30 Perspectives, Ten Years of Learning, and Strategic Conversations to Drive Sustainability

Presented by...

Dr. Spencer Taintor
A decade after the crash

10 years after the financial crisis, have we learned anything?
Perspectives: We're just 2 years away from the next recession

By Mark Zandi for CNN Business
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Editor’s Note: Mark Zandi is chief economist of Moody's Analytics. The views expressed in this commentary are his own.

The unemployment rate is going up at a faster pace than expected. The Federal Reserve is tapping the brakes, with interest rates rising. The economy is rebalancing. So it's time we talk about the next recession.

I believe the next recession will happen over the next two years. The next recession will begin in late 2020 or early 2021. It will be mild, but it will be significant enough to be called a recession.

Programming note: Christiane Amanpour’s full interview with Jamie Dimon airs on CNN International and PBS later this week.

New York (CNN Business) – Jamie Dimon thinks the US economy is doing just fine — and it could get even better.

The chairman and CEO of JPMorgan Chase, (JPM) the nation's largest bank, disagrees with economists predicting an imminent recession. Some believe the economy will turn south because of a trade war with China and rising interest rates.

"There will be another recession. It doesn't mean it has to be early in 2019. It may very well be 2020, 2021," he said in an exclusive interview from Paris with CNN's Christiane Amanpour. "The American economy is still doing quite well. And it may very well be accelerating. Unemployment is going to hit probably a post-war low sometime in the next 12 months."

Unemployment remained at 3.7% according to a government report released Friday. That matches a 49-year low.

Dimon was in France to announce a $30 million investment into Seine-Saint-Denis, one of France's poorest districts. He also said global stock markets would be hurt by issues like a trade war between the United...
Project Scope: Past-Present-Future

• Capture the qualitative stories of decisions and financial sustainability of FCIS Schools over the last ten years

• Speak with 30+ Heads of Schools with 10+ years experience in the role

• Develop a theme of strategic and tactical goals that FCIS schools can use to drive current Board and leadership discussions about current and future sustainability

• Compare and contrast thematic and qualitative data against known quantitative data to further support theories and strategies

• Identify the key attributes and skills of school’s current HOS that enabled them to survive and thrive over the last ten years in addition to identifying the key leadership skills needed for future HOS
What we have learned over the last 10 years

• Depended on Size of School
  • 3 Different Tactical Moves relating to Size
    • Greater than 750
    • 250-750
    • Less than 250

• Depended on Current Financial Obligations

• Depended on Where the school was located
  • Heavy Independent School Market
  • Weak Independent School Market
Where is Education Now?
Major Themes Across all Schools

- Double down on faculty and culture
- Go on offense not defense
- Inspire your base with your mission
- Board cohesiveness was critical to survive and thrive
Flourishing is when all the rowers are working in perfect motion. The school moves forward and grows faster and more efficiently than the other school (crew) teams.

Oars of the Boat
Think of your oar as your team in your department or division. Oars not only move the boat through the water but act as balancers for the entire boat. If one division is off, it could throw the whole boat/school off. It relies on the rower to constantly be monitoring and perfecting the technique in making fluid and synchronous rhythms. In schools, working with you faculty using P.E.R.M.A. is like learning to perfect the rowing an oar.

Setting the Boat—Finance
Communications, Advancement
This group makes sure everything not only works but that the schools are smooth in its operations.

Power of the Boat—School
Faculty and Students is what makes school succeed. They must be strong and reliable to implement the mission and culture of the school.

Pace Setter—Admissions & Marketing
Admissions sets the pace with enrollment and gives feedback from marketing for how and what power needs to row.

Coxswain—Head of School
Steers the boat looking for errors and making relevant observations both on the crew and the school.

The HOS lists the school knowledge where they are strong and their strategic plan on behalf of the BOD (Board of Directors).
750 or Larger FCIS Schools

• Ability to weather financial turmoil as stakeholders fled to safety at larger schools – looked to gain enrollments through increased marketing

• Invested in grass roots marketing with flare in STEM+A

• Invested heavily in Brand Management and Marketing

• Tactically was a good time to possibly expand due to opportunity costs of lower labor costs due to recession

• Maintained school culture through faculty retention

• If faculty cuts were necessary, looked to which faculty added the most value to their school mission and identity
250–750 FCIS Schools

• These groups of schools suffered the most financial risk as they had taken on more debt and risk to become larger

• Three tactics that emerged:
  • Found a way to work with creditors, passed the hat, consolidated campus
  • Reduced faculty sooner rather than later
  • Increased financial aid to increase net tuition
  • Found the tough areas to cut immediately (death by a thousand duck bites)

• Schools that acted quickly to resolve financial instability were able to weather the storm and in some cases increased enrollments over last ten years
250 or Smaller FCIS Schools

- These groups of schools suffered the most risk in faculty reduction due to small or no endowments and little yearly budget surplus

- Tactics that emerged:
  - Reduced faculty, but tried to keep those that had historical value to mission of school
  - Reduced overall faculty compensation to save resources
  - Increased financial aid to increase net tuition

- While these schools were able to pivot quickly, they were typically the slowest to recover in enrollment since the recession
Enrollments over the last 10 Years

![Graph showing total number of FCIS students by size over the last 10 years.](Image)
How does Enrollment Gains % Data support the story?
Present Day

Are schools and therefore education at risk of becoming a commodity?
Charter Schools are confusing potential families?

![Bar chart showing PK-12 enrollment in charter schools from 2008-09 to 2017-18 with enrollment numbers ranging from 117,040 to 295,814.]
Current thoughts of HOS....

• FCIS Schools need to remain pioneering

• FCIS Schools need to get adept at knowing and explaining their value proposition

• Digital / Social Marketing is the new playing field, but word of mouth still the king of recruitment

• Connect and Apply Knowledge vs. Factory Model of Education
## Red Ocean Strategy vs. Blue Ocean Strategy

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<tr>
<th>Red Ocean Strategy</th>
<th>Blue Ocean Strategy</th>
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<td>Compete in <strong>existing</strong> market space.</td>
<td>Create <strong>uncontested</strong> market space.</td>
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<tr>
<td>Beat the competition.</td>
<td>Make the competition <strong>irrelevant</strong>.</td>
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<tr>
<td>Exploit <strong>existing</strong> demand.</td>
<td>Create and capture <strong>new</strong> demand.</td>
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<tr>
<td>Make the value-cost trade-off.</td>
<td><strong>Break</strong> the value-cost trade-off.</td>
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<tr>
<td>Align the whole system of a firm’s activities with its <strong>strategic choice of differentiation or low cost</strong>.</td>
<td>Align the whole system of a firm’s activities in <strong>pursuit of differentiation and low cost</strong>.</td>
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Future

“Seize the day and anticipate for tomorrow”
Strategies for the forthcoming recession

• Start or continue supporting a financial sustainability committee
• Start or continue to fund an emergency fund, PPRRSM, and endowment
• Find a way to lower costs now! Cut programs now to bring new ones that add more value.
• Develop community partnerships to minimize costs of new programs and provide unique experiences – think repeatable micro experiences to drive long term engagement
• Keep diversifying income centers as much as possible
• Build community, but cut out cancers at all levels
Future of HOS Leadership

• Get business savvy not because we are businesses philosophically, but because our families have new expectations (more business like, understand their marketplace)

• Stay connected to building relationships

• Get really good at managing everything from projects, to people, expectations, communication, and helping boards with NAIS Good Governance

• Must have H.E.A.R.T.
  – Humility, Excellence, Accountability, Respect, Trust
Thank you & Questions?

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1) Download the EVENTMOBI APP from an app store.
2) Open the app and select FCIS CONVENTION.
3) Select the THURSDAY button.
4) Select the SESSION TITLE.
5) Scroll down to SESSION FEEDBACK.
6) Respond to the 3-QUESTION SURVEY.