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Strengthening the Enrollment Pipeline in Challenging Times

A New England Independent
School Perspective

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A NEW ENGLAND INDEPENDENT SCHOOL PERSPECTIVE

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About the Author

Dr. Harry Bloom is Measuring-Success' Senior Vice President of Client Solutions. His for profit experience includes brand and product management at Procter & Gamble and General Electric and management consulting with McKinsey & Company. In his independent school work, Dr. Bloom has developed and implemented a number of marquee programs, including the Atidenu Recruitment and Retention program, the Recruitment and Retention Academy, the Governance & Fundraising Academy and the Financial Benchmarking and Financial Re-engineering program. These programs have helped well over 100 independent schools enhance revenue, increase efficiency and strengthen their sustainability. Bloom has conducted and published independent school and nonprofit governance research that has identified practices that predict financial and educational success.



Dr. Bloom has been a featured presenter at conferences for the National Business Officers Association, the Independent School Association of the Central States, the New York State Association of Independent Schools, and the California Business Officers Association.

Introduction and Survey Methods

The data sets used in this study come from surveys conducted by Measuring Success in collaboration with National Business Officers Association (NBOA) and Independent School Management (ISM).

This report is based on over 200 randomly selected schools' survey responses and covers the 2011-2016 school years.

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Introduction

A 2016 Measuring Success survey conducted among more than 200 randomly selected independent schools that varied widely in size, grade structure, and urban/rural character, revealed that the **New England Region**, a 29 school sample, averaged 1.1 percent enrollment growth during 2011-2016. (Figure 1), trailing the Pacific, Mountain/South Central/Southwest, Southeast, and East North Central Regions. The median New England School actually exhibited the lowest enrollment growth of all the regions studied, with a -2 percent growth over the five year period (Figure 2).

The New England Region includes independent schools from Connecticut, Massachusetts, Maine, New Hampshire, Rhode Island and Vermont (Figure 3, map, next page).

As can be seen in Figure 4 (next page), the New England region schools significantly underperformed their peers from the fastest growing regions in the Pacific and Mountain/Southwest/

FIGURE 1:

Average Enrollment Percentage Change (2016 vs 2011)

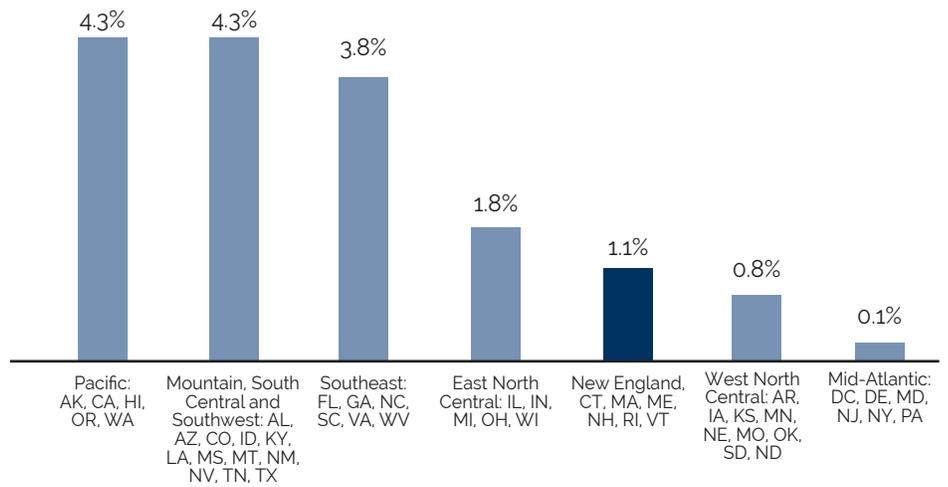
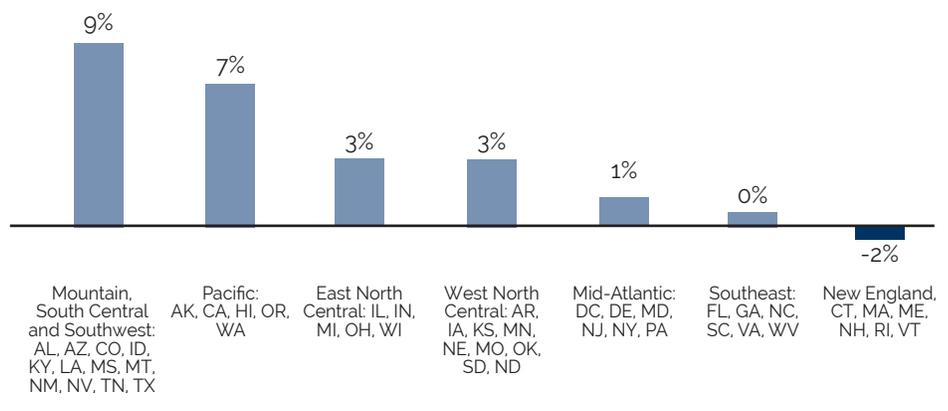


FIGURE 2:

Median Enrollment Percentage Change (2016 vs 2011)

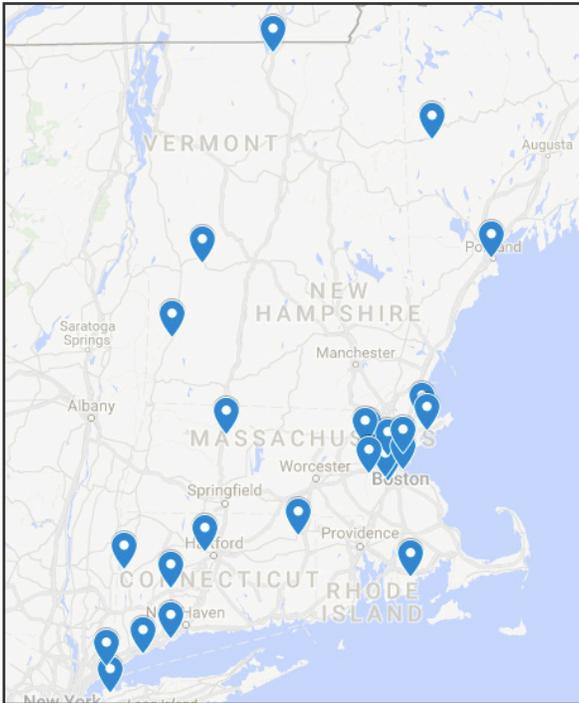


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FIGURE 3:

New England Schools Studied



South Central Regions in the Middle and Upper School divisions, while performing somewhat better in the preschool grades. In Elementary School, all three regions demonstrated the enrollment weakness that is common across the U.S.

How New England Compares

Given the national weakness in the Lower School grades, New England's relatively more promising growth profile in the Preschool division represents an asset to try to build upon to fuel future enrollment growth, as well as a challenge.

New England schools need to focus on implementing moving up programming and systems to ensure that parents enroll their preschool students in the elementary school grades, as well as broader based strategies to increase demand, as will be addressed below.

FIGURE 4:

Divisional Enrollment Trends in Fastest Growing Regions (2016 vs 2011)

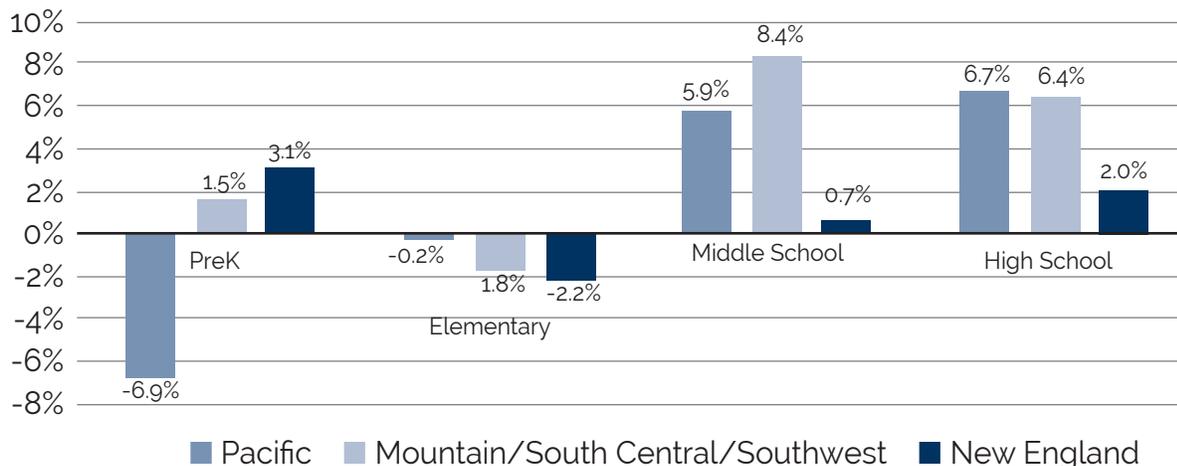
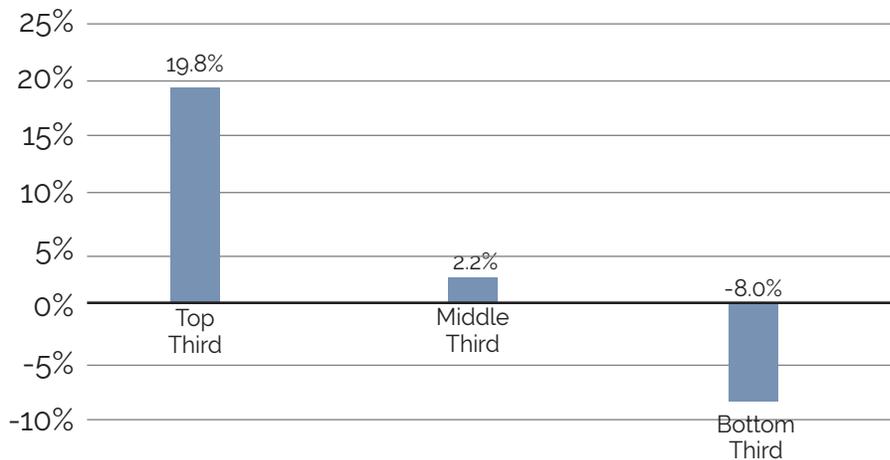


FIGURE 5:

New England Schools' Enrollment Growth (2016 vs 2011)



Enrollment and Admission Funnel Condition of New England Independent Schools

However, even with this relatively weak picture of New England enrollment vitality, there are "have" and "have not" schools within the region. In fact, the fastest growing third of schools experienced average enrollment growth of just under 20 percent over the five-year timespan, the middle third averaged 3 percent growth, while the top third averaged a decline of 8 percent (Figure 5).

Furthermore, upon careful analysis of underlying enrollment pipeline information, we note that enrollment pipeline growth over the five-year period has been virtually nil in the New England region as **average Lower School completed applications were down 10 percent in 2016 versus 2010 and school-wide completed applications were down 1 percent during the same period.**

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Three Data-Enabled Strategies to Increase Enrollment

In this challenging growth environment, Measuring Success' experience indicates that the strategically focused use of data can facilitate a reliable pathway to enrollment growth. There are three key data enabled strategies that can build a foundation for growth, either for schools experiencing enrollment pressures, or schools already on a growth pathway that want to ensure continued growth.

STRATEGY 1: **Identify, Research, and Grow Enrollment in Highest Potential Market Segments**

Sophisticated schools are recognizing that relying solely on broad-based enrollment marketing, involving the purchase and exploitation of the same high-income household lists available to their competitors, is an unreliable way to build their schools' enrollment. This is particularly the case in highly competitive markets with both high quality public schools and independent schools. This generic enrollment building strategy essentially ignores two key realities about private school enrollment building.

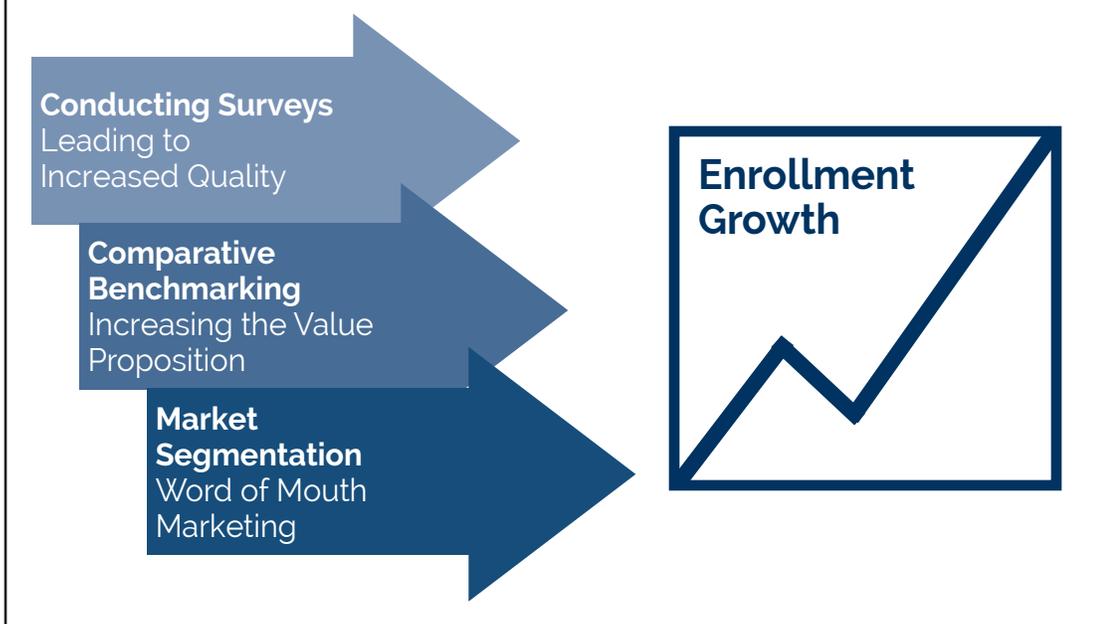
The first reality is that the information source that parents most rely on in selecting a school for their children is the word of mouth endorsement of other parents, whom they regard as peers, who have common aspirations for their children and shared life experiences.

The second reality is that virtually every school is comprised of disparate market segments—groups of families with relatively common school choice priorities who can be targeted efficiently and effectively, often through social networks. Examples of segments might include families whose parents work at particular area colleges as professors, or parents involved in local medical centers, or members of churches or synagogues. Often such segment members have particular pronounced educational choice preferences that can be researched and catered to in messaging as well as common social networks that can be targeted.

Our experience at Measuring Success has taught us that the easiest way for a school to grow is to fully understand and cultivate new members of already satisfied market segments. By analyzing application and other accessible

FIGURE 6:

Three Enrollment Growth Strategies



demographic information about current and prospective families, it is possible to identify discrete, targetable market segments. Furthermore, it is vital to utilize qualitative and quantitative market research to hone in on target segment members' wants and needs, understand how they measure value, and define the most compelling manner of communicating that value. Net, the most effective, and the most efficient way of recruiting new target segment members is to mobilize current satisfied segment members to engage in systematic ambassadorship and social media enabled outreach.

In fact, following a recent national program that employed this strategy and involved over two dozen faith-based schools, 70 percent of the schools achieved a minimum ten percent increase in entry grade enrollment.

STRATEGY 2:

Utilize Regular Surveys of Parents, Students, and Alumni to Systematically Enhance Educational Program Elements

The second strategy used by schools desiring to retain or restore enrollment growth momentum is that of disciplined and regular use of parent, student, and alumni surveys. Such surveys define critical strengths and also identify

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FIGURE 7:

Perceived Value Equation

$$\text{Relative Value Proposition} = \frac{\left(\text{Value it Delivers Meeting Performance Criteria of its Target Segments} - \text{Cost of Attendance} \right)}{\text{The Net (of Cost) Value Proposition of Competing School Choices}}$$

opportunities to enhance a school's value among prime market segments. Our experience implementing well over 100,000 parent surveys and tens of thousands of alumni surveys, and consulting with schools on how to act upon their findings, demonstrates that this is a predictable pathway to enrollment growth. Dr. Bruce Powell, Head of School at de Toledo High School in Los Angeles, describes the value of consistent surveying as follows. "The work that we have done with Measuring Success allowed us to deeply examine what the perception is in our community of our program and of our excellence. We were able to make adjustments to that excellence, increase that excellence and attract more families who can pay the full tuition, who thereby demand that level of excellence."

STRATEGY 3:

Mine Benchmarking Information and Financial Re-engineering to Enhance Your School's Value Proposition

The third key strategy employed by schools desiring to maintain or enhance their recruitment "edge" is to systematically focus on enhancing their school's value proposition through benchmarking-enabled "financial re-engineering." A school's value proposition is best expressed as the perceived value it delivers to target market segment members relative to their school choice priorities, minus the cost of enrollment, compared to the net (of cost) value propositions of competing schools.

Strategic use of data can help ensure enrollment growth. Measuring Success' experience is that when a school maximizes its delivery of value relative to the cost to the customer of acquiring that value, and when that perceived value equation is greater than the comparable value propositions of competing public and private schools, it grows. When its relative value proposition declines, it loses enrollment and incurs attrition or loses its attraction for new families/students.

Proactive recruitment schools we work with periodically and systematically explore ways to increase their value propositions through extensive benchmarking of every element of their expense structure, including staffing and compensation practices as well as practices related to purchasing goods and services. They also systematically review every element of their revenue programming, in order to seek ways to enhance revenues, including tuition related and non-tuition revenues. Measuring Success' decade long experience supporting this kind of proactive benchmarking analysis almost invariably results in significant improvements in the form of higher returns on invested human capital and plant and equipment resources as well as increased non-tuition revenues.

A recent long term planning project with Greenhill School of Dallas, Texas, identified \$5 million in additional revenue and reduced expenses combined, with most of the gains achievable within two years. The resulting long term financial plan we developed is a road map that will enable Greenhill School to maintain and even enhance its future value proposition, by continuing to invest heavily in academic quality while holding foreseeable tuition increases to 3 percent per year.

Summary

In summary, in today's challenging enrollment climate, when even South Central/Mountain/Southwest U.S. schools with a track record of growth are experiencing difficulties filling their schools with qualified candidates, the concerted use of data can help put them on a predictable growth track. Three key data enabled strategies include (1) using data analysis and market research to identify, fully understand and penetrate prime target market segments; (2) using regular cycles of parent, student, and alumni surveys to identify ways to enhance educational programming; and (3) utilizing benchmarking information to re-engineer finances and improve the school's value equation. In Measuring Success' experience, schools utilizing these proven strategies can reliably position themselves for future enrollment growth.

If you would like to explore in more depth how these strategies might help your school, please contact Dr. Harry Bloom at Harry.Bloom@measuring-success.com.

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About Measuring Success

For more than a decade, Measuring Success has provided custom consulting solutions to help thousands of independent schools, faith-based organizations and nonprofit groups use data to improve efficiency and effectiveness. We provide organizations (large and small) with actionable insights and enhanced decision-making capability.

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