By Cheryl Darrup-Boychuck

Measuring Return on Investment in International Student Recruitment

HOW DO YOU POSSIBLY MEASURE the return on investment in a field where results are so intangible, so priceless to the advancement of notions such as world peace?

Very carefully.

Richard Yam, international student adviser at the University of Massachusetts Amherst, has been intrigued with how the concept of return on investment relates to global higher education since 1999. At that time, he was tasked with developing an international recruitment plan for Springfield College, and was quite disappointed when both his formal and informal research uncovered very little hard data.

"I kept hearing things like 'It takes three years to realize any return on investment for overseas travel,'" Yam recalls. "How do you know that? I couldn't find any scientific data to prove it, yet colleagues seemed to accept such anecdotal evidence as the industry standard."

"The industry is changing,"says Sheryl Prince, senior researcher and planner for JWT Education. "For-profit companies are altering the landscape of international higher education with their nimbleness, financial strength, and focus on marketing." "Deans of admission" have morphed into "vice presidents of enrollment management." Those who hold the purse strings increasingly demand solid justification for each and every line item in a recruitment budget.

"My V.P.'s door contains a poster with the words, 'Show me the numbers!'" explained William Wegert, director of international recruitment and admissions at Liberty University in Virginia. "We can talk humanitar-

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ianism, social welfare, uniting the world, intercultural exchange, and other unquantifiables all you want, but the world runs on money, and when we follow the money and other quantifiables, we get a much better understanding of the systems in which we work."

Bill Elliott, director of international admissions at Eastern Illinois University, put it this way: "Moral guidance in deciding how to allocate resources isn't something I completely scoff at, but if I go into our school's business office and ask them for money to recruit, and tell them I need it because my gut tells me it's a good idea, I'd likely be fired. I like the approach of trying to calculate ROI."

In other words, a significant number of colleagues has reached a point where the status quo seems more dangerous than launching into the unknown.

Emerging Interest on Delicate Terrain

"It's an exciting time to conduct research in international recruitment," Yam noted. "People are beginning to feel more comfortable sharing quantitative data for the common good."

In preparation for a popular 2006 session (titled Measuring Return on Investment in International Student Recruitment) that he chaired at the NAFSA Annual Conference in Montreal, Yam recommended that the survey include a question about specific costs per enrollee. His co-presenters overruled him, reasoning that such a question would be "too intrusive."

So Yam continued to seek other sources of hard data, and eventually arrived at the annual Admission Trends Survey conducted by the National Association for College Admission Counseling (NACAC). (The survey is largely based on recruiting of U.S. students, and requests information about international applicants only with regard to application fees.) In 2005 NACAC gave respondents a choice between providing their own cost-to-recruit numbers or providing their total admissions budget. For the 2006 survey NACAC asked institutions to provide their total admission budgets, from which NACAC itself will calculate cost-to-recruit figures.

Data from NACAC's 2005 survey, which is published in the 2006 State of College Admission Report, shows an average cost-to-recruit of $1,753 per enrolled (domestic) student. But there are substantial differences depending on the type of institution. The average cost per enrolled student at public institutions is $667, while private institutions report an average of $2,167. Institutions with enrollments of more than 20,000 students report an average cost per enrolled student of $422, while institutions with fewer than 3,000 students report a figure of $2,187.

So, what could domestic admissions figures teach us about the return on investment on the international side? Direct comparative analyses (on individual campuses) may very well show the efficiency of international student recruitment strategies, especially given the fact that actual "recruitment" is often just a small percentage of the international staff's overall job responsibilities.

When Bob Pesek (currently of the University of Northern Iowa) was director of international programs at Western Illinois University, he and a colleague were responsible for all international student recruitment. Tired of hearing comments about "all the money spent on recruiting international students," Pesek took action to set the record straight.

"We calculated the percentage of our time spent on student recruitment and came up with a dollar figure for the year," Pesek explained. "By adding the costs of travel and publications, and dividing it by the number of international students enrolled, we came up with the approximate cost, per student, of maintaining a specific number of international students on campus. We then divided the campus' total Office of Admissions budget by the number of domestic students enrolled to arrive at a cost per domestic student enrolled. We were not surprised to find that it was much cheaper to recruit an international student than it was to recruit a domestic student." Pesek

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notes that this "informal formula" probably produced a pretty conservative estimate, since it did not take into consideration financial aid offered to domestic students; those discounted opportunities were not available to international students.

Specific considerations—and variations—percolate in any substantive discussion about developing a return on investment equation for international student recruitment. What about language institutes around the world? Many offer a different, perhaps more entrepreneurial, perspective. In January 2007 *Language Travel Magazine* noted, "It is hard to generalize about how much language schools typically invest in their marketing, since different organizations categorize their spending in different ways. But Nick Tellwright, group marketing director for the international chain, Study Group, estimates a figure of approximately 20 to 25 percent of total income spent on marketing, if commissions are included." Regular *Language Travel Magazine* surveys reveal that the average figure for marketing as a percentage of a school's gross income tends to be between 8 and 16 percent, depending on the market.

Balance between Quantitative and Qualitative Analyses

Yam's 2006 session in Montreal attracted more than 230 colleagues, standing room only, who eagerly digested his survey results from about 90 respondents regarding what worked and what didn't work for them in international student recruitment.

"Our sample last year was not large," Yam admits, "though the session did accomplish the goal of initiating a conversation about measuring results. Session evaluations from 2006 suggested a more qualitative study, so we modified the format for 2007. We're conducting in-depth interviews of about 20 colleagues in categories as diverse as specialized institutions to research universities. We'll share our discoveries in Minneapolis [at a session at the NAFSA conference on Thursday, May 31—check the conference program book for details]."

Yam also plans to inform advisers of an actual equation for measuring the return on investment for international recruiting. The model will serve as a tool for colleagues to input values specific to their own campus

environments. Actual return on investment figures may very well result when hard historical values are used. But the equation is also intended for use on the front end, as a broad predictive tool to gauge probability of success in new markets, when colleagues are trying to decide whether or not to venture into new or underrepresented countries of origin (if overseas travel is the burning question, for example) or particular language markets (if the question at hand involves online marketing).

The idea for a return on investment equation sprang from the article, "Knowing What to Sell, When to Sell, and to Whom," which appeared in the March 2006 edition of *Harvard Business Review*. The authors featured a likelihood function, which is a multivariate formula that can accurately compute purchase and timing probabilities for a customer population choosing from more than two products or services.

The authors of the article assert that there is a simple secret to achieving a good marketing return on investment. "Give customers more of what they truly want and less of what they don't. It's always been hard to work out what customers do and don't want, let alone when they do or don't want it, so marketers have resorted to offering them everything all the time. Our new technique makes it perfectly feasible for companies to avoid this trap."

Complexities and Conclusions

The complexity of the project was overwhelming at first, given that terms such as "probability," "likelihood function," and "Bayesian estimation," are faint memories from calculus. But discussion about developing an ROI equation has been incredibly robust, as colleagues brainstorm about what variables should be included, and what weight should be assigned to each.

Liberty University's William Wegert pointed out during a recent discussion: One potential variable in the formula deals with when recruiting funds are paid. If that variable is weighed more heavily than others, then commission-based agents would produce very positive results. An agent typically absorbs the initial costs of promotion, and gets paid his commission only after the student arrives on campus. ROI can be accurately quantified."

But what about agent relationships that turn sour? How do you account for the grossly negative results of a tarnished reputation due to an agent's indiscretions?

Ethical guidelines surely should be considered somewhere in any worthy ROI equation. Perhaps, then, it's wise to invest funds and energy into developing "good" agent relationships from the very beginning—like personally visiting the agent and allocating time for consistent correspondence.

The possibilities for best and worst case scenarios are limited only by our imagination. In the end, it's prudent to heed the advice of Thomas Stewart, editor of *Harvard Business Review.* In his October 2006 editor's letter he emphasized this universal truth in business, which can also apply higher education: "For all the talk about management as a science, experienced executives know that strategic decisions and tactics depend heavily on context."

And finally, "keep in mind the political dimension," as Bob Sevier, senior vice president of strategy for Stamats, Inc., recommends. "At one level, many marketers do not want to know what works. They're more comfortable mystifying marketing so they become a bit more indispensable." **IE**

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