

Implementing an Effective Financial Sustainability Plan

By Dr. Harry Bloom, Senior Vice President of Client Services, Measuring Success

Independent schools need to create and adhere to financial plans in order to ensure long-term sustainability. In today's challenging economic environment, schools are confronted with conflicting demands to enhance educational quality and facilities while remaining affordable.

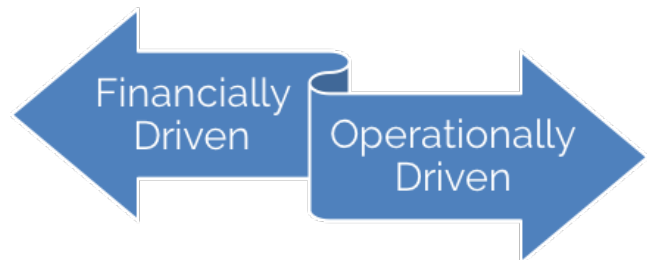
While most gravitate toward a "do-it-yourself" approach, there are significant advantages to hiring professionals who can tap into industry knowledge, analyze the data, look for trends, and create a plan for moving your school forward. Heads of School and Chief Financial Officers face two pathways forward. Let's look at the two approaches side-by-side:

A Common Approach - Purely Financial Planning

The first approach involves purely financial planning, wherein the CFO and finance committee members (with guidance from a Head of School), create models built on key variables: tuition increase rates, tuition assistance levels, assumed auxiliary income and development rates of increase, and compensation increases. They then lay out resulting financial statements for the future.

Widespread in application, this approach appears to create a financial pathway to a sustainable future. However, it has two important deficiencies, which are serious, in light of our challenging environment:

1. It does **not** evaluate fundamental premises that have the potential to change the school's operating reality for the better. For example,



- a. It does **not** use current demographic data and market research to challenge preconceived notions about opportunities to grow enrollment or auxiliary service income in target markets.
 - b. It does **not** engage in fundamental questioning about whether workload and staffing assumptions are optimal in light of evolving educational delivery modalities and information technology.
 - c. It does **not** revisit strongly held assumptions about resource utilization and conservation opportunities, nor about what services are provided internally versus through contractors or whether there might be opportunities to restructure key contracts.
2. More importantly, because it is essentially a financial exercise, This approach does not engage the wisdom and experience of the school's staff-at-large in planning for a high-quality, sustainable, and affordable future.

Net, this approach leaves a great deal on the table and "kicks the can down the road" regarding true sustainability planning.

A Strategic Approach - Operationally Driven Financial Planning

The **Measuring Success Sustainability Planning Program** takes all these and many more factors into account in helping schools develop financial sustainability roadmaps. Our team of experts works with schools

to fundamentally assess and address sustainability enhancing potential in:

1. **Net tuition revenue** (enrollment, tuition and fees, financial aid).
2. **Non-tuition revenue** (auxiliary income, annual and longer term fundraising).
3. **Staffing and compensation**, workload expectations by division and department, compensation elements, as well as stipends for academic and non-academic departments.
4. **Purchased goods and services** including maintenance, supplies, utilities, food and food services, and other professional services.

Recognizing that your staff's time for planning is valuable and extremely scarce, Measuring Success' experienced staff takes on the work of:

1. Creating a detailed project plan and timeline with specified milestones.
2. Accessing all necessary information to ensure we have the facts to thoroughly address all relevant questions by gathering and codifying information you already have, then supplementing it with necessary analysis and research. This might include deep demographic analysis of your target markets or custom benchmarking to ensure a complete fact-base to inform improvement hypothesis generation.
3. Helping your internal subject matter experts generate and prioritize improvement

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hypotheses in the four abovementioned arenas, based on the complete and organized data and research we place at their disposal. Working to validate actionable improvement hypotheses and laying out roadmaps for their realization.

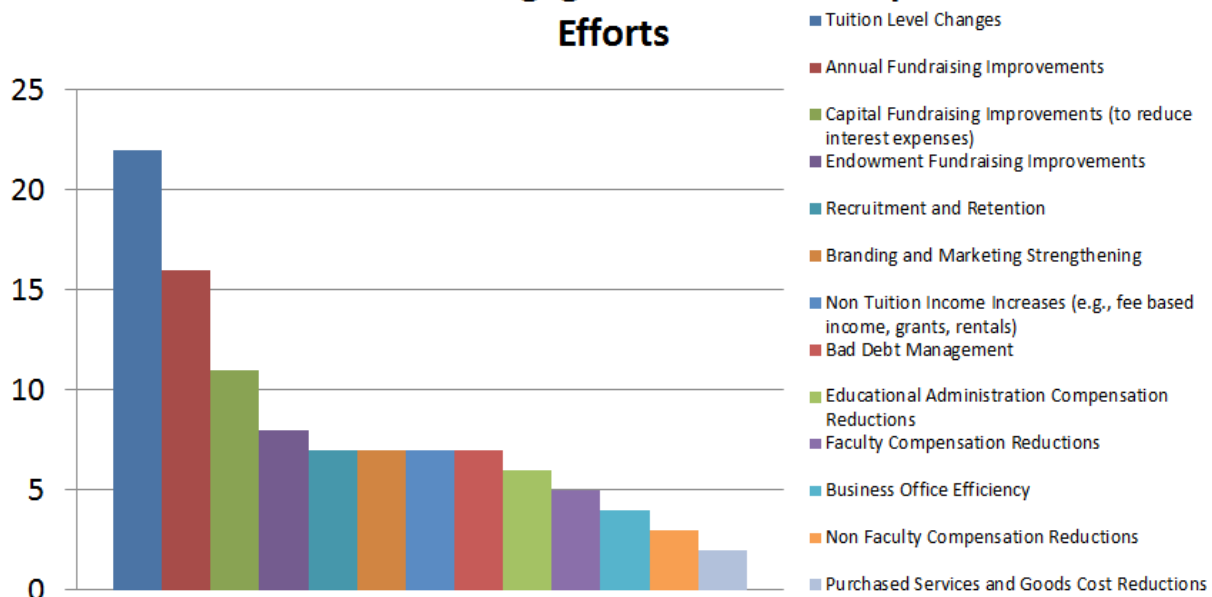
4. Codifying a base-case financial scenario plus the improvements validated by your staff with Measuring Success support and guidance.

Measuring Success' Experience

Measuring Success' research and experience in independent school multi-year financial planning is based on deep operational benchmarking and unparalleled research.

Dr. Harry Bloom, Measuring Success' Senior Vice President of Client Solutions, has conducted research on large-scale, data-enabled financial reengineering since 2010.

Number of Schools Engaged in Particular Improvement Efforts



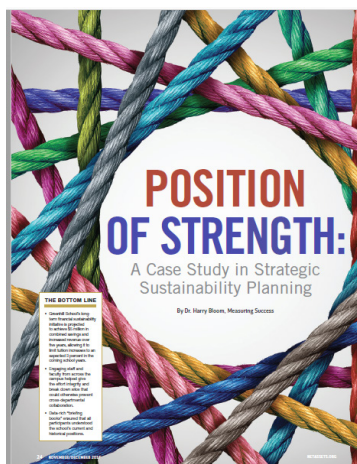
Dr. Bloom has conducted strategic financial sustainability programs with 30 independent schools. The program proved highly successful, involving 13 areas of exploration and ultimate benefit for the schools.

In addition, the team at Measuring Success has significant benchmarking expertise. As a data partner for the **National Business Officers Association**, the **California Independent School Business Officers Association** and the **Pennsylvania Business Officers Association**, we design benchmarking systems, data analysis and business intelligence visualization solutions, as well as training programs.

Measuring Success' 2017 work with the renowned Greenhill School of Dallas, Texas, discussed in-depth in NBOA's Net Assets magazine exemplifies the benefits of the value and potential of strategic financial

sustainability planning.

At Greenhill, our project identified \$5 million in both revenue enhancements and expense reductions without impacting quality. This operationally derived



improvement enabled continued investment in faculty and technology while reducing the rate of future tuition increases. The improvements equated to \$1,200 to \$1,500 savings per year/per child!

About the Author

Dr. Harry 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 more than 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**, among others.

About Measuring Success

Since 2003, 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 capabilities.

Measuring Success
1629 K Street, NW, Suite 604, Washington, DC 20006

202-684-7024

www.Measuring-Success.com

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