



Maximizing Our Return on Admissions

June 11th

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Our Student Acquisition Model

Prospective Student Lifecycle



Marketing Dollars Spent

Lead Generated

Lead Converted to App

App to Start

Q1 and Q2 Retention

The Economics of Getting a Student to Q3

Prospective Student Lifecycle



11% of Campus Revenue Spent on Advertising or Roughly \$400,000 and Average cost per lead is \$148

Our Average Lead to App Rate is 18.7%; app to start of 80% leading to 15.0% close rate

Average Rep generates 85 starts a year And costs \$45,000 with benefits

Advertising cost of \$982 per start + Recruiting cost of \$1100 per start = Total cost of start of \$2082

Our Q1 and Q2 retention is roughly 77%, so only 59% of starts and 47% of apps make it to Q3

Big Point No. 1

- ***Our goal is more of a PIPE and less FUNNEL so more applications make it to Q3 and less drop-off. Increase in app to start and getting starts who will hold better, we can get 37% more on same number of applications (same effort by reps)***

	Standard	90% App to Start	85% Q1 and Q2 Retention	Both
Applications	110	110	110	110
Starts	88	99	88	99
Q3 Students	52	59	64	72 37%

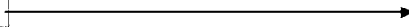
- “Midquarter” starts easier to hold and retain
- Metrics-based financial aid management
- Q1 retention owned by reps?

Developing Channels for Marketing

Prospective Student Lifecycle

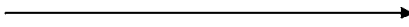


Direct Response Advertising



Lead Generated

High School
Corporate



- CPL increasing significantly with crowded market
- All TV commercials the same
- Using people instead of ads to drive leads
- Getting institutional validation of quality
- Recruitment does not just start with lead

Profit Dynamic of a Student

3 course student who drops after one quarter			
	Pre Start	Q1	Q2
Revenue		\$ 3,300	
40% Delivery Expense		1320	
Admissions Expense	\$ 2,082		
Profit	\$ (2,082)	\$ 1,980	
Cumulative Profit		\$ (102)	

3 course student who persists				
	Pre Start	Q1	Q2	Q3+
Revenue		\$ 3,300	\$ 3,300	\$ 3,300
40% Delivery Expense		1320	1320	1320
Admissions Expense	\$ 2,082			
Profit	\$ (2,082)	\$ 1,980	\$ 1,980	\$ 1,980
Cumulative Profit		\$ (102)	\$ 1,878	\$ 3,858
Lifetime Associate Value				\$ 15,738
Lifetime Bachelor Value				\$ 31,476

2 course student who drops after two quarters			
	Pre Start	Q1	Q2
Revenue		\$ 2,200	\$ 2,200
40% Delivery Expense		880	880
Admissions Expense	\$ 2,082		
Profit	\$ (2,082)	\$ 1,320	\$ 1,320
Cumulative Profit		\$ (762)	\$ 558

- We don't make any profit until a student takes 4 courses
- More credit for selling bachelors?
- FTE goals or revenue goals?
- Graduation incentives?

Big Point No. 2

- ***Not all students are of equal value to us as a company. We want students who will take 3 and 4 courses and persist.***
- ***Bachelor student more valuable as receive 4+ years of tuition for same acquisition costs***
- ***High school student more valuable as research shows they will take heavier load of 4 courses more frequently***

Admission Rep Productivity Analysis (Ras/Aak mature)

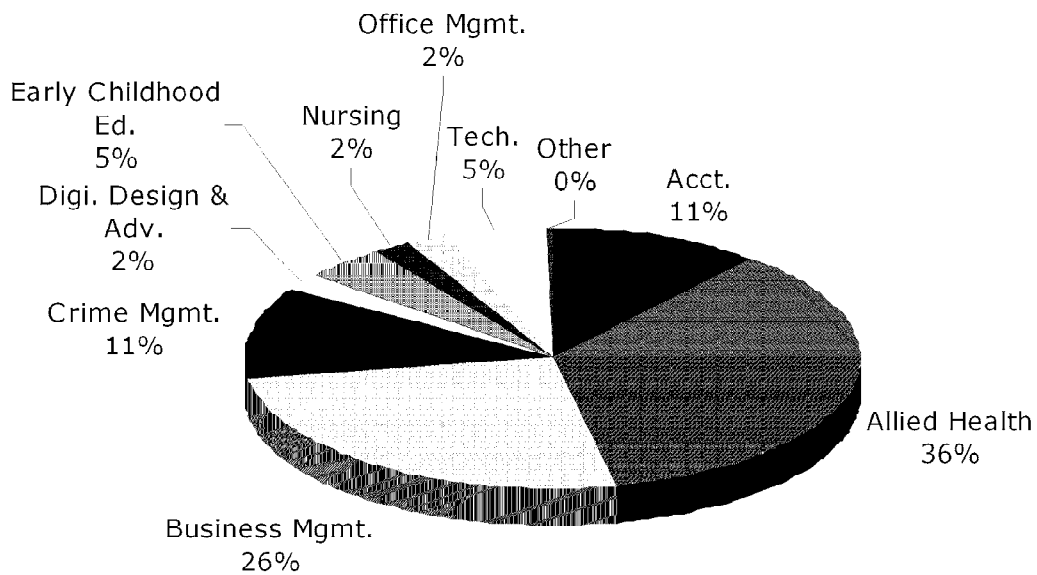
	2007		
	January	February	March
<i>Monthly</i>			
Number of recruiters	45	48	54
<i>YoY Growth</i>	32.4%	37.1%	58.8%
Avg. months of experience	17.3	18.1	17.0
<i>YoY Growth</i>	8.1%	9.7%	-2.3%
Total starts	359	299	441
<i>YoY Growth</i>	79.5%	18.2%	28.6%
Avg. starts per recruiter	8.0	6.2	8.2
<i>YoY Growth</i>	35.6%	-13.9%	-18.8%
<i>Quarterly</i>			
Number of recruiters			49.0
<i>YoY Growth</i>			42.9%
Avg. months of experience			17.5
<i>YoY Growth</i>			5.4%
Total starts			1,099
<i>YoY Growth</i>			38.1%
Avg. starts per recruiter			22.4
<i>YoY Growth</i>			-3.4%

Big Point No. 3

- ***Start growth is directly commensurate with growth of trained admission reps.***
- ***Direct correlation between experience of reps and productivity levels as new reps need to ramp***
- ***Turnover thus kills you as pulls down productivity. New career path with promotions and new compensation plan designed to reduce turnover***
- ***Always need to be watching risk of turnover and staffing above the number of productive reps needed to hit goal – something will always happen***
- ***Associate DOA is critical hire. DOA job includes building successor.***

Need a Diversified Curriculum

Enrollments by Department as % of Total



Big Point No. 4

- ***Labor markets go through cycles and Allied Health will eventually slow***
- ***Businesses with diversified curriculum are more valuable because they do not have cyclical risk***
- ***Ideally, no program area would be over 25%***
- ***Great job opportunities in IT and Accounting***
- ***DOA must manage the "mix" and make sure we are aggressively selling the programs where job opportunities are robust and where there is a corporate strategy like IT***