Benchmarking Report: The Year That Was 2001-02

Lou Centini
Darden Graduate School of Business Administration
University of Virginia

Dan McGurrrin
School of Management
Boston University
2001-02 Surveys

- 3 Surveys were conducted during 2001-02
  - October 2001: *The State of the Business*
    - 30 members responded to 4 questions on enrollment data from the previous 12mths and predictions for the coming 12mths, and 3 open ended questions on the effects of the economic downturn and the events of 9/11
  
    - 50 members responded to 10 questions on enrollment, revenue and budget figures for the current and next fiscal period, and industries most effected by the downturn/attacks. 1 open question on new program requests resulting from the downturn/attacks.
  
  - March 2002: *Optimism and Economic Turnaround in 2nd Quarter?*
    - 58 members responded to 12 questions regarding enrollment numbers, program launches, revenue changes, student geographic mix and rank, corporate teamattendance, and specific impacts on open vs. custom businesses.

- The surveys were conducted through a new relationship with Zoomerang, which provided a web-based distribution, collection, and presentation format.
General Indicators

- **EE Businesses are showing a slow rebound**
  - Average enrollment change has moved from 5% decline in Oct '01 to a 4% increase in March '02. In Oct '01, 60% of members reported declines of 10-20%; in March '02, 60% reported 0-10% increase
    - *Question: Has this trend continued?*
  - After consistent revenue decline in Nov '01 on average of 7%, the next 6mths reported a split between increasing revenue (58% of members) and decreasing revenue (46%)
    - *Question: What are the factors for revenue growth today?*
    - *Question: What is the cause of increasing enrollment and flat revenue?*
  - New planned project/program launches are up:
    - 75% of schools report new launches in past 6 mths
    - 25% adding 4-6 programs
    - Only 5% planning to reduce program launches
    - *Question: What Is behind this trend?*
General Indicators (cont’d)

- Custom Business is becoming a more significant portion of the EE portfolio
  
  *Question: How have organizations changed to handle this business?

- Over half (51%) of schools reported an Open Enrollment price increase of 1-4%, while OE margins on average are declining 1-4%, and are down in 59% of schools
  
  *Question: What accounts for declining margins when pricing is increasing

- 65% of schools reported Custom Business price increases of 1-9%, with margin increases of 1-4%
  
  *Questions: Can cost levels be sustained to maintain these margins if price increases in the future are not possible?
Possible Trends

- University-based Executive Education during the remainder of 2002 will grow slowly - T/F

- Significant changes in participant make-up are not being established (international business, team attendance, broader rank) - T/F

- Custom Business will continue to become a stronger segment of most Exec Ed organizations - T/F

- Future Exec Ed contributions to management schools may be measured in strategic value rather than dollars - T/F
Implications

- We will all be working with smaller staffs, reduced budgets, and skeptical administrators in 2002-03
- New markets may require radical shifts in services, rather than increasing marketing activities, offering new programs, or leveraging alumni databases
- Exec Ed employees will need more extensive business/consulting backgrounds to manage custom clients
- More Exec Ed Director time will need to be spent managing the internal school/university relationship
- Future Benchmarking surveys will need to seek indicators of where growth is occurring in the overall corporate education business (Corporate Universities, E-Learning, Private Degree/Certificate/Program Providers, etc)
Discussion Questions

- For those who recently submitted budgets for FY03
  - Submit budget with higher revenue than 2001? 2000?
  - Price Increases? Decreases?
  - Enrollment Increases? Decreases?

- How many are launching new programs?
  - Open Enrollment
  - Custom? Are they new clients?
  - For those launched in past 6mths, how successful have they been? Are the margins increasing?

- What are you learning from current and prospective customers? What is their perspective with respect to university-based Exec Ed? Plan to use more? Less?

- What other questions do you have on the state of the business? What other issues could we benefit from discussing together? In small groups?

- What should we be surveying next?
Survey Issues

- Trends are difficult since respondent schools and numbers vary (one positive: survey participation has grown steadily from 30 schools in Oct 2001 Survey #1 to 58 in March 2002 Survey #3)

- Surveys remain general to encourage participation, but valuable data will only come with more targeted questions

- Interpretation of data to identify industry shifts is difficult due to the great diversity of organizations

- Information pertinent only to internal university-based executive education activities, and ignores the activities of competitors and new industry entrants (in comparison to a survey of corporate clients)