MINDSTREAM

LEAD | SUPPORT | EMPOWER

IMPACT STORIES

How Mindstream has helped private institutions survive the current storm and position themselves to thrive in the future

Joseph Garcia, President

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INTRODUCTION

Private Higher Education Needs Financial Sustainability

For years, higher education thought leaders like Robert Zemsky and Scott Galloway (as well as non-industry thinkers like Mark Cuban) have predicted the bursting of the so- called "higher ed bubble", where private institutions are forced to merge, restructure, or simply close. And that was before the COVID-19 pandemic forced the tough choices and drastic changes of 2020.

Before and since the pandemic, Mindstream has helped private institutions re-imagine themselves into organizations suited for the future. In this E-Book, you'll read impact stories from four different institutions who engaged Mindstream and began changing their trajectory. Using a sophisticated business analysis and decision-making toolset adapted for higher education, Mindstream has helped these institutions:

- Reduce Budget Deficits
- Redesign and Improve Procurement & Budgeting Processes
- Reverse Enrollment and Retention Declines
- Create Shared Services Models
- Provide Budget Reporting
- Transform Institutional Culture

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CHAPTER ONE

Abilene Christian University

Learn how Mindstream helped re-organize the university to find additional cost savings without crippling the institution's mission or culture

Abilene Christian University eliminated a $4.5 million budget deficit and reimagined itself

Starting Position

Abilene Christian University (ACU) needed to close a significant budget gap and reinvest to expand its online offerings and increase enrollment:

- An annual budget deficit of $4.5 million, in spite of consecutive years of layoffs, buyouts, and hiring freezes
- Steady decline in residential enrollment over the previous 10 years
- A culture of decentralization and resistance to change

Insights & Advice

ACU's leadership team brought Mindstream to campus in September 2015 to conduct an Effectiveness and Efficiency Review. The goal was to identify opportunities to close the budget deficit through additional savings and increased revenue, and design options that met or exceeded current service levels.

These key areas were included in our **scope of work**:

- University strategy
- ACU's structure and leadership
- The procurement of goods and services
- Information technology and management
- Facilities management
- Marketing and communications
- Auxiliary functions such as including the Campus Book Store, Dining and the Pura Vida Salon
- ACU Dallas (satellite campus)
- Library Services
- Employee compensation and classification
- Admin Coordinator Support

Mindstream discovered these **insights** during our assessment:

- Student populations declined over 10 years, while **campus infrastructure and staffing** increased over that same period
- A **negative ROI** for the ACU Dallas satellite campus
- Overspending on goods and services driven by **decentralized purchasing**

- Inefficient and costly **layers of administration** and process
  - **Spans of control** that were too narrow and too many **management layers** in Administration and Operations
  - Finance functions and personnel were **decentralized into divisions and colleges**
  - Some offices were understaffed, while other functions, such as office support, had **too many FTEs**
- Certain auxiliary services were **draining resources** without providing appropriate return
- Severe **variations in compensation** were common for similar jobs in different divisions

Mindstream provided ACU **tools and frameworks** to:
- Combine the Finance and Business & Operations divisions, which significantly **reduced unnecessary spans and layers**, which in turn led to more responsive services and reduced costs
- Restructure finance division to serve all divisions and colleges, pulling in decentralized staff and **creating more bandwidth for budget management** and reporting
- Create **centralized procurement practices** that monitor and control spending
- Implement travel software and policies **that curtail costs**
- Build a structured job class/compensation plan that **equalized pay** for similar job functions, while allowing divisions to retain autonomy

- **Eliminate or outsource** auxiliary functions that didn't meet return-on-investment goals
- **Execute new RFPs** for existing outsourced functions and evaluate outsourcing internal functions, such as IT and Facilities Management
- Consolidate **office support functions** within centers across campus
- Measure **all changes** with Critical-To-Quality metrics and Key Performance Indicators
- Create and monitor **change management initiatives** to ensure adherence to and cultural adaptation of new processes and policies

Impact

Mindstream's **analysis and approach** enabled ACU to:
- Reduce their annual budget $ 4.5 million, allowing the university to invest in its online programs and grow enrollment to record levels
- Restructure so that functions were more accountable and responsive
- Restructure the finance division to be strategic rather than transactional
- Reduce expenses across the institution without sacrificing services to students, faculty, or staff

- Implement new financial policies and technologies that foster financial discipline
- Centralize functions that led to budget woes while preserving the campus culture

> "We faced the challenging task of finding ways to offer the same quality of service to students, faculty, and staff while trimming cost and redundancy. Joseph Garcia and the Mindstream team were invaluable in this venture & they provided expert guidance and service. Joseph became part of our team at ACU and I am grateful for his dedication and expertise."

Dr. Robert Rhodes
Provost & Vice President of Academic Affairs

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LeTourneau University

Learn how Mindstream helped transform administration, operations, and student services, resulting in cost savings and effectiveness gains

LeTourneau University reduced $4 million in expenses and positioned itself for the future

Starting Position

LeTourneau University (LETU) faced the same challenges as many private institutions before the COVID-19 pandemic:

- An annual budget deficit of ~ $4 million
- Declining new enrollment and concerns about retention, e.g., 5 + years of declining non-traditional enrollment
- A lack of consistent data standards across the institution
- Inability to adequately fund mission critical support services such as Information Technology
- A culture of decentralization and resistance to change

Insights & Advice

LETU's leadership engaged our team in August 2019 to conduct an Effectiveness and Efficiency Review of the university. Our charge was to identify and design options that closed the budget deficit, reversed enrollment and retention declines, produced consistent data standards, and undertake a comprehensive of the university's operations.

These key areas were included in our **scope of work**:

- The university's strategy and structure
- Traditional (residential) and non-traditional admissions and enrollment
- The procurement of goods and services
- Information technology and management
- Facilities management
- Marketing and communications
- Auxiliary functions such as including the Campus Book Store, Dining, and the Belcher Center

Our assessment of these key areas uncovered a number of problems that were driving **institutional inefficiency and ineffectiveness**, including:

- **Artificial divisions** between residential and non-traditional functions that prevented synergy and increased costs
- **Non-traditional retention** that was poorly managed and measured
- Enrollment funnel data that was **defined and reported differently** in different offices
- A lack of **consistent data standards** that paralyzed decision-making
- **Inefficient and costly layers** of administration and process, e.g., Human resource functions that were spread across multiple offices and inconsistently applied

- A culture of **decentralization** that created barriers for student success

Mindstream's rigorous root cause analysis **drive solutions that addressed these problems holistically**. Our team's solutions included:

- Procurement practices that effectively **curtailed unnecessary spending**
- Information Technology services that were **far more responsive and effective**

- Facilities Management **efficiency through prioritizing** and adjusting of APPA levels
- **Streamlined facilities and event planning** workflows through ticketing system implementation
- Travel policy, process and technology improvements that **cut costs**
- Use of dashboards for the leadership to **analyze all levels of data**, from purchasing card spend to admissions funnel data
- Data definitions that drive **consistent reporting** of information about the admissions funnel

- Removal of barriers in the application, admission, and registration processes for **all students**
- **Streamlined workflows** in non-traditional admissions that refocus on non-traditional recruitment
- Revamped **onboarding** for new non-traditional students
- Re-aligned organizational structures and people to focus on **student retention** in nontraditional advising
- Consolidated **office support functions** within centers across campus
- Measure **all changes** with Critical-To-Quality metrics and Key Performance Indicators
- **Change management initiatives** to ensure adherence to and cultural adaptation of new processes and policies

Impact

Mindstream identified over $6 million in reductions, which enabled LETU to reduce their budget deficit. Additionally, Mindstream's approach and analysis helped LETU to:

- Implement new financial policies and technologies that foster financial discipline
- Increase efficiency and reduce errors on over 30 major processes across the university
- Integrate nontraditional and residential application and admissions process to increase enrollment
- Increase retention of non-traditional students

> "Mindstream helped us address budget deficits and inefficiencies across our university. With the challenges of the pandemic, we are still in a tough place, as many universities are. But if we still had our budget deficits, it would be even worse. I am confident of our ability to move towards a financially sustainable place, as we are in the process of implementing Mindstream's recommendations and solutions across our campus.

Mike Hood
Vice President of Finance & Administration / CFO

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CHAPTER THREE

Hardin-Simmons University

Learn how Mindstream helped the university create a sustainable path forward with strategic approaches to employee compensation and program offerings

Hardin-Simmons University right- sized its academic offerings and created a sustainable salary structure for its employees

Starting Position

Hardin-Simmons University (HSU) faced challenges that many private, rural institutions will continue to grapple with in the coming years:

- Declining revenues, leading to significant budget deficit each year
- Declining enrollment and rising discount rates
- Low morale as a result of the first employee layoffs in the history of the university

Insights & Advice

HSU engaged Mindstream to address the two largest areas of expense for any university: **employee compensation** and **program offerings**.

Mindstream discovered these insights:

- HSU's **decentralized culture** had created significant pay inequities across campus

- Compensation for many positions **did not match the local or national ranges** for similar positions within the industry
- Academic programs had been created and operated **without consideration to prospective student markets** and **profitability** of those programs

Mindstream provided HSU **tools and frameworks** to:

- Create a **strategic philosophy** for employee compensation that provides consistency and equity
- Implement a plan based on the new compensation philosophy that created j**ob classifications** and simplified the **employee salary structure**
- Build and use a model for **measuring return-on-investment and potential market** for all existing academic programs and recommendations on programs which could be created to drive enrollment
- Measure **all changes** with Critical-To-Quality metrics and Key Performance Indicators
- Create and monitor **change management initiatives** to ensure adherence to and cultural adaptation of new processes and policies

Impact

Mindstream identified over $3.6 million in potential reductions. Mindstream's approach and analysis helped HSU leadership:

- Reduce their annual budget by $ 2.5 million
- Consolidate staff and faculty roles to facilitate living within the university revenues without sacrificing the student experience
- Close or consolidate academic programs that were no longer viable
- Explore new programs to increase enrollment

"I can recommend Mindstream with enthusiasm, and I am confident that you will find that the services they provide will prove to be a significant benefit to your institution."

Dr. Jodie McGaughey
Vice President of Finance

CONCLUSION

Private Higher Education Needs Financial Sustainability

Navigating the next phase of higher education would have been challenging, even without the onset of the COVID-19 pandemic. Now, private institutions like yours face additional challenges, increased expenses, fluctuating enrollments, and added scrutiny, all within organizations and cultures that were not built to manage this future.

The colleges and universities that thrive in the next few years are the ones who will take this crisis and turn it into an opportunity. Those institutions won't be content to simply survive; they will tackle systems that are broken, they will fight to modernize, and they will re-imagine how they operate.

But, as you know, it's sometimes difficult to see those opportunities when you're simply trying to survive. You need someone with experience who can help you see the forest and the trees; to see the big picture and the details that make the big picture possible. You've seen how Mindstream has helped others do that. We can help you too.

Mindstream has helped dozens of institutions across the country:

- ✓ **Find additional cost savings**
- ✓ **Build sustainable practices and processes**
- ✓ **Position themselves for the future**

Your institution can't afford to operate in a "Pre- Pandemic" way.

Our **Initial Review** is a cost-effective and proven way to understand where your institution is overspending, overstaffed, and operating inefficiently. Let us help you reimagine.

LET'S TALK

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