# Universities at Shady Grove
# Strategic Planning Workshop #2: Innovation

July 30, 2021

We'll be conducting some interactive polls today!  To participate go to http://www.menti.com and enter code 4912 6513

# Plan for Today

The WHY:  Urgency

The WHAT:  Responses

The WHO:  Role of USG

The HOW:  Business Model for
Sustainable Innovation

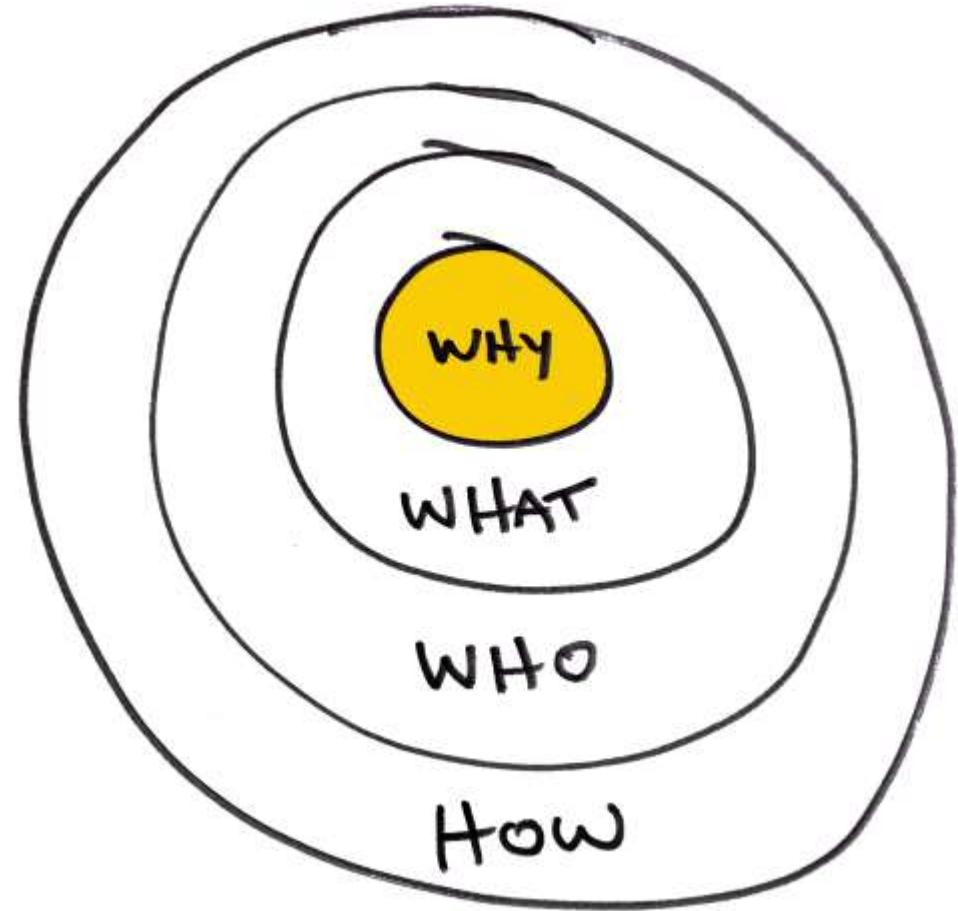We'll be conducting some interactive polls today!
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# Who's here?

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# The WHY

Urgency For Change

"Colleges don't go out of business..."

# The "Gravitational Forces" at Play...

Internal pressures, market trends, and environmental impacts must all factor into our future approach.

**Environmental Impacts:** Fewer students
- Demographic shifts
- COVID-19
- Attitudes toward higher education

**Market Trends:** Workforce disruption
- Bootcamps
- Alt-credentials
- In-house training

**Internal Pressures:** Doing more with less
- Budget cuts
- Student success

# Challenges Identified by USM Senior Leaders

We need to…

be more **relevant.**

be more **equitable.**

be more **student centered.**
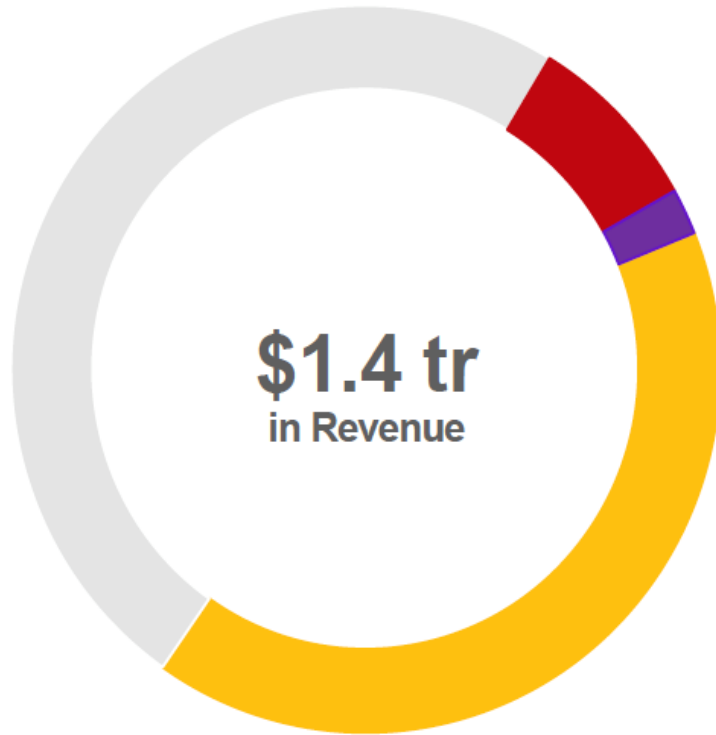
be more **outcomes focused.**

be **freer to innovate.**

**continuously improve.**

be **better prepared.**

be **well resourced.**

"Traditional higher education is a thing of the past..."

# U.S. Educational Market Segments

**$1.4 tr**
in Revenue

Estimated 1.2%
CAGR through 2023

Rest of US Education Market, including Childcare, K-12,
Community Colleges, and Trade & Technical Schools

## Traditional Higher Education

### $580bn (non-profit) & $16bn (for-profit)

Includes non-profit and for-profit public and private universities
and colleges in the U.S that offer academic courses and grant
bachelors, graduate, and doctoral degrees.

*...and certificates!*

## Corporate Learning & Development

### $92bn

Includes providers in the training market and learning services
market in the U.S. that offer in-person and online courses to
corporations and enterprises.

## MOOCs & OPMs[1]

*Strategies for learning and credentialling at scale.*

### $4bn

Includes Massive Open Online Course providers and Online
Program Management providers in the U.S. that offer courses,
microcredentials, and fully-online degree offerings.

0.5%
CAGR[1]

3.5%
CAGR[1]

15%
CAGR[1]

Figures are based on 2020 Market Size estimates; 1. MOOCs: Massive Open Online Courses,
OPMs: Online Program Management

"The looming enrollment cliff…"

# Who are Our Customers?

**Individuals**

**Corporate**

"Traditional" Degree Seeking
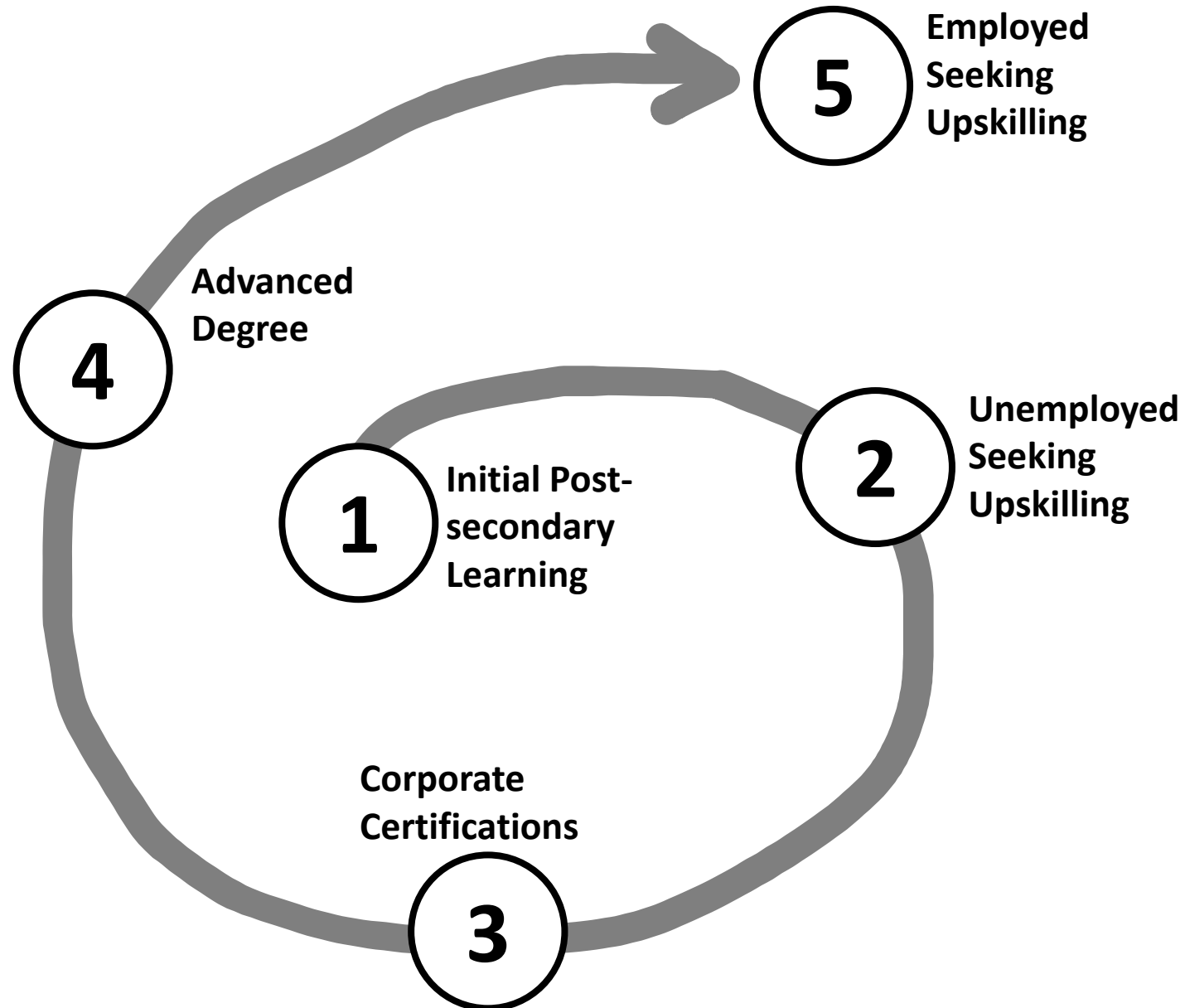
Adult Degree Seeking

Non-degree Unemployed

Non-degree Employed

Part of Benefits
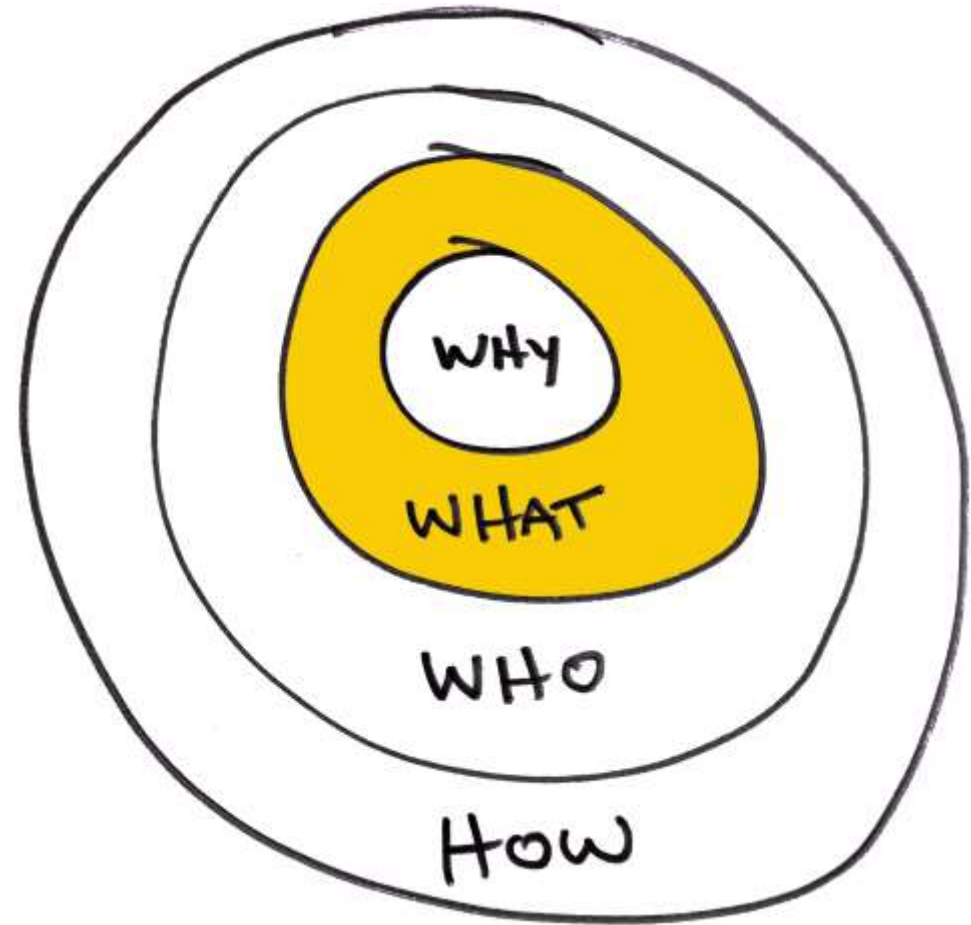
Upskilling Employees

Bulk Purchases

**Lifelong Learners:** Consuming "just-in-time" education in short spurts rather than lengthy blocks of time. Seeking stackable credentials.

# Your turn!

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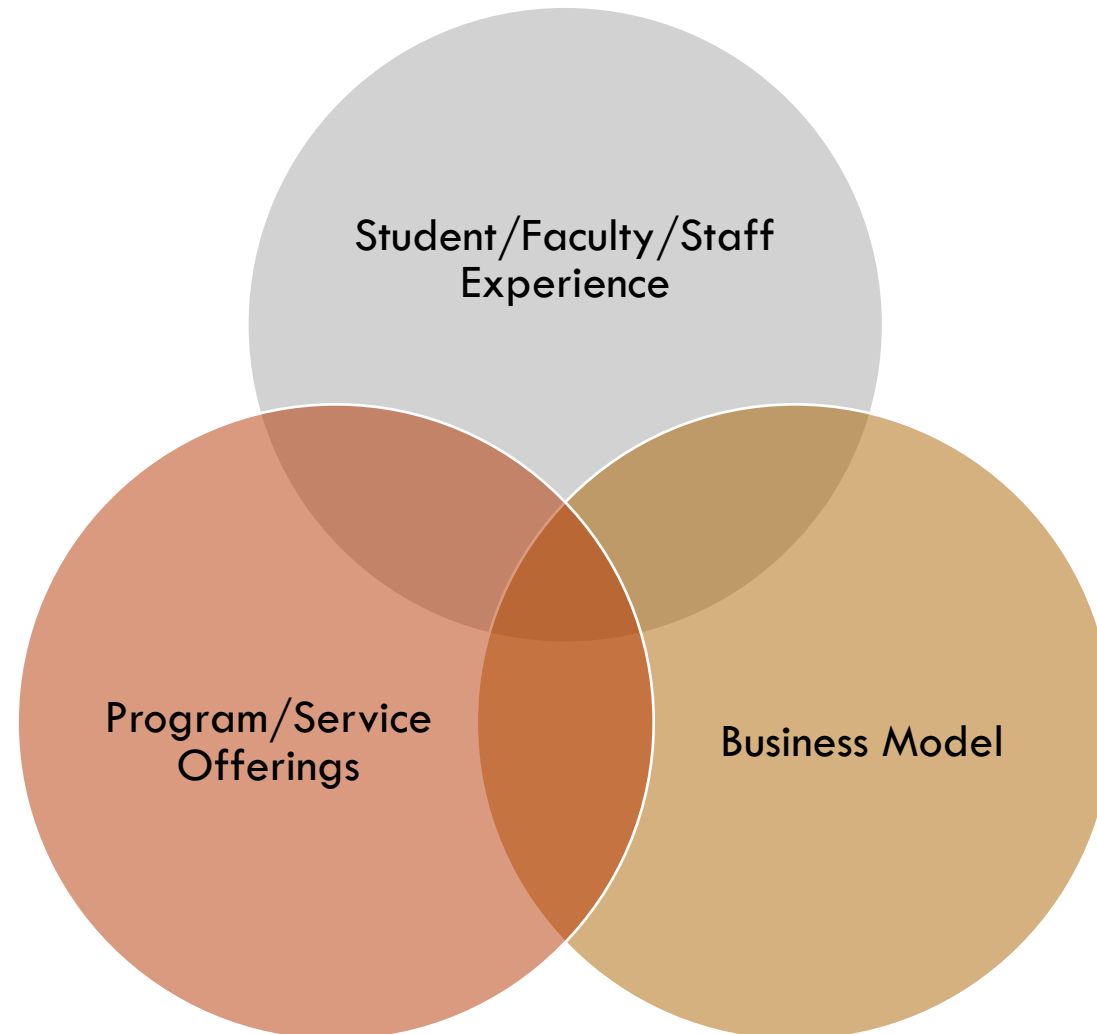
# The WHAT

Responses to the Challenges
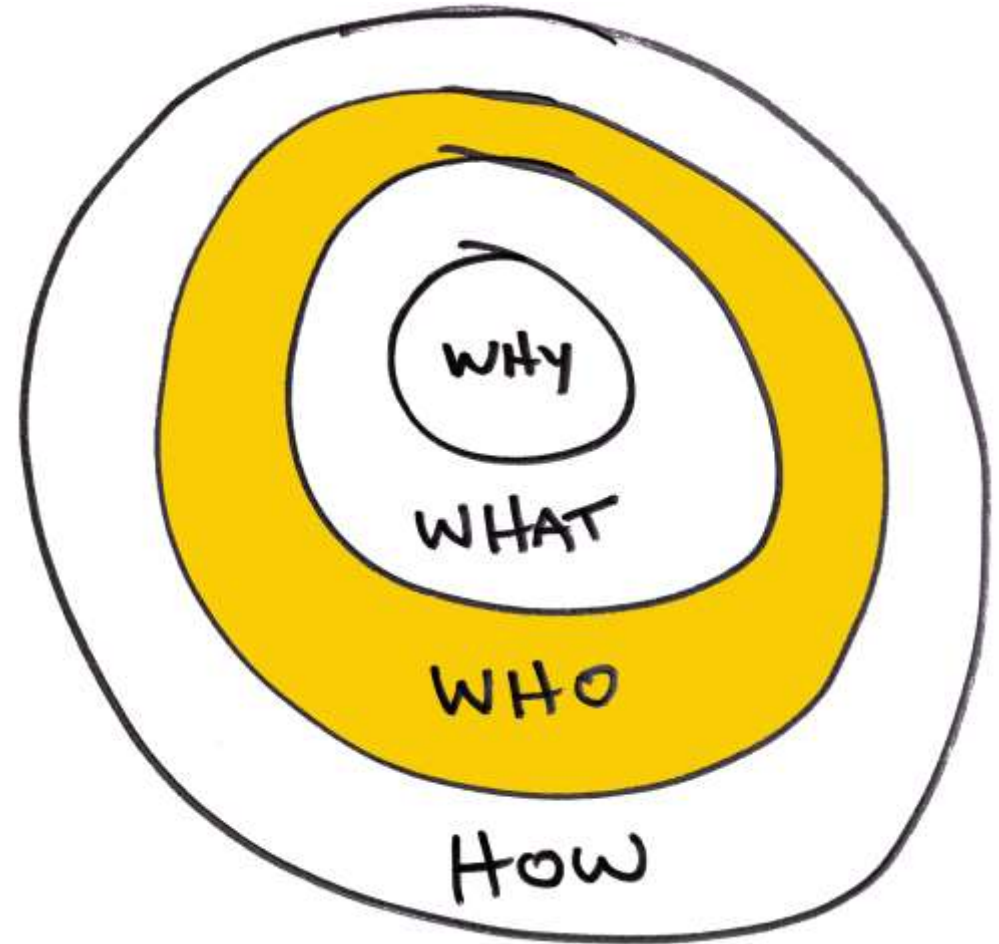


WHY

WHAT

WHO

HOW

# Moving to a New Shared Future Vision

- Is "Getting Back to Normal" the right strategy?

- What might a "New Normal" look like?

# The WHO

Breakout #1: Role of USG

WHY
WHAT
WHO
HOW

# Breakout #1

**As you think about how USG could become an "innovation hub" for USM institutions...**

Please address the following question:

*How do we design USG to create a safe space for institutional innovation?*

**Step 1:** Create one strategy per note.

**Step 2:** Color-code your strategies to indicate whether this is something USG can pursue or whether it is an institution-level strategy. (USG = yellow / institutions = blue)
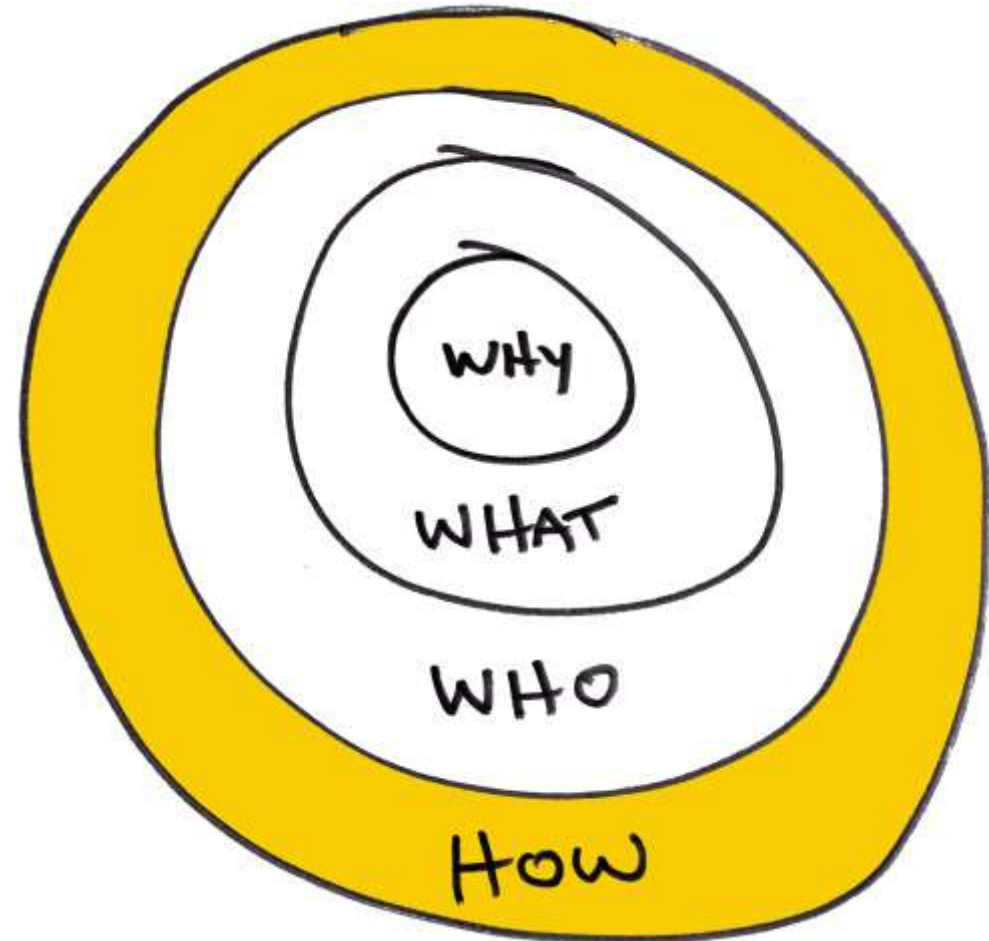
# Synthesize/Report Out

Breakout #1

"Higher education can't change…"

# Your turn!

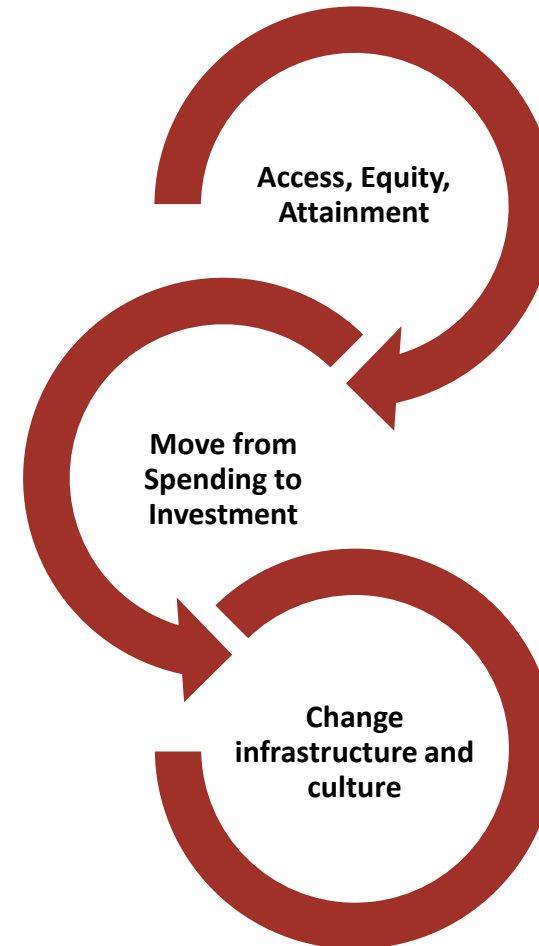To participate, go to http://www.menti.com and enter code 4912 6513.

# The HOW

Business Model for
Sustainable Innovation

# Building Towards Sustainable Higher Education Business Models

*Shifting the Frame from Cost Cutting to Maximizing Return on Investment*

**If we are to provide access and affordability, ensure equity, and increase attainment in a world of constrained resources…**

**then we must get a better return on investment from current resources through understanding levers to change the business model…**

**Access, Equity, Attainment**

**Move from Spending to Investment**

**Change infrastructure and culture**

**which will require a strategic approach connecting financial practice with institutional change models and culture.**

# What Do We Mean by ROI?

Transitioning to an ROI lens requires three fundamental shifts.

**1** A holistic understanding of resources

**2** A focus on unit cost

**3** A connection between student success and financial sustainability

**Once these ROI shifts occur:**

➢ Cost savings can be utilized to reduce pressures on price increases.

➢ Institutions are empowered to generate more of the resources needed for reinvestment in growth, education quality, student success and attainment.

➢ New sustainable business models can be developed.

# ROI Means Different Things for Different Stakeholders

**Students**
Reduced/Stabilized Price, Reduced Time to Degree, Reduction in Excess Credits

**Institutions**
Increase in Net Revenue, Reduced Unit Costs (e.g., Per SCH, Per Completion)

**Systems**
Reduction in Duplication of Effort, Creation of Shared Services

**States**
Increase in Attainment, Reduced Cost per Completion, Addressing Workforce Shortages

**National**
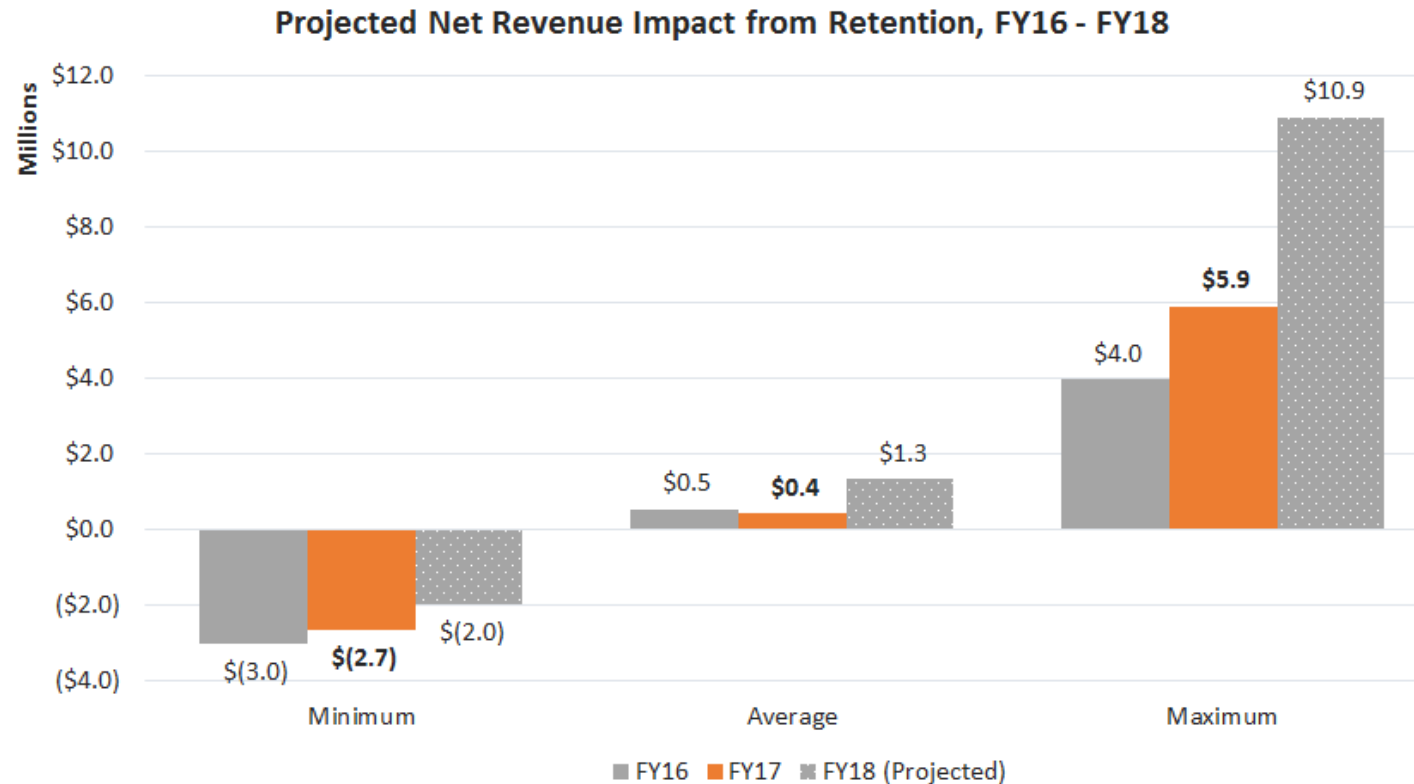Stewardship of Public Resources

# Connecting ROI to Affordability, Access, and Equity

Historically, affordability has been approached with revenue-based solutions.
ROI solutions look to reduce the cost of delivering quality learning that leads to a credential.

## Revenue Solutions

- Increasing governmental support (state/local)

- Philanthropy

- Increasing financial aid

## ROI Solutions

- Understanding programs and services that generate net revenue

- Streamlining support services

- Aligning resources with student success investments

- Removing obstacles from attainment pathways

- Tracking metrics that demonstrate unit cost and student success

## Result of Using ROI Solutions

➢ Reduction/stabilization of cost, taking pressure off of price increases

➢ Increased efficiency in delivery of programs and services

➢ Alignment of affordability/attainment strategies with resources (people, time, and dollars)

# ROI Example #1 – Tech Enabled Advising Models

- Rising retention rates boost enrollment and can generate additional net revenue for institutions.
- Estimated revenue increases averaged more than $400,000 per institution in FY17.

## Projected Net Revenue Impact from Retention, FY16 - FY18

| | Minimum | Average | Maximum |
|---|---|---|---|
| FY16 | $(3.0) | $0.5 | $4.0 |
| FY17 | $(2.7) | $0.4 | $5.9 |
| FY18 (Projected) | $(2.0) | $1.3 | $10.9 |

# ROI Example #2 - PLA 2.0

**The Fear?  That institutions lose money by accepting Prior Learning Assessment credits.   Recent Lumina funded research by rpk reveals that PLA programs can generate positive net revenue within two years of launch.**

| MCRC/CCA/ MSU Denver | SUNY Empire | VCCS |
|---|---|---|
| • Build a stackable financial services credential that strengthens participants' education and career opportunities in the metro Denver financial services industry. | • Partner with several employers to conduct evaluations of college-level workplace learning for select career pathways at those companies. | • Translate industry-verified certifications into academic credit and credentials in five in-demand industry areas and incorporate them into an online information portal. Also establish standard polices & procedures for CPL review. |

# Moving to ROI: Lessons Learned

- Applying an ROI lens has to touch on culture and be recognized as a change management process.

- Institutions need a framework to have the ROI conversation.

- That framework must reflect different views of ROI for different stakeholders.

- Once the framework is in place, tools can be used across the institution.

- The use of an ROI lens and the right tools can create a data informed culture and engagement across institutions and systems.

# Breakout #2

**As you think about how USG could become an "innovation hub" for USM institutions...**

Please address the following questions:

*What incentives might we create that will help us move toward this shared future vision for USG?*

*What opportunities are there to reallocate existing resources?*

**Step 1:** Create one strategy per note.

**Step 2:** Organize your strategies to indicate whether this is something USG can pursue or whether it is an institution-level strategy. (USG = yellow / institutions = blue)

# Synthesize/Report Out

Breakout #2

# Next Steps

Where do we go from here?