

Softening enrolment, increased competition and the spectre of a potential cut in tuition fees. For some this is a recipe for disaster. Could this be your institution?

'The future of your institution depends on you taking action now.'



1. Planning is vital

Stress-testing prepares you for when the worst, and best, happens. Competition, globalisation, capital and labour factors, regulation and technology all have an impact on your strategy so it is vital you have plans in place to deal with these. Understand how your decisions will hold up under a range of scenarios, for example should enrolment drop for the next three years and then begin to grow again in line with demographics. Using the PFM Whitebirch planning tool, designed specifically to stress-test the financial strategies of HE institutions, is a reliable and cost-effective way of being informed and prepared.

2. Having a vision for your institution is not enough

You need a market informed strategy supported by real data to develop a realistic tactical plan to accomplish it. Many institutions will undertake a strategic planning process but then do not follow up with the business case planning required to bring it to fruition. Take the next step.

3. Ask tough questions

Do we really need this course? What is the future for this facility? You may not get the answers you want, but don't be afraid to act. It is difficult to make changes especially with stakeholders who are against eliminating fields of study or repurposing a facility. However, making tough decisions may give you the resources you need to invest in other options that increase student numbers and ensure sustainability.

4. It's not just about cost-cutting

Universities must focus beyond merely cutting costs. Evaluating alternatives, such as strategic alliances with other institutions, could provide both cost savings and expanded offerings. Establishing shared services and collaboration amongst institutions can redirect scarce resources to more strategic endeavours. We have examples from the US where a smaller university joined forces with a larger one to boost enrolment by offering a needed program via distance learning, and where institutions have captured savings by creating shared services such as student invoicing for tuition fees and accommodation.

5. Review your debt portfolio regularly

Loans shouldn't be done and forgotten. Your debt portfolio needs active management to ensure that you are taking advantage of the best market rates and favourable terms that may be available. Refinancing for savings or more favourable covenants can provide needed additional financial flexibility for your institution. Also monitor your banking relationships. Fees can creep up over time without notice and you can find yourself paying above market fees for services available for less elsewhere. Having a financial adviser who knows the market can identify the financial opportunities you may not know exist.

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