How Presidents and Their Cabinets Can Exert Greater Influence Over Enrollment-Related Revenue

What do you want to accomplish? Whatever it is, you need money to do it, and on most campuses, the biggest source of funding is enrollment-related revenue from students. Yet, interestingly, perhaps because most chief executives are more familiar with fundraising, opportunities to strengthen enrollment revenue often receive less attention than major donors.

This paper is designed to help bridge this gap. In 10 succinct points, readers who know and understand fundraising will learn how to easily transfer that knowledge to understand the enrollment revenue stream. You'll see how you can work more closely with your enrollment team to exert greater influence over enrollment, its revenue, and strategic enrollment planning.

After reading this paper, it is hoped that you will:

- Gain a better understanding of how to manage enrollment to accomplish strategic institutional goals.

- Know where your support and leadership is crucial to your enrollment team.

- Identify ways to exert more influence over enrollment-related revenue.

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10 parallels between fundraising and enrollment management

As you are about to see, fundraising and enrollment management share many elements in common. Here are 10 of their most important similarities and "best practices," with highlighted notations for your action.

1. Identify the right targets

In fundraising, you wouldn't target just any "John Doe" for a major gift. Instead, you'd look carefully at your pool of donors and assess each target's likelihood to increase giving based on his or her past giving, current interests, level of involvement with your institution, and other data. To make sure you are using your time efficiently, you might also prioritize your targets using a research tool such as prospect screening.

The same goes for enrollment management. To identify the right targets and avoid wasting time, you need to look carefully at your available pools of potential students and assess each person's likelihood of enrolling by studying the past (how similar is the student to those who have enrolled and stayed at your institution?) as well as his or her current interests, level of involvement with your institution, and other information. Just as in fundraising, there are many ways you can prioritize your targets, and most of them are driven by research. One of the enrollment manager's most advanced research-based targeting tools is called predictive modeling, which is also used by some fundraisers. Although their lexicon is different—enrollment managers use the term "qualifying" while fundraisers use "screening"—their purposes are the same: saving time and focusing limited resources on those most likely to generate yields.

You and your cabinets' role here is to make sure that your enrollment team is supported with effective tools for saving time and targeting the right prospective students for enrollment and, ultimately, for graduation.

2. Make 1-to-1 personal contacts

Whether you are targeting donors or targeting students, there is one thing that holds true: cultivating one-on-one relationships is a high priority. Simply put, *personal contacts work for both the prospective student and the prospective donor*. They make your targets feel special and personally connected to your institution, and ultimately influence their decisions.

In fundraising, personal contacts are normally made by full-time staff and institutional leaders, supported at times by faculty and even students. In enrollment management, full-time staff and institutional leaders also make personal contacts for both the admissions and the retention campaign, but usually with more constant support from faculty and more regular dependence on students.

Because personal contacts are expensive and time-consuming, both fundraisers and enrollment managers use a range of simple to advanced screening (qualifying) techniques to prioritize which contacts to make first, with predictive modeling again being the most advanced targeting tool available. These techniques include prioritizing which individuals to follow up with repeatedly, over time, as well as which individuals to communicate with minimally.

You and your cabinet's role here is personal and up close: you must make meaningful personal contacts, often face-to-face, to help seal wavering students' decisions to enroll.

3. Set the right "ask" amounts

In fundraising, identifying an appropriate "ask" (the gift amount to request of a donor) is one of the most critical determinants of success. If you ask too little, you may leave potential gift income on the table. Asking too much can be an issue, too. Thankfully, there are many clues to sift through when assessing the "ask," and an appropriate ask can usually be determined through the cultivation process and by using effective screening methods.

In enrollment management, setting the right "ask" amount is also a high priority—through carefully researched determinations of tuition and financial aid amounts. If you ask for too much tuition without a manageable offsetting aid award, you may lose potential net revenue from tuition. Similarly, if you ask for too little tuition or over-award your financial aid, your goals for net tuition revenue may come up short. Fortunately, there are clues to sift through and proven research methods to help, just as in fundraising. Examples of research frequently used by enrollment managers include price sensitivity studies, tuition elasticity studies, and financial aid leveraging supported by econometric modeling.

Here you and your cabinets' role is to make sure that your enrollment team is using research to optimize net tuition revenue and to set the best tuition levels and financial aid policies for your institution.

Are you making this mistake?

A common mistake on many campuses is to limit financial aid expenditures as a matter of policy (this applies to campuses that award their own institutionally-funded financial aid). The reasoning behind such a policy is that financial aid is viewed as an expense, and financial aid expenses are seen categorically as an area to be limited and minimized. This is an unfortunate oversight, for additional institutional expenditures in financial aid, when based on research, can predictably generate significant additional net tuition revenue (i.e., for every thousand dollars you spend/discount, you see a healthy return.) Rather than view financial aid as an expense, the most successful campuses view it as an investment. And rather than focus on limiting costs/discount rates, these campuses focus on optimizing net tuition revenue. In many, many cases, we have found that institutions are investing too little in financial aid rather than too much, thus missing significant potential revenue gains that are low risk with research and much needed on their campuses.

4. Set goals for your campaign by segment

If you know fundraising, you know the first step in organizing a campaign is to set realistic goals and subgoals by fiscal year and by market segment. To do this, you divide donors into segments and/or territories, assess each segment's giving capacity and propensity to give, and determine a schedule of goals for one, three, five, and possibly even the next 10 years. This assessment and planning process is time-consuming, but the result is a clear, carefully-tiered roadmap for your work.

In enrollment management, goal-setting by segment and year is also the crucial first step of a successful admissions and retention campaign. For example, to set realistic goals for admissions, experienced enrollment teams divide their available pool(s) into market segments and/or territories, carefully assess each segment's likelihood to enroll and stay at the institution, and determine a schedule of goals over multiple years. These goals typically balance existing markets with growth markets, enrollment with net revenue needs, and desired enrollment totals with student characteristics such as average GPA or diversity.

With its goals and subgoals in place, the enrollment team then proceeds to develop its plans and implement them. An implementation approach often used by enrollment managers is territorial management, which assigns specific staffers responsibility for achieving territory-specific subgoals. Many fundraisers use this approach as well. Another common enrollment approach is to segment prospective students by financial need and by merit scholarship segments.

Here you and your cabinets' role is to make sure your enrollment team is carefully balancing net revenue goals with enrollment goals. Take some time to understand the net revenue implications of the different student segments. This understanding can have a significant impact on the enrollment goals that you and your cabinet set for your institution.

In fundraising, it is common practice to pay for campaign costs out of the proceeds raised. Why not create an enrollment venture fund to do the same?

5. Focus on long-term relationships

In fundraising, big gifts take years—even decades—to cultivate. So development teams focus on building lasting, meaningful relationships with key donors. In fact, such relationships may extend for most of a lifetime. For alumni donors in particular, relationships can span across the important loyalty-building years of enrollment all the way through end-of-life planned giving.

Such long-term relationship-building is also important in enrollment management, for the process of influencing families to enroll a prospective student can literally begin at birth. At most institutions, the enrollment team typically intensifies its admissions campaign during the high school years, then continues with its retention campaign during the years of enrollment as it oversees retention rates through graduation. After graduation, the team then depends on alumni to influence others to enroll, to refer prospective students for contact, and to send their children.

To help facilitate this long-term relationship-building, both enrollment managers and fundraisers invest in institutional branding, market research, and positioning to reinforce their efforts and build trust in their brands.

You and your cabinets' role here is to make sure your enrollment team is engaging in early outreach to prospective students and their parents as well as using research-driven branding to stake out your institution's image and position.

6. Do comprehensive event planning

In both fundraising and enrollment management, well-planned events are vital tools that can dramatically influence the success of a campaign, even seal individuals' decisions. This is why plans for fundraising and enrollment campaigns typically include a wide range of memorable events on and off campus, even online. In fundraising, an important event may be a reception or a meeting with the president. In enrollment management, the singlemost important event is a target's visit to campus.

Some universities plan events to serve both fundraising and enrollment needs simultaneously. For example, they'll invite local alumni as well as prospective students to attend an alumni gathering. Similarly, institutions that are aiming to build stronger relationships with key alumni may ask them to host off-campus receptions or kick-off events in a particular area for prospective or registered students. Because alumni can be of tremendous help in recruitment and retention, some enrollment teams even assign a member of the admissions staff to serve as an alumni liaison or seek to bolster retention by strengthening alumni-based internships, job placements, and career planning.

You and your cabinet's role here is similar to your role in fundraising: you must join in making events memorable—in this case for prospective students, current enrollees, and their families.

One of the major roles of presidents and cabinets is to facilitate collaborations across campus divisions.

7. Get the whole campus involved

In fundraising, it is essential that team members have the support of the entire campus, from the president's cabinet on down. Faculty and staff across campus get involved as donors themselves, as participants in donor events, in making donor contacts, and in creating a welcoming campus culture that helps donors feel at home and at ease. In addition, often-separate campus divisions and departments—from academic affairs to student affairs to campus maintenance and lodging—work closely together to support donor events and relationship-building.

The same is true of enrollment management. While a stand-alone admissions office may once have been considered "sufficient," today's enrollment management programs: bring together departments such as admissions, financial aid, student retention, student services, and the registrar; involve the entire campus beginning with top administrators; and unify academic and student divisions in achieving common goals. Top administrators get involved by encouraging campuswide ownership and involvement, by making occasional contacts, and by overseeing enrollment planning. To be highly successful, enrollment must be viewed as *everyone's business*.

Here you and your cabinets' role is to deliver this message to deans, department chairs, faculty and staff at every opportunity possible. You must establish an expectation for involvement and develop procedures to monitor campuswide collaboration in student recruitment, satisfaction, and success. Consider adding rewards and incentives and be sure to keep campuswide involvement as a constant leitmotif.

8. Make data-driven decisions

A blend of art and science characterizes the field of fundraising, just as it does enrollment management. But while the "art" of relationship-building will always be present, the role of "science" is increasingly central to both disciplines.

In both fields, it is not uncommon to see advanced statistical analyses being used for greater effectiveness and efficiency. Fundraisers study giving behavior, giving potential, trends in the marketplace, and the success of past campaigns and activities. Similarly, experienced enrollment managers study students' enrollment behavior, marketplace trends, enrollment potential, and the activities and campaigns that worked best.

Ongoing market research is important in this process, as is meticulous tracking of the effectiveness of each and every activity from the first contact forward. For example, how on target were your receptions last year? What percentage of those you invited ended up giving, enrolling, or applying for admission versus those you did not invite, all else being the same?

Some studies can be done fairly quickly. For example, enrollment managers typically calculate the ratios of prospective student inquiries to applicants and of admits to matriculants for each student segment to learn how much effort to expend on inquiry-generating activities versus activities geared to admitted students. Other studies can require significant investments, but may have returns that far exceed the investments.

Here you and your cabinets' role is to make sure your enrollment team is taking a data-driven approach to enrollment investment decisions. Listen carefully to your enrollment and institutional research leaders to better understand what is not happening because of lack of resources. Then you will be better informed as to whether or not to make an additional investment into taking a data-driven approach to your enrollment management.

Could you meet your revenue goals faster through enrollment?

Here are just a few examples of ways institutions raise funds through enrollment-related revenue:

- At $13,000 net tuition per student, a small private college raises $1.3M per year by enrolling 100 additional students through a combined recruitment and retention effort and maintaining the higher enrollment.

- At $5,500 net tuition per student, a large public university raises $5.5M per year by enrolling 1,000 additional students through a combined recruitment and retention effort and maintaining the higher enrollment.

- At $3,000 net tuition per student, a two-year institution raises $1.5 M per year by enrolling 500 additional students through a combined recruitment and retention effort and maintaining the higher enrollment.

Keep in mind that you can generate enrollment revenue in many other ways too. Some institutions raise millions of dollars by focusing on student retention only or by focusing only on more strategically allocating their institutionally funded financial aid. Still others test and adopt more strategic tuition levels; find creative ways to generate revenue or cut costs by changing the mix of students, academic programs, and services; and develop innovative ways to raise funds from enrollment-related fees.

Please note: *The figures of $1.3M, $5.5M, and $1.5M at left reflect net tuition (tuition less the expense of the additional financial aid awarded to the additional students). These totals do not reflect additional personnel or related expenses that may be needed to serve the additional students, such as hiring additional faculty or staff.*

9. Form partnerships externally

In fundraising, external partner organizations are critical to success and tend to be viewed primarily as either sources of funding or as platforms for relationship-building. Such organizations may include, but are not limited to: businesses, other nonprofits, community organizations,

government programs, civic organizations, peer institutions of higher education, associations, and higher education systems or networks of schools.

In enrollment management, external partner organizations tend to primarily be viewed as sources of students and, to a lesser extent, as opportunities for relationship-building. Examples of critical external organizations that specifically relate to recruiting and retaining new undergraduates include: 1) "feeder" high schools and colleges from which new students transfer, 2) institutions with which the institution jointly offers academic programs, and 3) organizations that offer internships and employment options for enrolled students and graduates.

For recruiting and retaining adults and non-traditional students, and for building relationships, enrollment managers also form close alliances with the same groups as fundraisers, especially businesses and nonprofits.

Of course, you and your cabinet play major roles in developing and enhancing relationships and partnerships with businesses and non-profits. Discuss with your enrollment leaders how you can influence enrollment through increased relationships with these entities.

10. Achieve excellence in your approach

Achieving excellence is an ongoing process, regardless of discipline. Here, too, there are many parallels between fundraising and enrollment management as both divisions seek to:

- continuously identify and adopt "best practices" used by other successful practitioners
- regularly scan the environment and respond early to emerging trends, including new technologies and changes in market forces
- integrate divisional planning and goal-setting processes with top-level institutional planning processes, including strategic planning, mission definition, academic planning, fiscal planning, and facilities planning
- work closely with, or maintain a seat on, the president's cabinet, to ensure that planning processes are integrated and funding opportunities are maximized
- grow professionally through reading, analysis, attending professional development events, and enrolling in specialized graduate programs such as the enrollment management program offered jointly by Noel-Levitz and Capella University.

You and your cabinet's role here is to establish an administrative culture devoted to continuous learning and excellence supported by planning structures that empower your staff to be successful.

Conclusion

Clearly, there are many parallels between fundraising and enrollment management. This paper has attempted to help close the gap between the two disciplines to enable top campus executives who have more background with fundraising to more fully enter into the decisions on campus that generate enrollment-related revenue. The enrollment professionals on any campus need this support. Without it, they are unable to do many of the things outlined here. With it, they can make better decisions that fulfill the strategic plan of the institution, serve students more effectively, and strategically generate needed funds that can be used to accomplish institutional goals.

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An 11th parallel—Make regular use of outside consultants

In fundraising, it is often helpful to seek out an external consultant to assist with major campaigns. Such support provides objective assistance with assessing giving potential, setting realistic goals, educating campus leadership groups such as the board and faculty, reaching consensus, and developing a plan that will accomplish the desired outcomes. In many cases, this support extends beyond the campaign and becomes a more-or-less permanent partnership.

In enrollment management, more and more campuses are finding parallel use of an enrollment consultant to be helpful as well. Like the best consultants in fundraising, the best enrollment consultants collaborate with you and your staff to: accurately assess enrollment and revenue potential, reach consensus on goals, develop a strategic, data-driven enrollment plan, implement the plan's activities, and educate constituencies such as faculty, cabinets, and boards. Given the high percentage of campus revenue that typically comes from enrollment, more and more campuses are electing to retain such consultants for extended periods of time in much the same way they retain fundraising counsel.

In both disciplines, the best consultants provide assistance with problem-solving throughout the campaign, bring industry benchmarks, and offer extensive knowledge of the latest practices for your particular type of institution.

About Noel-Levitz

A trusted partner to higher education, Noel-Levitz helps campuses and systems reach and exceed their goals for enrollment and student success.

Since 1973, more than 1,800 public and private institutions nationally at the two-year, undergraduate, and graduate levels have invited a Noel-Levitz consultant to collaborate with them. Our team of 30 full-time consultants and 50 associates brings direct, unparalleled experience from their current campus positions as enrollment managers, consultants, financial aid directors, marketing leaders, retention directors, institutional researchers, faculty, student affairs leaders, advising directors, and more.

Find it online.

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