# Embracing uncertainty: The power of scenario planning in higher education
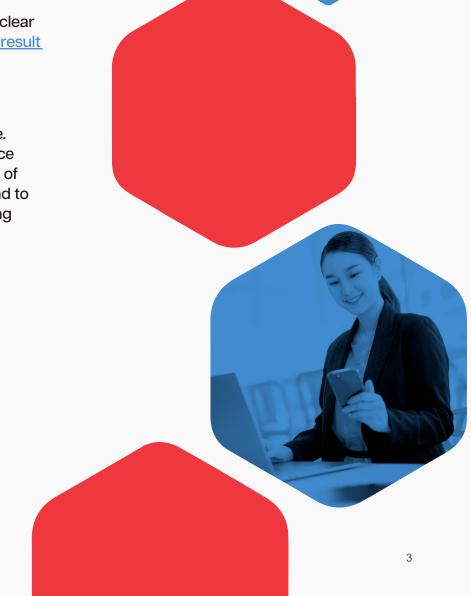
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# Introduction

The U.S. Supreme Court has struck down affirmative action. Yet, a diverse incoming class of enrolled students remains an important initiative for many institutions. As such, the Supreme Court's ruling will prompt a fundamental transformation in admissions and enrollment processes, as schools search for new ways to ensure diversity on campus.

While there is uncertainty in how to maintain diversity in admissions, it is clear that the end of affirmative action will result in increased operational complexity.

Scenario planning will play a crucial role in helping institutions anticipate and navigate this complex landscape. Chief enrollment officers and the office of finance will need to create a range of plausible futures to be able to respond to challenges and capitalize on emerging opportunities.

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# The power of scenario planning in higher education

## The when and what of scenario planning

Scenario planning is a structured method of evaluating future scenarios. Data-driven scenario planning will help institutions work towards the best possible future while planning how to weather challenges.

There are two components of scenario planning: accuracy and speed. Accuracy comes from using a wide variety of high-quality data collected from across the organization. Speed comes from using machine learning to power data analytics. With the combination of speed and accuracy, you can create meaningful scenarios based on changing factors at any moment.

## Getting started with scenario planning

Scenario planning starts by establishing clear objectives and scope and identifying internal and external drivers that may have an impact on the future.

First, define your objectives and scope. For example, an objective could be to determine what potential economic events might disrupt your enrollment and retention funnel. Next, identify your scope, otherwise known as time frame: say, next school year.

Second, define your key drivers. Your key drivers are the variables that might affect the future relevant to your objectives and scope.

Using the example above, an internal driver could be student satisfaction and an external driver could be an increase in inflation and unemployment rates. Market forces could be other factors like new educational institutions, online learning platforms, or alternative education models that could deter students from your institution.

## Assemble an all-star team for scenario planning

Because forecasting and scenario planning facilitates action, it is critical that these processes aren't performed in isolation. Both these processes require the buy-in of senior leaders across your institution, including finance, recruiting & admissions, student services, advancement/alumni relations, and human resources. By working collaboratively, this cross-functional team can define the assumptions used in various scenarios and determine the impact of their decisions, the effect of the actions of their peer institutions, and the macro-environment.

By creating a cross-functional team, leaders can provide their strategic perspective to help ensure that forecast scenarios evaluate the correct information and result in informed decisions.

## Set goals and lay the groundwork for success

To set the groundwork for scenario planning, make sure that the people involved in the process understand the goals and the realities your institution faces. Finance leaders need to understand both.

Your team likely consists of a mix of optimists, pessimists, and realists. All bring value to the process, but it is important to understand who you are talking to and the perspective they bring to the table.

## Collect and analyze data

For most institutions, data quantity isn't a problem. The challenge is finding the most relevant data and making sure it's of high enough quality for analysis. The types of data you use will vary depending on your objective and scope, but could include:

- Historical business data from your ERP
- Enrollment data from your EMS
- Personnel data from HR
- Pipeline data from Marketing

A financial performance platform is essential for consolidating data, creating a single source of data truth, and performing analysis.

## Focus on the most critical need

There are several areas you can focus on during times of uncertainty, so it's important to prioritize. Choosing a focal point will provide strategic direction and make the process more realistic and actionable. However, it's important that your focal point does not include assumptions.

For instance, asking "What services will students from underrepresented groups request in 2025?" is better than "How can we further enhance the student services we provide?" The latter presumes that specific area will still be relevant and/or required — which isn't a given.

It's also important to identify the internal and external drivers that could affect your institution. These drivers could be anything from technology adoption, changes in enrollment patterns to a global pandemic or civil disorder. But try not to get too granular because as situations evolve, your team must be able to pivot scenarios at a moment's notice — which is increasingly difficult as scenarios become more complex.

## Develop and apply scenarios

The process of constructing and testing scenarios requires a combination of creative and hypothetical thinking and data analysis. Use your data analysis for the underpinnings of each scenario but develop a narrative description for each plan.

The goal is to create a story that will compel everyone in the institution to follow the contingency plans for each scenario, with plenty of detail that brings it to life.

Once you've developed your scenarios, share them broadly across your institution. Then, work with stakeholders in each department to share your mitigation strategies and contingency plans that arise from your scenario exercise.

## Use the right technology for faster, more accurate planning

By leveraging the right technology, scenario planning becomes more efficient, accurate and effective. It empowers you to explore a broader range of possibilities, make informed decisions, and develop robust strategies for navigating uncertainties and capitalizing on emerging opportunities.

Using the right technology can significantly improve the scenario planning process by:

- Facilitating data collection and analysis from various sources
- Identifying patterns and trends
- Enabling the exploration of different scenarios and their potential impacts
- Enhancing the visualization of complex information, making it easier to understand
- Supporting collaboration and communication among team members
- Enabling iterative planning and scenario testing, leading to refined and adaptable strategies
- Automating tasks, saving time, and reducing errors, resulting in faster response times

## Maintain and update

It's not enough to model scenarios once and then let your contingency plans gather dust. The point of fast, data-driven scenario planning is to do it more frequently. Measure the accuracy of past models, refine your approach, model future possibilities, and repeat the process as circumstances continue to evolve. It's best to work with live data for up-to-the-minute modeling. If you're copying and pasting numbers from the last quarter, your models will be out-of-date before you finish the planning process. The right financial performance platform connects to live data feeds, maintaining a near real-time record.

## Aim for a rolling scenario planning model

Scenario planning works best on a rolling basis. This could mean a monthly cadence, but at the very least, it should be quarterly. In today's world, things change rapidly, so adding an extra month or quarter of knowledge to a model will increase its accuracy. You should re-evaluate your models anytime there is a significant change to the economy, the higher education industry, or your institution. One tip is to be conscious of being asked questions by institutional leaders about how X variable impacts your forward-looking KPIs. If your model doesn't incorporate X and you hear X discussed more often, then it's time to consider it as part of your modeling.

## Leadership must promote a forward-looking culture

It is the best practice for planning to be an ongoing activity that engages the leadership team within the organization. By regularly discussing "what if" scenarios, institutions can effectively address crucial decisions that impact enrollment and retention rates, faculty and staff performance and retention, operational spending, financial health, and institutional reputation.

These considerations significantly influence various aspects of planning, and as a part of maintaining your institution's overall well-being and long-term viability, it is essential for regular leadership meetings to incorporate these topics into the agenda.

## Find certainty in an uncertain world

Fast, accurate scenario planning requires two key components:

1. Up-to-date and comprehensive consolidated data that is ready to be analyzed.
2. Processing power and intelligent automation for sophisticated analysis.

Traditional methods like Excel spreadsheets — and even more sophisticated business intelligence programs — aren't powerful enough to consolidate and analyze the mass amounts of data needed to drive truly intelligent scenario planning.

By combining your ERP with a Financial Performance Platform like Prophix, you can conduct complex data analysis, identify trends, and create accurate, up-to-the-minute scenario models. Prophix users can create rolling forecasts that update frequently and automatically, empowering data-driven decision-making.

Uncertainty may be the only certainty right now, but that doesn't have to translate to unnecessary risk. By embracing scenario planning with Prophix, you can prepare for multiple potential futures while capitalizing on opportunities now.

**Watch a demo to see Prophix in action.**

**Watch a demo**

# About Prophix®

Ambitious finance leaders engage with Prophix to drive progress and do their best work. Leveraging Prophix One™, a Financial Performance Platform, to improve the speed and accuracy of decision-making within a harmonized user experience, global finance teams are empowered to step into the next generation of finance with no reservation. Crush complexity, reduce uncertainty, and illuminate data with access to best-in-class automated insights and planning, budgeting, forecasting, reporting, and consolidation functionalities. Prophix is a private company, backed by Hg Capital, a leading investor in software and services businesses. More than 3,000 active customers across the globe rely on Prophix to achieve organizational success. Additional information at www.prophix.com.

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