The Differentiated University

BETTER SERVING THE DIVERSE NEEDS OF TOMORROW'S STUDENTS

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PART II of a two-part series

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In recent years, facing both a stagnant economy and applicant pool, colleges and universities have waged an escalating battle for students. Public universities—grappling with less taxpayer support—are searching for revenue by recruiting more out-of-state students, often encroaching on the traditional turf of private institutions, which are extending their net into new markets looking to snag more full-pay students. In this increasingly competitive market, most institutions are looking for more students, but few are able to accurately discern which students should be looking for them.

Many colleges have poured resources into branding efforts and marketing campaigns in order to attract students who, in turn, will help increase their position in various national rankings. Most colleges are broadly pursuing one type of student who can be defined by a standardized test score, GPA, or ability to pay. The argument seems to be that catering to these students will increase the rankings of the college and thus make it more attractive to additional students. The pull of prestige and legitimacy that comes from moving up in the rankings is a strong force influencing the strategic and operational decisions of presidents and trustees everywhere. In order to improve their standing, many colleges have invested in research faculty and diverted more of their financial aid dollars to merit awards in the hope of attracting higher-caliber students.

But such a strategy is a losing one for all but a select few institutions. As part one of The Differentiated University revealed, today’s student market is more diverse than ever before. The analysis of 3,200 students and prospective students found six distinct segments of students (Exhibit 1) based on their motivations and mindsets rather than simply looking at demographics, which historically is how higher-education institutions have defined their student body. While the largest segment of the market is the Aspiring Academic—the type most appealing to colleges and universities—they make up only one-quarter of the U.S. student population. Simply put, there are not enough of them to go around.
Yet colleges and universities continue to focus their attention and operational decisions on serving these students, sometimes in opposition to their original mission. At the same time, a large majority of the student population fails to receive the services or attention they need and become frustrated and less likely to ultimately succeed in higher education. In this competition to improve rankings, colleges are looking for students who help them rather than looking for which students they can help the most.

With only a small number of institutions reporting that they are able to fill their classes with the precise mix of students they desire (Exhibit 2), the segmentation analysis by The Parthenon Group lays out three critical stops on the much-needed roadmap for institutions to succeed:

1. **Understand the Segments**
   Understanding the segments they are currently serving or want to serve.

2. **Develop Targeted Programs and Services**
   Developing the academic offerings and student services most valuable to the students they want to serve.

3. **Refine Recruitment Strategy**
   Refining their recruitment strategies to appeal to select types of students.

Instead of only becoming more selective and trying to serve the most desirable type of student, institutions should consider the educational value they add within each of the respective six types of students identified in part one of *The Differentiated University*. If colleges and universities are more focused on who they serve, they can spend the money and time developing models that cater specifically to the needs of those students. Such a strategy allows institutions to clearly differentiate their offerings and tailor services to students who will be drawn to the campus, realizing it fulfills their preferences.

Following this roadmap will not be a quick or easy process. Even when universities are able to make the challenging shift to thinking strategically about segmentation, extensive “product development” timelines and the long recruitment cycle for students imply that their execution and realization of their benefits are mid-term at best. Yet, the result of such a strategy could ultimately transform the trajectory of an institution in uncertain and competitive times. It would likely result in improved student outcomes and rankings, making the university more in-demand and more selective within certain student segments. Meeting enrollment targets would become easier, and the university would begin to fill its classes with the students who best fit the mission and culture of the campus, and who will benefit most from the specific resources available to them. The institution also would be able to better shift its operational model to follow the needs of its students, and avoid investing in costly services that don’t add much value.

Despite the evidence of what such a strategy might mean to them, most colleges and universities continue to follow the well-worn path of working to serve the most attractive student. This analysis, coupled with the results of the Parthenon survey, provides campuses with the tools they need to serve their students best, and in the long run, improve the outcome for students and the institutions.
Better Serving the Diverse Needs of Tomorrow's Students

The Differentiated University

Three Stops on a Roadmap for Success

Developing a plan for attracting and serving students in ways that are beneficial for them rather than the institution requires campus leaders to think of the student market in a fundamentally different way than they have previously. The section that follows describes for administrators the basic process for identifying student segments on their campuses and developing approaches to better serve them. Not all student segments are appropriate for all institutions, so the strategies that colleges and universities ultimately pursue will be much more focused on their needs than what we briefly describe here.

1. Understand the Segments

Before campus leaders revise institutional strategies, whether by creating new academic programs or eliminating services, they need to better understand the student segments they currently have and think critically about the ones they want in the future. According to a survey of admissions officers by The Parthenon Group, three-fifths of admissions officers at selective institutions, and only about half at moderately selective colleges, for instance, can recognize these distinct segments identified in part one of The Differentiated University, in their student body (Exhibit 3). And more surprisingly, institutions don’t think they serve the diverse needs of different student segments very well (Exhibit 4).

The first step for many campuses is to simply engage in a discovery process to determine their current student segments, and then begin collecting more detailed information about what those students hope to achieve. This process will likely unearth students with even more clearly defined needs and motivations than the ones already identified. Once this discovery process is complete, colleges and universities can determine how they might attract those students, and most important, how they should serve them.

Exhibit 4:

Only 40% of institutions believe that they can cater to each segments’ needs.

Exhibit 3:

Less than 55% of institutions believe that they can differentiate and segment the market.

2. Develop Targeted Programs and Services

Once institutions understand their segments or those that they want to attract, they need to create the programs and services most in demand by those students. In other words, what is the unique value proposition that will ultimately draw these defined groups of students to your campus? The Parthenon survey of 3,200 prospective and current undergraduates uncovered three elements that tend to drive their decisions about where to go to college.

1. Academic offerings, such as specific degree programs and the method of instruction (face-to-face, online, or hybrid).

2. Student support services, such as academic coaching and job placement counseling.

3. Experiences, such as internships and undergraduate research opportunities.

On the next page (Exhibit 5) are some of the ways these factors could play out on campuses among different segments of students.

Universities must not only understand what their students seek and spend the resources to provide those services, but they should also stop over-investing in services that their particular student segments do not value. As institutions begin to understand and embrace the students that they want to serve, they should carefully examine their operational model and expenses to be sure they are in line with the goals of their specific student segments.
3. Refine Recruitment Strategy

After institutions create the academic and social experiences that reflect their various student groups, they need to develop recruitment strategies that align with the needs and preferences of those students.

Colleges and universities should consider their student segments in overall marketing messages, as well as how they turn prospective applicants into enrolled students. Marketing should highlight the aspects of their offerings that are most attractive to their targeted segments.

During the application process, coaching and counseling should be provided for those students who need such support. For example, a college might find that its competency-based degree programs primarily serve Career Accelerators, those students hoping to complete their bachelor’s degree in order to get a promotion at work. To attract such students, the institution could develop employer partnerships with companies that want more of their workers to quickly earn a bachelor’s degree. If a college discovers that most of its applicants who eventually enroll hear about the institution through friends or colleagues, it could use current students to promote the school within their workplaces.

In the end, not all recruitment approaches are appropriate for all students. It could also be costly to develop tailored recruitment strategies for multiple segments. Colleges and universities should use the roadmap to focus on what part of the undergraduate population they would want to reach and concentrate their efforts and dollars only on strategies appropriate for those students. Targeting the right students with the right offerings and corresponding recruitment strategies will result in higher yields for the student segments they seek and better outcomes for students and colleges.

Better Serving the Students of Tomorrow

Career Starters, Coming of Age, and Career Accelerators

Several colleges and universities are already successfully employing many of the strategies outlined here in their efforts to attract and serve certain segments of students. The following vignettes illustrate the strategies employed by each of these institutions to address their targeted student needs.
University of Wisconsin System (Career Accelerators):

Nearly a million people in Wisconsin have some college credits but no degree. The task for officials at the University of Wisconsin System is figuring out ways to persuade them to return to school to finish their degree. Many are Career Accelerators who as busy, working adults put a premium on flexible pathways to a degree. But “simply offering more online classes is often not good enough for these students in a day and age when Google can answer many of their questions,” says Aaron Brower, interim chancellor of the University of Wisconsin’s extension program. “Students have all the information that we have as professors,” he says. “So there is no premium on access to information. The question now is how do you build an educational system around that providing the opportunity for individual instruction.”

At Wisconsin, the answer is to offer a flexible option for students to earn a competency-based degree, allowing those with job experience to test out of courses or shorten their time in them. The competency-based degrees are built off current programs using existing faculty members who design the learning outcomes and assessments needed to prove competency. “We are not creating new degrees,” Brower says. “It’s the same one we always offered; it’s just going to be offered in this flexible format.”

The so-called Flex Option offers a three-month term where students can access learning materials, receive academic advising, and take as many competency tests as they can for a flat fee of $2,250. The system’s Milwaukee campus offers bachelor’s degrees in nursing, diagnostic imaging, and information science and technology, along with a certificate in professional and business communication. UW Colleges, which is made up of the system’s two-year institutions, offers a liberal-arts associate degree.

Because the university will be translating competencies into credits, Brower says students will have the ultimate flexibility in being able to mix and match between different methods of getting their degrees. In other words, at times they can enroll in a traditional course for credit and at other times take exams to test out.

“We think there is a huge market for this,” Brower says. From a financial standpoint, the university will break even with about 500 students in each academic program. Officials estimate that up to 10 percent of the state’s adults with credits but no degree might be interested in the flexible option, opening up a whole new segment of students for the university system.

Franklin & Marshall College (Coming of Age):

As a liberal-arts institution with a strong reputation for the academic rigor of its programs, Franklin & Marshall has long attracted those students who knew what they wanted out of a college. But for smart students who wanted a campus where they could explore their options, even a small institution like F&M sometimes seemed like a big place where they could easily get lost. In 2003, F&M developed a college house system to bring together faculty and classroom and study spaces to the places where students live and “instantly break down the size of a small college into a smaller community,” says Daniel G. Lugo, vice president and dean of admission and financial aid at F&M. The college house system “puts students in direct contact with faculty and mentors, and once you have that relationship, everything else opens up,” he says.

Students are lifelong members of one of five houses on campus, which each have their own motto and crest, and where students take their first-year seminars as well as play host to social, intellectual, and service activities, such as book talks, dances, and meals for the homeless. Professors serve as “house dons” (in-house faculty advisers), but students are in charge of the governance structure for the house, which includes budgeting and planning programs. Because such opportunities are replicated in each house, “we have more opportunities for leadership positions than other colleges our size without a house system,” Lugo says.

Such experiences that bring together classroom learning and outside-the-classroom programs give structure to Coming of Age students who are trying a variety of activities without knowing exactly where they will lead. “It makes those first steps in the transition to college a lot more meaningful; there’s more feedback and less of a wilderness you have to cut through in that first year,” Lugo says.

Since the college put the house structure in place, its selectivity and graduation rates have increased. In a crowded market with plenty of other liberal-arts colleges to choose from, Lugo says the house system allows F&M to distinguish itself from its competitors with this important segment of students.
Northeastern University
(Career Starters):

The Boston institution first developed its cooperative education (co-op) program in the early 1900s to prepare students for jobs. Since then, the co-op model has turned into a signature program that the university widely markets and publicizes to attract Career Starters. “The experiential model and co-op is part of our identity at Northeastern,” says Sean Gallagher, Chief Strategy Officer at Northeastern.

In the co-op model, students alternate between a semester of academic courses and a semester where they are employed full-time in jobs in the U.S. or abroad related to their major or career interests. The first co-op typically comes in the second semester of the sophomore year, allowing students to complete up to three jobs in a five-year program or two in a four-year program. After taking a mandatory preparatory course, students work with a co-op coordinator to review and apply for jobs. After they complete each assignment, students must connect what they learned on the job to their classroom experience through faculty seminars, meetings with their co-op coordinator, or presentations. “If you want to meet the needs of this segment, it’s not just about getting students a job at the end of their education or having slightly more job-oriented curriculum: you need to holistically weave together study, practice, and reflection, to prepare and help the student toward their academic and career goals through a holistic approach,” explains Gallagher.

Northeastern’s mission and operating model has also allowed the university to transition naturally into serving Career Accelerator and Industry Switcher segments. “If we start with the fact that Northeastern is known for its engagement with industry and employer partners as well as strong career results, it makes sense that we have become a leader globally in professional education. When employers look to universities, they are looking for a human capital development pipeline. More experienced hires are also a big part of this talent pipeline,” says Gallagher. Drawing on these similar student motivations across segments and age ranges has allowed Northeastern to efficiently serve two distinct populations.

Conclusion

Given the intense competition for students and prestige in today’s higher education marketplace, the institutions which grow and thrive will be those which are more sought out by students. Colleges will need to identify the students for whom they can add the most value, develop offerings to meet their needs, and develop recruiting strategies which are differentiated. For those institutions who get this roadmap right, the rewards in growth and prestige will be enormous.

The pipeline for students to get from their first contact with a college through to commencement is a leaky one for institutions. They must find the right mix of strategies for recruitment, retention, academics, and student services in order to meet the underlying needs of their students. Getting that formula right is increasingly difficult for a growing number of colleges and universities.

However, institutions would find the process easier if they focused on fulfilling their mission and better serving a particular student population. Such an approach would have the added benefit of better sustaining their financial model: universities would be able to prioritize which investments matter for their students and resist those that don’t.

As students become more discerning about the return on investment that their bachelor’s degrees can and should provide, universities must respond by embracing efforts to differentiate themselves and the value that they provide. Understanding the student segments they serve, tailoring offerings to these segments’ needs, and recruiting students with appropriate marketing and outreach will help universities to accomplish this goal.
About The Parthenon Group

The Parthenon Group is a leading advisory firm focused on strategy consulting, with offices in Boston, London, Mumbai, San Francisco, Shanghai, and Singapore. Since its inception in 1991, the firm has embraced a unique approach to strategic advisory services built on long-term client relationships, a willingness to share risk, an entrepreneurial spirit, and customized insights. This unique approach has established the firm as the strategic advisor of choice for CEOs and business leaders of Global 1000 corporations, high-potential growth companies, private equity firms, educational institutions, and healthcare organizations.

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