



Business School Responses to the Global Crisis

A Look at Institutional Viability

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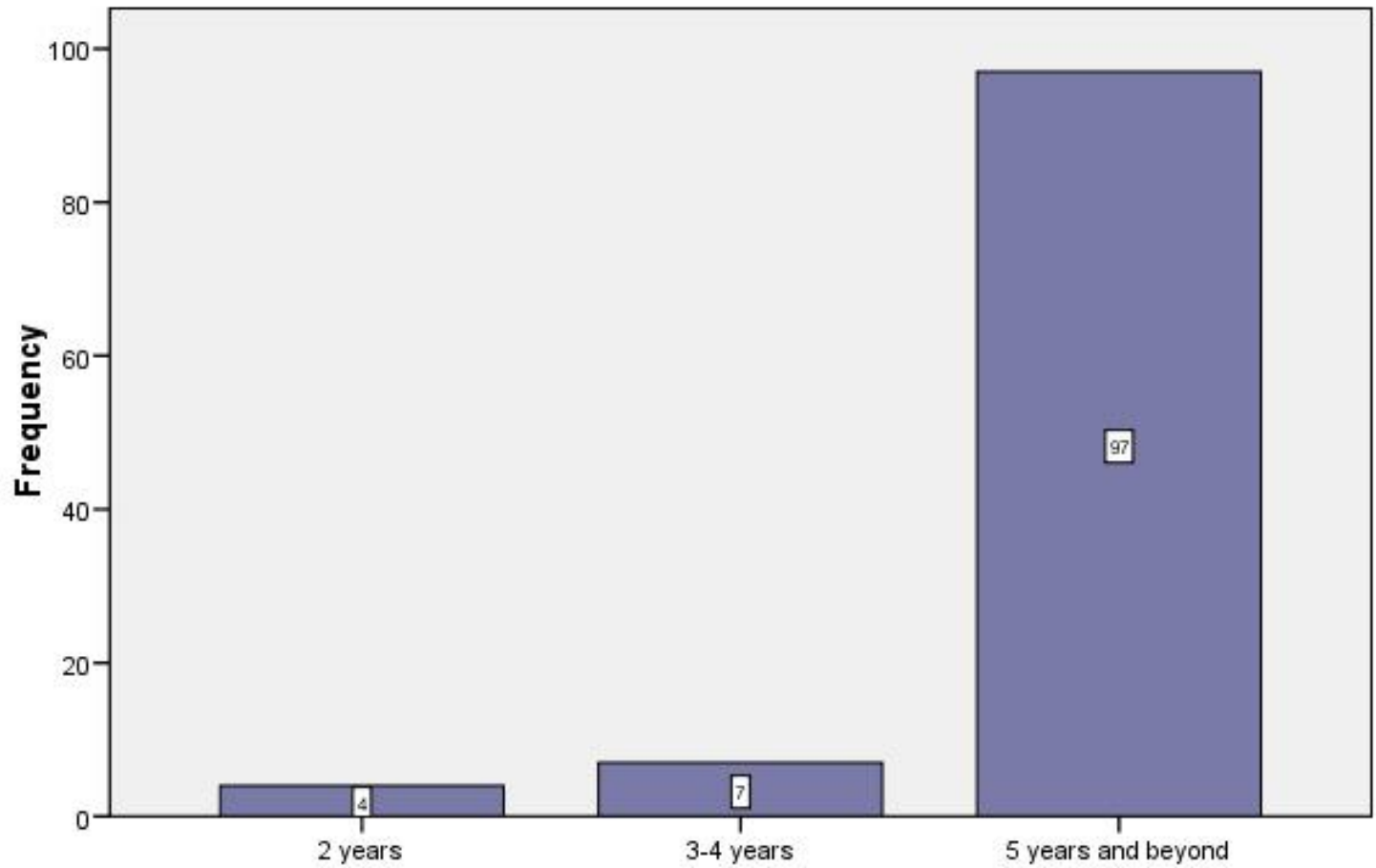


Institutional Longevity

Scenario Situations

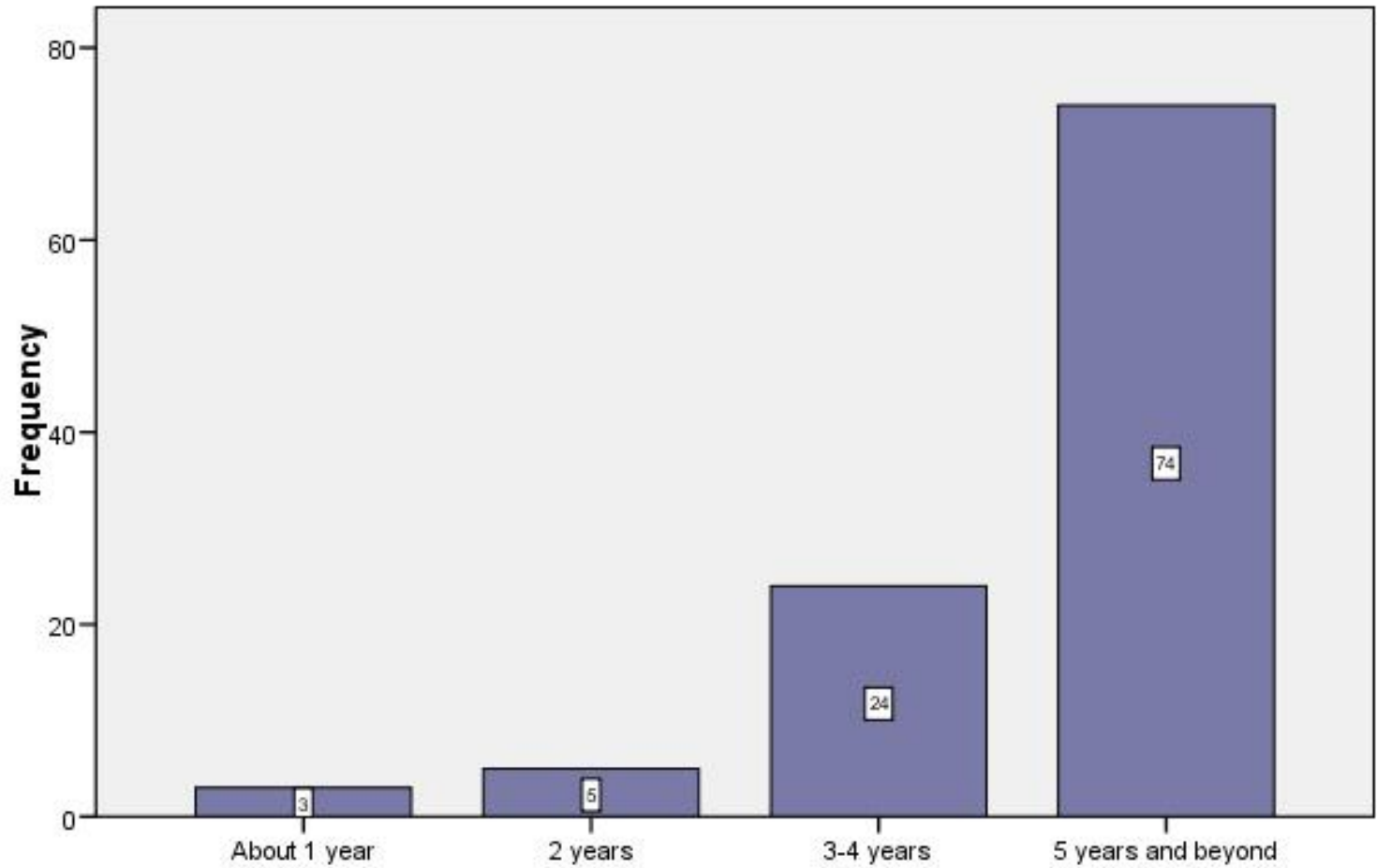


How long could your school survive if revenues dropped by 5%



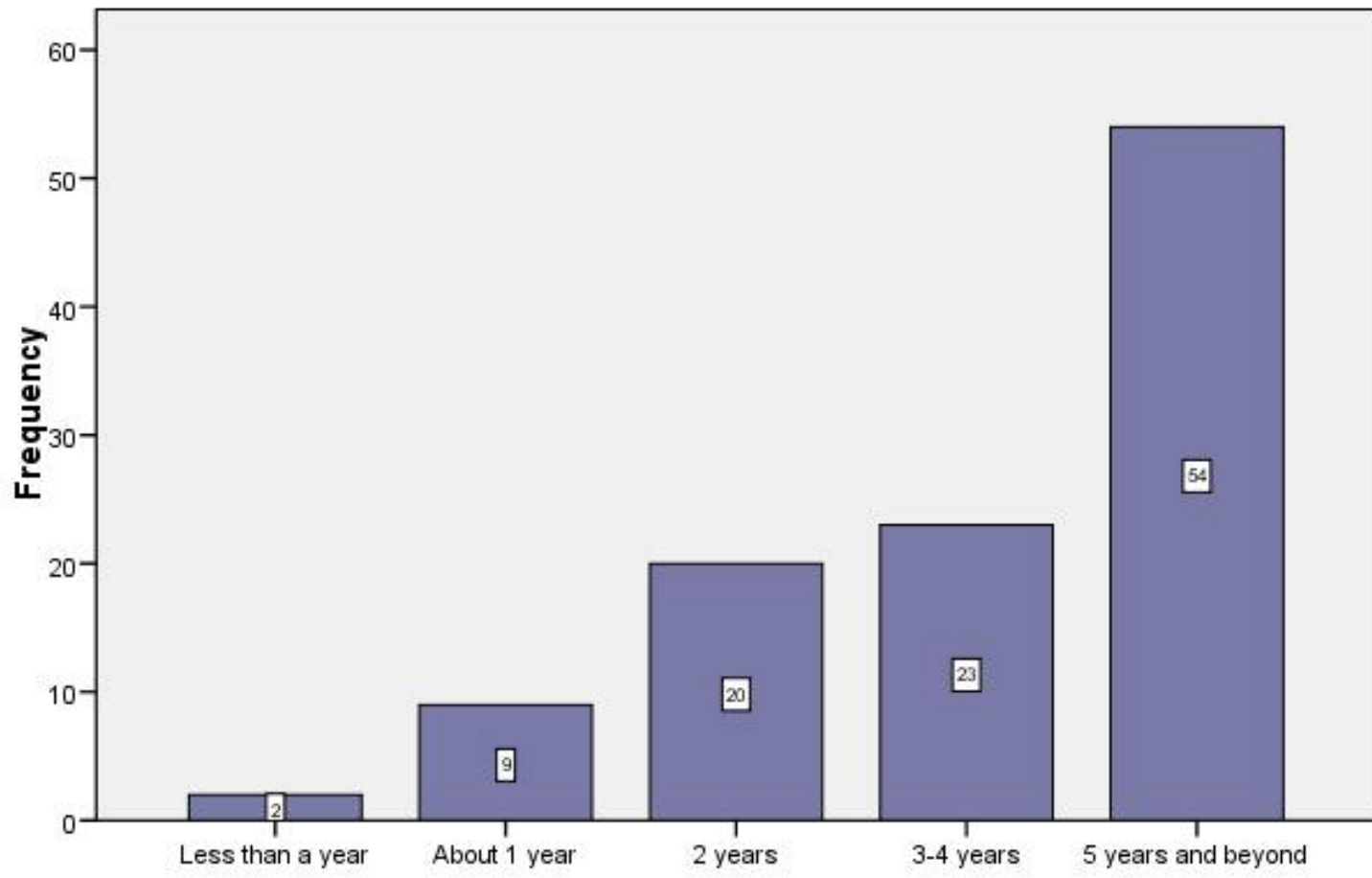


How long could your school survive if revenues dropped by 10%



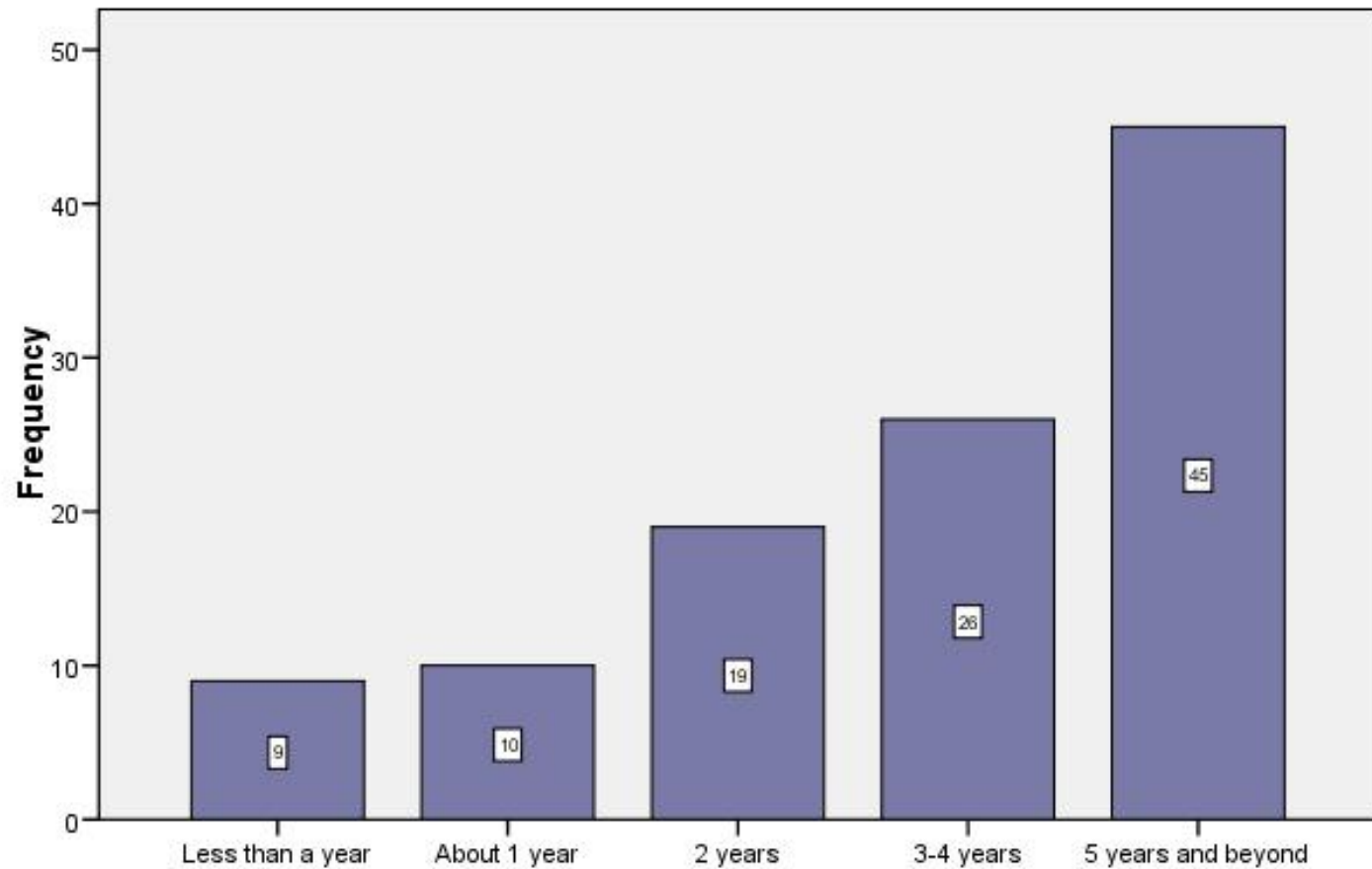


How long could your school survive if revenues dropped by 15%





How long could your school survive if revenues dropped by 20%





Conclusion

- Overall, business schools see themselves as weathering the crisis.
 - Change in competitive landscape factor?



What about enrollment trends?



Undergraduate Enrollment Change

	Significantly Increasing	Increasing	No change	Decreasing	Significantly decreasing
Fulltime Crisis	3%	12%	50%	26%	14%
Fulltime Next Yr	3%	11%	37%	35%	13%
Parttime Crisis	9%	20%	42%	25%	6%
Parttime Next Yr	5%	12%	42%	31%	10%



MBA Enrollment Change

	Significantly Increasing	Increasing	No change	Decreasing	Significantly decreasing
Fulltime Crisis	7%	12%	39%	33%	9%
Fulltime Next Yr	6%	11%	32%	38%	12%
Parttime Crisis	8%	20%	40%	23%	9%
Parttime Next Yr	1%	15%	32%	43%	8%



EMBA Enrollment

	Significantly Increasing	Increasing	No change	Decreasing	Significantly decreasing
Change due to crisis	16%	21%	41%	21%	2%
Forecast change next year	4%	12%	43%	35%	5%



Corporate Education

	Significantly Increasing	Increasing	No change	Decreasing	Significantly decreasing
Change due to crisis	27%	23%	29%	12%	9%
Forecast change next year	5%	12%	31%	43%	10%

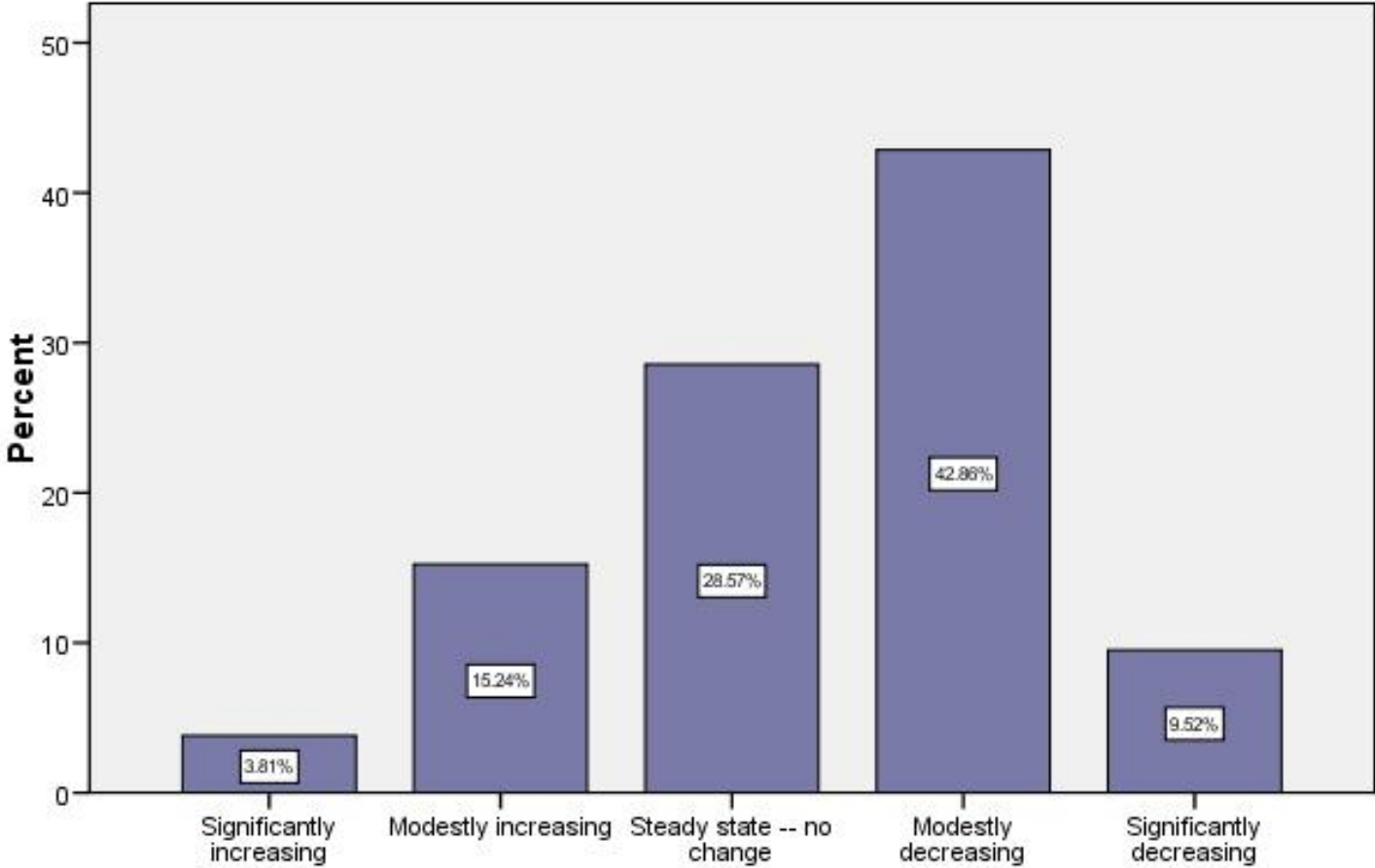


Financial Solvency

The Income Side

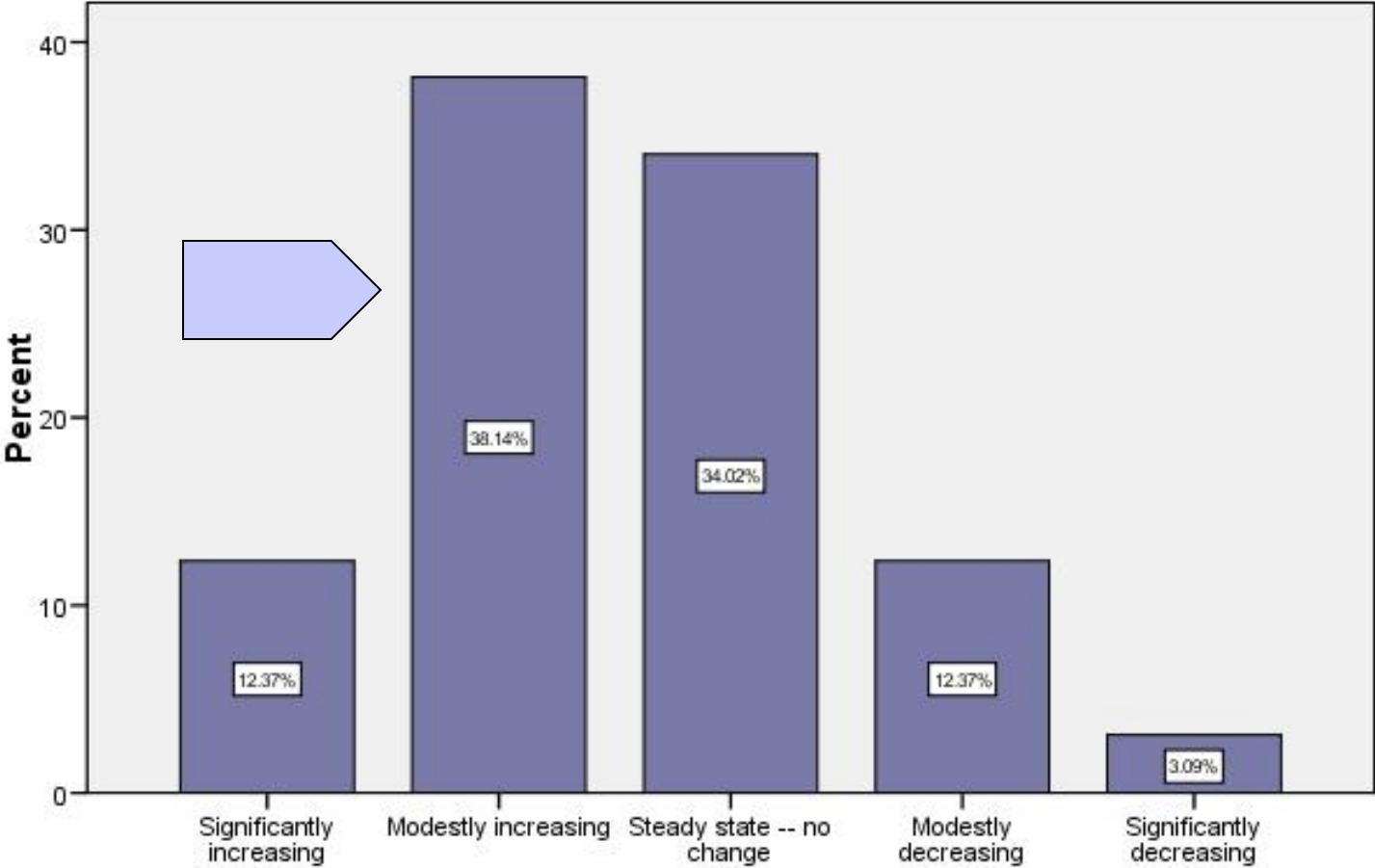


Cash flow from operations for past two years



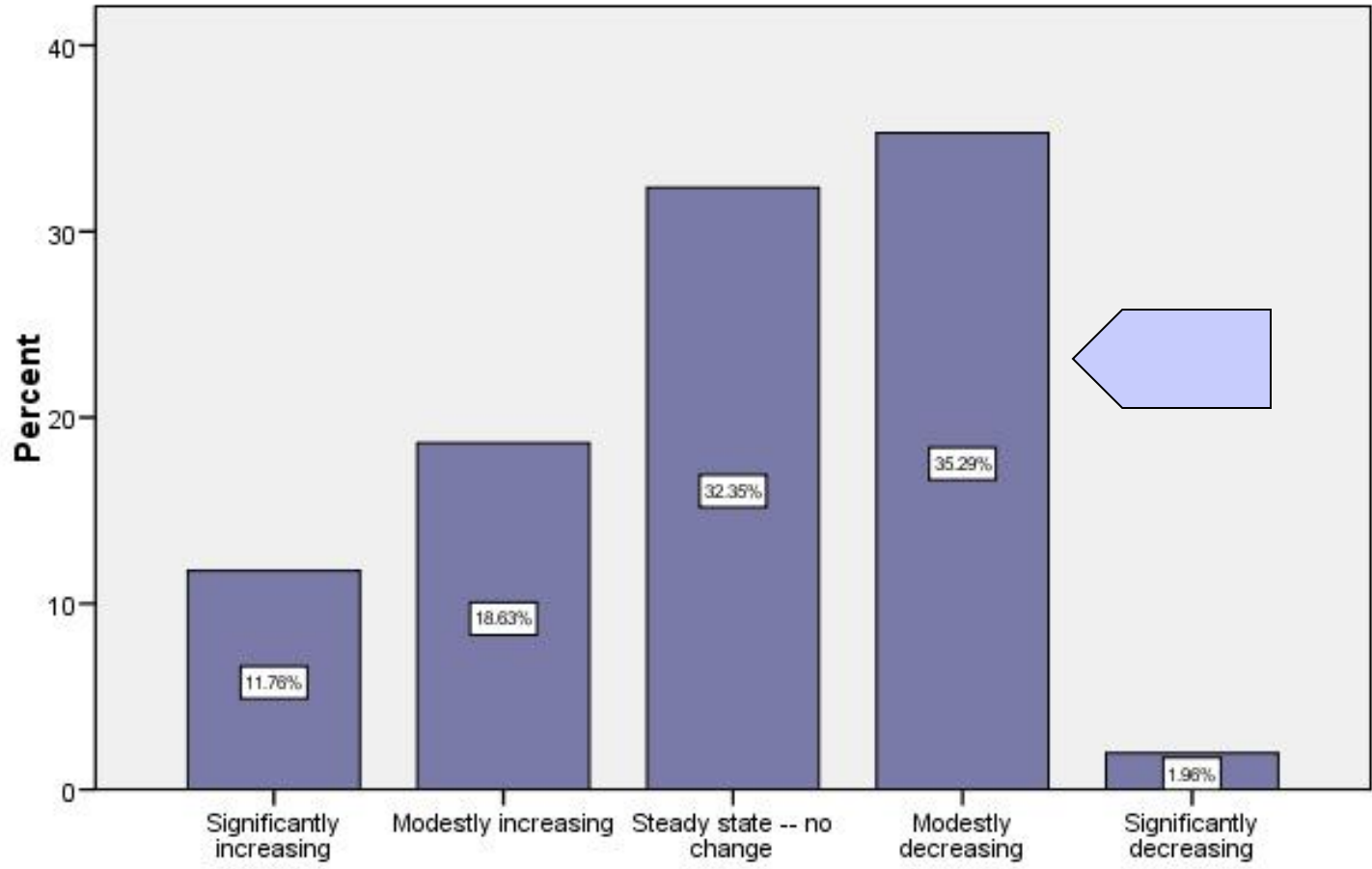


Change in cash flow from operations due to crisis



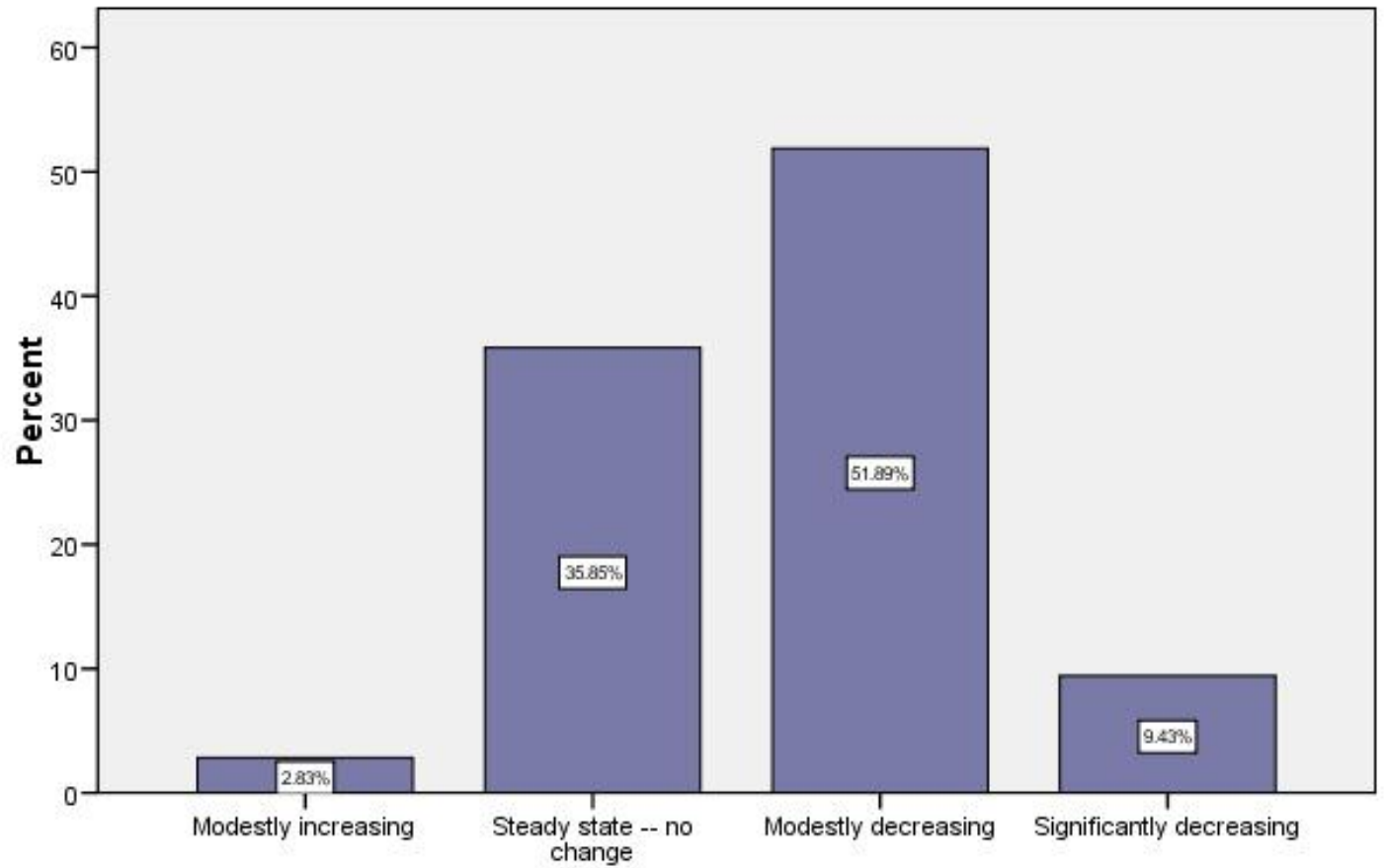


Forecast of cash flow from operations



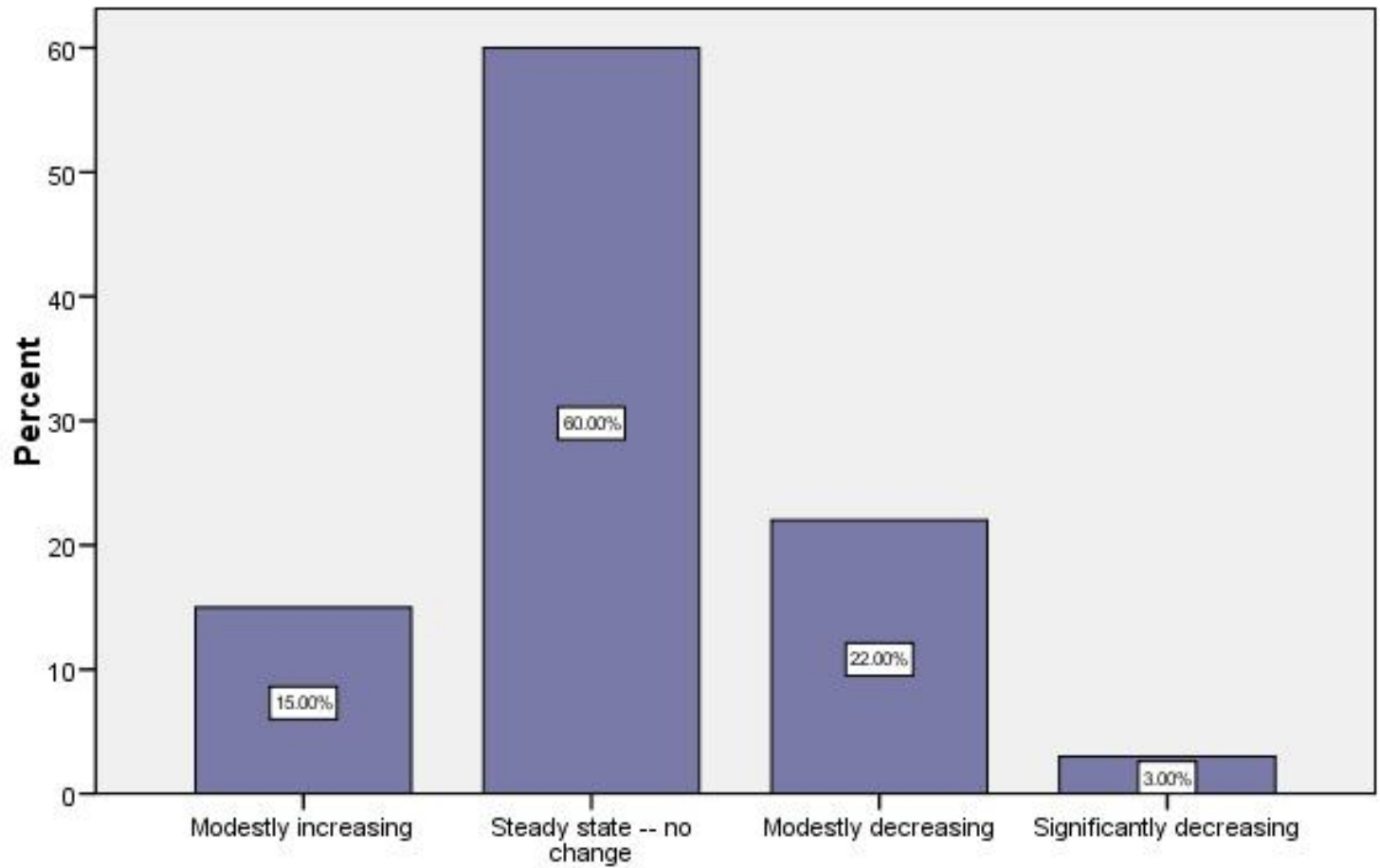


Student tuition fees for past two years



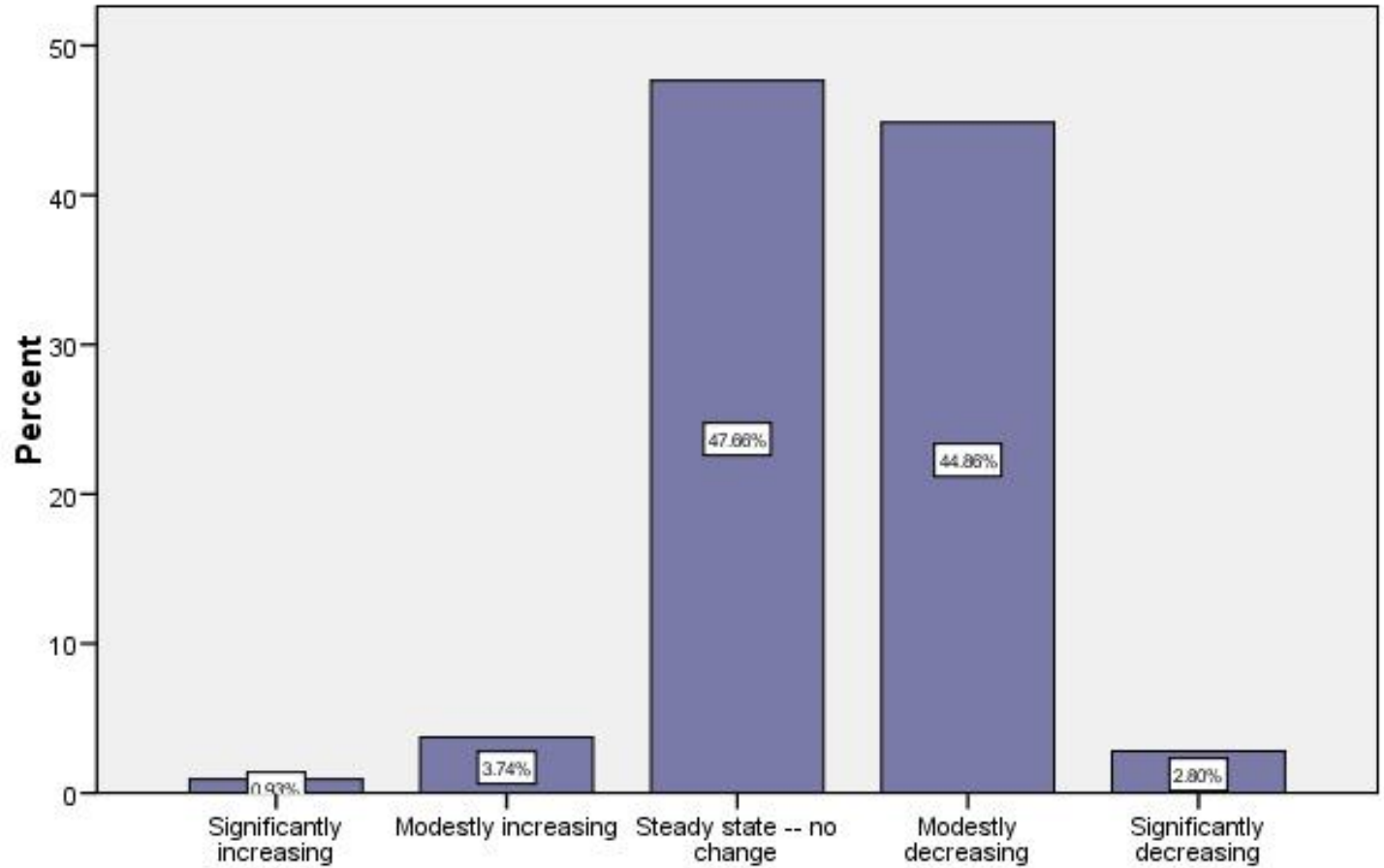


Change in student tuition fees due to crisis



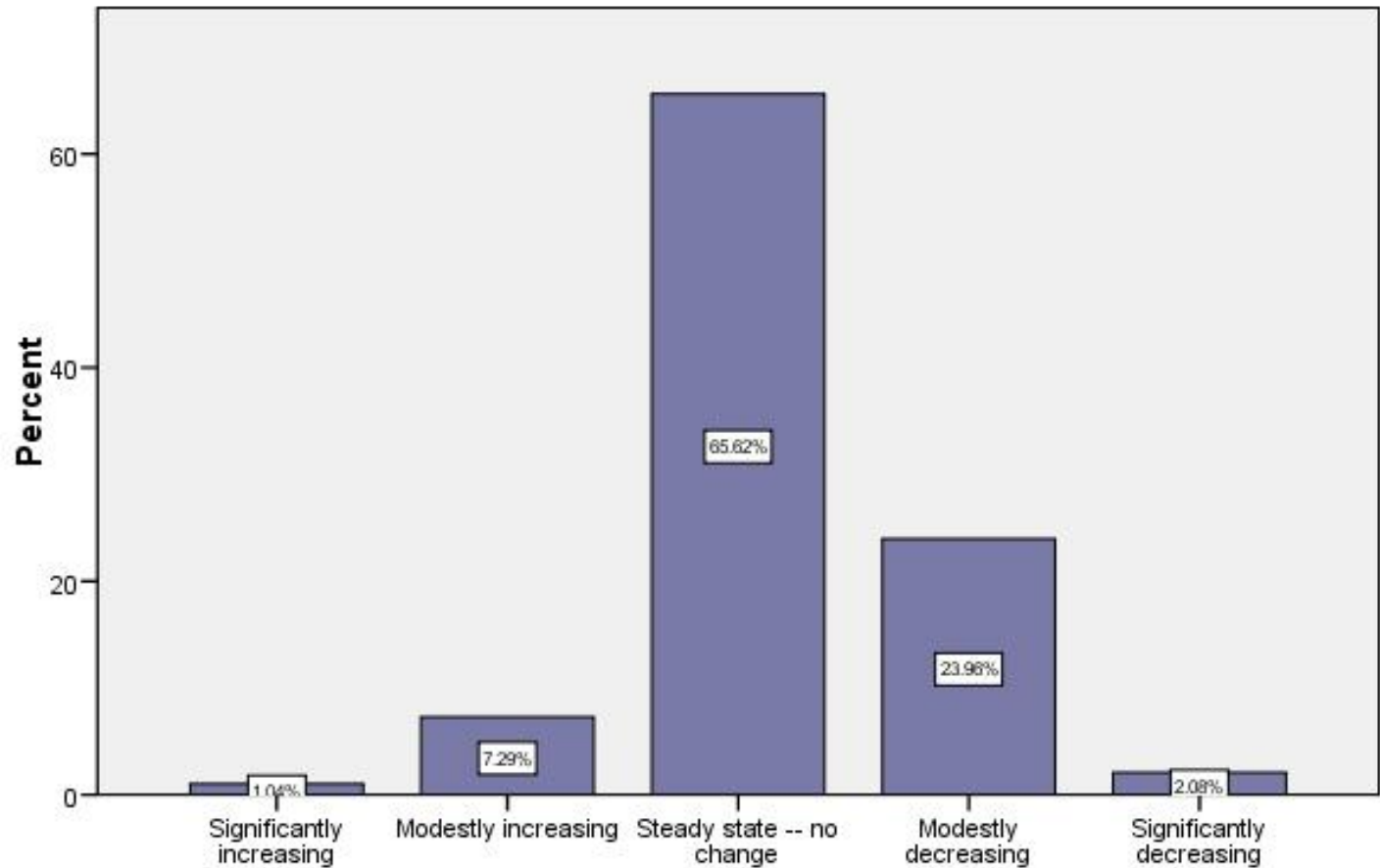


Forecast of student tuition fees



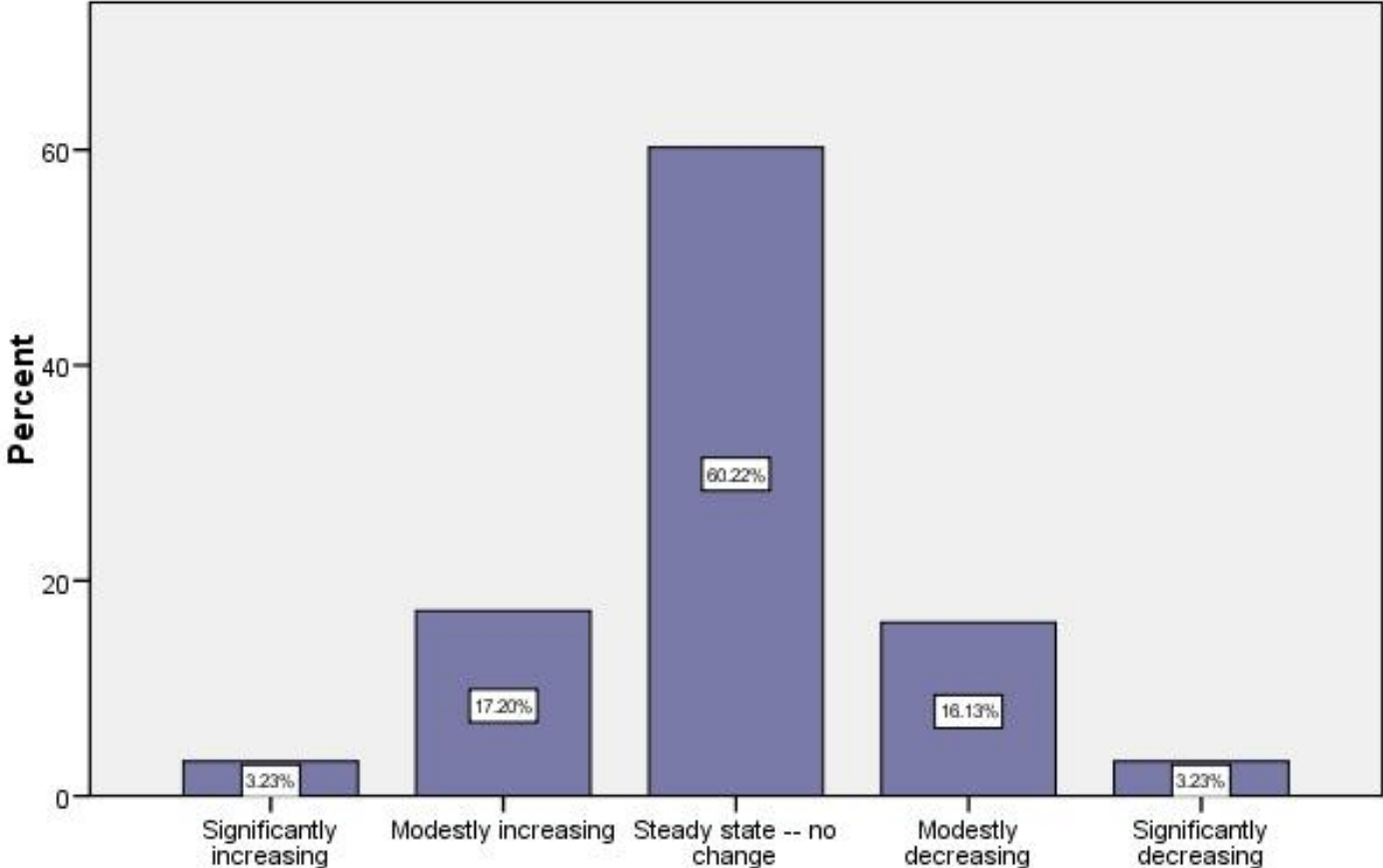


Level of student tuition discounting for past two years



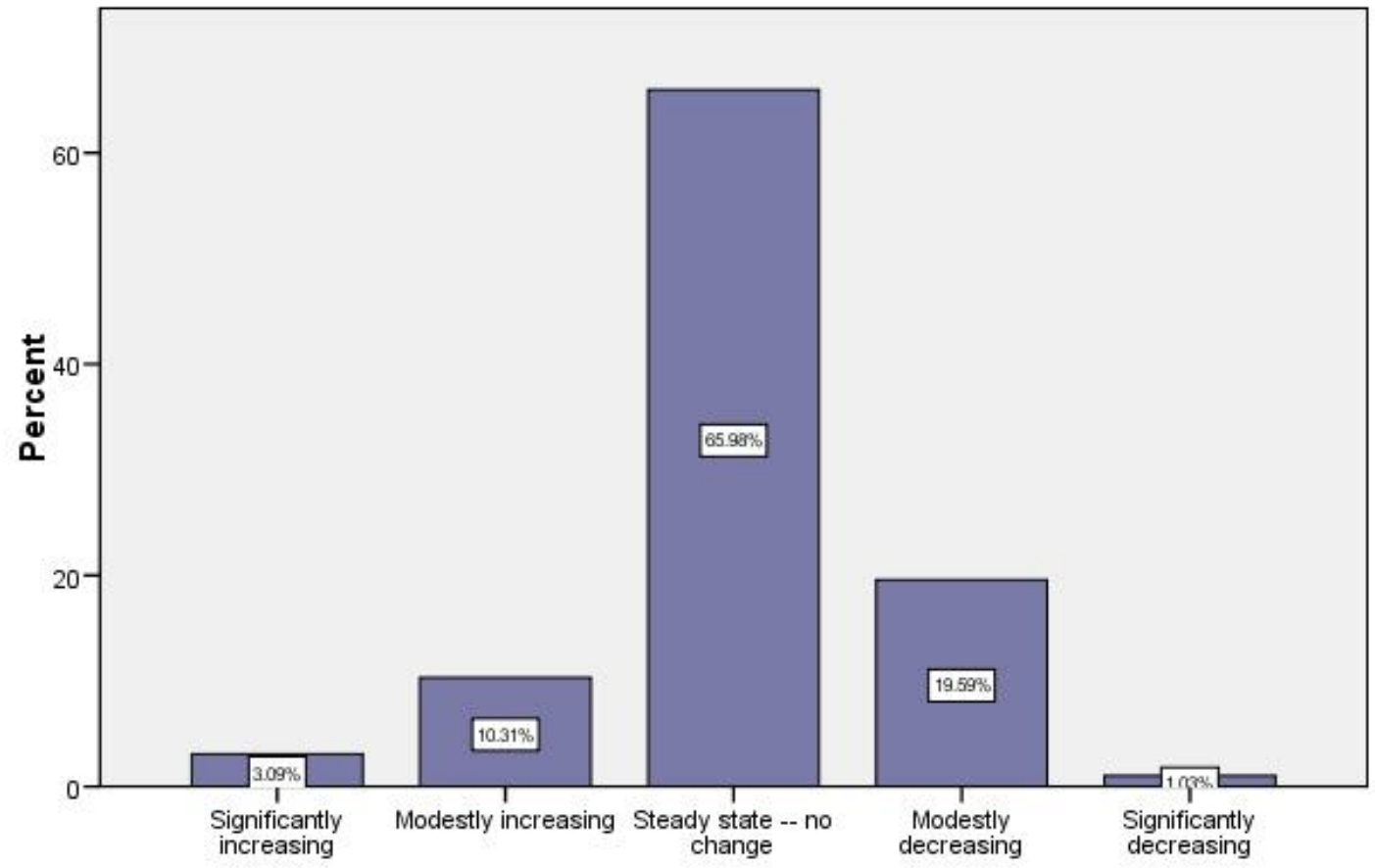


Change in student tuition discounting due to crisis





Forecast of student tuition discounting





Change in Student Tuition + Tuition Discounting Responding to Crisis

		Change in student tuition discounting due to crisis					Total
		Significantly increasing	Modestly increasing	No change	Modestly decreasing	Significantly decreasing	Significantly increasing
Change in student tuition fees due to crisis	Modestly increasing	1	9	2	2	0	14
	Steady state – no change	1	4	43	6	1	55
	Modestly decreasing	1	3	9	6	2	21
	Significantly decreasing	0	0	1	1	0	2
Total		3	16	55	15	3	92



Forecast Change in Student Tuition + Tuition Discount

		Forecast of student tuition discounting					Total
		Significantly increasing	Modestly increasing	No change	Modestly decreasing	Significantly decreasing	Significantly increasing
Forecast of student tuition fees	Significantly increasing	1	0	0	0	0	1
	Modestly increasing	0	3	0	1	0	4
	No change	1	1	37	6	0	45
	Modestly decreasing	0	6	26	12	0	44
	Significantly decreasing	1	0	1	0	1	3
Total		3	10	64	19	1	97

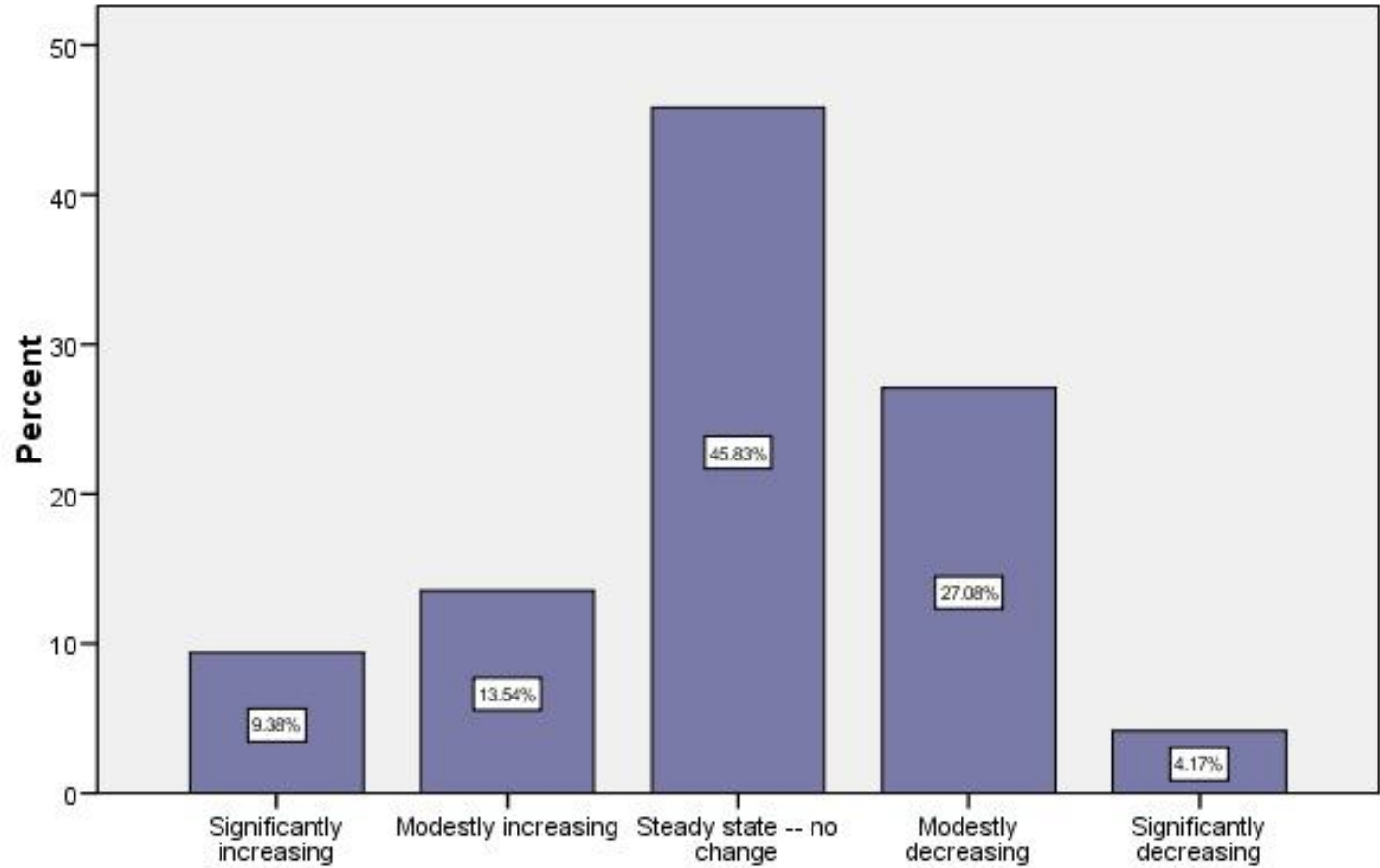


Conclusion

- Tuition and tuition discount levels remain relatively constant (ie, no change)
- Business schools are not using tuition discounting to drive enrollment

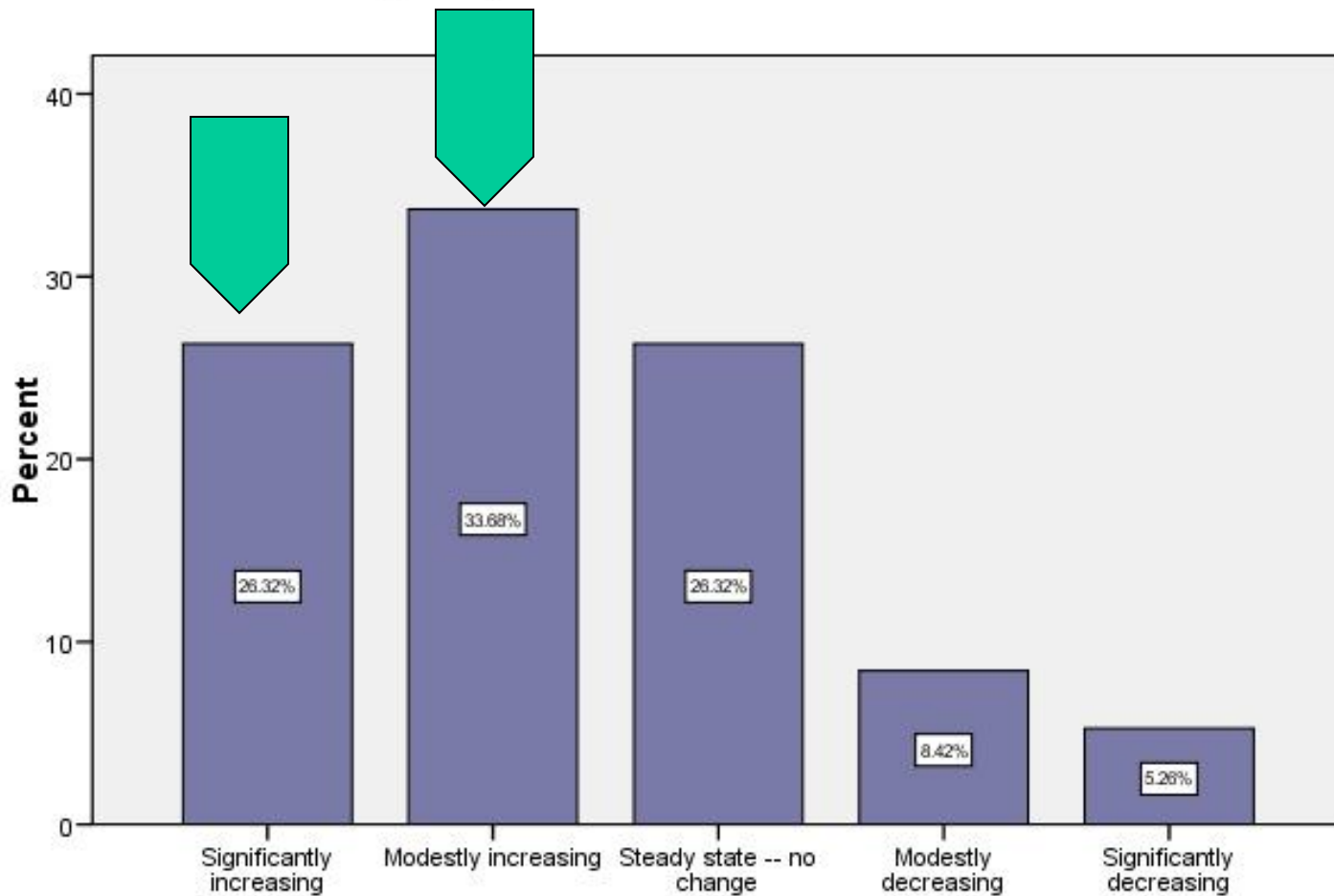


Level of sponsor's donations for past two year



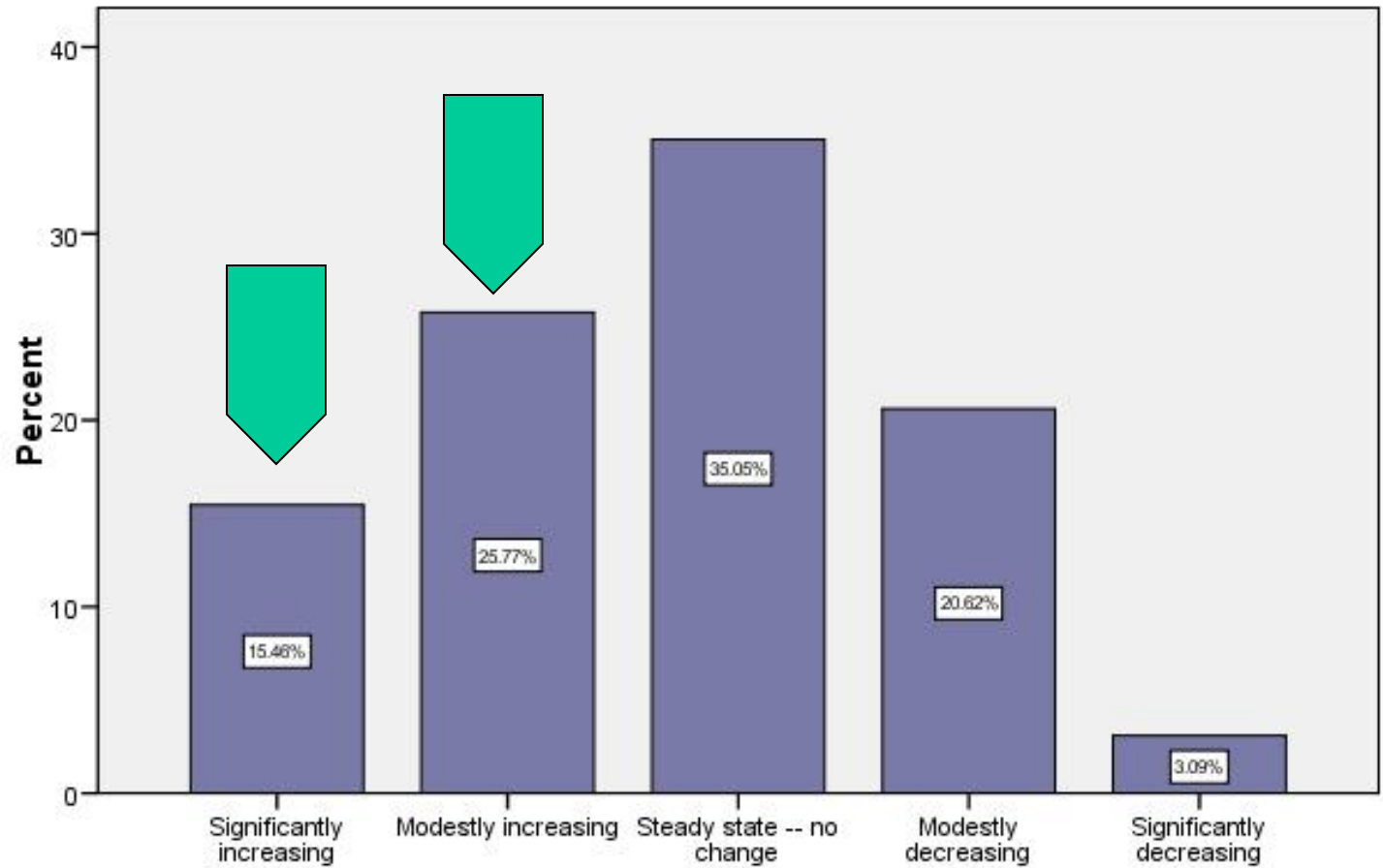


Change in sponsor's donations due to crisis





Forecast of sponsor's donations



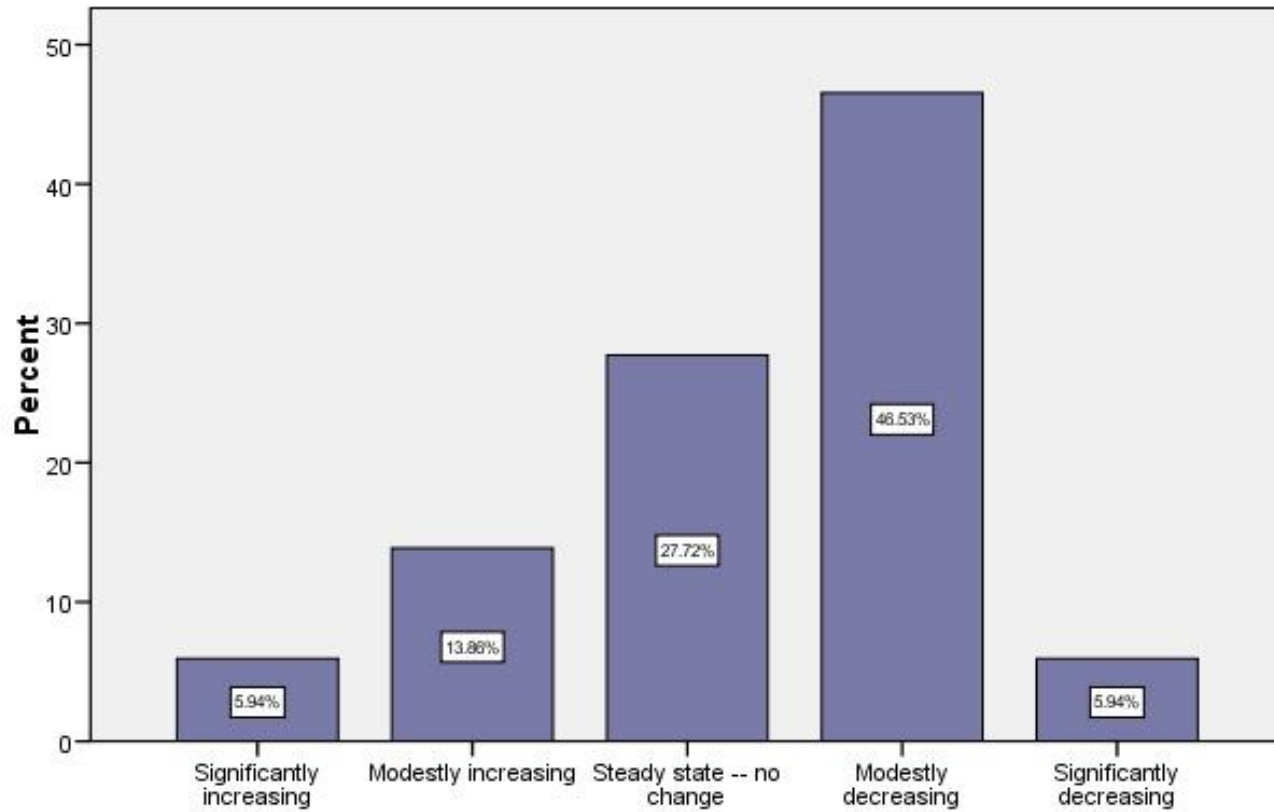


Conclusion

- Sponsors seemed committed to their business schools
 - Increased support levels in response to crisis AND continued support is forecast for next year
 - Longer term -- unclear

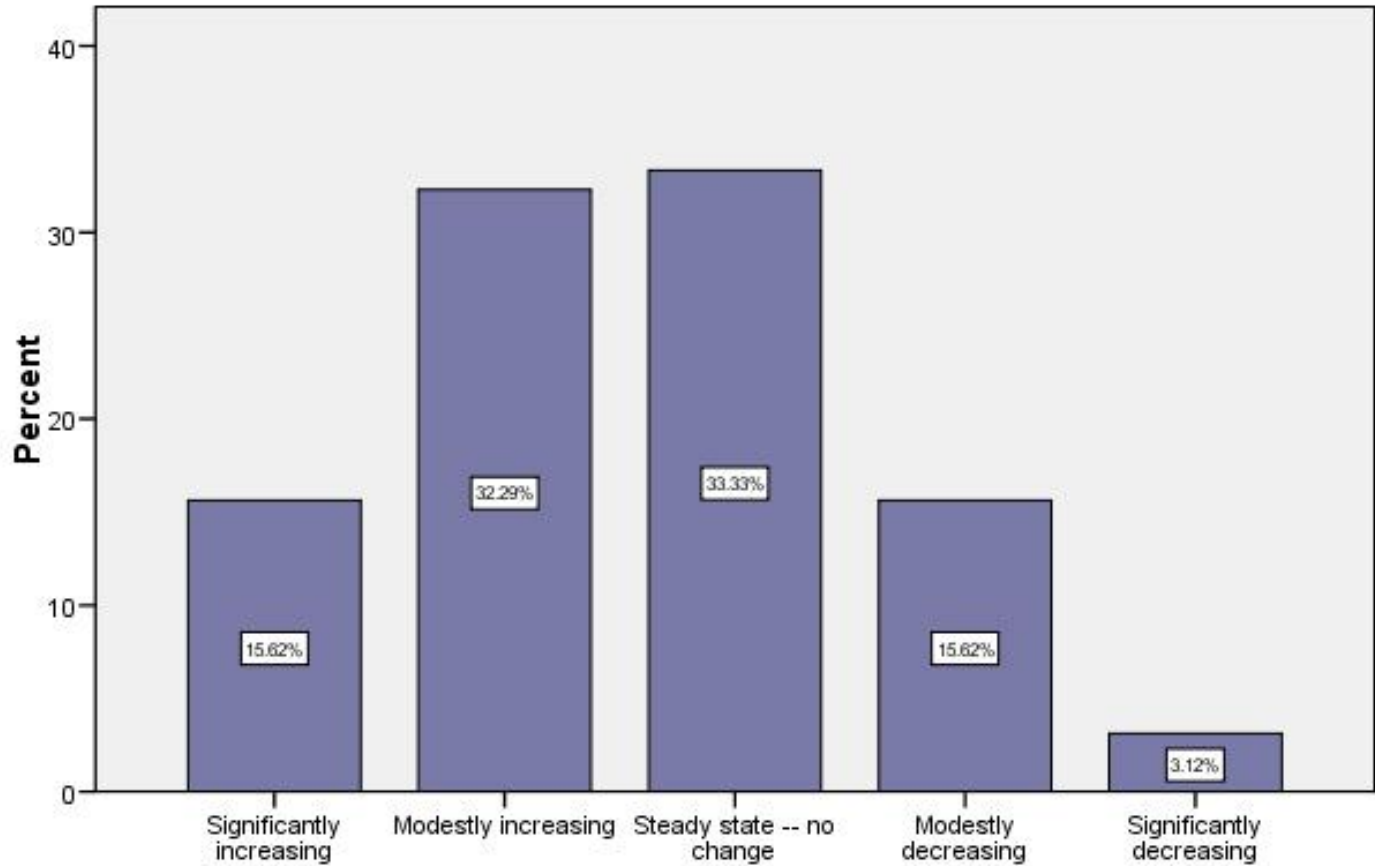


Level of external funding for research for two years



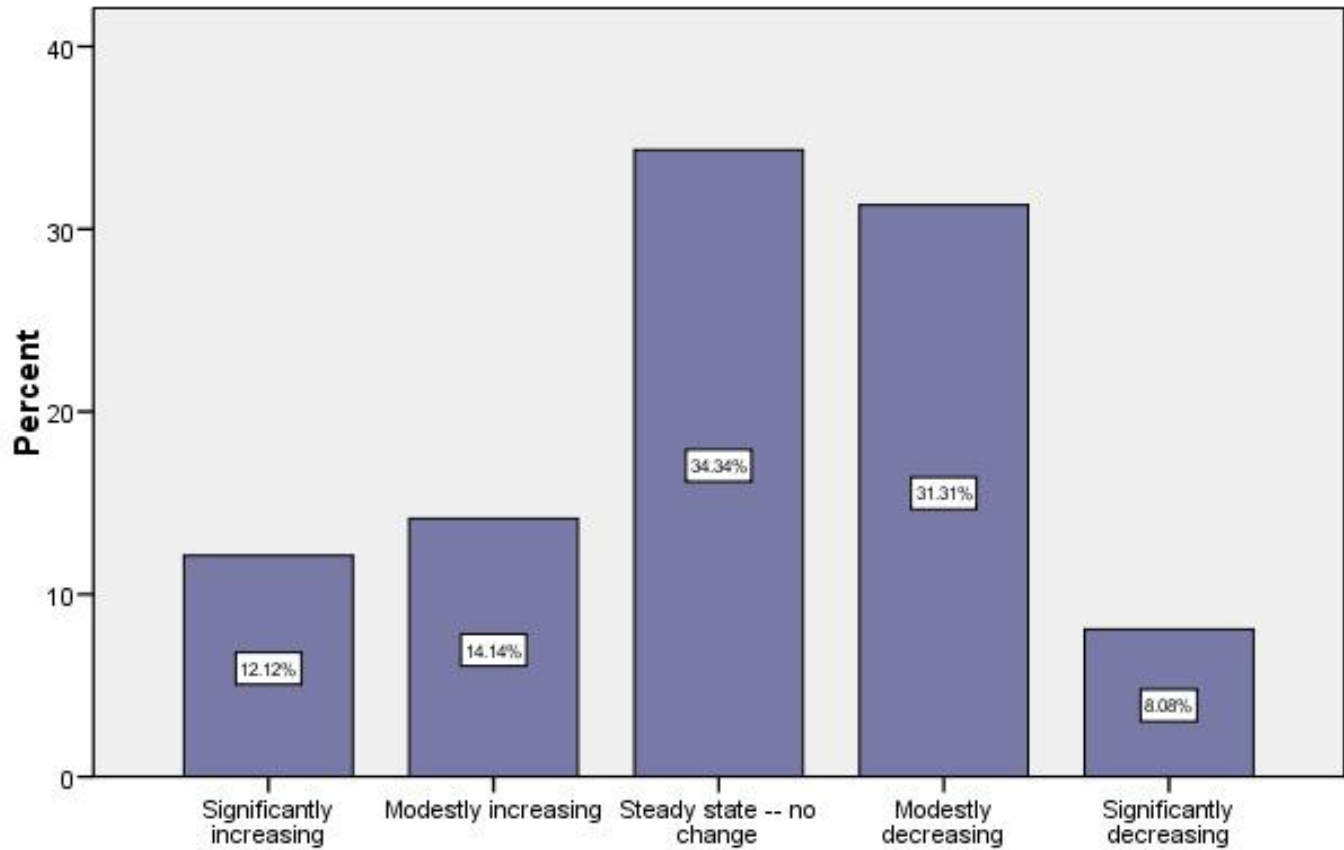


Change in external funding for research due to crisis





Forecast of external funding for research



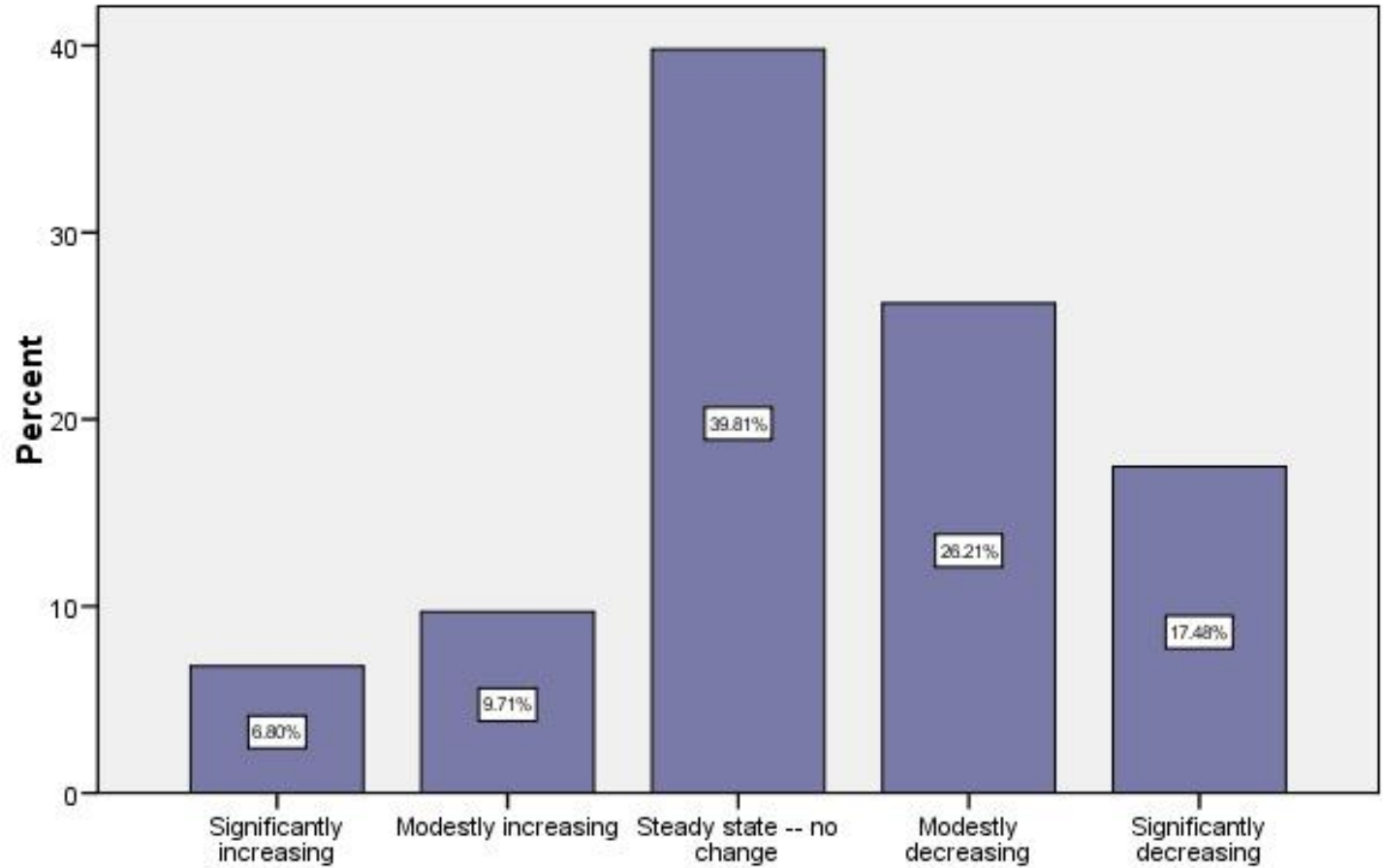


Financial Solvency

Expense Side

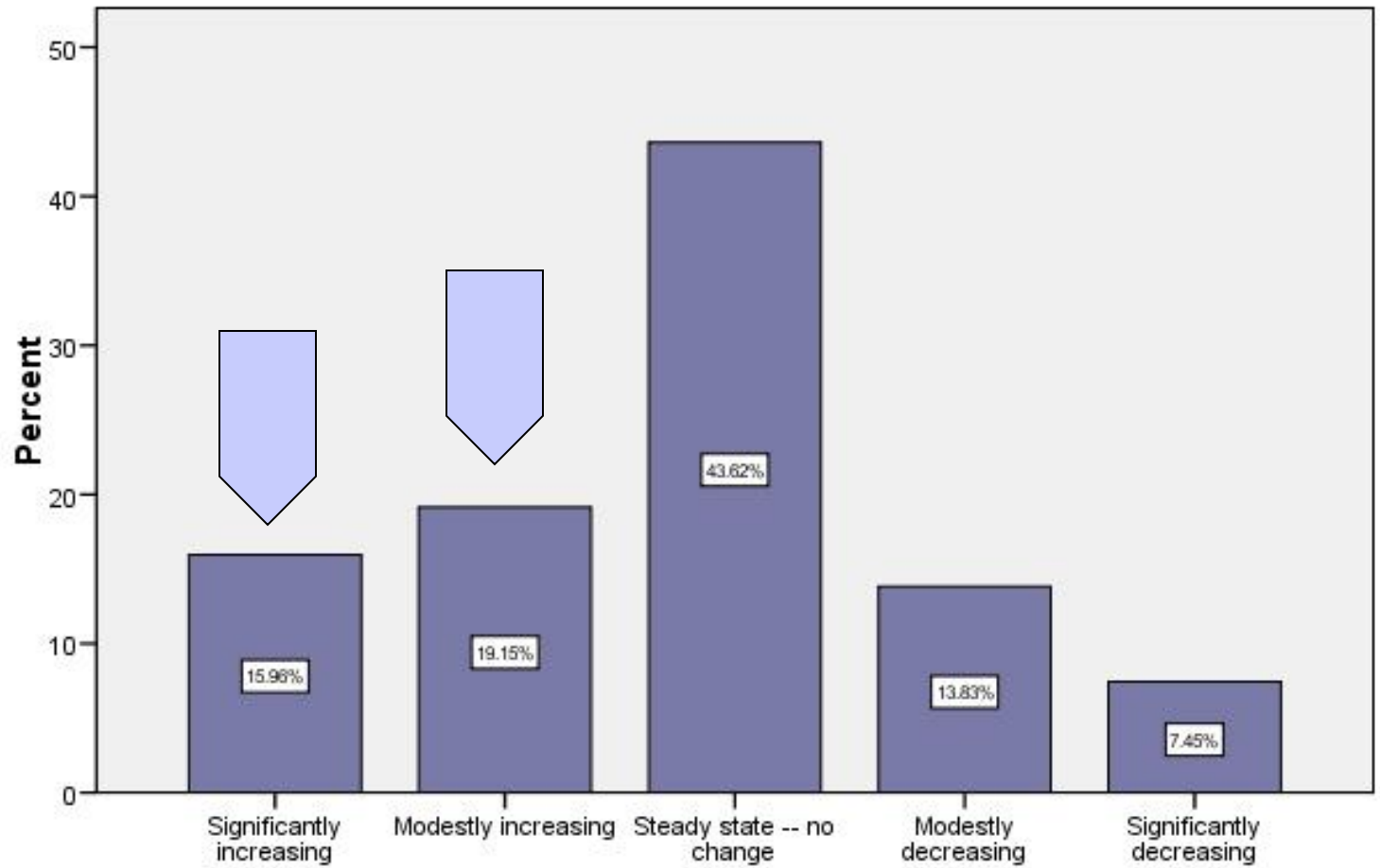


Capital expenditures for past two years



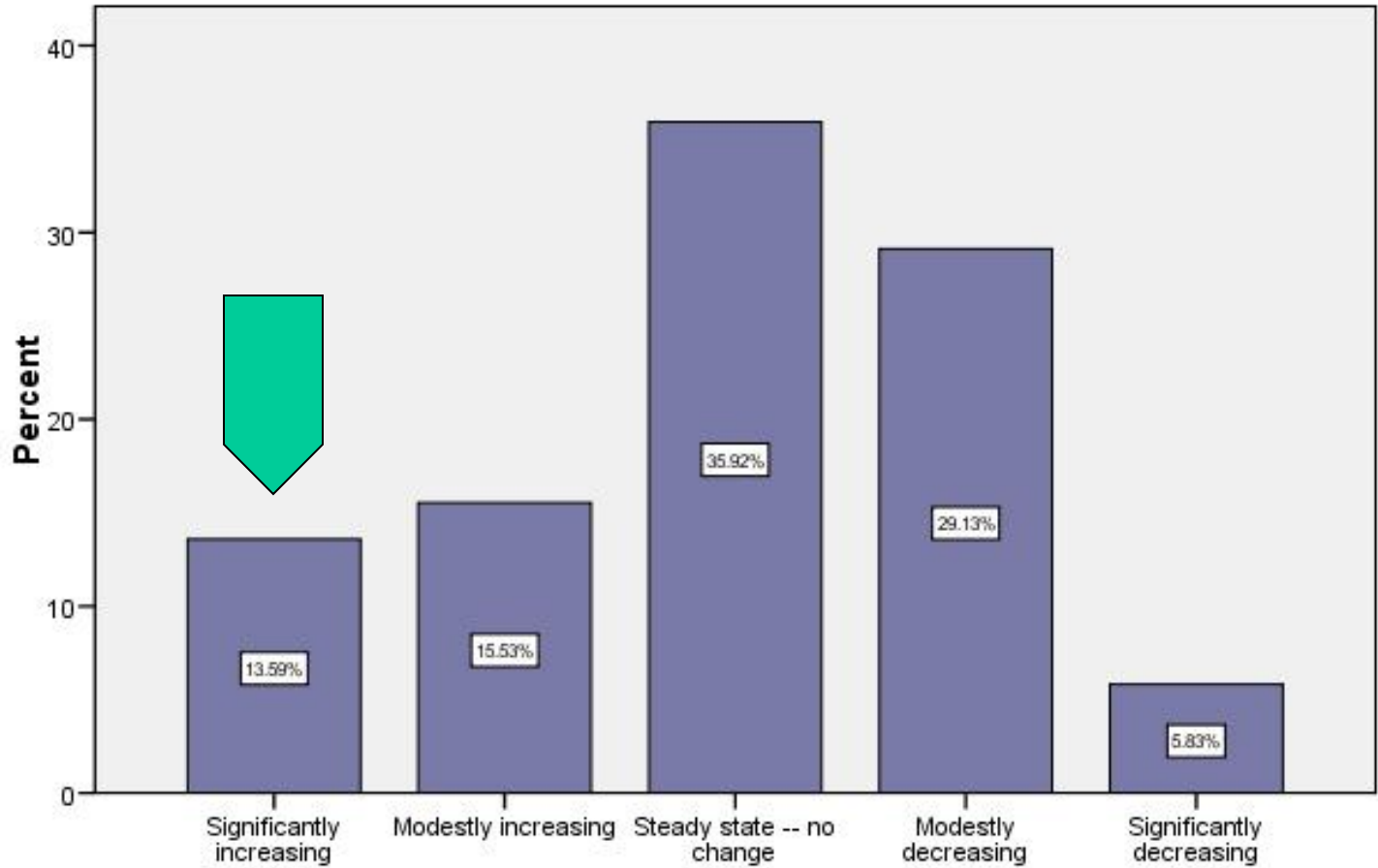


Change in capital expenditures due to crisis





Forecast of capital expenditures



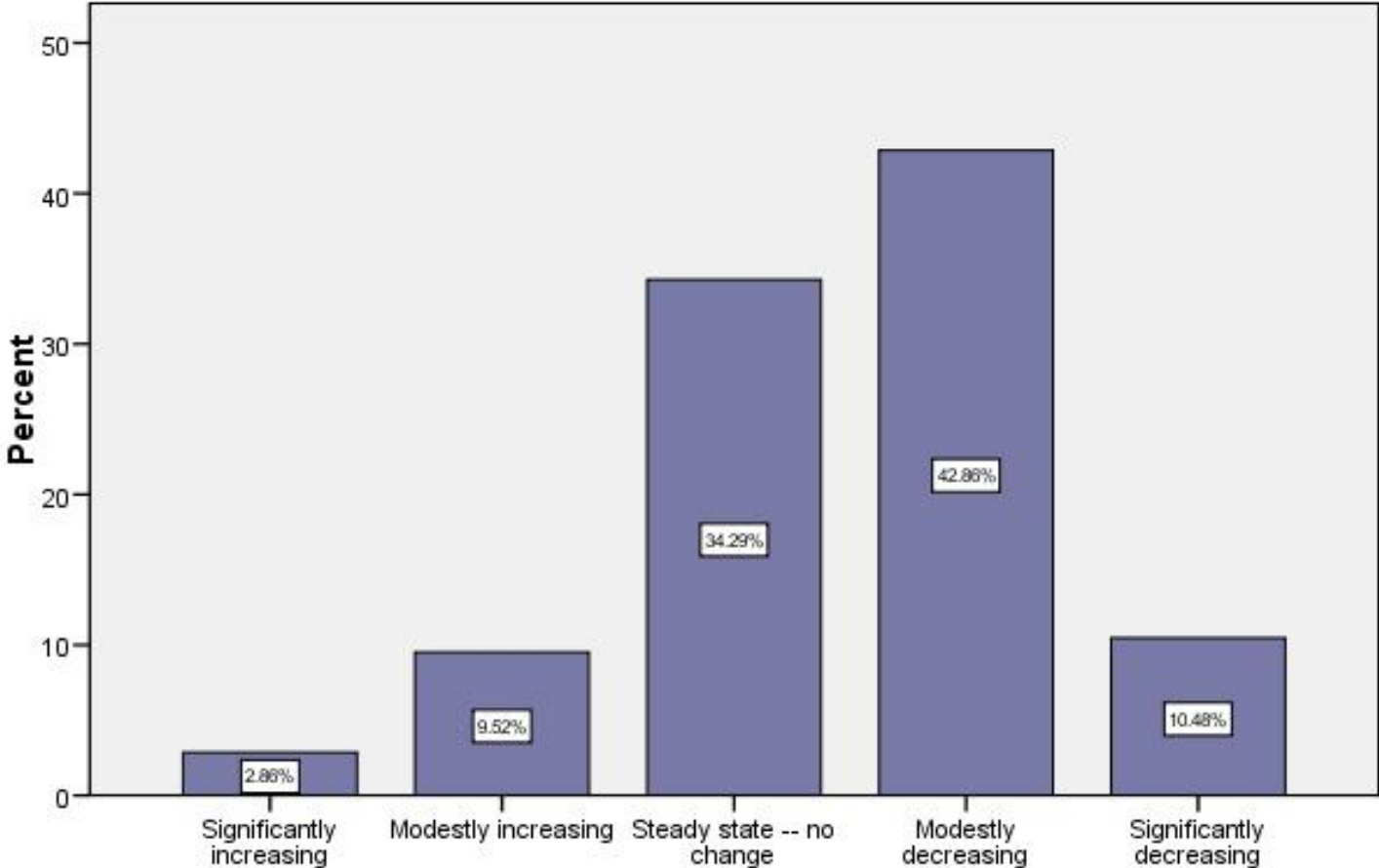


Conclusion

- Some schools see opportunity in the crisis
 - Increase in capital expenditures

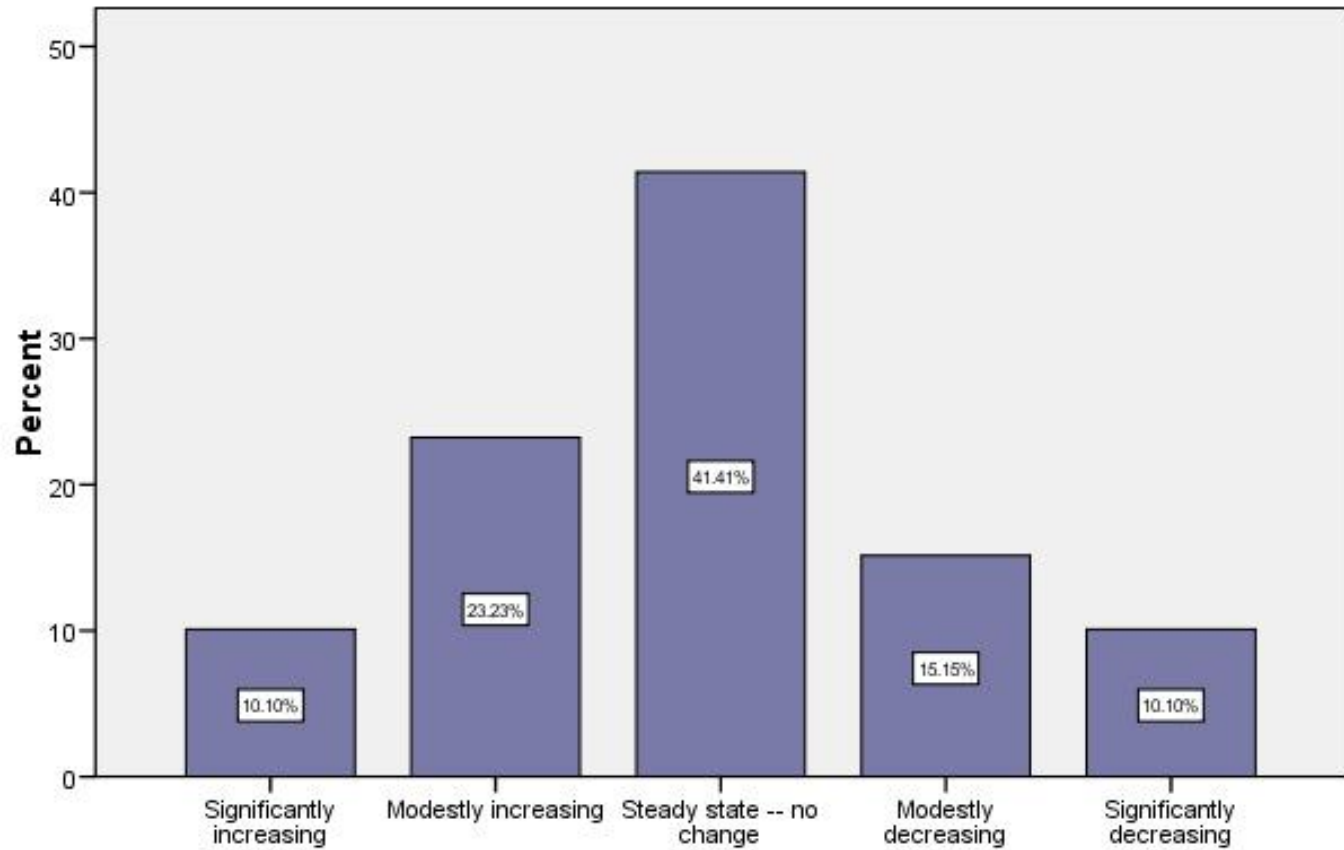


Institutional marketing expenses for past two years



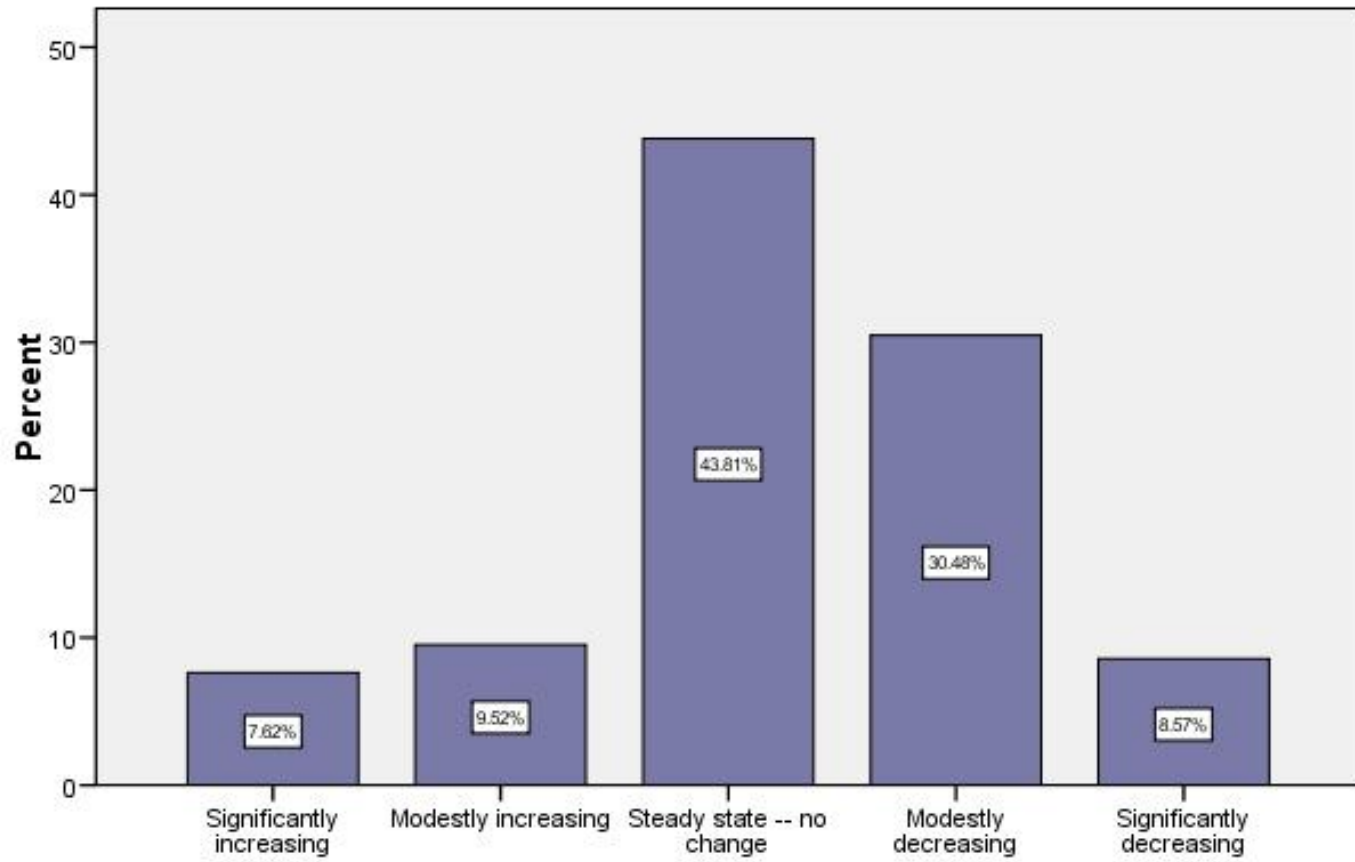


Change in institutional marketing expenses due to crisis





Forecast of Institutional marketing expenses



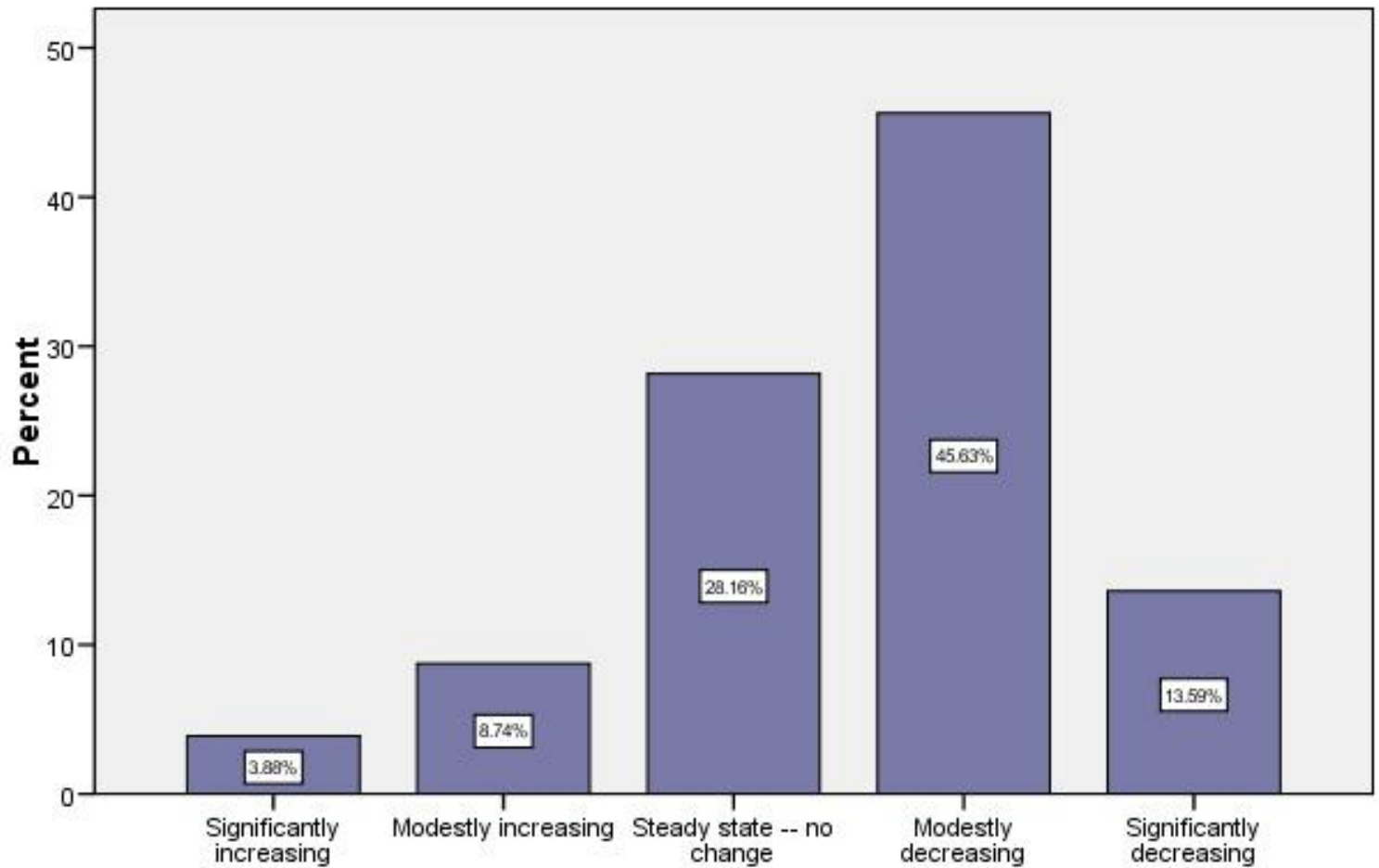


Conclusion

- Increases in institutional marketing expenses seem to be immediate response to crisis; yet next year, institutional marketing expenses will decrease

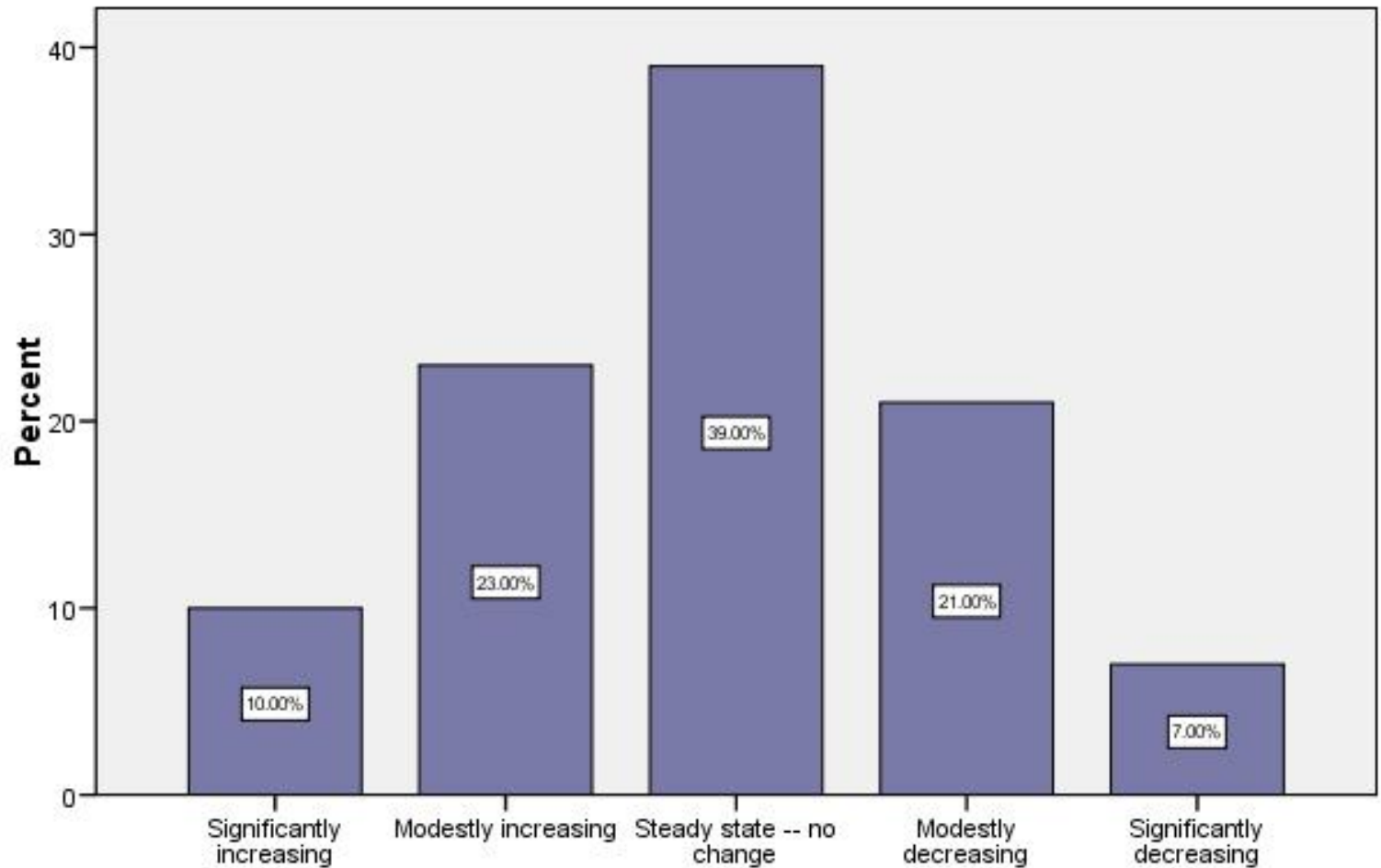


Level of program marketing expenses for past two years



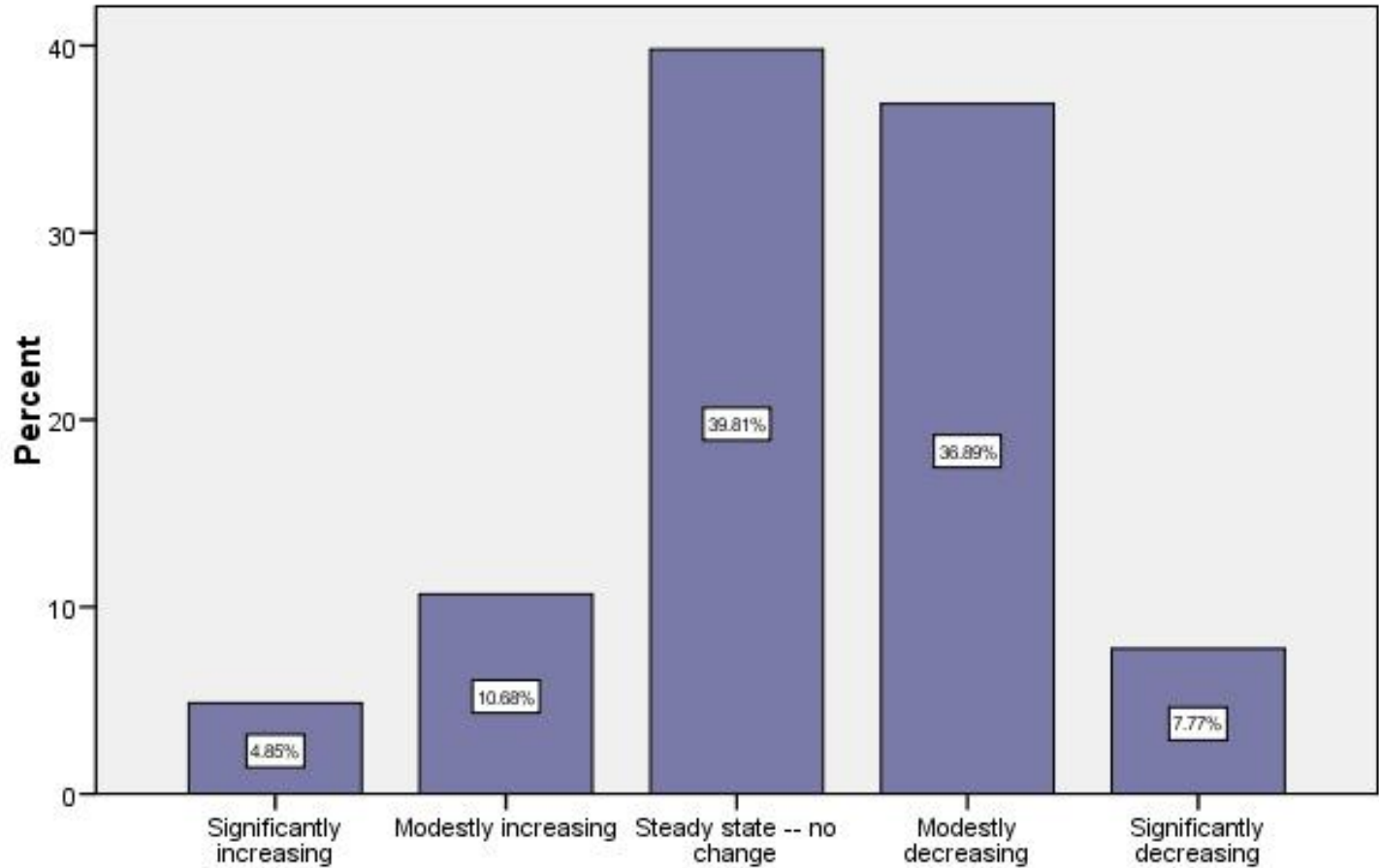


Change in program marketing expenses due to crisis





Forecast of program marketing expenses





Conclusion

- Program marketing expenses were being trimmed before the crisis
- Program marketing expenses seem to have stabilized at these reduced levels
- Some schools will continue to reduce program marketing expenses



**Thank you for your kind
attention**

Questions and discussion
