



The Value Proposition

Steve Robinson, President

Many independent school leaders experience anxiety over the prospect of losing enrollments. Given that independent schools are funded primarily through tuition revenue, financial sustainability is closely linked to enrolling sufficient numbers of “mission appropriate” students. With this in mind, it is important that independent school leaders consider the value we provide in our school programs. What is the value that our programs provide for our families? What about our value have we failed to communicate as effectively as possible? Do we really understand how we compare on the value scale with the alternative choices available to families? If not, how do we arrive at that understanding?

For those choosing independent schools for their children it is generally understood that independent schools provide a better educational value than the alternative educational opportunities available. The alternatives vary from traditional public schools to charter schools to home schools to virtual schools. This is the case even though often the alternative public school is a high quality academic program such as a charter school or a Magnet IB school. Regardless of the alternative school with which an independent school competes for an enrollment, the ultimate decision is always based on a perception of value.

The enrollment decision is based primarily on four variables. The first variable is the “ability to pay” (AP), and although this variable is based less on perception due to factors that are quantifiable, a family’s perception of their ability to pay may not always be strongly correlated with their actual ability to pay. The ability to pay is defined as the ability of the family to write the check required for enrollment, whatever that amount is after any financial aid or discounting. The ability to pay is not always apparent in that many independent school students have all or part of their tuition paid by grandparents.

The second variable is the “perceived value of your school” (PV). This is the value that the school adds to the student’s family. This value takes many forms but is virtually always related to the development of their child(ren). The list of values most identified by independent school families include strong academic programs, specialized academic programs, character development, faith-based education, fine arts, and co-curricular programs such as athletics or clubs.

The third variable in this equation is the “perceived value of the alternative school” (AV). For independent school families there is always a no-cost alternative school in which they can enroll their child. For this reason this discussion is best understood when we view the Alternative School as the local public school, however, the alternative school can refer to a variety of other options such as home schools and charter schools. And just as the perception of value is developed for the independent school, the perceived value of the alternative school is based on the how much value is added to the family by the alternative school.

The fourth variable is actually additive to the third variable and is labeled Competing Values (CV). These are the things that the family values that will compete with independent school tuition for their discretionary resources. Many of these are good values such as family vacations or providing support for a family member. It is hard to know what these competing values are and they can vary from family to family. However, when added to the perceived value of the alternative school the sum of the two are compared to the perceived value of your school to identify the “value differential” (VD).

If we think of these variables on a 0 to 10 scale, with zero being no ability or value and 10 being absolute ability or value, one will find that a multiple of “ability to pay” and a “positive value differential” will dictate the likelihood of enrollment in your school.

For a family that possesses zero ability to pay tuition, no option to choose your school exists outside of financial aid. This is true even if they rate your school at 10 on the PV scale and rate the alternative school and competing values as a 0 on the AV and CV scales. Likewise, the family that rates a 10 on the AP scale but does not see a positive VD between your school and the alternative will not enroll in your school. It is when some level of ability to pay exists along with a positive VD that enrollment in an independent school will occur; although the lower the AP the greater the positive VD must be. The equation for this Enrollment Coefficient (EnC) would be

$$AP * (PV - (AV + CV)) = EnC \text{ or } AP * VD = EnC.$$

Ability to Pay	Perceived Value of Your School	Perceived Value of the Alternative School	Competing Values
10 - - - - - - - 0	10 - - - - - - - 0	10 - - - - - - 0	10 - - - - - - 0
	Value Differential		

An initial hypothesis is that an EnC of at least 10 is necessary to create an enrollment in an independent school. One thing that is certain, however, is that a positive EnC is necessary for enrollments to occur and that the higher the EnC, the greater likelihood an enrollment will occur. For independent schools desiring to optimize enrollments, it is imperative to undertake a thorough discussion regarding the value proposition.

It would be inappropriate to disparage or tear down the alternative school and it is usually not wise to challenge a family's legitimate competing value. It is appropriate, however, to honestly compare and contrast your program with the alternative and it is essential to develop your school's Value Narrative to enhance the perceived value of your school. Through the years many independent schools have relied on the notion that "everyone knows we are good" and they have not sufficiently communicated the value that is genuinely provided for the families in their community. Therefore, it is imperative for independent schools to undertake an extensive discussion within their community on the "value" they offer families. This process of developing the Value Narrative is vital for independent schools concerned with enrollment.

An independent school must understand what their current families value about their programs in order to develop a Value Narrative. Likewise it is important for schools to understand the quality of the programs that they offer. It is common for families to regard high quality academic programs, especially high quality faculty; an opportunity for their child to participate in activities not possible for them at larger schools; safety from physical, emotional, and spiritual harm; and the small community, which allows their child to be "known." However, each independent school must undertake a comprehensive discussion and study on what values make their school special. It is from this discussion and study that the school develops its Value Narrative; the overarching narrative that represents the value provided through its programs.

Developing the Value Narrative is essential for all independent schools and this development requires an assessment of two areas. First, a school must understand what school programs add value to families. Second, schools must evaluate how well they execute the programs that are designed to add value to families. This understanding can be gained from a variety of methods, however, it does require an intentional approach.

An understanding of what is valued, as well as how well the school is performing on their programs is essential in the development of the school's value narrative. It might be useful to chart the findings of the assessment by developing a four quadrant matrix graphed along a value axis and a performance axis. When charting the results in this manner, a visual understanding is provided to guide the development of the value narrative.

		Performance	
		Low	High
Value	High	<i>Strategic Initiatives</i>	<i>Value Narrative</i>
	Low	<i>Hindrances</i>	<i>Distractions</i>

After undertaking the assessment of the school's programs and how families value your programs, they can be distributed in the matrix. Those that fall in the quadrant defined by high value/high performance make up your *Value Narrative*. Those that fall in the high value/low performance quadrant identify areas of opportunity and are good candidates for future strategic initiatives. Now identified, schools can focus on improving the performance of these programs so they can move into the Value Narrative quadrant.

Those that fall in the low value/high performance quadrant can lead to *distraction*. It is difficult for schools to relinquish programs that are excellent, even when their value to families dwindles. Of course this does not refer to *mission central programs* such as Eucharist in Episcopal schools, however, programs that are offered to add value to families should be considered for retirement. Those that fall in the low value/low performance quadrant should be viewed as *hindrances* to fulfilling the schools mission. For programs falling in the two lower quadrants, consideration should be given to whether they can be elevated to the Value Narrative or whether they should be changed or retired.

When a school has a good understanding of its strengths and the programs, characteristics, affiliations, or mindsets that are valued by families, the opportunity to develop their Value Narrative is in place. When the value narrative is in place, a school then has the opportunity to market effectively and to optimize its enrollments.

Note: SAIS has developed a highly reliable instrument to assist schools to assess stakeholders' perception of a school's program value and performance. ([Stakeholder Survey](#))