**Five Keys to Effective Fiscal Planning and Student Financial Packaging in 2008**

As captains of proprietary institutions, we are in the business of proactive maintenance. As we sail our vessels of learning to the sometimes far-off land of profitability, our charge is to maintain steady fiscal solvency through daily headwinds and even the occasional perfect storms – seemingly purposed solely to derail our efforts and leave us lost at sea. As such, in our labors to speed our journey, we are frequently faced with hard choices regarding enrollment growth goals, student persistence, and the daily demand of sustaining a viable cash position. In the interest of our mutual success, here are a few ideas for *proactively maintaining* these mutually attainable goals.

1. **Do what you must to keep what you have**. Having an engaged student populace is one key, but *keeping* your engaged student populace is another. More often than not, career school enrolled students who withdraw are lost to cost. *How many enrolled and started students has your school lost due to their monthly bill?* A simple and cost effective antidote to drops is to find a good student finance/account management partner to handle the dirty work for you. This will improve retention via the availability of flexible refinancing options to students at risk of withdrawal *and* build better rapport by redirecting your delinquent account management to your financing partner so that your school avoids the unpleasantness of collection. First, it will help you avoid crushing scenes of late-paying students yelling at the bursar while a group of touring prospects bear witness. Furthermore, it will change the on-site collection conversation from, *"Where is your monthly payment?"* to *"How can we help you keep up with your monthly payments with xyz financing company?"* Thus you are working *with* the student to resolve the issues versus traditional collection where from their perspective you are working against them. You are now not only partnering with them on their education, but their educational investment. Try it and watch grades, attendance, collection and rapport all improve.

   If you partner with a credible and experienced company, it should handle the headaches of student account management for you *and* be the 'payment parent' - reminding the student of their need to keep their *educational investment account* current or risk damaged credit. This, of course, should be a counseling oriented discussion versus a threat to walk the proverbial plank if they don't catch up quick. What's great is the division of labor from the eyes of the student. This separation of roles allows the school the play the role of the consoling mentor, or 'grandparent', and is a great way to not only keep students, but foster a strong rapport with your student body.

   If properly implemented, a good partnership of this variety can keep students in class, keep rapport high, keep receivables high, and gain on no-cost student referrals. It works. So what was that about refinancing???

2. **Have a contingency plan for drops.** What does a school do when a student can no longer meet their monthly responsibility? *Let them know that they can come to you and you can work <u>with</u> them to find a solution!* Schools should foster this relationship by communicating that they are partnering *with* them from their initial financial consultation. Show it to them in big bold letters so there is no misunderstanding – THE STUDENT IS RESPONSIBLE FOR THEIR EDUCATIONAL INVESTMENT and WE ARE HERE TO HELP.

   If you have a student account servicing partner – make sure the student knows that their account is with the partner and failure to keep the account in good standing has credit ramifications on home buying, auto loans, and more. With this separation, the student will come to the school for help instead of skipping class because they had a bad month and are behind financially. The process also becomes less institutional. See number one.

   So what do you do when they come with their hat in their hand? The choice is simple. *You can lose the student or you can refinance.* First be firm and place the burden on them. Make them show you why they need help and challenge them to make sure they have done everything they can to meet their obligations. Then, if you have to, refinance. And don't be afraid to spread their payments past graduation. Remember, at this point you have leverage as their time is invested, but you also need revenue. If you arrange it such that your expenses for this student are paid before they complete their program, you have nothing to gain but a graduated student and revenue from the student you would otherwise lose. If you have a good student finance partner, they'll be able to collect well after graduation – and even if your post graduation collections are less than 100% (which they will sometimes be), remember that's it's not lost revenue, but gained profit. Lastly, *there's no fury like a student scorned*. A student who has to drop will tell everyone that will listen about what a bad money-hungry school you are even when it's the furthest thing from the truth. In the era of MySpace and Facebook, there are a lot of people who are listening and you're likely to lose both future enrollments and perception points from persons with similar educational interests to the dropping student. Refinance.

3. **Have your arsenal of enrollment tools ready and loaded, employ them with no holds barred, and empty the guns.** The cost of each enrollment *<u>starts</u>* at $100 depending on your location, size, and curriculum. It's fiscally irresponsible not to do everything you can to start that student. Be as flexible as you responsibly can with scheduling, discounts, and fee waivers. Throw legacy rules to the wind: just because 'it's policy' doesn't mean it has to be. Also, it's a clichéd but true statement – people buy monthly payments. This should be the a-bomb of your enrollment weapons cache. Quote it to your planners as gospel.

   When it comes to financial packaging, don't limit yourself in your options. Keeping your cash flow viable is of utmost importance and often regulatory – but don't be afraid to offer students unable to meet before graduation financial plans an option extending past graduation (see number two above). Once your financial planners have reviewed the standard packages with your students, have a senior manager review the plan to ensure all options have been explored. If the student is unable to meet a pay plan before completing the program - extended it. Let the 'extended payment option' be your contingency plan. This will keep your cash flow viable and your empty chairs filled – a win, win. Just remember to cover your incremental enrollment cost early-on (between their resources of loans, down payments, and the first few months of fees). Also, don't give away your last-ditch options first - but before you let the enrollment walk away, make sure you've explored every option to help them. They won't forget it and a manageable financial package will help them persist. Just don't give it away too soon.

4. **Be proactive but firm.** Train your staff promptly on your new financial packaging tools, evaluate each advisors use of them, and highlight planners who 'think outside of the box' to save an enrollment/student. For example, when speaking to a prospective enrollment, have admissions advisors explain that, "financial aid is need based, so not everyone will qualify for subsidized grants and loans. That said, *there are financial plans for everyone*. Some plans involve private loans and some options include in-school and after graduation payment plans. The bottom line is where there's a will there's away, and since you stated this was your goal and you are willing to invest in it (information you should have recorded and saved from the initial discussion), we can help you find a financial solution for you. Are you willing to be flexible in your payment options to invest in yourself and your education before we get started?"

   When speaking to current students, have advisors do the same as above and ask the students what they can cut from their budgets. Review their schedules with them, offer them part-time job assistance, and resume tips. And really *do it*, don't just refer them to the want-ads. They'll be insulted. Let them know you can help them before they quit - but make sure they are doing their part.

5. **Collect as Much Contact Information as you Can.** Whether you manage your collections internally or partner with a student account management/finance company, you'll improve your receivables immensely by encouraging co-buyers, having students complete credit check authorization forms, getting references, attaining letters of recommendation with contact information, and requiring complete emergency contacts forms with multiple contacts required. All may be professionally and ethically employed by both the school and/or the finance company to keep accounts active and collect from delinquent accounts. Keep collection contacts professional and firm, reminding students of the long-term risks and ramifications of damaged credit that can result from defaulted financial plans and let your financial partner do the dirty work when applicable.

   Remember to grandparent the student in an advisory fashion if your accounts are managed elsewhere. Keep a file from their initial interview and revisit their stated goals. Also, ask them about favorite instructors, experiences, and projects. Education is still an emotional experience. Tugging the heart strings a bit may be the motivation they need to help themselves.

These few short but sweet best practices can help schools increase their enrollments, raise their retention, improve student-school rapport, maintain solvent cash flow, and take control of their growth. Schools are encouraged to put these best practices in place before the year slips away and they find themselves behind on their budget – and remember, it's all about the implementation so be diligent and inspect what you expect. Here's to fruitful recruiting and a bountiful journey. - Josh Grinstead, Director of Business Development, TFC Credit Corporation.

**Josh Grinstead** has served as a Director of Admissions and has over 7 years of experience in proprietary education with schools in New York and 15 years in sales and business development management. He earned his MBA from Argosy University in 2006 with a focus on strategic management within the for-profit education sector. Josh may be reached at 800.832.2733 or jgrinstead@tfccredit.com.