

# Key to enrollment growth:

## Increased focus on persistence as competition intensifies

by Alan Tripp, InsideTrack

Published by the Career College Association  
The Link, Winter 2006

Career colleges have long focused on new student recruitment as the key to enrollment growth. This strategy is losing its effectiveness, as competition intensifies and acquisition costs soar. As a result, many leading schools are now shifting budget dollars from recruitment to efforts that enhance student success and persistence. This shift in emphasis is best explained using the concepts of “student acquisition cost” and “expected lifetime revenue per student.” To estimate acquisition cost, take your marketing and admissions budget for a given year and divide it by the number of new students enrolled during the year.

Like many colleges, your acquisition cost per student is most likely in the \$2,000 to \$6,000 range. Next, multiply the average number of terms completed by an entering student by the average revenue per student, per term, to get expected lifetime revenue per student. This number varies significantly by school and program, but is likely to fall in the range of \$10,000 to \$25,000.

As a manager, you can increase total revenue by: (1) investing to acquire more students and/or (2) investing in student success to increase persistence and lifetime revenue for each entering student. As competition heats up, many schools are finding it extremely difficult to increase new starts without dramatically increasing acquisition costs. As a result, the economics of investing more in increased student retention (and therefore in expected lifetime revenue) are becoming more and more attractive.

First-year retention at for-profit colleges varies significantly from institution to institution, and compares favorably with public institutions serving students with similar demographic characteristics. At for-profit colleges, we have observed retention rates that average around 50 percent. Given this starting point, it is clear that there is a tremendous opportunity to create a win-win for students and institutions through improved persistence. So far, high-impact solutions have been elusive, but InsideTrack has pioneered a new approach inspired by the executive coaching movement that typically reduces first-year attrition by 25-35 percent.

### THE RETENTION DILEMMA FOR CAREER COLLEGES

Career colleges attract a very diverse student population. Like any college student, students at for-profit schools face a wide range of challenges that can impede their success in college. But unlike students enrolled at traditional institutions, many have not been in a classroom for several years and are likely to be the first in their

family to attend college. Most are going to school while holding down a fulltime or part-time job. They may also have to balance family obligations with school assignments. And most of these students are taking on considerable financial debt in order to pursue their education and further their career.

As a result, proprietary institutions face special challenges in keeping their students engaged and enrolled. Unfortunately, existing programs designed to support students or improve satisfaction may not be having the level of impact needed to significantly reduce attrition rates. Many of these programs focus on identifying students “at risk” academically. However, the vast amount of research on retention indicates that students are less likely to “drop out” due to academic challenges compared to other issues.

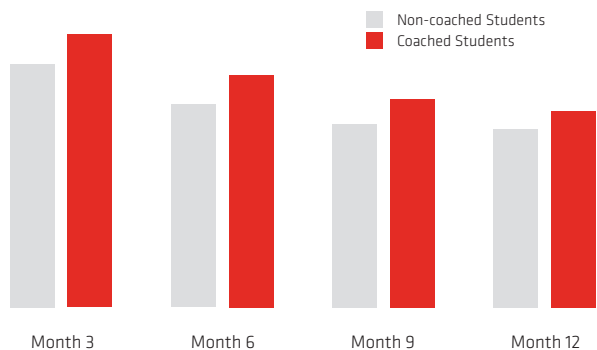
Other programs and services are more reactive in nature, and depend on students being motivated enough to seek assistance or to be able to identify that they have issues in the first place. Peer mentoring programs play an important role, but even upperclassmen are rarely qualified to coach, advise or counsel on the issues that impact student success and retention. And efforts to develop support teams comprised of faculty or student services staff often do not work as intended. As many colleges have discovered, it can be difficult for faculty or student services staff to devote the time required to provide regular, pro-active support to a significant number of students – on an individual basis – while balancing other core responsibilities.

### COLLEGES ADOPT A NEW MODEL FOR SUCCESS

Following five years of controlled studies with students at a wide range of colleges and universities, we’ve found that like athletes or business professionals, college students perform at their best when they are managed well and receive individual guidance, positive feedback, and help developing effective behaviors that enable them to be more successful – both academically and personally. Based on this premise, a number of career colleges have adopted an entirely new approach in order to increase student success, at the same time as they strengthen their competitive position.

Research shows that students drop out of school for many reasons beyond academics, including financial difficulties, poor time-management skills, lack of motivation, as well as conflicts with work, family responsibilities and other personal obligations. Focusing on the first year experience, the concept of Success Coaching was developed to respond to the entire range of issues that can affect college students.

## Cumulative Retention Rates



Students who work with a Success Coach persist at higher levels than co-coached control groups. \*Sample size = 1822 students in 13 separate controlled tests

The objective is to provide the structure, support, and one-on-one guidance and feedback that many students need to become more motivated so they stay in school and graduate.

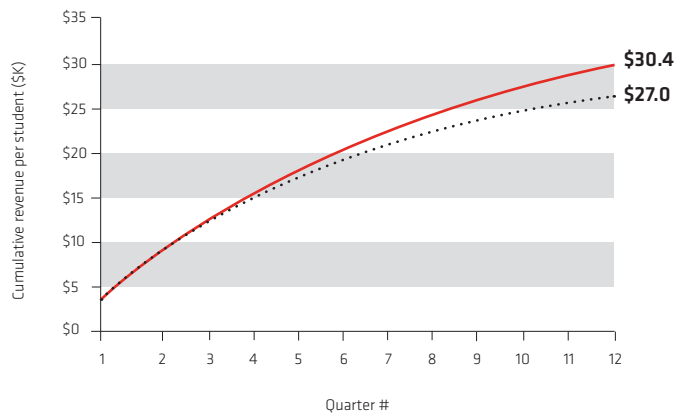
Beginning with the first term, students meet weekly with their personal success coach for approximately 30 minutes. As the first year progresses, meeting frequency is adapted to meet each student's individual development or support needs. In a typical coaching session, coaches and students work together to improve student performance in the key areas that determine success:

- Academics (developing study and test-taking skills; taking advantage of on-campus resources such as tutoring centers);
- Finances (understanding the factors that can impact financial aid, encouraging better money-management skills);
- Managing commitments (balancing academics with work and family obligations);
- Campus community (engaging in student activities);
- School systems and policies (navigating processes such as class registration);
- Future plans (connecting school with career goals);
- Health (managing stress, taking care of themselves);
- General effectiveness (including planning, organizing, time-management and problem-solving skills, confidence level, and goal-setting).

The role and "job description" of each success coach is focused entirely on optimizing the success of their assigned students and keeping them enrolled at the specific college. Coaches bring experience in managing, teaching, training, and coaching people and come from a range of professions. All participate in ongoing professional development and certification and must demonstrate success in inspiring, motivating and developing others, which can be a unique skill set.

In controlled studies at 13 post-secondary institutions, the majority serving non-traditional students, the first-term attrition rate of students who received success coaching decreased by more than 30 percent. Coached students also experienced improved academic performance (regardless of incoming GPA or academic preparedness), carried more credit hours and were more involved in campus life. Students also reported greater satisfaction with their school experience than their non-coached peers, while faculty and staff credited the

## Expected Lifetime Revenue Per Student



program with facilitating more productive interactions with students. In addition, it appears that success coaching helps students to develop skills and positive behaviors that persist beyond freshman year. Students who receive coaching in their first year continue to persist at higher rates in subsequent years, even after coaching ends, thereby extending the impact of the program for each cohort.

Taking a more proactive and direct approach to retention can generate significant financial returns. On average, school's offering first-year success coaching experience a 14.4 percent increase in the number of retained students and a 10-15 percent increase in total enrollment and tuition revenue. Colleges implementing the program typically find that for every dollar spent on the program, they recoup three dollars in increased tuition revenue, which can result in gains of millions of dollars per year, depending on the size of the school.

The graph below illustrates the financial impact of improving retention (per starting student) for a three-year academic program. The chart assumes a tuition rate of \$4,000/quarter, with a 55% first-year retention rate and 40% graduation rate (status quo, without Success Coaching).

## MARKET-SMART, MISSION-CENTERED

As the career college market matures and market conditions evolve, many schools will find success with an increased emphasis on student retention. However, given the unique challenges that schools face in retaining working adult students, a more customer-focused and intensive approach will be required to substantially reduce attrition. Success coaching enables colleges to best serve each entering student, even as it helps to strengthen and differentiate your brand. In other words, your school's reputation and bottom line will improve as more students persist and graduate. And more graduates are what we're all working for.

*Alan Tripp is CEO & Founder of InsideTrack in San Francisco.*

InsideTrack, Inc.  
 www.insidetrack.com  
 Phone: (714) 628-2894  
 Email: programs@insidetrack.com

**Read the article online:**

**[http://www.insidetrack.com/news/view/key\\_to\\_enrollment\\_growth\\_increased\\_focus\\_on\\_persistence\\_as\\_competition\\_inte/](http://www.insidetrack.com/news/view/key_to_enrollment_growth_increased_focus_on_persistence_as_competition_inte/)**