A Message from the President

A Transformative Vision-In-Mission

By Academic Year 2013-2014, Johnson C. Smith University will be recognized in North Carolina as Charlotte’s premier independent urban University, offering a comprehensive (as defined by the Southern Association of Colleges and Schools) quality educational and applied research environment.
The academy will be defined by a master faculty of teacher-advisors and teacher scholars, of which 85% will have terminal degrees in their fields. The total enrollment of the University will consist of 1775 students, both traditional and non-traditional, 15.8% of whom will come from racial and ethnic groups other than African-American. The undergraduate student population will have a median high school grade point average of 3.10 on a 4.0 scale and a median SAT score of 870. Fifteen graduate students will be enrolled in the University’s first graduate program, a master of Social Work degree. Students will rate the campus life experience as 4.96 on a scale of 1 to 7 as measured by the Student Satisfaction Inventory. Employee ratings on a standardized survey of operational efficiency will have 64% positive responses. The University will enjoy strong community relations and strategic partnerships with businesses, corporations and professional groups. Furthermore, the University will enjoy a strong financial platform, defined as annual balanced budgets that are augmented by sound fiscal and internal controls, an ever increasing endowment (55 million by 2014) that models best practices and maintaining a healthy balance sheet by keeping unrestricted cash reserves (10 million by 2014) that cover at least one quarter of operations.

Dear JCSU Community:

There’s an old adage that says: “When the going gets tough, the tough get going.” I am pleased and proud to report that Johnson C. Smith University has proven itself to be one of the 'tough' institutions during the recent economic downturn that continues to plague the country.

JCSU is engaged in a transformational process that will enable us to both survive and thrive through the changes facing us in the next decade and beyond. Change is never easy. It will require making difficult decisions that directly impact people's lives as well as choosing priorities among many important needs.

On January 16, The Chronicle of Higher Education ran an online article that looked at the factors impacting colleges' financial outlook. 2011 Outlook for U.S. Higher Education by Moody’s Investment Services was a major source for the article. The Outlook says only well-managed colleges with a diversity of revenue-creating programs (known as business lines in the for-profit world) will have the credit quality they need to continue to operate. Otherwise, they will close or lose their identity through mergers with other institutions.

The good news is that JCSU is ahead of the game. We have already begun developing and implementing the management strategies needed to create a strong financial foundation and to remain competitive in a world where many students will choose low-cost or high-reputation colleges.

In this newsletter, we are sharing what we have accomplished and where we are headed in four key areas:
1. The budgeting process
2. Enhancing our credit worthiness
3. Enrollment management
4. Fundraising efforts (where we are in the quiet phase of a major capital campaign).
After reading these reports, I think you will agree that JCSU is well on its ways toward achieving the nimbleness and entrepreneurial spirit the Moody report says will be the hallmark of successful educational institutions.

But we cannot do it alone. We need the involvement and support of all our partners. During this month and March, I will host meetings with faculty and staff to discuss the University’s financial strategy -- including recent budget expense reductions -- so that you might understand the context for difficult and painful decisions that impact all of us. They are made carefully with you in mind and the future of the University. I encourage you to take the time to read this newsletter, so that when we meet we might have a fruitful discussion. In the mean time, please contact me if you have any questions, need further information, or want to know how you can become part of the transformational change occurring at our beloved institution.

Best regards,
Dr. Ronald L. Carter

Budget Steering Committee Members: Dr. Ronald L. Carter, Dr. Elfred Anthony Pinkard, Dr. Magdy Attia, Dr. Helen Caldwell, Mr. Rixon Campbell, Dr. Zenobia Edwards, Dr. David Eubanks, Mr. Gerald Hector, Dr. Soumia Ichoua, Prof. Hassan Kirkland, Ms. Latrelle McAllister, Dr. Donald Mager, Dr. Lisa Montgomery, and Ms. Joy Paige.

Fundraising: Building Capacity for Greatness

By Joy Paige, Vice President for Institutional Advancement

Institutions with a well-established capacity for fundraising and strategic planning will remain competitive in attracting students of high, academic achievement. Currently, Johnson C. Smith University is in the initial phase of its biggest fundraising campaign ever that will run five to seven years.

Why is fundraising such an important facet of a university’s success rate? Fundraising provides the necessary capital to help colleges and universities address the ongoing quest of
providing a quality education for its students. A successful capital campaign will help JCSU remain competitive with state schools, JCSU’s biggest competitors, as well as bridge the gap in comparison to highly reputable institutions.

Having “curb appeal” is an important factor for any college or university. Students are drawn to attractive state-of-the-art environments. Fundraising allows enhancement to existing facilities or the building of new ones. JCSU’s first off-site facility the Arts Factory, an instructional facility for the visual and performing arts, is a prime example.

In addition to a capital campaign, the University looks to other methods of generating revenue. For example, the Arch of Triumph Gala is JCSU’s signature fundraising event. The gala supports the JCSU Fund, which raises needed funds for scholarship, teaching and learning initiatives, as well as programs vital to providing a quality educational experience for JCSU students. Also, we cannot forget our alumni, as they play a vital role in fundraising and are key supporters of the University’s advancement.

As we all know, the economy suffered one of its worst declines in modern history, and consequently the willingness and ability to give fell dramatically. However, the University set a single year fundraising record of $11.7 million in fiscal year 2010. What was so unique about JCSU that it set records for giving, when the national averages saw declines? The answer is simple. JCSU has been able to capture the imagination of an entire city and region, uniquely positioning itself as a major role player in the completion of the story of the City of Charlotte. With the city being unable to grow any further other than to come west of downtown, the aggressive moves to reach out to the city are bearing fruit, not only for the University inside the wrought iron fence, but for the entire Beatties Ford Road Corridor and the Historic West End. The record fundraising was a direct result of a vision that seeks to immerse the campus into the community and be an agent of change and economic development.

Building fundraising capacity for greatness is an ongoing challenge. However, proper planning and vision, along with solid philanthropic support, will ensure that JCSU meets the needs of an increasingly globally, diverse community while at the same time preserve its heritage as a historically black university.

PHOTO: “Connecting the Vision,” a JCSU alumni affinity group, presented a check for $50,000 to the University

A Firm Foundation for Future Growth
By: Gerald L. Hector, Chief Financial Officer

In a recent article published in The Chronicle of Higher Education, reporter Scott Carlson
wrote an interesting piece that focused on the credit worthiness of higher education institutions in the aftermath of one of the worst economic recessions in the history of the United States. His article was entitled, “Financial Outlook is Brighter for Some Colleges, but Still Negative for Most.” The article was an intriguing one because it brought to the forefront of the minds of administrators of colleges and universities the need to think strategically for the long term. This strategic thinking has to be the cornerstone for the survival of many colleges and universities within the next three to five years, and it underscores the need for colleges and universities to engage in a robust discussion about their futures; both individually and collectively.

Carlson centered his article on three major themes from a recent report of the Moody’s Investor Services. This report highlighted some areas that colleges and universities must address to ensure that their credit worthiness places them in a position to be flexible, nimble and efficient. The following tenets were noted from the article:

1. “Weakened net tuition growth “
2. “Stronger management of operating costs, balance sheet risks, and capital plans”

Below is a juxtaposition of the major themes noted above against the realities that are now before the Johnson C. Smith University as it continues with its transformational changes.

**Weakened Net Tuition Growth:**
The term net tuition is one that often times confuses individuals who are not privy to the “lingo” of higher education. Simply put, net tuition is the “net revenue” that accrues to a university or college after internal scholarships are awarded to students to attend. It is a simple calculation that takes the Gross Revenue (number of students multiplied by the cost for tuition and fees) minus the internal scholarships (Athletics, Band, Choir, Academic Merit, and Academic Need). A key indicator of any university’s or college’s health is the continual growth in this number each year.

Over the past three years, the University made some bold steps to position itself for the future. It raised its academic entry standards, it made bold moves in terms of strengthening and promoting an alternative “business line” in the Metropolitan College, and it quietly started laying the groundwork for its largest comprehensive capital campaign in its 144 year history.

Now that the economy is on the other side of the recent economic downturn in many respects, the moves by the University are now being viewed as timely and pertinent. What the recent downturn in the economy underscored was that the traditional student at most colleges and universities are having a difficult time to make the necessary tuition payments, and at this time lower cost options for state colleges, and community colleges are more viable options. Being a private university, Johnson C. Smith University has to position itself in such a manner that it now moves into the “perceived” upper echelon of higher education, whereby students will still see the University as an option even though the cost of attendance is higher than others.

The work of the University over the past three years has been to position itself to strengthen its net tuition growth on a prospective basis by attracting highly talented and motivated
students who will persist for four years. Persistent students provide a steady tuition stream for the University that allows it to be more strategic in terms of financial planning and modeling for the future.

The University is diversifying its “business lines” in order to take advantage of the growing nontraditional student demographic. With the changes in the economic realities of the United States, individuals who did not complete their degrees are now returning to college in record numbers to “retool” for their careers. With the focus of the Metropolitan College in this market, the University has seen a growth of 300% in the adult student body in just one year. With the addition of the flexibility of online courses starting in March of 2011, the University should expect to see this demographic of student to grow even more.

The international markets for students has also brought with it new opportunities to attract scholars to the University that will assist with the growth and development of the academic reputation of the University. It has already seen this strategy bear fruit with the investments made in several Jamaican students, who came to the University either through academic scholarships, or athletic scholarships, and both groups have performed remarkably well in the classroom. A majority of these students scored a perfect 4.0 in the fall semester of 2010, and for the upperclassmen, the majority has GPAs above 3.7.

The University has moved aggressively and strategically to put in place strategies and “business lines” that will stabilize its net tuition growth position for the foreseeable future. There is still a lot of hard work to be done in Admissions, the Metropolitan College, in the areas of retention and student satisfaction; however, the overarching theme for the University in this regard is that it has to look for alternate sources of revenue to continue with its growth and relevance. Johnson C. Smith University is out in front on that score.

Outside of the excitement and momentum that has been garnered by the initiatives the University has promoted both on and off campus, that have attracted non tuition revenues, the University’s endowment is close to returning to its highest level of $53 million as of June 30, 2007. As of December 31, 2010, the University’s portfolio stood at a respectable $52 million. For the past two years with the economic downturn, the University absorbed close to $1 million dollars each year in academic scholarships within operating budget. That move was taken in the middle of a recession because it wanted to walk the last mile with our student scholars. Now with the portfolio returning to almost its highest level, the ability to assist its students again with scholarships and fellowships will return. The strategic use of those funds to assist its students will allow the University to target much needed dollars to its continued transformation plans, and to ensure that the students of the University continue to see the improvements in facilities, learning environments, and the overall JCSU experience. This non tuition revenue source is subject to the vagaries of the stock market; however, the University has always been, and will continue to be strategic in how these funds are deployed in order to ensure that the faculty, staff and students of JCSU continue to realize their full potential despite what the economic times dictate.
Stronger management of operating costs, balance sheet risks, and capital plans:
The University has created a Budget Steering Committee that has been hard at work trying to ascertain what the appropriate cost structure is for the University as it continues to transform. The committee has adopted a Zero Based Budgeting (see related article) model that seeks to ensure that the necessary funds are directed to areas that will continue the momentum of the transformation without sacrificing current needs. Thus far it has been successful. For fiscal year 2010, the University was able through the generosity of the Duke Endowment to return $2 million to the operating budget that it is currently utilizing to augment the fiscal year 2011 operations.

Despite the efforts on the cost containment, the University also has to address the revenue side of the ledger as well. The Budget Steering Committee is responsible for that as well. As a private university, JCSU is not the cheapest alternative for students and their families during these harsh economic times, and ever creative ways are looked at constantly to attract students to the institution. However, with state tuition costs being almost 50% less than the University’s there are always challenges in that regard, hence the need for the University to diversify its “business lines” to attract an alternative source of revenue.

The University’s overall financial health is solid. With assets that exceed $100 million and a relatively low amount of debt $8 million, the University has some options to explore as it continues to transform. That solid financial position is undergirded by the fact that the University boasts a “AA/A-1+” bond rating from Standard and Poors, and has a short term unrestricted cash reserve of approximately $6.6 million. This strong financial position still has to be supported by annual operating plans that seek to continue to build on successes from the past, and accelerate the transformation programs to ensure that its momentum is not lost.

As far as capital plans are concerned, through the efforts mentioned above, the University is close to having two major construction projects done in its vicinity that will be direct benefits to its students and the surrounding community. Through partnerships with two families, JCSU will be the catalyst for the building of a mixed used facility that will house 300 plus residence suites for students, that will have accommodations for both retail and commercial spaces. The retail spaces will house restaurants, while the commercial spaces will house a bank and other offices. The second building will be the erection of a new state of the art Bookstore and Print Shop. This new space will allow the University to provide more up to date offerings of items to its students in a relaxed and student friendly environment, while opening up another “business line” for an alternative source of revenue.

On campus plans also include the construction of a Wellness Center. The center will be an extension of the current complex by the swimming pool. In this center students, faculty and staff can participate in health studies that seek to understand he health disparities in the United States and beyond. Also preliminary discussions and visioning for a “rolling renovation” plan of dormitory facilities are being discussed and surveyed by looking at the successes of other institutions in the immediate area.

Finally, as a part of the comprehensive capital campaign, a working group will be formed to create the University’s first ever Science Complex on campus. This complex will bring
together all the disciplines of the sciences under one roof, and provide state of the art instructional space and capabilities.

**Conclusion:**

Johnson C. Smith University has embarked on a transformation that is necessary and critical for its future. The momentum and goodwill that the University has garnered has to be managed as it continues down this path. It will take a total team effort of faculty, staff and students to realize this vision, and ensure that the rich history and legacy of the University continues into the future.

If the University does not seek to look at the harsh realities that are on the higher education landscape, and the traditional model that has worked in the past does not continue into the future, some even harsher realities will be on the horizon as St. Andrews College in Laurinburg, North Carolina recently had to deal with. It is now merging with another institution simply to maintain its accreditation. The Board of Trustees and the Administration of JCSU are committed to ensuring that Johnson C. Smith University remains not only viable, but relevant.

There is no silver bullet to mitigate all the challenges that the University faces; however, the dialogue has begun, and the University needs everyone engaged in order to accomplish this task. Admissions have to keep admitting. Faculty has to keep teaching. Staff and Administrators have to keep on planning and executing. At the end of the day, Johnson C. Smith University will be much better off, and then we can truly realize the ultimate goal of being recognized as Charlotte’s Premier Independent Urban University.

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**Budgeting for the Future at JCSU**  
*By Ralph Sims, Budget Steering Committee Consultant*

The success of JCSU can be credited to a number of factors, not the least of which is responsible management of financial resources. By setting priorities, planning ahead, and budgeting for the common good, the University has adopted a strategy that will have a positive impact on financial performance for years to come. **Zero-based budgeting**, which was implemented in 2009, remains a work in progress, although it has accomplished many of its key objectives. Training of budget managers and the budget committee; piloting the process in several divisions; and prioritization of funding for strategic initiatives and essential costs of operations represent specific steps taken to date.

One of the most critical and challenging building blocks in the budget process is projecting the revenue stream for each fiscal year. The foundation of this projection is “enrollment driven” since any change in enrollment, up or down, can radically affect gross revenue. The 2010-11 budget encountered such a challenge when projected enrollment did not generate the revenue initially planned, in part due to the level of institutional aid required for higher academic achievers. Unfortunately, the net impact was not fully realized until the expense budget had been developed and expectations set. What transpired was a need to adjust expense outflow
while at the same time implementing new measures to improve revenue inflow.

Working with the Budget Steering Committee and Administrative Council, the University identified a series of measures to accomplish both of these initiatives. Projects totaling $2,181,472 in potential savings and revenue additions were identified early in the fall semester and are being implemented ongoing. In addition, private gifts have already been committed to assist the University in achieving a successful fiscal year closing. Sacrifices must be made when fiscal restraints require, but the result will be a stronger institution poised for better things in the future.

The University is on target in the ZBB learning curve, and the upcoming cycle for 2011-12 will see further refinement in the process. Work has already begun to define enrollment goals and recruitment expectations for the revenue budget. We anticipate some refinements in developing the expense budget, aimed specifically at focusing more attention on essential needs while identifying new priorities for later consideration as funds are available. One of the key benefits of Zero-based budgeting is input from each segment of the organization. However, this benefit carries a responsibility to search diligently for opportunities to reduce cost and/or defer spending wherever feasible, recognizing the reality of revenue limitations for the University as a whole. Ultimately, each budget request is reviewed and considered on its own merit and in keeping with priorities set for the University. Not all requests can be granted, but the process does strive to meet essential needs of each department.

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**Moving Forward for the 2020 Student**

*By: Dwight Bennett Sanchez, Office of Admissions*

An entire recruitment cycle has been completed and now we are ready to focus our efforts as it pertains to meeting the institution’s enrollment targets through curtailing our recruitment efforts and markets to better understand the students whom we seek to recruit and navigate our niche opportunities strategically. As a result, we have engaged in enrollment management strategies which require creative and innovative thinking. This will permit us to accomplish three things: 1) undertake a ‘personal touch approach’ to each prospective applicant; 2) select and cultivate territories domestically, regionally, nationally and internationally through sound strategic efforts that will yield “future Smithites” who embody the institutional vision of a global thinker and citizen; and, 3) launch a systemic process within the recruitment ‘lifecycle’ of an applicant to codify salient practices, enhance customer service, and segment communication approaches. From this, members of
enrollment management will be able to handle the demographic shift in ethnicity across all university and college campuses. In addition, we will focus on the heightened need to personalize our efforts from campus curb appeal to technological amenities. Next, we will work to appeal to both students and their parents/guardians through building meaningful relationships to offering great scholarships and financial aid packages, and demonstrating that a JCSU education and experience develops students to compete globally and to meet the demands of the current and emerging universal workforce.

As enrollment management works closely with SEMWorks, an enrollment strategic consultant, we are positioning ourselves to be strategic in all our efforts. Very important to all of our plans and efforts is the enrollment ‘lifecycle’ strategies. The enrollment ‘lifecycle’ identifies and charts the steps or stages a prospective student undergoes to become enrolled. Therefore, all strategies are conceived to ensure that through each stage (prospect, inquiry, applicant, admit and enrolled) prospective students are ‘touched’ and guided into the enrolled status. This requires keen attention to our approaches to generate inquiries, efforts to cultivate our inquiry pool to apply, and the need to maintain communication and establish a vital relationship with both prospective students and families to convert the applicants into enrolled students.

**Strategies for recruiting students who embody academic excellence, diversity, and territory exploration:**

I. In recruiting the best students to attend JCSU, selecting markets will become a researched and systemically conducted process through the implementation of EPS Geo-markets—a strategic tool through College Board that will ensure data supports the need to develop new and/or suggested markets, and maintain current territories. In addition, such approach will ensure we strategize our efforts around the intended goals and potential yields effectively. Furthermore, by understanding and planning through the three categories below will ensure we have a great command of our markets:

- **Geographic Strategy** (which states and what kinds of high achievers (GPAs, Test scores) must JCSU market to attract the new targeted students);
- **Positioning Strategy** (interpret research to inform us about targets and how to market JCSU’s academic potency and global initiatives; highlights faculty, undergraduate research, internships, university’s global relationships); and,
- **Competitive Strategy** (assess our competitors/ design approach/ offer competitive scholarships; hi-tech university; go-global program, etc).

II. As ethnic diversity becomes the norm on many university and college campuses, the same three categories above will be implemented regarding the selection of diverse territorial markets domestically and internationally. The Diversity and International Counselor will ensure the following:

- Support institutional objectives towards campus diversification;
• Attract and appeal to families of academically gifted students in strategic markets;
• Establish a strong global presence through special programming, strategic objectives and recruitment travel; and,
• Develop an integrated marketing and communication strategy that will highlight JCSU’s ability to support, retain and engage diverse and international students.

Strategies for achieving Operational Excellence, ensuring the “personal touch” approach, and enhancing customer service:

III. The experience prospective students and the families have is integral in the decision process for selecting an institution of higher learning. For that reason, every student recruited to attend JCSU will receive segmented communications or ‘touch points’ by the Office of Admissions or a member of Enrollment services a minimum of five times. To ensure this is executed personably and effectively, every prospective student will be ‘touched’ at minimum in the following(systemic) ways:

• Formal decision letter
• Congratulatory letters Dean (program of interest) and President
• Postcard Invitation for a campus tour
• Telephone call from an admissions counselor: Next steps conversation; Confirmation of attendance
• Congratulatory call from faculty, staff, and students
• Follow-up call from a student

Specific planned recruitment events on campus (for segmented groups)

• Fall Open House
• Admitted Student Day
• Spring Open House
• Transfer Student Day
• Junior Open House
• Re-admit Students Session
• High School Blitz (Mecklenburg/Cabarrus Counties)
• Community College Blitz (all community colleges within 50 mile radius)

Note: Each group (Transfer students, Regular Freshman, Biddle Institute Freshman and Re-admit students) will receive segmented communication that will facilitate the transition from applicant to enrolled status.

This approach sharpens our ability to facilitate the needs of all prospective students and families, codify its effectiveness and develop a meaningful relationship with all prospective
students as they go through the recruitment lifecycle. Additionally, we learn more about the markets from where we have recruited the students and establish fruitful relationships with families, schools’ support staff and other potential JCSU students. More importantly, this approach improves communication and connects all prospective students directly with an admissions counselor to guide each student during the transitory (admit to enrolled) period of the enrollment ‘lifecycle.’

IV. In achieving Operational Excellence within enrollment management, institutional assessment data and a systematic reporting method are being developed to create a more practical and data informed approach to enrollment management. For this reason, work has begun to bring enrollment management up to speed accordingly in the following areas:

- Use of data that illustrate trends regarding recruitment trends, market success and event planning
- Develop and maintain a reporting module that will ensure data are shared regularly within the entire enrollment division
- Practice excellent customer service pertaining to relevant communication and branding opportunities

V. The customer service component is critical to the recruitment ‘lifecycle’ for all universities and colleges to ensure that all prospects enjoy the interaction with university representatives at all times. The enrollment management goals as the university undergoes transformative change are to increase access for all prospects, ensure quality and strengthen enrollment. To ensure success, the “personal touch” approach will accomplish 3 things throughout the strategies aforementioned:

- Demonstrate a strong commitment to articulating the vision of the university’s need to be excellent in Competencies, Communication and Customer Service
- Build relationships with important constituencies and stakeholders for the university
- Illustrate a proven plan for recruitment that engages students and families and centers around student success

These strategies outlined above are in effect and underscore the transformative change JCSU is undergoing. Enrollment Management is student-centric through setting realistic and measurable goals for recruitment from a strategic and thorough analysis of the marketplace. This allows for a true assessment of JCSU’s primary and secondary markets, and establishing strategies that represents the institution’s mission in its framework design to ensure the recruitment ‘lifecycle’ yields enrolled students who progress toward graduation.

Photo: Middle school students explore their future at JCSU
Related Articles that you are encouraged to read.

Please click on the following links to read the articles in their entirety:

Financial Outlook is Brighter for Some Colleges, but Still Negative for Most

St. Andrews Presbyterian College Plans Merger

The College of 2020: Students

The Importance of Strategy in Stormy Times
Transformational Leadership: A Case Study


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