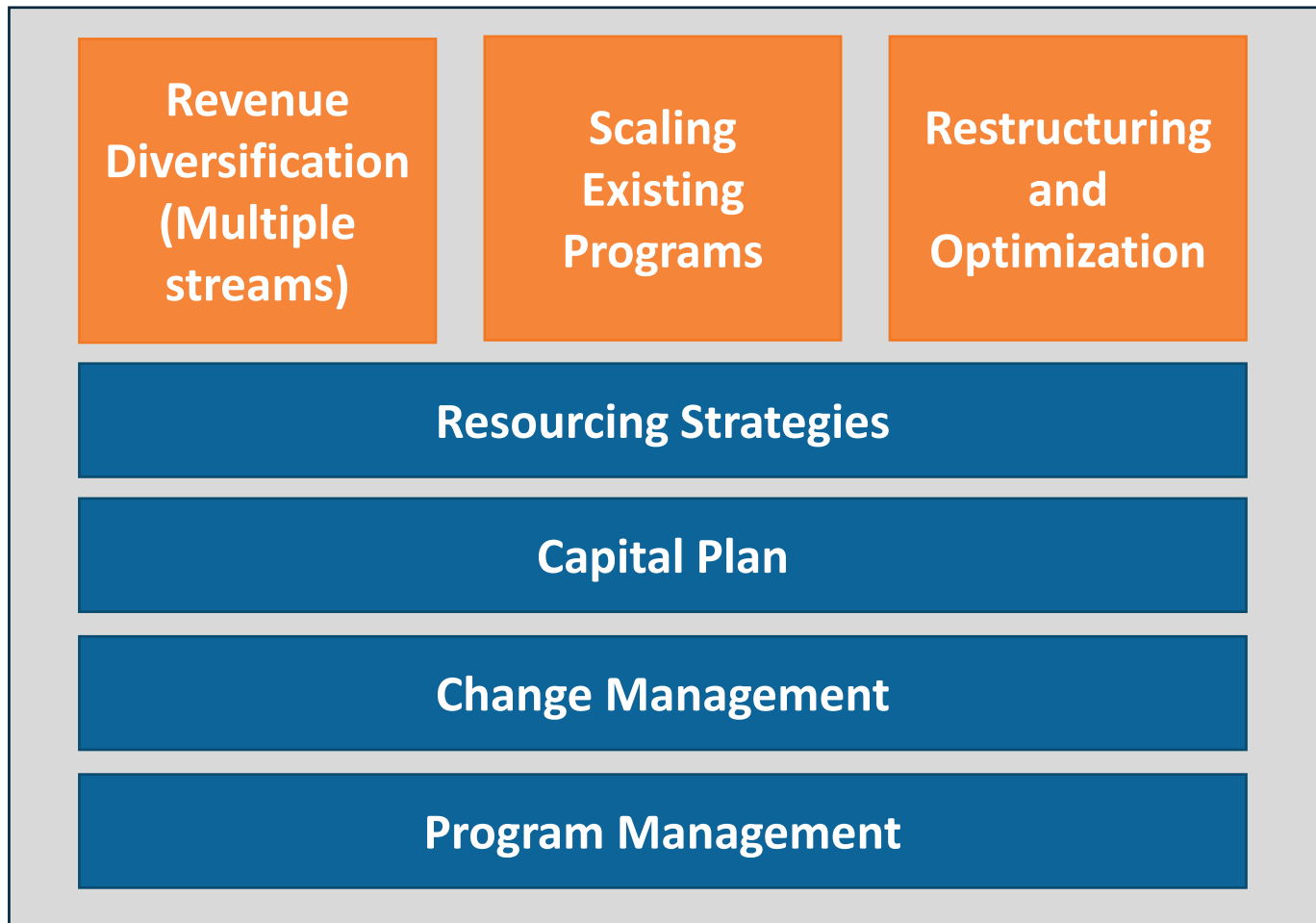


Our work in Transforming the Business Model

January 2024



Persistent systemic challenges have created a Prosperity Gap within institutions, necessitating comprehensive, multi-faceted, and non-linear strategies to reshape the business model



A growth plan that emphasizes

- **Diversification**
- **Margin expansion**
- **Internal Investment**

Revenue initiatives focus on growth while operating rhythms and cost optimization (not cutting) focuses on efficiency - together they can transform the business model

Strategic Growth and Revenue Considerations

New Market Expansion

- Workforce Development Certificates & Credentials
- Corporate Market Business-to-Business

Online Degree Programs

- Graduate
- Undergraduate

Campus Expansion

- Yield Improvement
- Transfer students
- Co-Curricular Target Areas
- Fine and Performing Arts
- Hispanic Market
- International students

New Partnerships M&A

Cumulative
impact must be
large enough to
impact the
Prosperity Gap



Resourcing Strategies

1. Do-it-Yourself
 - a) Organizations with strong and robust operating departments
 - b) Strong balance sheets
2. Look for Support
 - a) Supporting organizations (Core, TCS, National, CHESS)
 - b) Point/Expert Consulting
 - c) Mergers and affiliations



Introduction to Supporting Organizations

- Enabling organizations to access a deeper bench of human resources to execute big transformational goals
- Accomplishes business model transformation through shared services to participating institutions, including technology, compliance, marketing, enrollment, finance, capital strategies and operational support
- Being used by a growing number of institutions (+40) who seek to transform their business models

About Us

- **Core Education Services, PBC**

We are a Public Benefit Corporation with a vision **to transform the business model of higher education**. We create a culture of prosperity for our institutional partners.

- **Our Methodology**

We leverage economies of scale to achieve operational effectiveness, technological efficiency, and market expansion. We accomplish this through a **comprehensive shared service approach**

19

Institutional
partners

\$982M

Combined system
budget

Cost Recovery Financial Model

**Allowing institutional partners to enjoy
stronger financial returns from services**

Core Education is a long-term, mission-critical operating partner with a platform of transformative business model solutions.

Revenue Solutions

- ⊗ Workforce Development Platform
- ⊗ Admissions support, Campus, Online
- ⊗ Student success support
- ⊗ Marketing content support
- ⊗ Business to Business (B2B) Corporate Partnerships
- ⊗ Revenue diversification solutions

Technology and Digital Solutions

- ⊗ Enterprise Systems (SIS,ERP)
- ⊗ Campus Technology Operations
- ⊗ Revenue Technology solutions
- ⊗ Analytics and Business Intelligence
- ⊗ Institutional Research

Institutional Operations and Capital Strategy Solutions

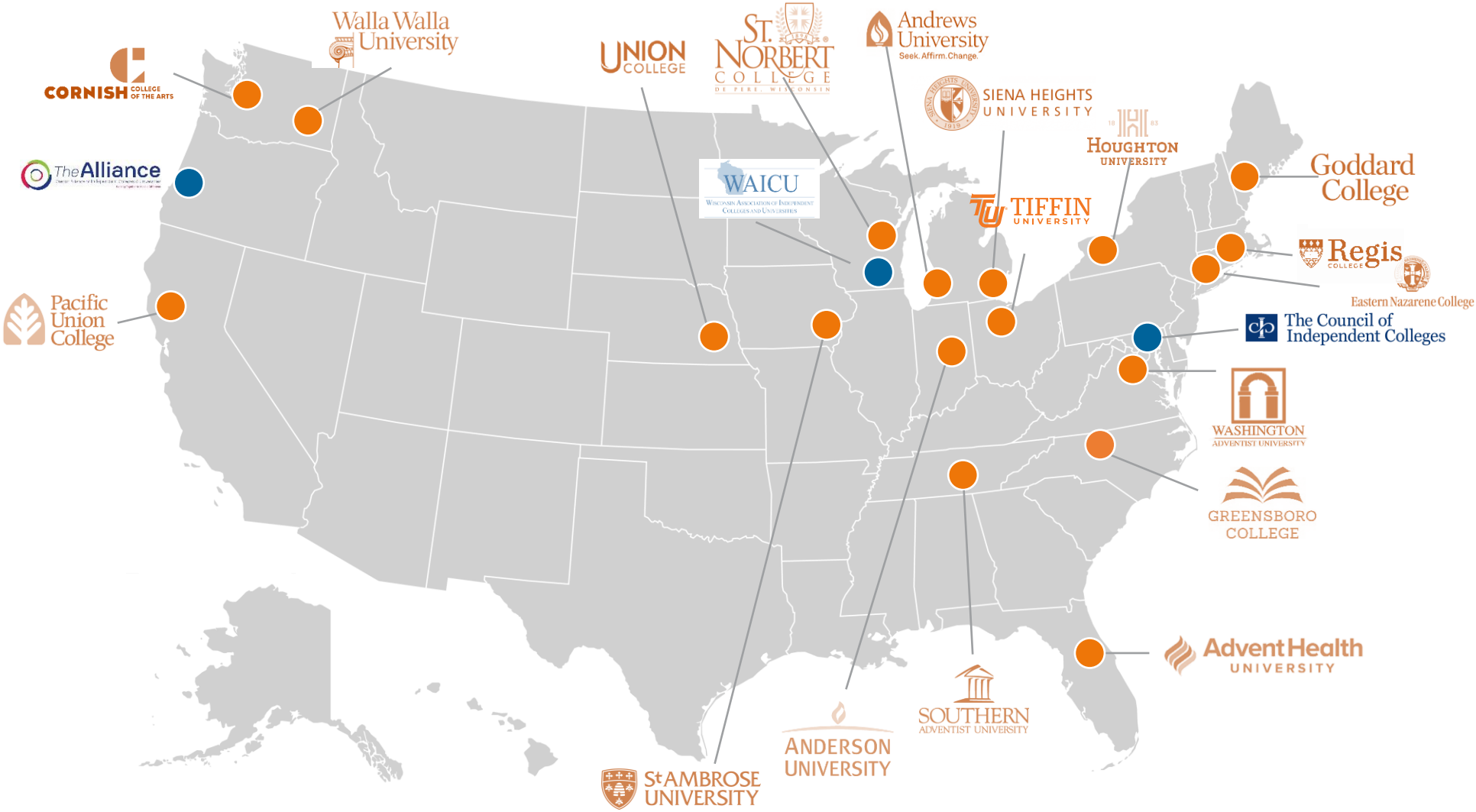
- ⊗ Workflow and cost optimization
- ⊗ Workflow and enrolment yield
- ⊗ Capital strategies
- ⊗ Advancement and Venture Philanthropy
- ⊗ Academic program content
- ⊗ Finance, treasury, real estate
- ⊗ Campus operations
- ⊗ Pre and Post Transaction M&A Support

Program Management

core
education

Horizontal Integration of Solutions

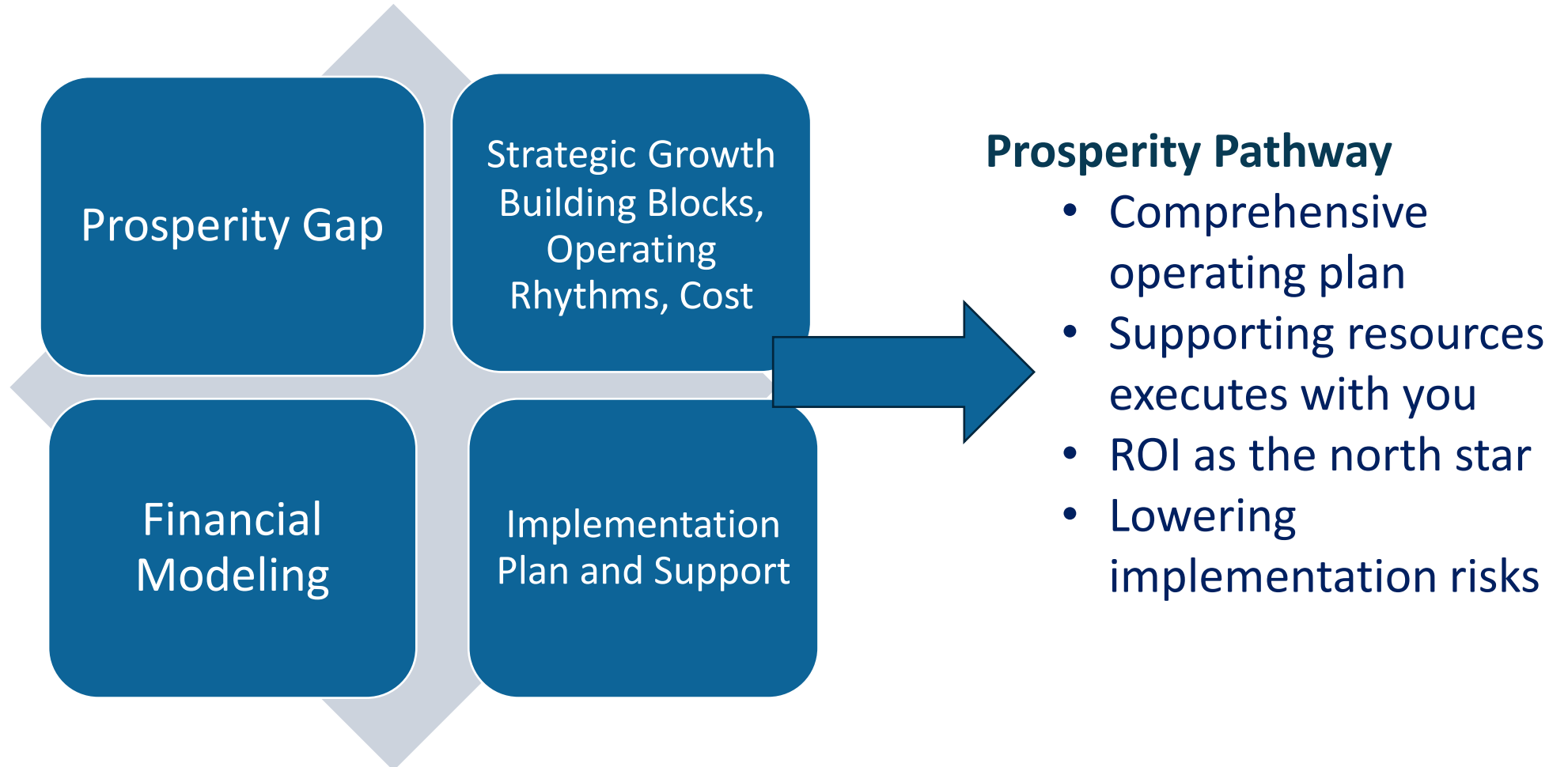
Institutional Partners (19) - \$982M Combined Budget



The Operating Partner Model: A partnership focused on growth execution



Prosperity Pathway and Growth Plan: Four Fundamental Design Principles



Prosperity Pathway and Growth Plan Development Process

- 1. Revenue Analysis** – Revenue concentration, revenue cycles, revenue segments requiring scaling
- 2. Direct Margin Analysis** – Academic expense ratio, central nervous system of a financial model; determines direct margins available for operating expenses
- 3. Prosperity Gap** – Quality of earnings, sets context on journey, areas of underinvestment; Quantifiable number in \$M of annual margin requirement
- 4. Strategic growth building blocks** – Three to five big growth areas that in aggregate will exceed the prosperity gap; programming, market segments, scaling existing revenue segments, fulfilling capacity
- 5. Operating Model** – Implementation plan, internal barriers to success, operating rhythms and polices, timelines, milestones, organizational
- 6. Financial model** – Range of possible outcomes over one, three and five years; the capital requirement, ROI, the reinvestment modeling, short-medium and long-term range of results
- 7. Capital Strategy** – Money follows great plans; board needs to own capital strategy along with the president; venture philanthropy; including the base case for financial support of the operating plan

Takeaways

Invest in building a growth plan that supports the institution's broader strategy

President has a key role to play along with board and cabinet

Revenue and ROI are the north star with mission as the anchor

Plan is the starting point but execution makes the difference; Good plans die with bad execution

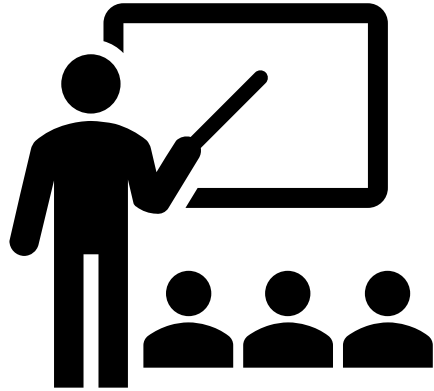


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Generating and Diversifying Revenue

Steps	Actions
1	Research what the marketplace wants, needs, will pay for, and your competition for those markets
2	Consider academic, co- and extra-curricular, existing assets, and non-correlating revenue stream potential
3	Connect your resources and capabilities to your marketplace review
4	Socialize the results and rationale of your research on campus including what is compatible with your mission and reputation
5	Once a decision is made, include a marketing and recruiting plan as part of your business plan
6	Implement your programming to generate and diversify revenue
7	Evaluate and make course corrections
8	No one gets it right 100% of the time, so be ready to halt failed initiatives

Best Practices: Diversifying and Generating Revenue

Academic Revenue



- Tuition remains one of the largest sources of revenue for institutions
- Boosting enrollment through offering new in-demand programming (such as Data Analytics or Cybersecurity) or alternative programming such as degree completion opportunities or local community college pathways
- Professional training offerings both on-site with local business partners or online through micro-credentials or continuing education offerings
- In-house online programming expansions to better meet a growing student demand

Partnership Revenue



- Partnerships with local businesses or even other academic can help boost revenue
- Options for new Partnership revenue include:
 - Building contracts and leasing
 - Partnerships for long-term space usage, such as hotels or even for temporary usage, such as with Airbnb
 - Polling centers and other partnerships can help provide income and allow for student engagement and development opportunities
 - Retirement communities can provide revenue not only through the partnership but also through senior course programs

Auxiliary and Facilities Revenue



- Many institutions look to auxiliary service partnerships and creative usage of facilities to boost revenue
 - Cellphone towers and other utilities such as windmills
 - Working partnerships and flex-space agreements for local businesses to use on-campus space as partial office space
 - Long-term contracts for the rights to provide campus dining services or parking services for either an upfront fee (to invest) or a revenue-sharing agreement

Our Special Guests



John Loyack
Alvernia University

30 years of diverse business experience with a career path as VP, SVP, EVP, CFO, COO, CEO, President and board member, including serving as public company board as a board committee chairs of multi-billion dollar publicly-traded and privately-held companies in the energy, transportation, manufacturing and education sectors.

Experience includes a combination of leading high growth and leading turnaround and restructuring, hands-on operations, M&A and business development, financial engineering and strategic transformation in a wide variety of businesses with a strong track record of delivering financial and operational results, as well as top grading executive teams.



Gerry Rooney
St. John Fisher University

Dr. Gerard J. Rooney took office in July 2015 as the seventh president of St. John Fisher University. Dr. Gerard Rooney holds a doctoral degree from the Department of Educational Leadership and Policy, Higher Education Program, at the University at Buffalo, State University of New York. He was the recipient of the Edwin D. Duryea, Jr. Higher Education Memorial Award. He completed his undergraduate degree in sociology at Villanova University and his master's degree in educational administration and supervision at Fairfield University. In addition, he received a certificate in Higher Education Leadership from the Harvard University Graduate School of Education's Institute for Educational Management.

Dr. Rooney launched Fisher's College Bound program in 2006, a weeklong residential program designed to help low-income, first-generation high school students navigate the college search and selection process. Since its inception, the College Bound Program has served more than 300 students, of which approximately 95 percent planned to attend college. A first-generation student himself, Dr. Rooney is committed to maintaining college access for this population of students.

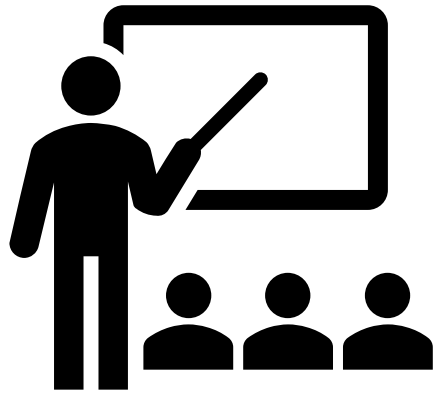


Bob Lindgren
Randolph-Macon College

Robert R. Lindgren is an American lawyer and educator, and the 15th president of Randolph-Macon College. Lindgren became interested in higher education administration after he started working in the office of University of Florida President Robert Marston. In 1980, while Lindgren was still in law school, the director of University development, Bill Stone, asked Lindgren to organize a fundraising campaign of \$1,500,000 for the building of another Levin School of Law building. Marshall Criser, the new president of the University, decided to replace Bill Stone with Lindgren as the Vice President for Development and Alumni Relations when Bill Stone left. With just four and a half years of experience, Lindgren was given the opportunity to head a prominent fundraising program at a major public university.

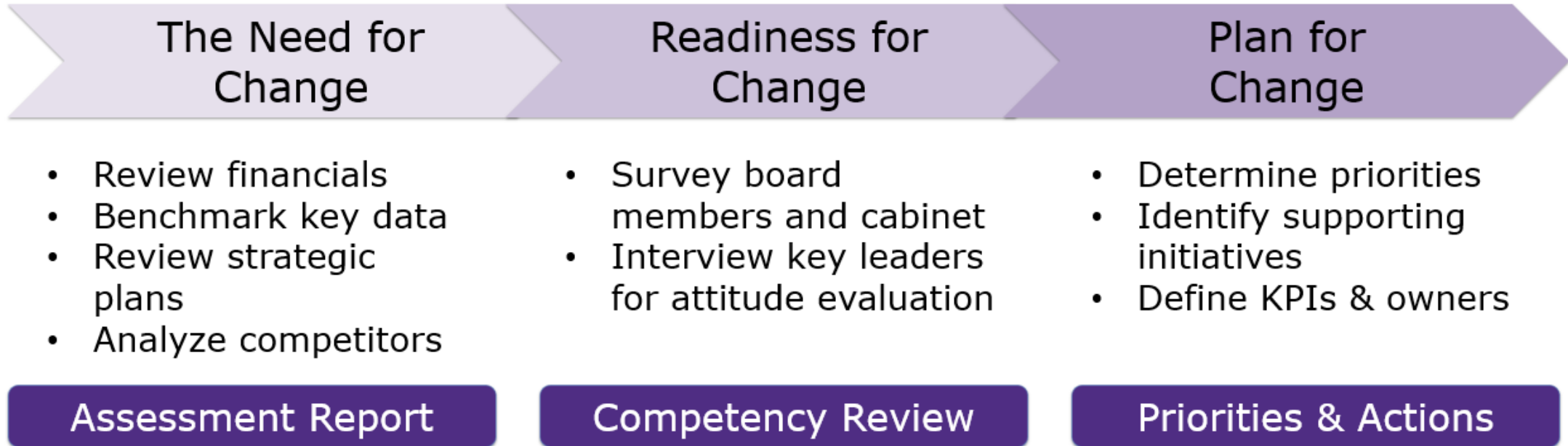


Today's Agenda



1. Symptoms and Origins of Structural Deficits
2. Cost Control
3. Solution Support
4. Revenue Generation
- 5. Campus Applications**

An Approach To Transforming Your Institution



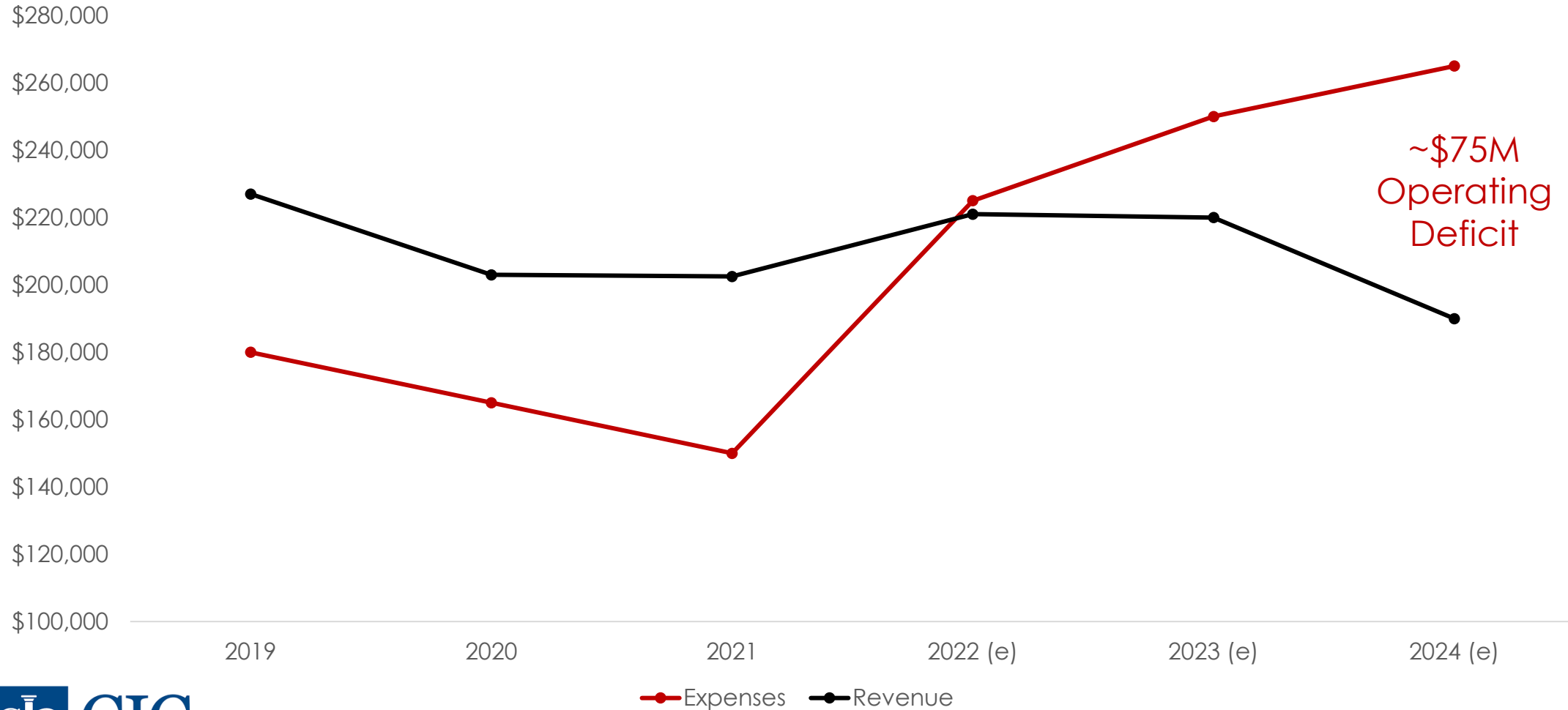
Transformation Priorities:

- Articulate Clear Strategy
 - Identify prosperity gap
 - Rightsize programs/faculty
 - Streamline administration
 - Grow enrollments
 - Invest in research/acquisition
 - Launch capital campaign

Key Success Factors For Multi-year Forecasting

1. Review historical numbers and baseline projections moving forward
2. Create base, best, and worst-case scenarios of how things may develop
3. Assess the potential financial impact of the new planned strategic initiatives over the forecast period

Example: University XYZ (Hypothetical Small Public Institution) – Multi Year Expenses & Revenues

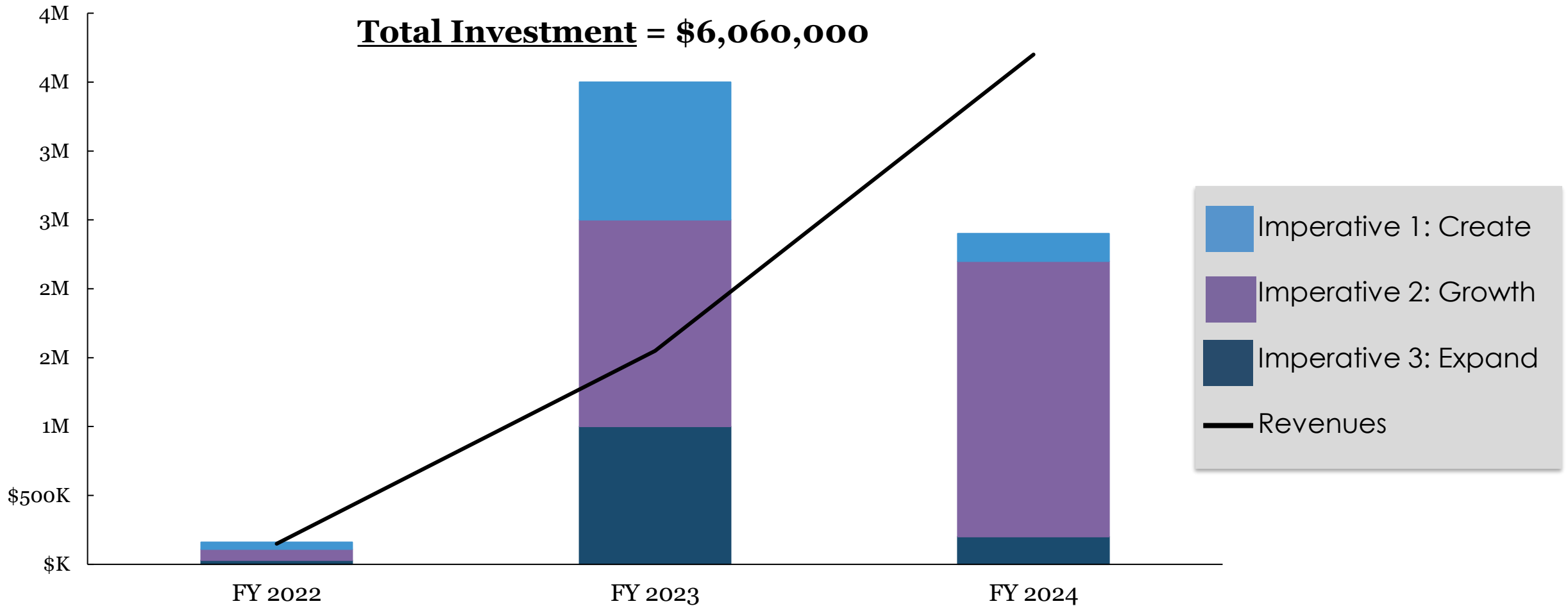


Example: University XYZ (Hypothetical Small Public Institution) – Multi-Year Implementation Plan

	Priority 1: Create a compelling vision around student success, personalized education, and athletics			Priority 2: Grow research in high-impact disciplines			Priority 3: Expand external partnerships		
	Objective 1.1: Launch New Strategic Vision	Objective 1.2: Conduct Program Review to Reallocate Resources	Objective 1.3: Expand Athletic Programs	Objective 2.1: Develop Academic Plan	Objective 2.2: Research & Innovation	Objective 2.3: Create Nursing School	Objective 3.1: Develop Modern Pedagogies and Offerings	Objective 3.2: Strengthen Relationships with Employers, Alumni, and Partners	Objective 3.3: Launch New Online Program with Community Colleges Nationwide
Initiative 1 (Y1)	Assist all divisions and colleges in university-wide strategic refresh effort	Examine student enrollments, demand, and fit with faculty	Benchmark athletic programs and student success against peers	Prioritize research areas and redesign faculty incentives accordingly	Launch research institutes and grant writing office	Solicit input from stakeholders and finalize acquisition target strategic scoring matrix	Conduct market analysis of target student populations, demand, and competitive offerings	Expand partnerships with employers interested in diverse student graduates	Build business plan for expansion of degree completion programs and target markets
Initiative 2 (Y2)	Develop multi-year strategic performance dashboard	Eliminate lowest performing programs and invest in high market demand areas	Invest in athletics department, coaches, and new sports	Hire additional research faculty	Create equity fund and incubation facilities	Identify acquisition targets and conduct due diligence on top-scoring candidates	Invest in current and new digital offerings; promote inclusive pedagogical techniques	Grow key alumni engagement; invest in analytics and staff to prepare for comprehensive campaign	Create seamless transfer routes with community colleges in our state and beyond
Initiative 3 (Y3)	Share division and college level results on an annual basis	Communicate reputation for retention, graduation, and post-employment success	Leverage athletic programs to target prospective students nationwide	Create endowment to support research and launch academic journal	Expand commercialization and tech transfer capabilities	Develop robust integration plan, complete acquisition, and hire key leaders	Launch new micro-credential, certificates, and non-degree executive education offerings	Invest in incubator and SBD offices	Launch national advertising campaign to expand program
Underlying Values	Student Focused			Equity & Diversity			Outcomes & Accountability		



Example: University XYZ (Hypothetical Small Public Institution) – Strategic Investments

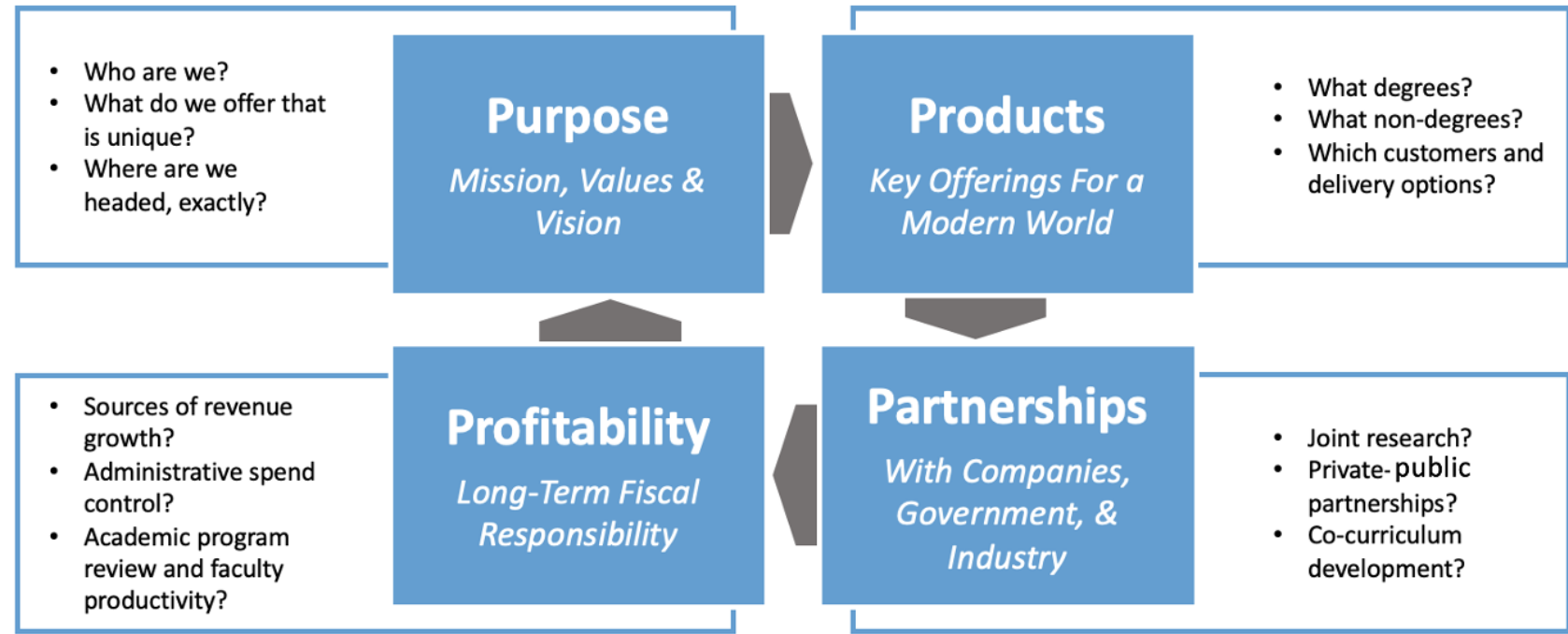


A Performance Dashboard Can Help The Board Track The Progress Of A Strategic Plan



A Framework For Strategic Priorities Over The Next Decade

Declining Enrollments



The Litmus Test Of Strategy Is Whether Or Not There Is Change – Keep This In Mind In Implementation

Kotter Change Model

1. Create a sense of urgency
2. Build a guiding coalition
3. Form a strategic vision and initiatives
4. Enlist a volunteer army
5. Enable action by removing barriers
6. Generate short-term wins
7. Sustain acceleration
8. Institute change



Questions We Will Be Answering and Discussing

- How to Present Publicly Initiatives for Expense Reduction and Revenue Creation
- Your Take Home Ideas for Expense Reduction, Revenue Creation, and Public Presentation

Sharing The Concepts and Solutions On- and Off-Campus

Guiding Principles

Transparency, Honesty, Hopefulness, and Follow Up

Steps to Follow

- Socialize problems and solutions to the maximum extent that is feasible
- No one should believe that expense reductions or revenue generating ideas came out of the blue
 - Adhere to shared governance practices
 - Set up a task force to recommend actions to you
- Determine your important constituencies and what they want/need to know about your plans to reduce expenses or generate revenue
 - Don't expect thanks, but this may be one of the most important things you accomplish in your presidency
- Demonstrate moral leadership by not asking for sacrifices from others that you are not willing to take (walk the walk)

Primary Constituencies For Sharing The Change Agenda For Expenses and Revenues

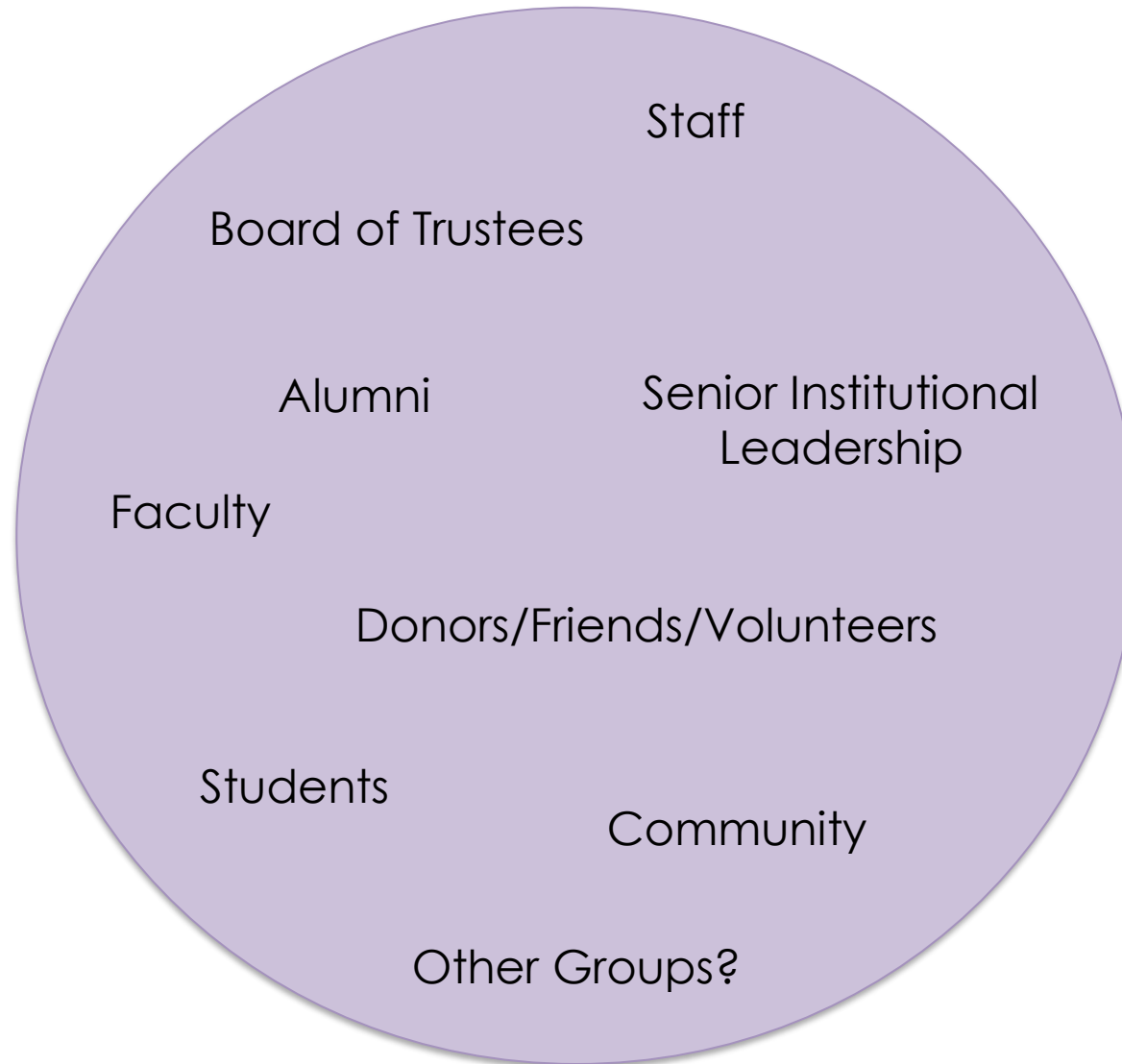


Table Discussion

- What will be the primary criticisms that you will hear as you present plans for expense reductions and revenue generation?

Ideas to Take Home

- With your table, identify the best 5 ideas for expense reduction, revenue generation, and constituency engagement that you have heard.
- On your own, identify the best 5 expense reduction, revenue generation, and constituency engagement ideas you will explore upon your return to campus.

Discussion With Attendees



**Thank you for attending
this session!**

