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You can't bake sale into solvency

Although I've received positive comments from the Antioch College community about my article Ashamed To Die Until You Have Saved Antioch Again*, I've also heard concerns about whether Antioch can be viable given how long it has taken to turn things around since re-opening, the failure of the SEE Plan, and whether the ideas I presented are feasible at a college of its size. I address those concerns below including how the college can stabilize and how to envision a thriving future at the same time.

In this article I refer to many other colleges including some which I have written about extensively and where I helped organize grassroots movements: Hampshire, Marlboro, and Guilford. Like Antioch, each of those schools were included in the book Colleges that Change Lives. I have reviewed Antioch's virtual Q and A and later reviewed the FY27 Operational and Financial Sustainability Plan. The new interim president and the new enrollment director seem promising.

I spoke with Rebeka J. Mazzone, CPA, CGMA of FuturED Finance about institutions in distress. She said that, “You have to not only extend the runway, but it's about really solving the core of the problem at the same time and looking at it on a long-term future horizon.”

Last year, Guilford College was under threat of losing accreditation from CCU if they didn’t balance the budget within the same fiscal year- they succeeded. I wrote about this in an article suggesting a possible Hail Mary. Part of Guilford’s response to the crisis was a surge of support: five board members left the board and took up volunteer leadership positions while other volunteers got their finance office in order. Even though Antioch’s accreditor (HLC) seems to be more lenient, I believe that Antioch’s survival depends on increasing the scope and boldness of its stabilization approach by 10X and balancing the budget this fiscal year, not after a new president starts.

Antioch needs its own custom approach. I would suggest:

- convening students, staff, faculty and alumni for re-envisioning.
- involving friends of the college including co-op providers.
- a surge of pro bono advisors (including alumni as well as outside advisors with fresh angles).
- facilitating volunteers more broadly.
- savings and revenue increases.
- convening of major donors to invest in the plans and add further input.
- starting ASAP.

HIGHER ED POLYCRISIS

Higher education is in the middle of a category 5 storm, as described in *The Signal Solution* by Geoff Baird and Teege Mettille. This includes the “enrollment cliff” or slope of the population of 18-year-olds, application inflation caused in part by higher competition for those students, the ROI crisis in which students are questioning the financial value of a degree, the rise of alternative paths, and the personalization mandate in which mass approaches for communication to prospective students has become less effective. Students who have grown up using TikTok and Netflix have a lot of experience with algorithms predicting what will appeal to them so mass emails may seem especially stilted.

Another paradigm shift is towards free tuition, as described by Dr. Mary Darden. As free tuition is becoming more and more prevalent, over-reliance on tuition revenue becomes pure risk. There are other crises such as the federal actions affecting international students, causing some elite institutions to be less selective, and drawing from the pool that would have attended less selective colleges.

These seismic shifts are similar in magnitude to the industry shift when Netflix entered the movie rental market; Blockbuster was slow to recognize the shift and didn't react quickly or boldly enough. Darden also mentions Sears and Kodak. Similarly, many colleges will close rather than change in time. Larry Ladd recently quoted Peter Drucker: "Whenever change outside of an organization is greater than change within an organization, that organization will ultimately fail."

I SEE WHAT YOU DID THERE

The SEE Plan may have created confusion between auxiliary revenue and the larger category of new revenue sources. Seeking revenue from the Learning Hubs, including what I heard at the Q&A, seems more like a bake-sale approach. It's fine to start with those steps, because during an existential threat, every area needs to be evaluated for its potential to contribute to viability. But colleges in turnaround can fail to be radical or creative enough in solutioning. They fall back on auxiliary revenue rather than coming up with new business models, which requires more open thinking and creativity. I acknowledged in my last article what didn't work with the SEE plan, included a link to Liz Flyntz's analysis, and explained why Antioch should add new revenue sources but not abandon trying to make revenue from the Learning Hubs. Here is what I wrote:

Antioch established Learning Hubs (though some were not related to the curriculum or student experience) as revenue-producing units. I agree that the Learning Hubs at Antioch didn't meet their financial goals, but bringing in auxiliary revenue needs to be part of the overall plan because each revenue source, and even cost-cutting to some extent, is speculative; a good plan at this point should deliberately have revenue sources and goals that overshoot what is needed, anticipating that some areas could fall short.

In the next paragraph of my article, I pointed to an entire book about new ways to add revenue that aren't the more limited kind Antioch has tried (monetizing regular operations):

The book Entrepreneuring the Future of Higher Education by Dr. Mary Darden goes into great detail about other revenue sources colleges without a huge endowment need to pursue to survive in the era of free tuition, which has already partially arrived.

My goal with this article is to broaden the thinking to possibilities and perspectives the college's internal community may not have seen, so the community can discuss multiple perspectives, evaluate options, and weigh them against (sometimes competing) values. This is not a business plan or consulting gig which would go into greater depth into finances and interviewing stakeholders.

Some of the arguments I've heard are that there isn't a working model elsewhere that would fit Antioch or offer a solution that's significant enough. However, a model won't come pre-assembled; Antioch has to formulate its own mix. It will be most effective if it includes radical changes to expenses and revenue, and adjusted periodically as new endeavors are evaluated. The vetting of ideas should happen after a wide-convening of stakeholders and open brainstorming - a rigid ruling out ahead of time is a killer of ideas. I'll explain more about models, paradigm shifts, revenue sources, and processes, in the next sections.

MODELS V. FRESH THINKING

Models can be useful, but *disruption destroys models*. Higher education is undergoing a phase of massive upheaval, and there isn't a singular effective working model for liberal arts in the current circumstances, just clues and lessons, so demanding a model is historically unrealistic. My last article mentioned that Hampshire makes substantial revenue from weddings but examples are provided to encourage thinking about possibilities, not something to be duplicated. (An email from Hampshire's president on Oct. 28 to alumni indicates that they are restarting weddings and other auxiliary sources for short-term revenue once academic operations cease, which suggests that the revenue is still considered significant).

From what I've seen, colleges don't publish net profit on initiatives, whether the news is good or bad. Even if they did, it wouldn't be relevant, because these programs can't be directly imported into Antioch. New revenue sources have to be custom-built because so many factors are unique to each college. Ultimately, what matters is understanding the multiple paradigm shifts affecting colleges, then having a good process that works for Antioch and considers its assets, liabilities, values, and stakeholder input, along with discernment and vetting **after** brainstorming / **before** implementation.

OPTIMAL INVOLVEMENT OF STAKEHOLDERS

I have been involved in re-envisioning planning at multiple colleges and also received some training at the Creative Problem Solving Institute. Some of the core concepts include phases of divergence and convergence. The initial phase requires deferring judgment, encouraging a volume of ideas, even wild ones, combining and improving, and then converging and sorting. A rigid approach that rules out too many options ahead of time can kill the creativity that is needed to solve the problem.

I believe that Antioch needs to make radical changes to expenses and fundraising in the short term while taking an all-hands-on-deck approach, with all issues on the table, meeting with stakeholders to envision a more compelling and viable plan. For small alternative colleges like

Antioch, with generations of out-of-the-box thinkers, it's important to engage external stakeholders to access collective genius. I mentioned this idea to Dr. Mary Darden who responded, "I think that'd be great…You have to have them be part of the decision in order to get the buy-in, and you need not just buy-in, but lean in, and those are both essential pieces."

It also helps build buy-in by engaging the community as ongoing co-creators of the college beyond the larger convenings. I spoke with Alana Guth (Antioch '18, Mills College-MBA '24) who worked at Antioch, Mills, and Stanford, and suggests that Antioch have volunteer liaisons to help organize alum volunteers and plug them in where they will be most effective:

I think there needs to be someone or multiple people on campus that are the facilitators of connecting the alumni with the campus, because I know there are passionate alumni like myself that want to do something to support the college and have things they want to contribute and…I think there's been this disconnect for years where ideas happen and Antioch says they want alumni to help, but then there's not really many things that make it through the pipeline.

CA$H BUCKET$



Photo credit: ZargonDesign

The two-legged stool of tuition and fundraising for revenue is no longer sturdy enough but adding another leg, or multiple legs, diversifies that risk. It may be useful to envision each major area in which a college can increase revenue or reduce costs as a bucket. Some quotes from an article in Hechinger Report about colleges seeking new revenue sources helps to illustrate the need for new buckets:

Probably the most important issue that all institution face, large and small, is that they no longer can pass on their rising costs to the consumer," said Rick Beyer, managing principal of AGB Institutional Strategies, part of the Association of Governing Boards of Universities and Colleges, which represents boards of regents and trustees.

"When the market stops growing and costs keep going up, you can either cut your costs or try to raise more revenue," said Beyer, a former Qualcomm executive and onetime president of Wheeling Jesuit University.

The best chance of closing a sizable budget gap is to use multiple buckets because each one is unpredictable (it's better to overshoot goals and undershoot expectations within the budget). According to a University Business article, "As the number of traditionally aged students continues to dwindle, institutions should experiment with new initiatives and adapt to a changing operational reality."

Expense buckets may include: administration, staff, faculty, contractors, professional services, utilities, subscriptions, purchases, or any other fees paid by the college.

Revenue buckets may include: tuition, room, board, miscellaneous. fees, donations, grants, auxiliary revenue, and new sources such as continuing education, online programs, industry partnerships, new credentials, workforce training, incubators, investments, institutes, licensing, intellectual property and patents, new ways of leveraging facilities or co-location, new partnerships to endow scholarships, faculty or staff positions.

TUITION RELIANCE = DANGER

I wrote about suggested changes to Antioch's enrollment strategy and marketing in my previous article. Antioch has also recently added Stephen Lazowski in a new Executive Director of Enrollment Management and Marketing position, which should be helpful. His LinkedIn states that he works for "The best work college in the country" which is a good angle. Increased enrollment is needed, however it takes time, relying on tuition revenue is risky over the long-term because of the paradigm shifts in the sector, and it only helps close the budget gap if expenses don't go up in tandem.

SHOW ME THE $

Antioch faces the challenge of donor fatigue, driven by its increased reliance on donations after the college reopened in 2011. Some alumni have expressed concern over how long it has taken to rebuild enrollment and whether the college will remain viable, so I understand the interim's

empathy in saying Antioch can't be as donor-dependent, but it's time to be clear: Antioch needs more donations not less, therefore there needs to be a clear and compelling new vision that is credible along with a sense of urgency that fosters that increased giving.

Dr. Mary Darden suggested that Antioch may have a hundred alums with a million to donate. I believe it would take five to ten years to reach that amount but an aspirational goal is useful and in the short-term, if you divide that into yearly chunks, it aligns with an amount that can help bring Antioch back from the brink.

SAVE THE $

Some of the big areas for expense reductions have been covered already. In my previous article, I mentioned the idea of outsourcing administration. The SEE plan included selling buildings which would reduce overhead. Contracts with vendors may need to be renegotiated. After that, one of the biggest remaining areas of expenses is faculty.

The current student-to-faculty ratio of 7 to 1 is unsustainable. For example, it's almost twice as high as Hampshire's, even though Hampshire was also a very faculty-intensive college (including serving on capstone committees and narrative evaluations for every student in every course). Hampshire's net revenue per student was about $25k v. about $16k for Antioch, meaning that Antioch students are getting 3-4x the faculty ratio compared to what they are paying for (and even Hampshire had a cost model that wasn't sustainable).

When possible, it's better to control this expense during a recovery by making sure that faculty numbers grow slower than enrollment but a sober assessment will likely show that making cuts sooner is needed as part of an overall plan to prevent closure. Gaining clarity sooner is more humane because it allows more lead time for smoother transitions, if layoffs are required.

EXAMPLES RANGING FROM MICRO TO 200,000+

I helped Marlboro's save college movement in 2020 and wrote a bunch of articles, but it helps to rewind 20 years further to when Paul LeBlanc was president and started Marlboro Graduate School to subsidize the college. He was ahead of his time with online programs and Internet-related MBAs. The board and college faculty resisted giving him the freedom to make the graduate program fully online. (Sources include Harvard Business School case study: "The Graduate Center of Marlboro College"). According to President Paul LeBlanc, then at SNHU, interviewed by the University Innovation Alliance:

We did low-residency, working online, then once a month coming to Brattleboro. And that really became a source of new revenues and strengthened the school. I couldn't get them to do fully virtual degrees. And then when we saw the growth of online learning and the for-profits rush into the vacuum, because most not-for-profits were looking down their nose at it, I thought, 'No, we are ceding this important part of serving Americans. How can we do that?' So SNHU was a great place to take that next step.

He was wildly successful in growing SNHU which had less than 3000 students when he arrived and now has about 200,000 (mostly online) and $1.6 billion in annual revenue. Marlboro was a micro-college and had 140 students when it closed. One percent of SNHUs revenue, along with some reductions in expenses and enrollment management changes, could have easily saved Marlboro College, which unfortunately closed in 2020.

There is a wide variety of new kinds of revenue sources being used to help support higher education. Most of the following examples are mentioned in Transforming Higher Education by Mary Darden and Joanna L. Kile. Baylor University is generating revenue through retail merchandise licensing and trademark agreements. York Community College tripled enrollment in their workforce program with a naval shipyard from Fall 2020 to Fall 2023. Maine Community College participates in a $5 million grant to fund cost trade and manufacturing training programs. Northwest Florida State College has 435 students in dual-enrollment with Seacoast Collegiate High School. Bladen Community College is earning rental income through multiple uses of its buildings. Unity College has skyrocketed enrollment from under 800 students to over 10,000 over the last decade through distance learning. Sweet Briar earns over $1 million from facility rentals, vineyards, and selling produce from its greenhouse. Mississippi State licenses cigars that sell for $300/box. UC Davis Olive Center raised over $5 million since 2008 from product sales, new courses, grants, donations, and industry partnerships.

HOW TO THRIVE INSTEAD OF CLOSE

Antioch must update its business model - before it's too late. I made a similar warning at Hampshire but it didn't fix its model and is now closing. If Marlboro had let LeBlanc experiment further, the graduate center could have subsidized the continued small in-person liberal arts college, but those afraid of or unwilling to change doomed Marlboro to closure.

The good news is that Antioch has some attributes in its DNA that suggest it can make a positive shift. Its history of educational innovation shows its ability for re-invention. Co-ops show a hands-on, real-world mindset. Nonstop Antioch and the college re-opening shows tenacity and risk tolerance. But Antioch has to overcome some of the mistakes made in the past, including some insular approaches and limited beliefs which can be countered by better utilization of a wide array of internal stakeholders and external experts.

Some would preclude new revenue sources under the guise that you can't have liberal education combined with preparation for the marketplace, in fact Antioch was a major innovator of that combination with its co-op program. Likewise, far from tainting liberal education, new revenue sources are needed for under-endowed colleges to survive.

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