

The Value Proposition
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Many independent school leaders currently 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?

It is generally understood that independent schools provide families a better educational value than the alternative educational opportunities available. The alternatives vary from public schools to low cost parochial schools to home schools. In some cases the alternative public school for our families might be 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, the ultimate enrollment decision will be a value decision. Additionally, the value decision is composed of “perceived value” rather than what might be the “real value.”

The enrollment decision is made based on three 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 second variable is the “perceived value of your school” (PV) and the third is the “perceived value of the alternative school” (AV). 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 likely find that a multiple of “ability to pay” and a positive “perceived value differential” (VD) 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 as a 0 on the AV scale. 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 $AP * (PV - AV) = EnC$.

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

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.

Although it would be inappropriate to degrade or tear down the value of the alternative school in the eyes of families choosing, it is highly appropriate and essential to grow the perceived value in your school in a way that is consistent with your actual program quality. It is likely that most independent schools have rested on the idea 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, a recommendation is made to conduct an extensive discussion on “value” and the way your school communicates your value.

Each independent school must first understand what it is about their program that their current families value. 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 often most importantly the intimate size of the school which allows their child to be “known.” However, each independent school must undertake a comprehensive discussion and study on exactly what values make their school special. It is then that a communication plan should be undertaken to ensure that current and prospective families alike perceive the highest value possible.

Considering the Value Proposition of your school is the most appropriate beginning point as you negotiate the future. Of all of the factors that will impact independent schools during our current time of economic uncertainty, the perceived value of our schools is one that can be most positively influenced by the school community. Although not the only answer to being financially sustainable, considering the Value Proposition should certainly be one of first initiatives in this undertaking.