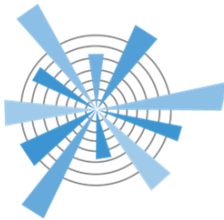




National Association of College and  
University Business Officers



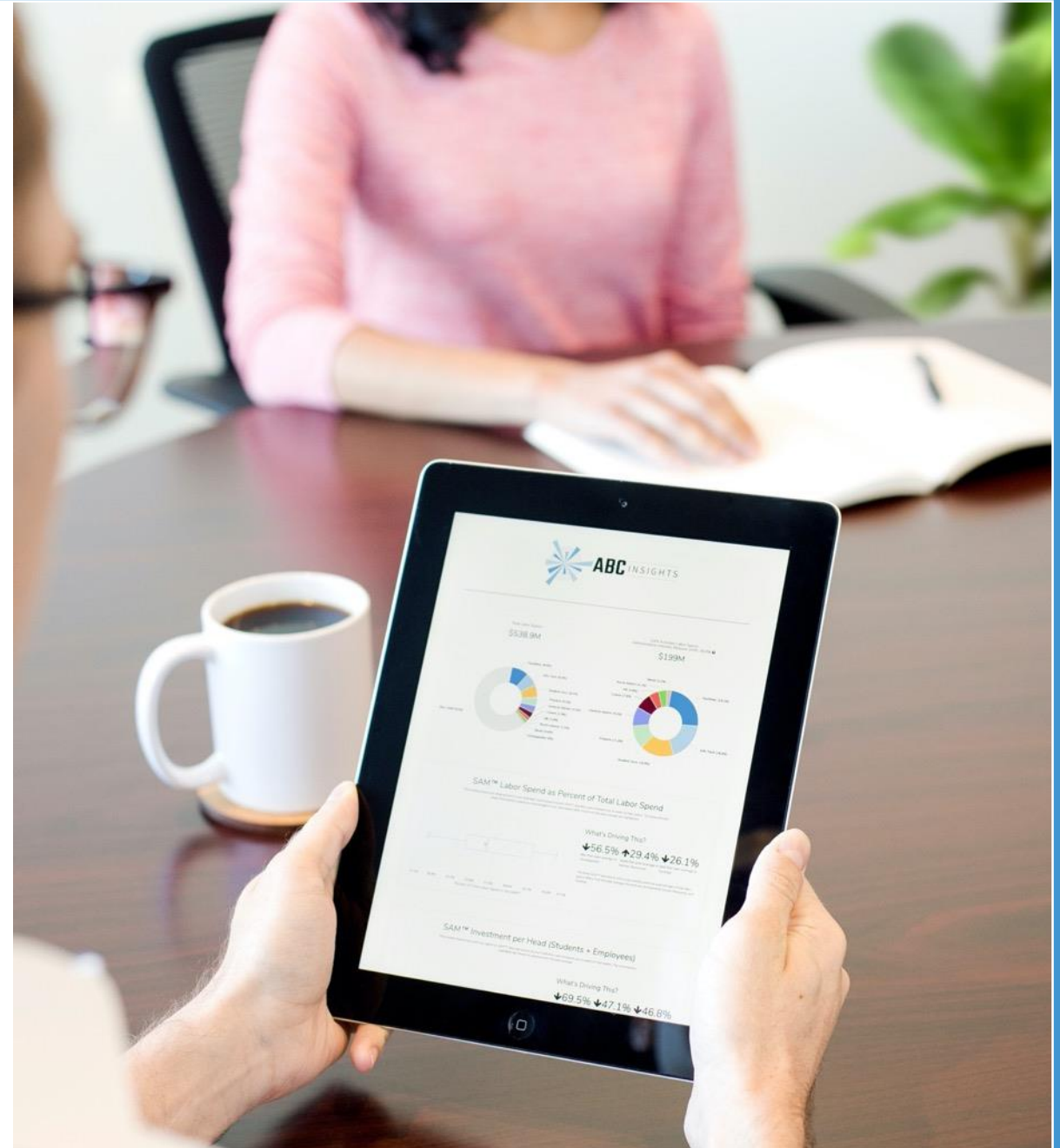
**ABC** INSIGHTS  
A HelioCAMPUS COMPANY

# Master Class Series - Financial Transformation During COVID-19

An Exclusive Opportunity for only CBOs

October 9 – December 2, 2020

Class Session Material #5 – Dec 2, 2020



# Discussion topics

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- Introductions and Overview
- Post-Pandemic – The Future of Higher Education
- Report Outs

# Discussion topics

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- **Introductions and Overview**
- Post-Pandemic – The Future of Higher Education
- Report Outs

# Meet your Subject Matter Experts



Oct. 9 3:30-5pm EST

Understanding and Managing Financial Realities



**Kasia Lundy**  
Managing Director in the Education Practice, EY-Parthenon



**Haven Ladd**  
Managing Director in the Education Practice, EY-Parthenon

Oct. 21 3:30-5pm EST

Drive Greater Operational Efficiency & Organizational Effectiveness



**Laura Yaeger**  
Higher Education Client Service Leader, Huron Consulting



**Kurt Dorschel**  
Senior Director in the Higher Education Sector, Huron Consulting

Nov. 4 3:30-5pm EST

Aligning Faculty Effort to Institutional Mission: Leveraging Traditional Scholarship to Optimize Academic Resources



**Peter Stokes**  
Managing Director in the Higher Education Group, Huron Consulting



**Mike Cogan**  
Strategy and Ops Consultant in the Higher Education Group, Huron Consulting

Nov. 18 3:30-5pm EST

Driving Efficiency and Effectiveness in Administrative Services



**Jonathan Fry**  
Managing Director, Head of NA Education Practice, Accenture



**Natalie Sisto Means**  
Managing Director, Strategy & Consulting, Accenture

Dec. 2 3:30-5pm EST

Post-Pandemic – The Future of Higher Education



**Samantha Fisher**  
Managing Director, NA Education Practice, Accenture



**Aneel Delawalla**  
Managing Director/Senior Partner, Accenture Strategy

Each Session Hosted By:



**Jim Hundrieser, Ph.D.**  
Vice President for Consulting Services, NACUBO  
Focus on student success and strategic business models  
B.S. from Northern Michigan University, M.Ed. from Plymouth State university, Ph.D. from Barry University



**Paul Friga, Ph.D.**  
Strategy Prof. at UNC CH, Co-founder of ABC Insights  
Focus on university strategy and efficiency/effectiveness  
Previously with PwC and McKinsey  
B.S. St Francis University, MBA & Ph.D. UNC-CH

# Welcome Master Class Participants!



## Community Colleges

Allen Bottorff	Polk State College
Anabel Cunha	Community College of Rhode Island
David Kuntz	Cuyahoga Community College
Elizabeth Argiri	Macomb Community College
Jeffrey West	Salt Lake Community College
Kathryn Kaoudis	Community College of Denver
Lisa Watson	Northwest College
Maria Elizondo	South Texas College
Nathan Langstraat	Whatcom Community College
Olivia Padilla-Jackson	Central New Mexico Community College
Pam Harrison	Meridian Community College
Roberta Remias	Oakland Community College
Susan Coulston	Southwestern Michigan College
W. Leatherman	Hopkinsville Community College

## Small institutions - Public

Kari Gaswick	Chadron State College
Veronica Paulson	Northern State University
William Spindle	South Dakota School of Mines and Technology

## Small institutions - Private

Amy Bosio	Georgian Court University
Andrea Young	Ripon College
Ann Spall	Fontbonne University
Anna Arvay	Geisinger Commonwealth School of Medicine
Beth Mcgrath	Clarke University
Christopher Gardner	Wofford College
Claudette Smith	Stillman College
David Carson	Flagler College
Debra Martin	Mount Saint Mary's University
Debra Polley	The College of Saint Rose
Denton Stargel	Centenary University
Donna Nance	Texas Wesleyan University
Jeff Scaccia	Presbyterian College
Jerry Silberman	Elizabethtown College
Jodie McGaughey	Hardin-Simmons University
John Risboskin	Lackawanna College
Kim Kvaal	St. Edward's University
Lezlie Hukill	Wayland Baptist University
Linda Allen	Evangel University
Lorraine Atwood	Vermont Law School
Meghan Kass	Wheaton College
Michael Poster	St. Ambrose University
Michele Smith	Brite Divinity School
Rhonda Shirazi	Spring Hill College
Rick Gilbertson	University of Sioux Falls
Sarah Mouch	Methodist Theological School in Ohio
Stacie Scott	Beloit College
Stephanie Ourada	Hastings College
Steven Alderman	South Texas College of Law Houston

## Comprehensive – Public

Beth Reissenweber	Midwestern State University
Claire Stinson	Tennessee Technological University
Jennifer Potter	Stockton University
John Carmichael	The Evergreen State College
Kathleen Eichelroth	Worcester State University
Lori Beaty	Tarleton State University
Pratima Gandhi	University of Wisconsin-Stevens Point
Rick Anderson	University of Texas Rio Grande Valley
Russ Hannah	Arkansas State University

## Comprehensive – Private

Cathleen Kenny	Pratt Institute
Hania Ferrara	Fairleigh Dickinson University
Laura Sander	Suffolk University
Linda Gilbert	Widener University
Rosana Lopez	Universidad Del Sagrado Corazon

## Research – Public

Allyson Easterwood	University of Southern Mississippi
Cathy Anderson	University of Utah
Jean Vock	University of Nevada, Las Vegas
Karin Hegstad	North Dakota State University
Kelli Shomaker	Auburn University
Kelly Fox	Georgia Institute of Technology
Lynne Schaefer	University of Maryland Baltimore County
Noel Sloan	Texas Tech University
Stacy Pearson	Washington State University

## Research – Private

Danielle Manning	Clark University
Leslie Brunelli	University of Denver

# Our unique format for the Master Class Series



## Master Class Sessions

<p>Friday, October 9<sup>th</sup> 3:30 – 5:00pm</p> <p>Understanding and Managing Financial Realities</p> <p>Featuring EY Parthenon</p>	<p>Wed, October 21<sup>st</sup> 3:30 – 5:00pm</p> <p>Drive Greater Operational Efficiency &amp; Organizational Effectiveness</p> <p>Featuring Huron Consulting</p>
<p>Wed, November 4<sup>th</sup> 3:30 – 5:00pm</p> <p>Aligning Faculty Effort to Institutional Mission</p> <p>Featuring Huron Consulting</p>	<p>Wed, November 18<sup>th</sup> 3:30 – 5:00pm</p> <p>Driving Efficiency and Effectiveness in Admin Services</p> <p>Featuring Accenture</p>
<p>Wed, December 2<sup>nd</sup> 3:30 – 5:00pm</p> <p>Post-Pandemic – The Future of Higher Education</p> <p>Featuring Accenture</p>	

## Workshop Flow

15 Minutes	Overview	Jim Hundrieser and Paul Friga
30 Minutes	Plenary Presentation	Led by a Monthly Topic Subject Matter Expert From Consulting Firm
30 Minutes	Breakouts & Case Studies (led by University CFOs)	Facilitated by NACUBO Team, ABC Insights and Consulting Firm SMEs
15 Minutes	Report Outs	Led by Jim Hundrieser and Paul Friga

# Session Five – Post-Pandemic – The Future of Higher Education



**Dec. 2 3:30-5:00pm EST**



**Samantha Fisher**

Managing Director, NA Education Practice, Accenture



**Anel Delawalla**

Managing Director/Senior Partner, Accenture Strategy

## Description

The pandemic is driving permanent change in how colleges and universities deliver education, serve students, and operate administratively. This session will focus on actions that CFOs can take to prepare their institutions to thrive in the post-pandemic world. We will discuss how a ‘zero-based mindset’ can help you drive the institution to allocate its resources and investments to where they are most needed.

## Learning Objectives

1. Describe the likely post-pandemic future of higher education and the evolving needs of faculty, students, and employees and the implication on your operations
2. Create visibility and transparency in where the institution deploys its resources (people, budget)
3. Target and prioritize the most valuable opportunities for transformation
4. Instill a zero-based mindset at the institution

15 min

Introductions

30 min

Plenary Presentation

30 min

Breakouts & Case Studies

15 min

Report Outs

## Key Readings

- [This Is an Existential Time for Higher Ed: An Interview with Gordon Gee](#)
- [Will College Athletics Survive? Should They?](#)
- [7 Ways COVID-19 Is Accelerating Trends In Higher Education](#) (Accenture)
- [The Dawn Of The Pervasively Hybrid Era In Higher Education](#) (Accenture)

## Key Asynchronous Webinars

- [How Online Education Can Save Higher Ed](#) (Chronicle)
- [A Strategic And Financial Look At Collegiate Athletics In 2020 And Beyond](#) (Chronicle)
- [Short-Term and Long-Term Planning While Considering Operating and Capital Tradeoffs](#) (NACUBO)
- [Future-Proofing Your Institution Through Agile Planning](#) (NACUBO)
- [Endowment Strategies for Higher Education](#) (NACUBO)



# The macro environment suggests the need for change – the STEEP Framework

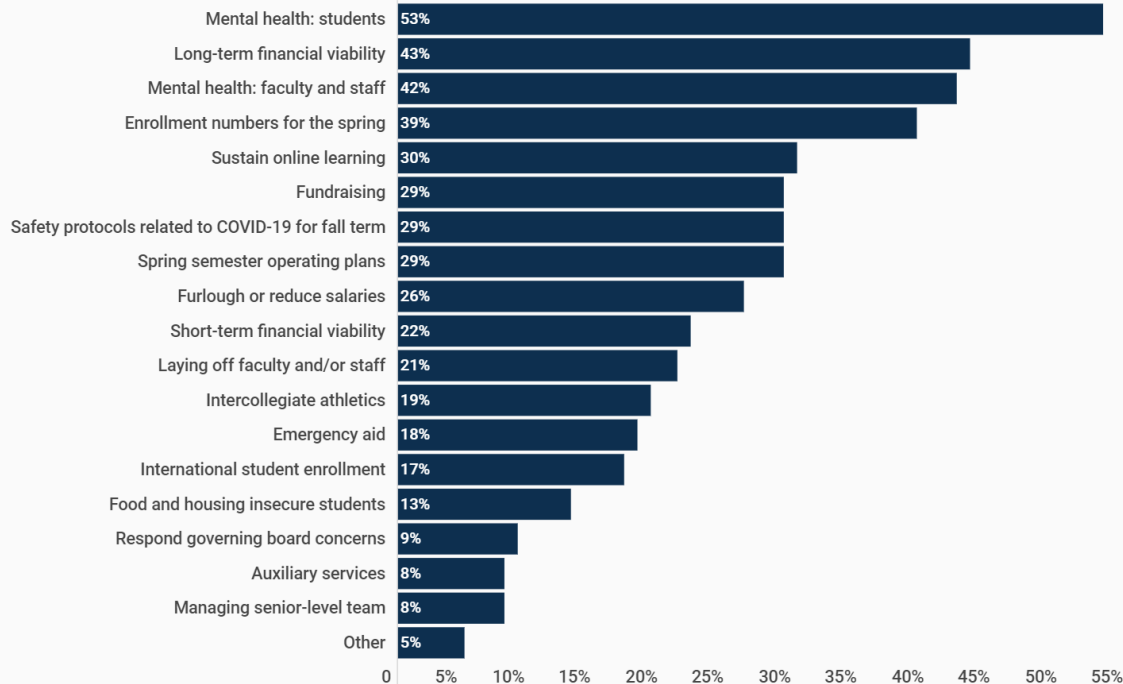


	Theoretical Model	Applied to Higher Ed
<b>SOCIAL/DEMOGRAPHIC</b>	<ul style="list-style-type: none"> <li>▪ Domestic &amp; int'l population shifts</li> <li>▪ Speed of technology adoption among consumers</li> <li>▪ Workforce demographics (e.g., diversity)</li> <li>▪ Income distribution</li> </ul>	<ul style="list-style-type: none"> <li>• Traditional tuition increases of 3+% unsustainable - \$1.6T of student debt</li> <li>• 9 consecutive years of enrollment decline on a national basis and steeper declines forecasted</li> <li>• Adult students increasingly interested in higher ed</li> </ul>
<b>TECHNOLOGICAL</b>	<ul style="list-style-type: none"> <li>▪ Advances in consumer electronics technology</li> <li>▪ Advances in computer technology</li> <li>▪ Advances in automotive technology</li> <li>▪ R&amp;D and new product introductions</li> </ul>	<ul style="list-style-type: none"> <li>• Online education methodologies widely available</li> <li>• Increasing analytics capabilities for decision-making</li> <li>• Benchmarking data and platforms growing significantly (e.g. ABC Insights &amp; HelioCampus)</li> </ul>
<b>ECONOMIC</b>	<ul style="list-style-type: none"> <li>▪ Domestic &amp; int'l growth cycle (e.g., recession)</li> <li>▪ Inflation rates</li> <li>▪ Unemployment rates</li> <li>▪ Interest rates</li> <li>▪ Currency fluctuations</li> <li>▪ Domestic &amp; Int'l wage rates</li> <li>▪ Trade deficits</li> </ul>	<ul style="list-style-type: none"> <li>• Poor quality of earnings – 3 years of negative ratings by Moody's and S&amp;P for higher ed</li> <li>• Currently in recessionary conditions (state support for higher ed at risk)</li> <li>• Over 1,200 colleges either at or approaching "not financially viable" status (DOE Financial Composite Scores)</li> </ul>
<b>ENVIRONMENTAL/ GEOGRAPHIC</b>	<ul style="list-style-type: none"> <li>▪ International competitor locations</li> <li>▪ Transportation costs</li> <li>▪ Ecological issues – pollution, recycling, energy use, air/water quality, natural resources, &amp; power sources</li> </ul>	<ul style="list-style-type: none"> <li>• More supply of brick-and-mortar colleges than student demand</li> <li>• Pressure for more sustainable energy use</li> <li>• Growth in international higher ed competitors</li> </ul>
<b>POLITICAL/LEGAL/ GOVERNMENTAL</b>	<ul style="list-style-type: none"> <li>▪ Int'l legislation (e.g., import/export laws)</li> <li>▪ Domestic legislation (e.g., labor laws)</li> <li>▪ Federal agencies (e.g., OSHA, EEOC, Trade agencies)</li> <li>▪ Government involvement</li> </ul>	<ul style="list-style-type: none"> <li>• New White House administration</li> <li>• Likely stimulus package of some sort</li> <li>• Potential for increased governmental intervention</li> </ul>



# Campus leaders seem to recognize that it is time for real change

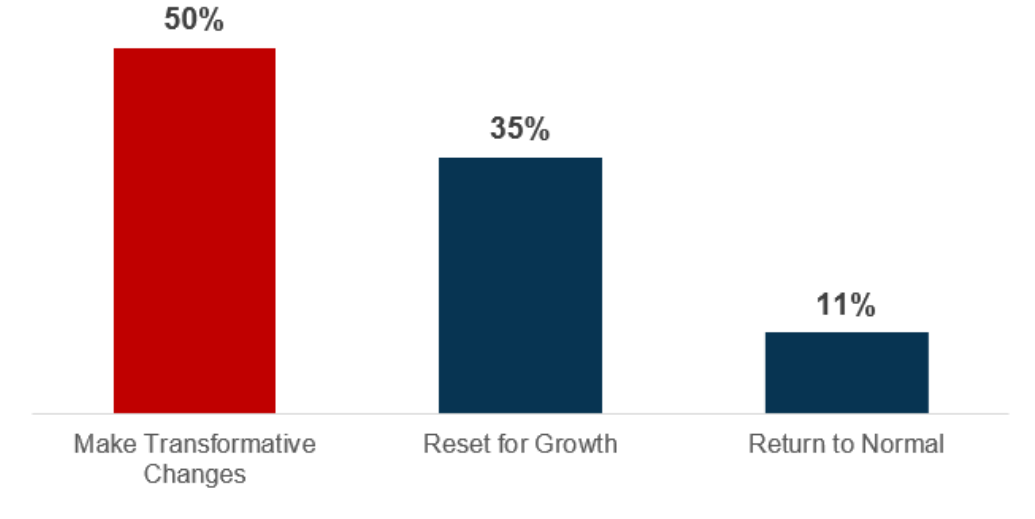
Figure 1. Most Pressing Issues Facing Presidents Due to COVID-19 in September



Pulse Point Survey of College and University Presidents on COVID-19: 2020 Fall Term Survey, American Council on Education, 2020.

## InsideHigherEd Survey of Presidents

How do you intend to use this period?



**100% of University CFOs and 96% of Presidents are planning to “Reengineer Operational Processes”**

Source: ABC Insights AAC&U Survey of Presidents, July 12, 2020  
n=119; ABC Insights Survey of CFOs, April 30, 2020, n=21

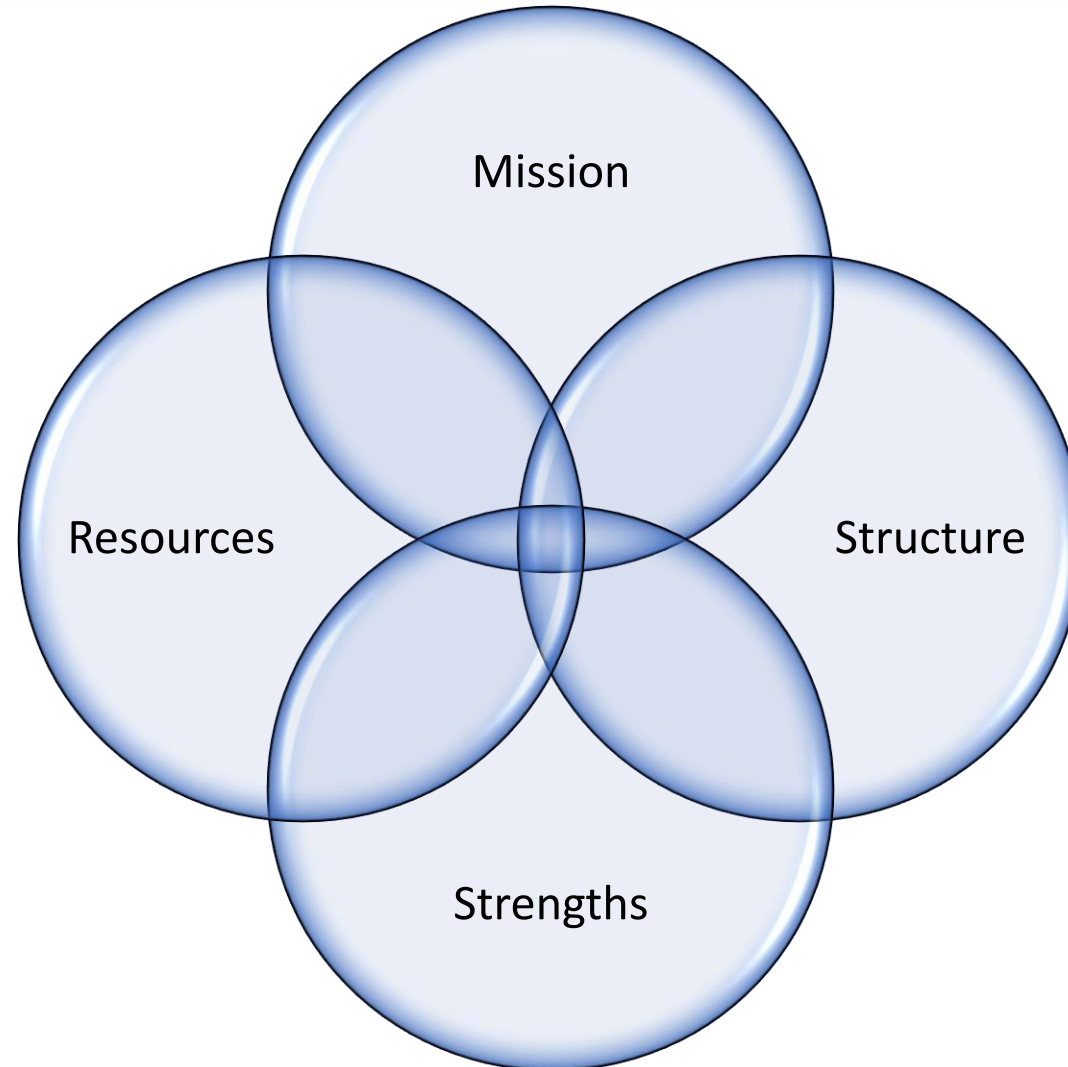
# Paul's "Looking Glass" into potential changes in higher ed



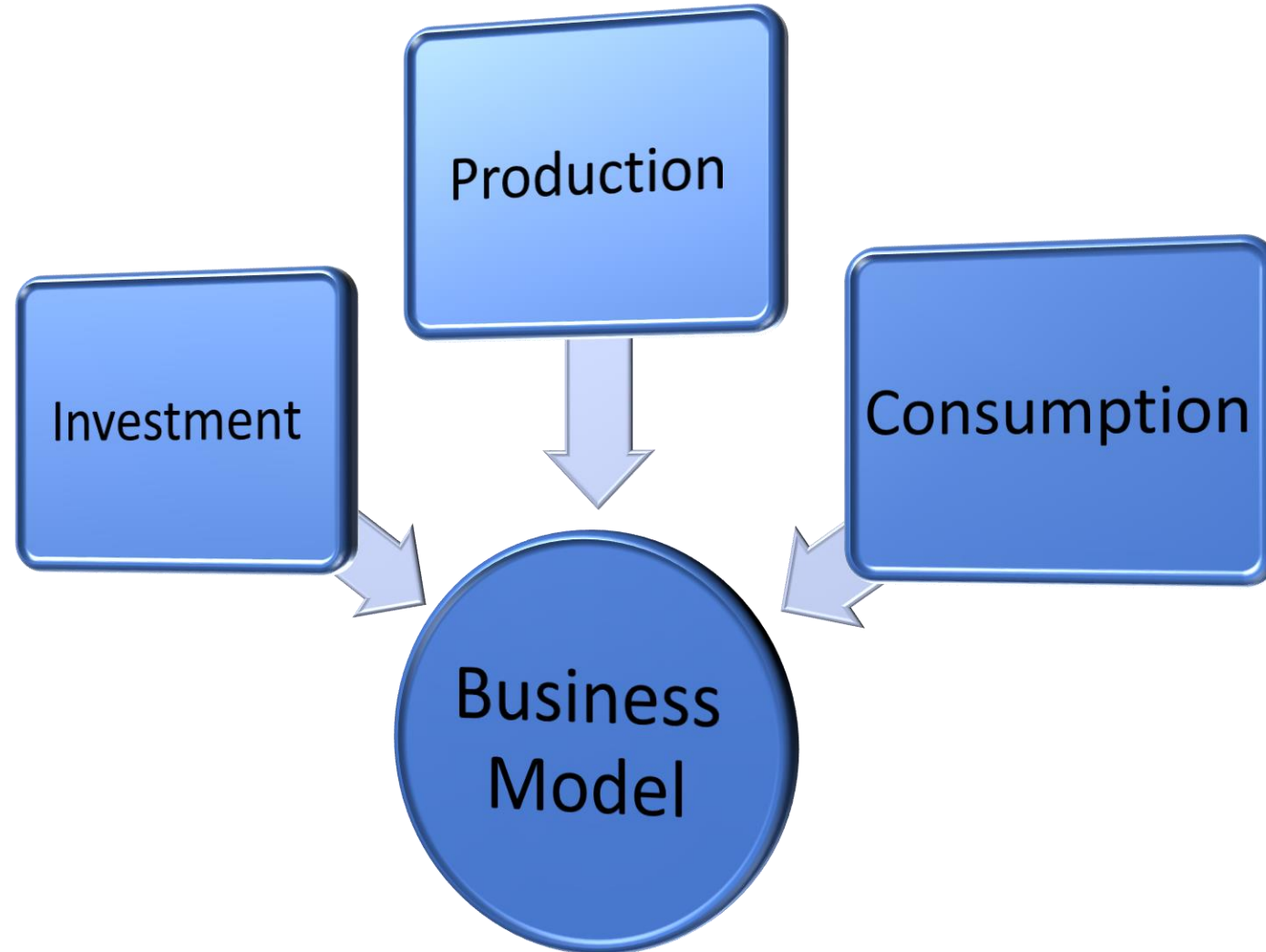
Dimension	Current	Future
Tuition	Medium - High	Free - Low
Differentiation of Providers	Low	High
Accessibility	Low	High
Online Education	Low	High
Partnerships with Employers	Medium	High
Virtual Campus Services	Low	High
Inter-University Collaboration	Low	Medium
Relevance	Low	High
Faculty	Single-University	Multi-University / Free Agent
Students	18 - 24-Year Old	18 - 80-Year Old
National Universities	Few	Many
Credentials	2 & 4-Year Degrees	Degrees + Badges + Certificates

Source: Dr. Paul N. Friga

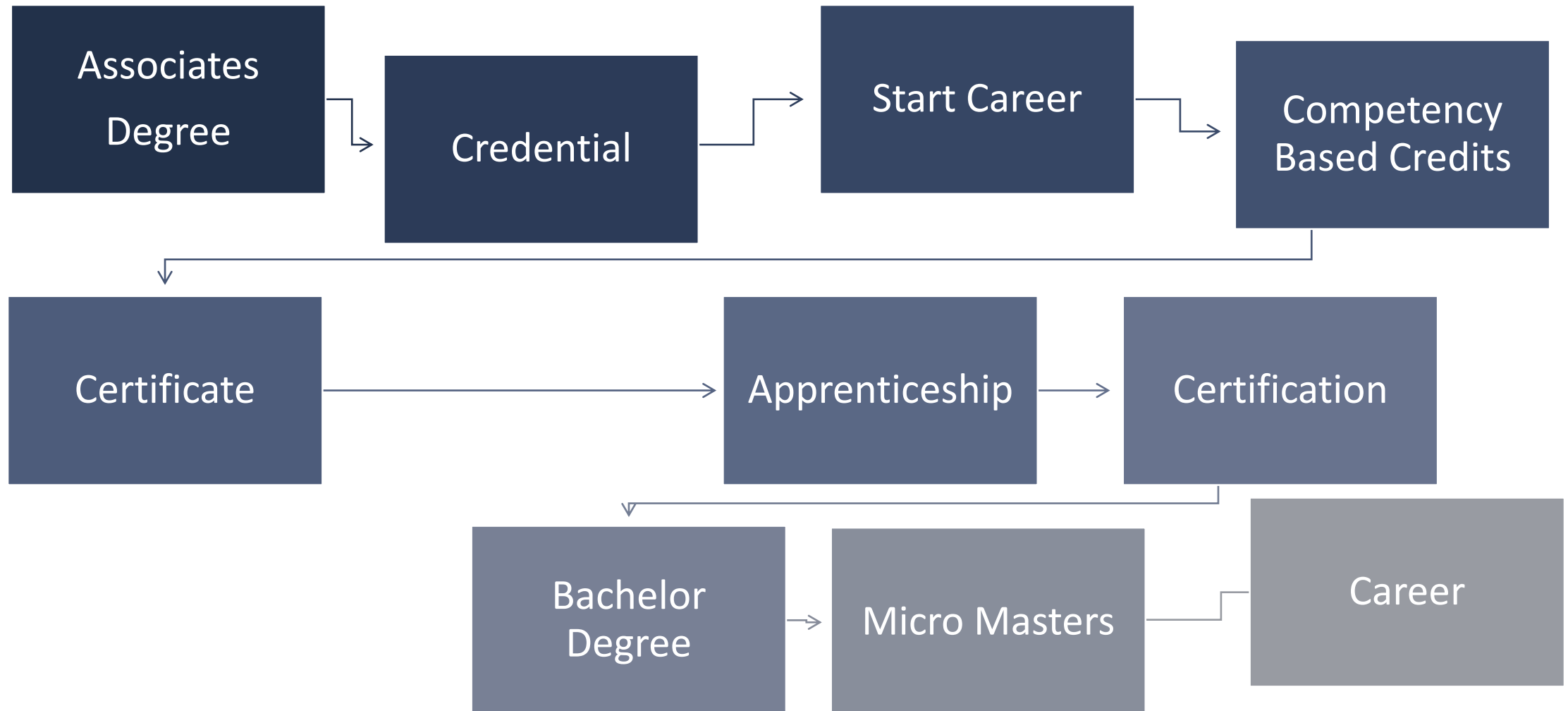
Proprietary and Confidential



# WHAT IS AN INSTITUTIONS ECONOMIC MODEL?



# PATHWAYS AND ON-RAMPS



# Participant Participation – Polling Question 1



**Our campus is planning for major change over the next 2 years.**

- 1 = Strongly Agree**
- 2 = Agree**
- 3 = Disagree**
- 4 = Strongly Disagree**

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on your web browser



# Discussion topics

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- Introductions and Overview
- **Post-Pandemic – The Future of Higher Education**
- Report Outs



# POST-PANDEMIC HIGHER ED: USHERING IN INNOVATION

NACUBO and ABC Insights Masterclass

DECEMBER 2020



# In our higher ed leader interview series, we set out to understand...



...permanent changes  
to education delivery



...evolving approaches  
to serving and  
engaging students



...the transformation of operating models

## ...in a post-pandemic world

# Enriched education delivery

Quality of education will be enriched for both traditional and non-traditional students as necessity spurs innovation in education delivery.

The result will be more varied, tech-enabled and tailored education to meet the needs of different student segments across their lifetimes.

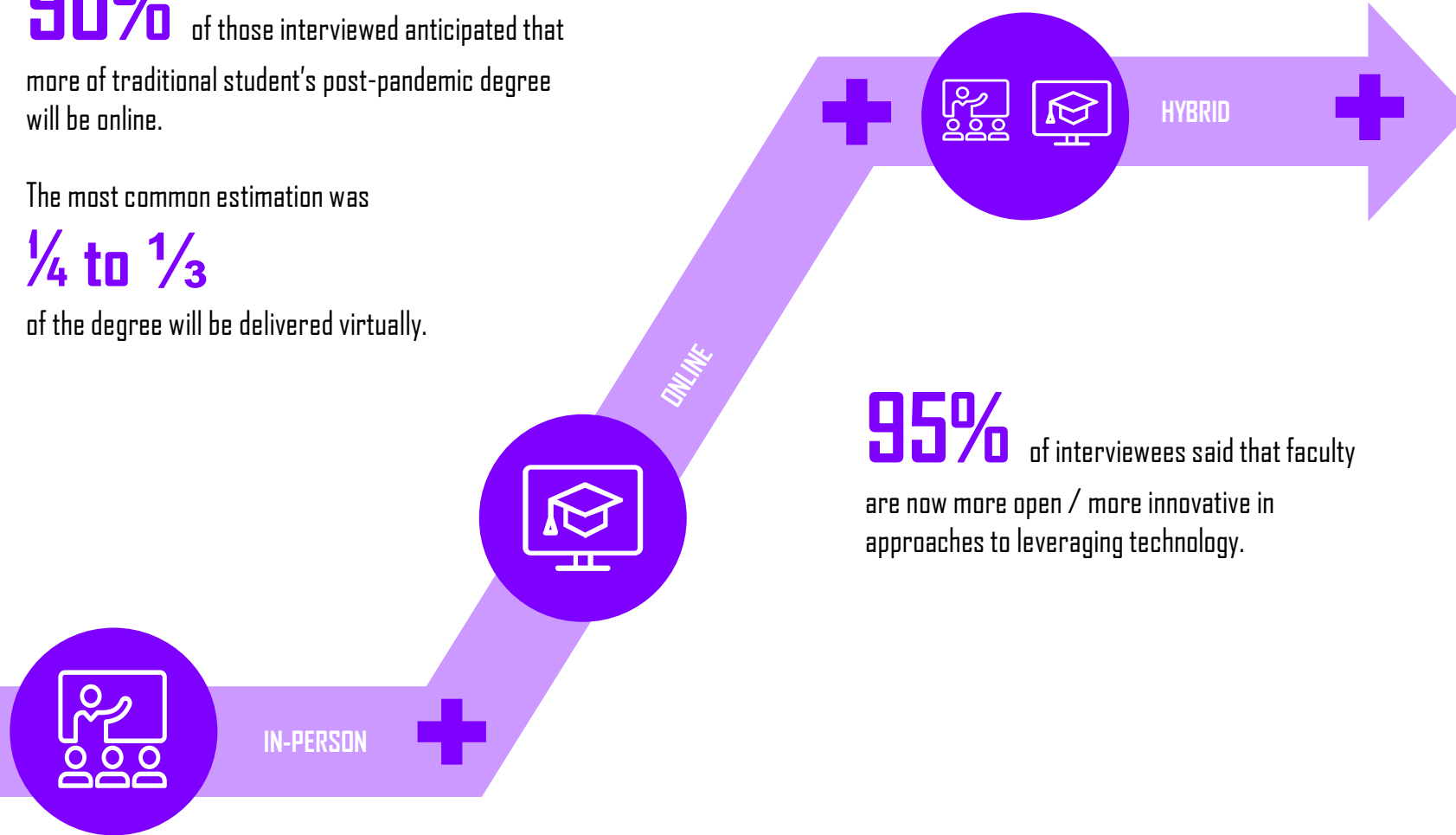


**“HOW YOU RECEIVE YOUR EDUCATION HAS BEEN IMPACTED BY COVID FOR GENERATIONS.”**

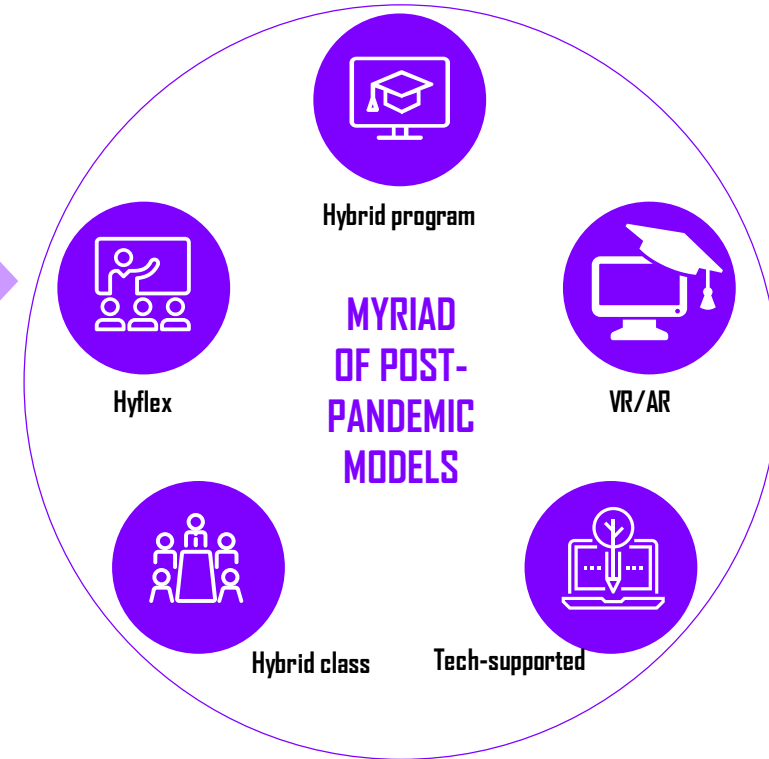
# Education delivery will explode into a myriad of models

**90%** of those interviewed anticipated that more of traditional student's post-pandemic degree will be online.

The most common estimation was **1/4 to 1/3** of the degree will be delivered virtually.



**95%** of interviewees said that faculty are now more open / more innovative in approaches to leveraging technology.



**"I do see changes to the traditional education delivery, and this is the first time that I actually believe it."**

# Supporting and engaging students

Post-pandemic student support will be more purposeful, as COVID has illuminated where exactly the immense value of in-person student experiences lies – and where it is preferable for student support services to be delivered virtually.

**“OUR STUDENTS WANT TO BE HERE...THEY STILL WANT TO BE IN PERSON OR ON CAMPUS.”**

**“STUDENTS SEE IN-PERSON [ADMINISTRATION] AS ANNOYING RATHER THAN A CONCEPT OF HIGH QUALITY [SERVICE].”**



“There is a real thirst for in-person interaction.”

# COVID has illuminated where in-person student interactions are needed – and where they are not

“Students are actually working at their records between 11p and 2am....its an opportunity for us to have 24-hr very flexible time.”



CLUBS & AFFINITY GROUPS



GREEK LIFE / RESIDENCE LIFE



GRADUATION



SPORTS

## SOCIALIZE AND BUILD COMMUNITY **IN-PERSON**

In-person is preferred for social activities involving groups and/or un-curated interactions among peers.



ACADEMIC ADVISING/TUTORING



MENTAL HEALTH/ TELE-HEALTH



STUDENT ADMINISTRATION SERVICES



CAREER SERVICES

## **PROVIDE 1:1 SUPPORT REMOTELY**

Where convenience and privacy are prioritized, such as personal or administrative support interactions with institutional employees, virtual delivery is preferred

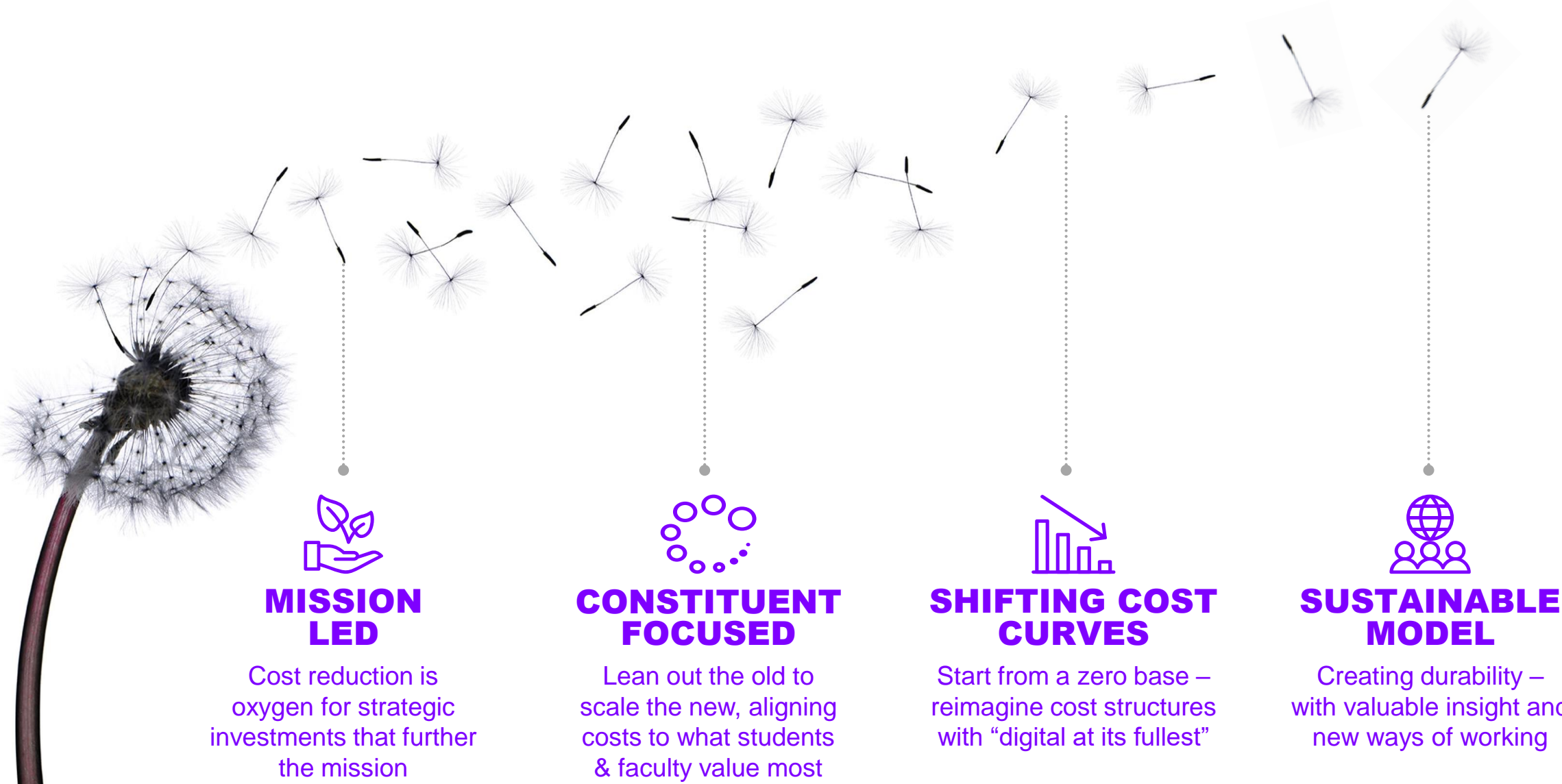


# How can CBOs help their institutions prepare for this future?

Employ a zero-based mindset to deploy resources to meet the needs of the future



# Our zero based reboot provides a transformative mindset, and that's why it works!



# Three pillars of a zero-based reboot are supported by common mindset and behaviors

## Zero-Based Organization (ZBO)

### Key Focus Areas:

- People costs
- Organizational effectiveness
- Shift talent to value creating distinctive capabilities

## Zero-Based Spend (ZBS)

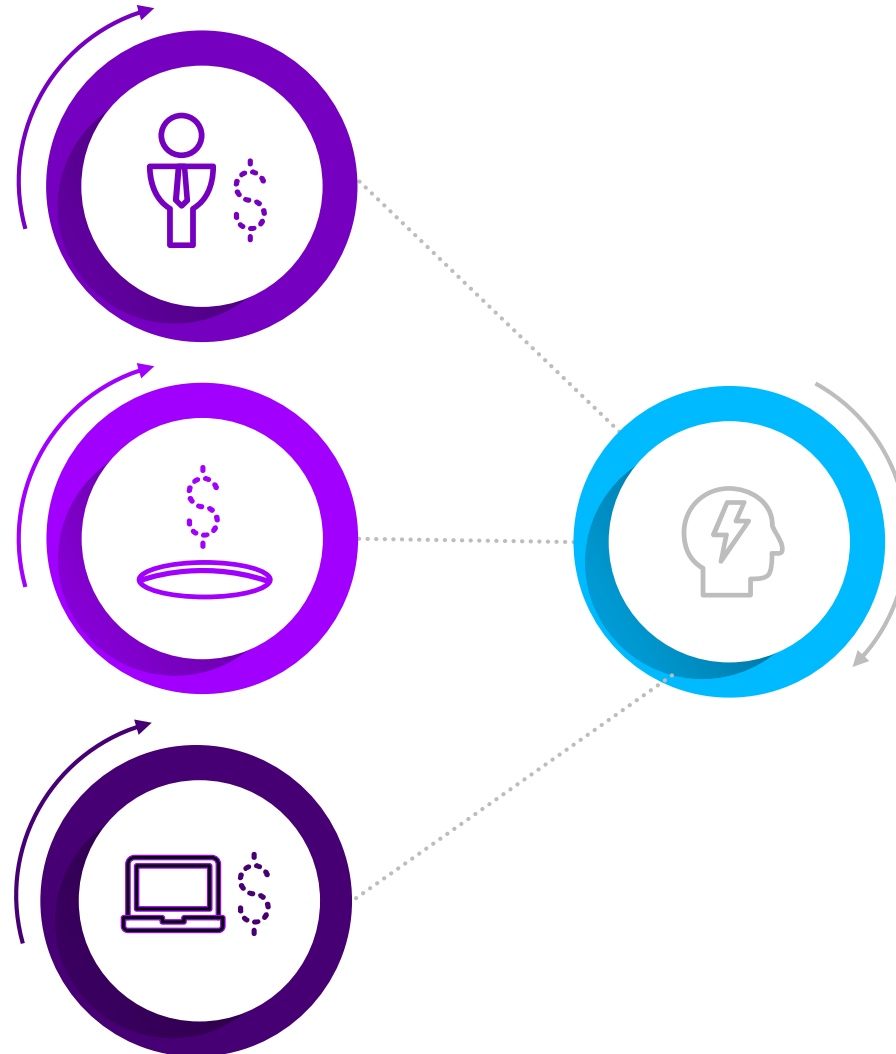
### Key Focus Areas:

- Granular analysis of expenditure line items
- Driver-based price & consumption reviews
- Reduce or reinvest non-working money

## Zero-Based Technology (ZBIT)

### Key Focus Areas:

- Technology expenses and IT workforce
- IT spend to enable business capabilities
- Focused IT cost reduction for organizational optimization



## Mindset and Behaviors

### Key Focus Areas:

- Framing
- Culture Change
- Sustainability

# A Zero-Based approach can help address the critical priorities around liquidity and costs within 60 days

## IMPACT AT SPEED



FORENSIC VISIBILITY

COST OWNERSHIP

SUSTAINABILITY

# ZBX at Emory (AKA-Integrated financial Planning Optimization strategy (IFPOS))

- ✓ It is a **philosophy** that ensures activities and cost align with the desired level of service, support, and compliance needs.
- ✓ It requires that we **see our resource allocations in totality** - with success in one area creating success for all of Emory.
- ✓ The IFPOS is designed to start with zero dollars – a **blank slate** – and create the cost structure for activities that are aligned with the strategic mission and priorities of Emory.
- ✓ It allows us to refocus our **time**, our **talents**, our **space**, and our **expenditures** to move into a **focused future** of eminence.

## IFPOS Goal:

Advance Emory's mission by reimagining and refocusing our allocation of time, space, and dollars.

## IFPOS Motto:

Mission Minded, Future Focused

*Our decisions around resource allocation  
(time, space, \$)  
define how we live out our mission.*

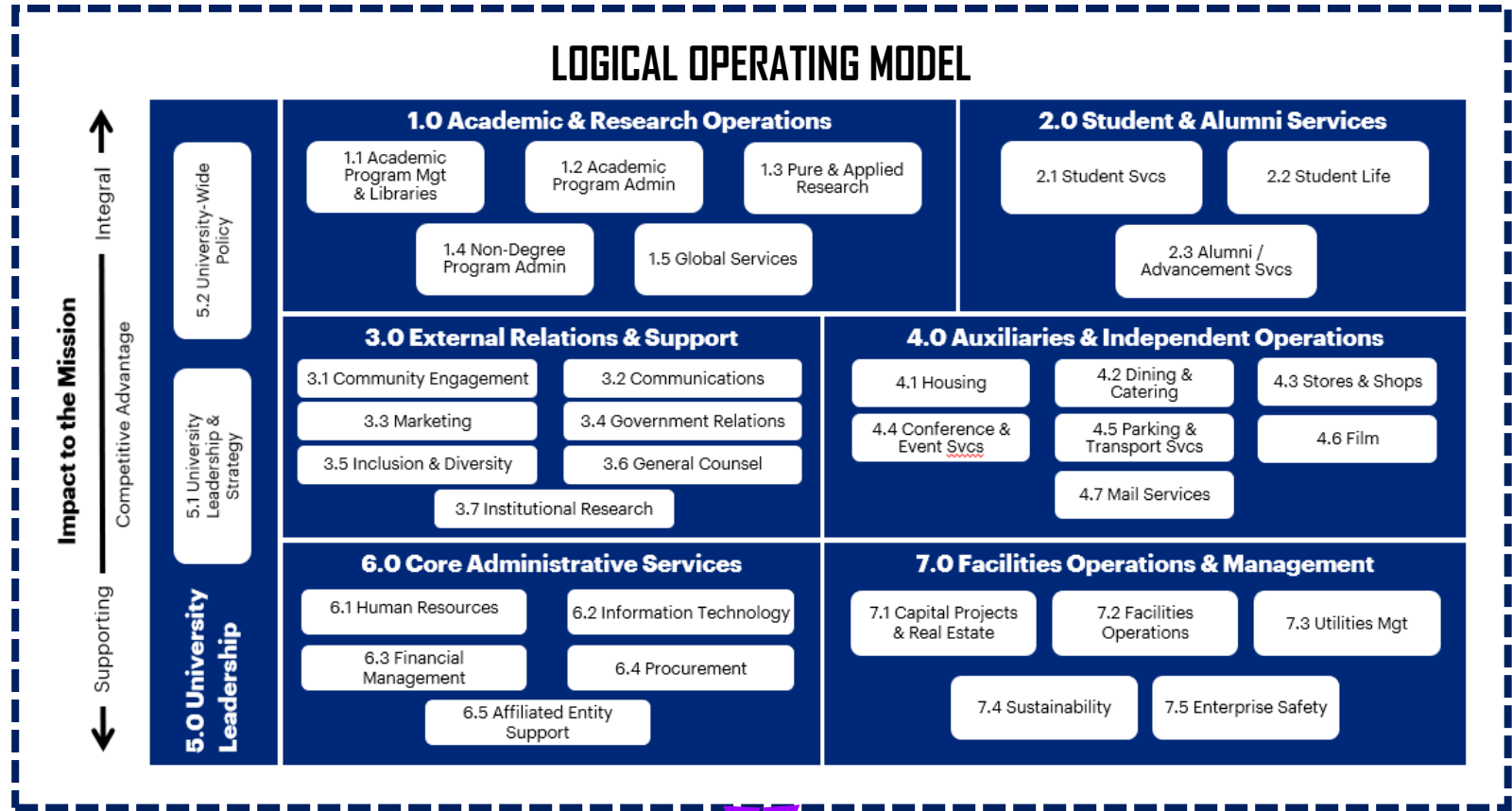
# Emory Logical Operating Model (LOM)

The Logical Operating Model serves as the basis for understanding how resources support the institutional mission.

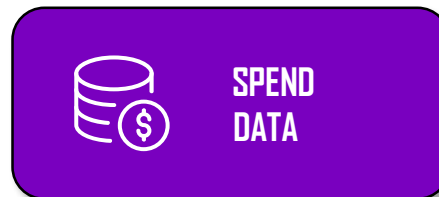
## PURPOSE

The Logical Operating Model was created to:

- Provide a **new framework** through which to view how institutional resources are focused within and across the institution
- Serve as a basis for uniting university expenses (in \$) and work effort data (in FTE) under one **activity-focused taxonomy that relates to institutional mission**



*The Logical Operating Model is the lens through which will we evaluate how all institutional resources are allocated during IFPOS*

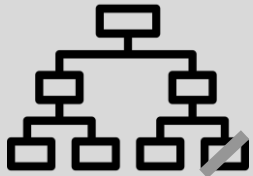


# Optimization Levers

The Optimization Levers below will be used to help focus the discussion during the Ideate and Assess components of the Reimagine workshops.

## OPTIMIZATION LEVERS

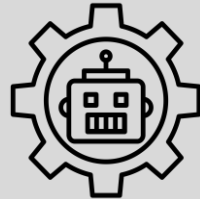
### Simplification / Elimination



*Right Work*

- Process and Policy
- Demand Management

### Intelligent Automation



*Right Size*  
*Right Measurement*

- RPA = Robotic Process Automation
- Artificial Intelligence
- Digitization

### Organization Optimization



*Right Structure*  
*Right People*

- Spans and Layers
- Tenure
- Performance
- Contingent / Full time mix
- Talent Management

### Operating Model Alignment



*Right Size*

- Shared Services within units
- Location Strategy
- Sourcing Strategy

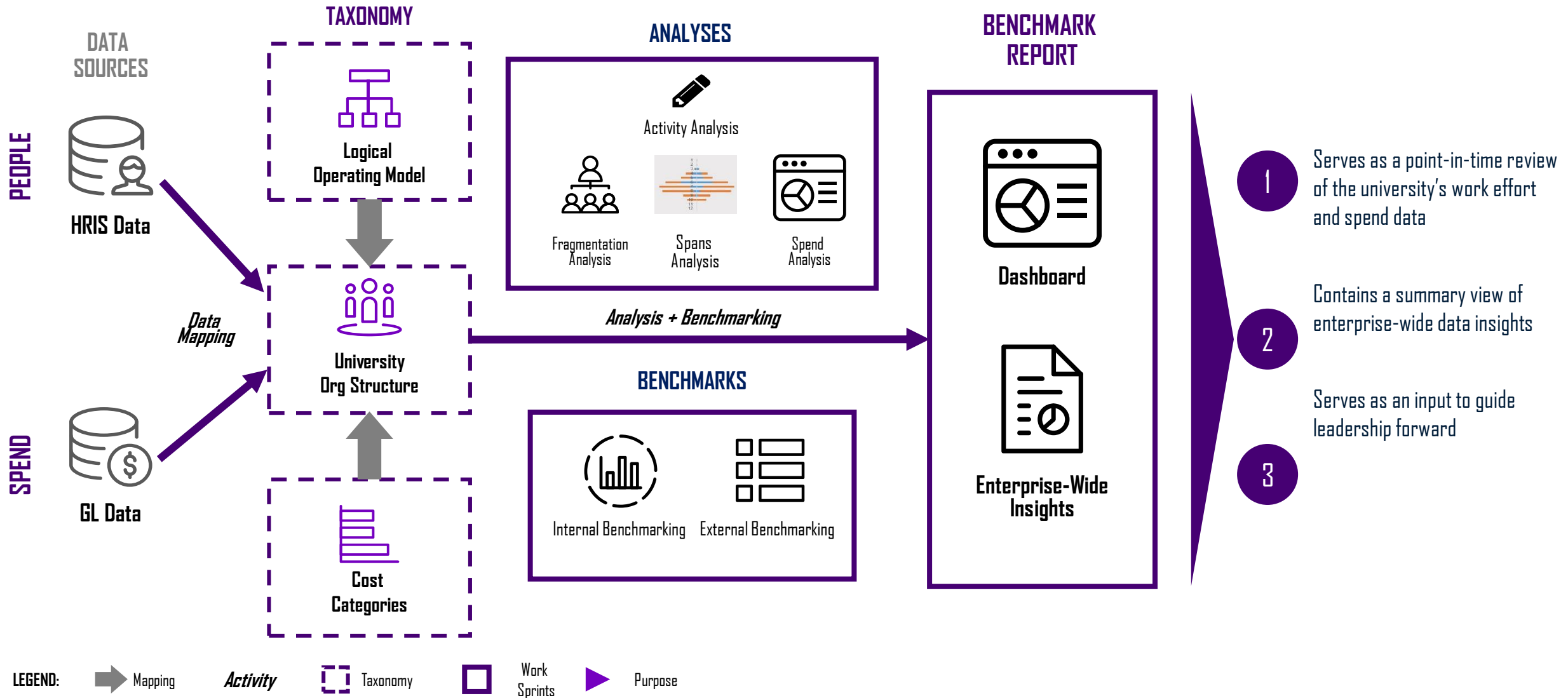
### Capability Development



*Right Measurement*

- Reinvestment for Growth
- Analytics
- Centers of Excellence
- Strategic partnerships
- Ecosystem development

# How might an institution get started?



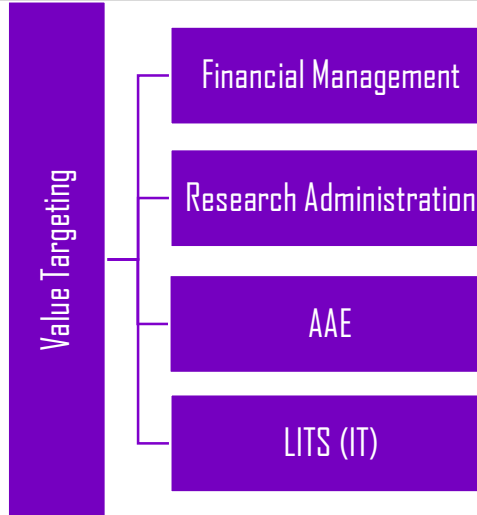
- 1 Serves as a point-in-time review of the university's work effort and spend data
- 2 Contains a summary view of enterprise-wide data insights
- 3 Serves as an input to guide leadership forward



# Parallel Workstreams

## Horizontal Value-Targeting

*Look for optimization levers and build Action Plan Roadmap. Enhance administrative effectiveness and reduce costs throughout the system.*



## Vertical Zero-Based (Bottom-Up) Budgeting

FY22  
IFP

### Cycle 1

EVPBA Units

*Excluding:*

Campus Services & LITS

HR

*Including:*

HR - Fringe Pool

*Cost Allocation Review*

FY23  
IFP

### Cycle 2

Campus Services

LITS

HR - Remaining

Campus Life

FY24  
IFP

### Cycle 3

EVPAA units

*Others as needed*

FY25  
IFP

### Cycle 4

President units

*Others as needed*

FY26  
IFP

### Cycle 5

Cost Allocation and  
Recharge Review Year

# How we are making this work at Emory

Think of what is going to motivate your institution

Ask the difficult question of “why?”

Change management and getting everyone on board

Get the work out of the system first. Goal = 650,000 hrs of work out of the system

# Participant Participation – Polling Question 2



**What is the biggest challenge to automating/streamlining student support and other administrative activities?**

- 1 = Commitment to status quo**
- 2 = Lack of knowledge of technological options**
- 3 = Financial resources to invest**
- 4 = Leadership**

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on your web browser



# Discussion topics

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- Introductions and Overview
- Post-Pandemic – The Future of Higher Education
- **Report Outs**

# Discussion questions

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- 1. In your opinion, what is the most material change that institutions will have to deal with in a post-pandemic world?**
- 2. What might be the biggest hurdles to implementing a ZBX approach at your institution? What are the most promising areas of potential?**

# Teams report out key topics, insights, and recommendations



# Participant Participation – Polling Question 3



What is the general level of morale of faculty, staff, and students on your campus?

- 1 = Low
- 2 = Medium
- 3 = High

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# A look back at the Masterclass Series



Oct. 9 3:30-5pm EST

Understanding and Managing Financial Realities



**Kasia Lundy**  
Managing Director in the Education Practice, EY-Parthenon



**Haven Ladd**  
Managing Director in the Education Practice, EY-Parthenon

Oct. 21 3:30-5pm EST

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**Laura Yaeger**  
Higher Education Client Service Leader, Huron Consulting



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Nov. 4 3:30-5pm EST

Aligning Faculty Effort to Institutional Mission: Leveraging Traditional Scholarship to Optimize Academic Resources



**Peter Stokes**  
Managing Director in the Higher Education Group, Huron Consulting



**Mike Cogan**  
Strategy and Ops Consultant in the Higher Education Group, Huron Consulting

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Post-Pandemic – The Future of Higher Education



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Managing Director/Senior Partner, Accenture Strategy

Each Session Hosted By:



**Jim Hundrieser, Ph.D.**  
Vice President for Consulting Services, NACUBO  
Focus on student success and strategic business models  
B.S. from Northern Michigan University, M.Ed. from Plymouth State university, Ph.D. from Barry University



**Paul Friga, Ph.D.**  
Strategy Prof. at UNC CH, Co-founder of ABC Insights  
Focus on university strategy and efficiency/effectiveness  
Previously with PwC and McKinsey  
B.S. St Francis University, MBA & Ph.D. UNC-CH

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