

Financial Planning Model

Our financial planning model predicts institutional income and expense over periods of five years. It is a fixed and variable income/cost spreadsheet model composed of simple and complex algebraic formulas that offer straight-line predictions. We test the model using historical audited and institutional financial information. When we are confident that we can accurately “predict the past,” we enter assumptions for the future. The model is more precise in the near term than the long term since we cannot predict all eventualities. The development of this model requires some effort on the part of the business office staff to conduct data gathering.

Revenue Center Model

Our revenue center model is developed by determining which schools or divisions of the university generate revenue; allocating to those divisions the appropriate amount of revenue; determining the direct and indirect costs that should be allocated to those revenue centers (all institutional expenses must be allocated to one or more revenue centers by a “step down method”); and determining the net income each revenue center generates for the university. The benefit of the revenue center analysis system is that it identifies the divisions or schools that generate cash for the institution and those that use it, showing the way to making thoughtful resource allocation decisions. The development of this model requires some effort on the part of the business office staff to conduct data gathering.

Financial Analysis

Senior Consultant Michael Townsley conducts an analysis of your institution’s financial condition based upon a review of your financial and enrollment documents for the previous five years. He then delivers a presentation to the President, Cabinet and/or Board in clear terms on the institution’s current condition, likely future scenario and his recommendations of a set of strategic decisions that your institution could make to improve its financial prospects. Following his presentation, he facilitates a discussion on achieving a state of financial strength at your institution. Dr. Townsley is the author of *The Small College Guide to Financial Health: Weathering Turbulent Times*, an update to 2002’s *The Small College Guide to Financial Health: Beating the Odds*, and CD’s entitled *The Financial Toolbox for Colleges and Universities* and *The Strategic Turnaround Toolbox*, all published by NACUBO between 2002 and 2009. His Financial Analysis presentation includes his views on how well your institution is addressing the financial challenges his research has identified as particularly threatening to all colleges, universities and schools.