20 tips for achieving economic equilibrium

Coaches for the Economic Equilibrium in Theological Schools project gathered recently to share observations and best practices for schools facing enrollment declines and other factors that throw their finances out of balance.

ATS is now four years into a project to understand and respond to the financial stress experienced by as many as 40 percent of member schools. While revenues from investments and development seem to be on an upswing, enrollment continues to be a challenge with obvious implications for a school's economic well-being. Funded by Lilly Endowment and incorporating the expertise of the Auburn Center for the Study of Theological Education, the Economic Equilibrium and Theological Schools project has involved a total of twenty-seven schools to date that represent the diversity of institutions and funding models within the Association. Read more about economic equilibrium and five strategic areas for achieving it.

At the project's latest gathering in October, thirty-four representatives from twelve schools worked with four coaches to continue work on their individual plans for achieving and sustaining financially viable operations. In the process, they lifted up twenty observations learned from their latest round of work.

1. **Embrace your mission.** The first ingredient in economic equilibrium is a strong, passionate commitment to the school's reason for being.

   All stakeholders must agree on the priority of the school's mission in order to make the difficult changes that may be necessary to fulfill it.
2. **Know your market and competitive advantage, and focus on it.** Is your student body changing in terms of demographics, preparation, patterns of attendance, career aspirations? Think of innovative recruiting and programming and identification of new constituents expressed in the terms of a business and marketing plan that responds to shifting realities.
3. **Think long term.** Don't allow the tyranny of the urgent to keep you from more distant-horizon visioning.
4. **Think institutionally, not personally.** Don't allow personal gifts, preferences, or models of leadership to get in the way of long-term solutions for the institution.
5. **Remember your respective roles.** In the practice of good shared governance, each person or group is empowered to make the decisions that best fits its role, skills, and responsibilities.
6. **Transparency is essential.** Transparency is not only a matter of integrity and fairness; it will en-

gender cooperation and support from students, faculty, and other constituents.

7. **Engage the faculty and staff.** When faculty and staff better recognize the reality of the crisis, they can contribute to developing solutions.
8. **Ask tough, realistic questions.** Don't just blame enrollment declines on general industry trends. Ask yourself, why is enrollment down at my school? Why are students not taking full loads? Is it the curriculum? The faculty? The location? Understand the roots of your situation, not just the symptoms. Only then can you develop institution-specific strategies.
9. **Test basic assumptions.** Avoid building your hopes on a foundation of faulty assumptions. If enrollment has been on a steady decline for several years, is it realistic to think that you can grow your way to equilibrium? Can you assume that long-term donors will continue or even expand their support?
10. **Do not rely on financial markets to offer a soft landing.** In the words of British economist John Maynard Keynes, "The markets can stay irrational longer than you can stay solvent."
11. **Avoid becoming complacent in the wake of a one-time windfall.** An unrepeatable sale of property or large gift might ease the pressure for a time, but attaining long-term equilibrium will likely require more fundamental changes.
12. **Keep an open mind about outside opportunities for collaboration or earned income.** Be creative (but realistic!) in exploring alternative approaches.
13. **Deferred maintenance is a lurking enemy to economic equilibrium.** Conduct a realistic audit of your facilities assets . . . and liabilities. It may point the way toward selling, leasing, or relocating to maximize your return. And incorporate adequate maintenance funding into your financial model.
14. **Look at ways to minimize fixed costs.** A fresh look at ongoing expenses can reveal many opportunities for savings: facilities management, printing, food service, IT staffing or services, housing offerings, etc. Consider whether some job functions are executed more effectively in-house or through an independent contractor.
15. **Evaluate your school's tuition and salary structure in the context of regional or denominational peers.** Are you remaining sufficiently competitive to attract and retain top-notch students and faculty? Are you underpricing your program?
16. **Adopt an enrollment management model rather than just targeting admissions or recruitment.** Student retention is an area ripe with low-hanging fruit. It is easier to keep existing students than to attract new ones.
17. **When it comes to development, make new friends, but keep the old.** Again, attend to the low-hanging fruit. Think long-term, but begin building new relationships immediately.
18. **Follow through on strategic initiatives.** Decisions delayed often become more difficult and complicated as time goes on.
19. **There is no silver bullet.** Many institutions are using the same mechanisms to counter enrollment downturns and other challenges. Yet no one solution will work for all. Multiple strategies, tailored to your school's particular circumstances, will be required.
20. **But there is a way out.** The work is doable. Humbling, but doable.

With these insights in mind, schools are proposing a variety of solutions. What is working for your school? Are you willing to share your successes with colleagues at other ATS institutions? Please contact Steve Graham or Chris Meinzer with your ideas.