



A&M EDUCATION

Institutional Resilience in Higher Education

How much risk does your institution really face?

Does the institution face a known (or surprise) budget deficit or cash crisis? How do the component parts of the institution contribute to the financial whole? How should an institution respond when it doesn't meet its enrollment targets? Are there unanticipated risks associated with litigation or compliance? Financial, competitive and reputational resilience are the lifeblood of any institution, serving as the foundations upon which it thrives and achieves mission objectives. Some institutions are facing existential threats based on declining enrollments, reduced government funding, rising costs and looming operating deficits. But most institutions, even those in strong condition, will benefit from a thorough external review of financial performance, forecasted cash flow, competitive pressures and general risk. And even for the well-heeled, getting out in front of risk mitigates a multitude of problems, both reputational and fiscal. Finally, an institutional resilience review (IRR) contributes to the prioritization of investment going forward, highlighting areas critical to mission sustainability.

Institutional Resilience Review (IRR) – the A&M approach

Pulling from decades of experience, A&M brings unparalleled financial and risk analysis to higher education clients at all points along the health spectrum. An A&M IRR provides an unvarnished perspective of financial position and clear status of institutional risks. When it comes to evaluating higher education, our approach focuses on three primary areas of analyses: financial health, competitive health and institutional risk. A&M's practitioners delve into the details of institutional financials, applying lenses of due diligence, valuation and restructuring, generating recommendations fueled by our Wall Street experience and our seasoned higher education team.

Institutional Resilience Review

Financial Health

Potential Focus Areas:

- Operating surplus/deficit
- Liquidity forecasting
- Staffing and headcount trends
- Capital investments and deferred maintenance
- Debt – rating, bonds, holders
- Endowment performance

Competitive Health

Potential Focus Areas:

- Demographics
- Enrollment trends
- Retention/graduation rates
- Program heatmap
- Competitor profiles

Institutional Risk

Potential Focus Areas:

- Accreditation status
- Legal activities/active lawsuits
- Research compliance incidents
- Campus security incidents
- DEI incidents
- Cyber incidents
- Employee actions/union activity

IRR – approach

Predicated on our review, we recommend near-term actions to improve cash flow and shore-up risks, along with strategic directions for enhanced financial performance and/or competitiveness.



So, what's next if something is amiss?

Based on decades of restructuring and recovery work, A&M is poised to help institutions take fast action in pursuit of preserving cash flow, streamlining operations and sustaining the mission. We are used to rolling up our sleeves and “co-operating” with our clients to maximize impact in short order. Cognizant of the culture of higher education, we collaboratively strike the right balance of urgent survival tactics and sensitive change management. Over the past few years, we have helped several prominent institutions successfully mitigate challenging situations to emerge financially and operationally sound.

From a financial standpoint, we have an in-depth understanding of the levers which institutions can pull to make real-time adjustments to cash outflows via operational, people and supplier management. We not only model the baseline, but also provide multiple forecasts extrapolating on the effects of external forces and actionable changes. In extreme situations, we also have practitioners, frameworks and relationships to facilitate mergers, acquisitions and asset sales. With respect to competitive health, our incisive analytical approach informs new ways of maximizing tuition and revenues from other sources. And, our higher-education savvy disputes and investigations team can support an institution facing litigation and compliance challenges.

Some of the steps we take in restructuring/recovery include:

Institutional Resilience Review		
Financial Health	Competitive Health	Institutional Risk
Sample Urgent Actions: <ul style="list-style-type: none"> • Cash preservation/austerity • People and pay actions • Bank relationship management • Supplier management • Endowment funds utilization • Mergers • Asset sales 	Sample Urgent Actions: <ul style="list-style-type: none"> • Admit rate strategy • Net pricing strategy • Retention strategy • International recruitment strategy • Payments strategy • Alumni appeals • Partnerships 	Sample Urgent Actions: <ul style="list-style-type: none"> • Investigations and disputes support • Risk mitigation support • Cyber sourcing support

Institutional Health – urgent response

Next Steps – jumpstart the IRR with a rapid diagnostic

A&M monitors the higher education sector on a constant basis. Our model tracks 30 institutional health factors spanning financial, competitive and legal/compliance risk. We stand ready to meet with you and your team to review a rapid diagnostic and discuss an IRR plan tailored to your institution.

Conviction and Commitment – how A&M is different

A&M is not a traditional strategy consulting firm or technology solution integrator. A&M's culture stems from decades of support for complex, urgent, “make or break” deals, transactions and projects. The higher education practice is driven by the intensity in our DNA to provide a differentiated, focused set of services in higher education. The core services A&M provides to the sector are:

Higher Education Offerings	
Institutional Resilience	Student Experience Transformation
Mergers and Acquisitions	Administrative Operations Transformation
Restructuring and Recovery	Finance/CFO Advisory
Investigations and Compliance	IT/CIO Advisory
Interim Leadership CFO, CIO, CHRO +	

A&M Higher Education Offerings

We partner with institutional leaders according to A&M’s intensive collaboration model, providing end-to-end hands support in project planning, problem-solving, implementation and governance. A&M's practitioners have pioneered transformational changes with large and small, traditional and online, public and private, “rich and poor” institutions as both higher education executives and management consultants.

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ABOUT ALVAREZ & MARSAL

Companies, investors and government entities around the world turn to Alvarez & Marsal (A&M) for leadership, action and results. Privately held since its founding in 1983, A&M is a leading global professional services firm that provides advisory, business performance improvement and turnaround management services. When conventional approaches are not enough to create transformation and drive change, clients seek our deep expertise and ability to deliver practical solutions to their unique problems.

With over 8,500 people providing services across six continents, we deliver tangible results for corporates, boards, private equity firms, law firms and government agencies facing complex challenges. Our senior leaders, and their teams, leverage A&M’s restructuring heritage to help companies act decisively, catapult growth and accelerate results. We are experienced operators, world-class consultants, former regulators and industry authorities with a shared commitment to telling clients what’s really needed for turning change into a strategic business asset, managing risk and unlocking value at every stage of growth.

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