

Education Industry Dynamics: Are You Adapting Quickly Enough?

As students struggle in the job market, many are questioning the value of their education. They bear a higher financial burden of increased tuition costs with other debt than ever before. Many may wonder if it is a function of the economy, their own drive, or the education they've received. And as students make decisions about which college, university or educational option is best for them, these institutions face an ever increasing competitive environment in being able to attract more discerning customers.

As a \$25B industry, Private Post-Secondary Education companies are well aware of these challenges, as many are running at break-even or even negative margins. Currently faced with increased legislative scrutiny and negative publicity, these businesses will have to adapt quickly to the changing landscape in order to succeed in meeting stakeholder expectations.

What must these Companies do?

To remain competitive, these organizations must:

- Offer valuable products or programs as well as upgrade programs they already offer
- Deliver product when and how students prefer
- Provide an affordable tuition or price for their educational experience

These basic business premises are not easy to apply, especially when Technology is changing the way students learn and Government directives determine how the industry operates and how an institution's effectiveness is measured. All the while, public enrollment will likely increase while private enrollment is expected to decrease.

What are Common Themes in Higher Ed?

Opportunities within the industry, when it comes to achieving improvements in both the student experience and lowering costs, are attainable. Techniques, tools, and methodologies, applied appropriately, can garner these opportunities to directly improve the bottom line.

"Americans overwhelmingly view higher education as essential to landing a good job and achieving financial security, but they have doubts about its quality and affordability,..."

The Chronicle of Higher Education, 2/5/13
Libby Sanders Washington



- Ineffective strategic and tactical planning systems aimed at making an institution’s educational experience distinctive and cost-effective
- Business acumen is not as pervasive within educational institutions
- Companies attempt to overlay technology on inferior, substandard systems and processes
- Poor integration of enterprise systems and heavy reliance on off-line spreadsheets
- Performance metrics lack definition, responsibility and accountability — decreased quality, productivity and cycle time results
- Companies overlook the fundamentals, e.g. standard operating procedures, student-facing protocols and predictability standards of “At Risk” students
- Best or better practices are seldom shared between businesses, locations or departments
- Lack of true understanding of profitability by brand and product / program and the inability to leverage strengths
- Lack of visibility of student persistence issues (“Revenue Leakage”) and their causes
- Acquisition indigestion

The Synergetics Advantage

Industry experience with the entire Student Lifecycle and administrative requirements expertise:

- Sourcing to career services and all administrative functions
- Operational focus — depth in process analysis and implementation
- Proven track record of identifying and realizing cost reduction objectives across the board
- Strong working knowledge of industry challenges including Title IV funding and legislative regulations
- Sensitivity to creating value and the student experience, with graduation and gainful employment
- An agent for accelerated change and guaranteed ROI

What is the Answer?

The Post-Secondary Education Sector is large and dynamic. There are shifting demographics; government regulations are changing and restrictive; and student perception of value (quality and cost) is more astute, making them more selective. Across the market, “For-Profit” Educational Institutions are realizing that in order to be competitive and maintain or grow enrollment, they must be innovative, cut costs, and pass savings along to students in the form of tuition relief. And in many cases, “For-Profit” Institutions lack the skills and business acumen required to achieve these things. Synergetics can provide answers.



A Case Study in Driving Success

The Situation In 2013 the client was a \$2B+ “For-Profit” Post-Secondary Education Provider in North America. This firm offers a diversified set of academic programs to students through both campus-based and online learning environments. They provide undergraduate, graduate, and doctoral diplomas and specialized certificates in a broad range of disciplines. The goal was to not only reduce costs by improving operating income but to also pass along benefits to students in the form of student aid, grants, and a better student experience toward gainful employment.



With the combination of an extremely challenging industry-wide environment together with disappointing financial results, a majority investor approached Synergetics to help in turning the troubled business around. Synergetics' past success in working with other portfolio accounts, coupled with its positive relationship with senior leadership, determined its selection.

The Business Analysis The largest business unit within the company was selected as the focus, and the Synergetics team partnered with members of senior management to begin the process. A detailed organizational, financial, and value stream mapping exercise was conducted to identify significant opportunities to reduce waste and decrease operational expenses. The largest improvement areas were found in Marketing & Admissions.

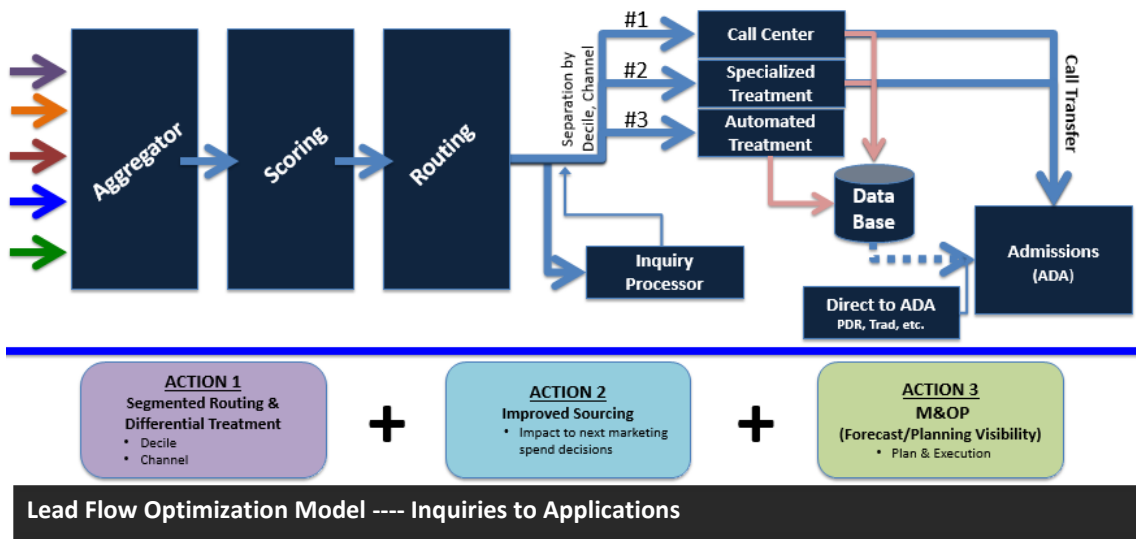
Efficiencies & Waste Reduction Identified

- Marketing & Lead Generation: a cost base exceeding \$100M
- Cost of Student Acquisition, with a cost base exceeding \$100M (excluding that of Marketing & Lead Generation)
- Student Retention
- Overhead Costs to include Corporate G&A and Division Management

Specific Areas of Project Focus

- Marketing & Operations Planning (M&OP) methodologies
- Lead Generation (Web/HS/Traditional/Referral) channels and mix optimization
- Standardized activity and performance management through a customized Management Operating System (MOS)
- Standardized policy, process, systems, and procedures development and rollout
- Centralized Shared Services Optimization to include admin/back office activities
- Centralized National Call Center Optimization
- Organizational Design (spans and layers)

The Project Implementation Following the focused Business Analysis and specification of operational improvements, Synergetics assembled cross-functional project teams comprised of both Client and consultant team members. Each team with assigned objectives developed policy, process, system, and procedural streamlining actions designed to eliminate waste (e.g. administrative steps) and ensure compliance with regulatory and business requirements. All steps were accomplished to enhance the student experience and realize cost savings. The actions associated with implementation were specifically assigned and governed by the Project Management Office (PMO) and Senior Management. The implementation was driven by solid documentation and thorough training.



The Results and Impact As Synergetics completed their engagement and helped the Senior Management team implement all required initiatives, **planned improvements were forecast to achieve over \$50M in expense reductions.** These savings in themselves equated to **over 20% cost reductions over that of base expense.**

Overall, the company was able to divert funds to provide incremental grants and financial aid to qualified students. Many of the programs implemented are scheduled to provide additional year over year expense reductions. These funds are then to be invested in technology and career services, both designed to enhance the student experience.



For more information

E-mail us at:
info@synergeticsww.com

On the web at:
www.synergeticsww.com

Call us:
+1-603-433-8940

Mail us:
75 Congress Street,
Suite 201
Portsmouth, NH 03801
USA



Contact Alex Miller or Scott Sarro for additional information re: Private Post-Secondary Education Services



Alex Miller
Senior Vice President, Global Operations
millera@synergeticsww.com



Scott Sarro
Vice President, Consulting Services
sarros@synergeticsww.com

Synergetics is a privately held New England-based Management Consulting firm established in 1975. With two office locations in the US and UK, Synergetics operates internationally and employs over 150 professionals as analysts, consultants, project managers, and subject matter experts. As one of the largest “Implementing Consulting” organizations, we have completed over 1,300 business process implementations for a diverse client portfolio made up of leading industrial and service corporations. As such, we partner with Private Equity Firms, Small and Medium Enterprises, and Fortune 500 Companies across all market sectors. We build bottom line profitability and improve overall operating efficiencies.

Based upon our specific service offerings, Synergetics performs detailed management, financial, and operational assessments, from which we then develop specific cost savings and revenue enhancement initiatives.

