

# Q&A: The Role of CRM in Higher Education Student Life Cycle Management

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## Analysis

One key task that all institutions of higher education around the world share is competing for students. This task is not limited to large institutions; in many cases, it is even more important for smaller institutions to build and maintain their flow of students and recruits. This competition for talent also is necessary for colleges and universities to find the best matches among prospective students who will fit in best in a particular campus and learning environment.

To help find, win and keep such students, institutions are increasingly turning to customer relationship management (CRM) systems. CRM can play a valuable role in student life cycle management.

This research explores how colleges and universities are using CRM systems effectively, and it describes the system components that are essential in winning the competition for talent.

## Why Are Institutions Interested in CRM?

CRM enables the creation of an effective strategy for an institution to differentiate itself by establishing relationships and gathering data to build those relationships through focused use of business analysis. In doing so, it enables the institution to build quality relationships with prospects, students, parents, staff and administration, faculty and alumni. It uses a variety of communication and collaboration methods in the decision process to bring students into a relationship with the institution. It also helps the school maintain and achieve a competitive advantage in recruiting in a global market. Finally, CRM is a means to capture valuable data. That data will help the institution make smart decisions in the future about how to recruit and retain relationships with prospects and students so that they will stay and flourish at the institution.

## What Elements Typically Are in a CRM System for Higher Education?

The typical CRM product for higher education has many expected components:

- Interoperability and integration capabilities with other systems on campus, such as student systems, financial applications and other databases
- Scalability, regardless of institution size, which would allow the system to meet specific requirements
- Multichannel communication capabilities, including e-mail, text messaging, phone calls and letters – in effect, any medium or social media that prospects, students, and parents prefer to use for communication and collaboration
- Analytic and reporting capability for the gathering of information to enable decisions based on that information
- Just-in-time reporting capabilities to manage and understand a recruiting campaign
- Prospect and student interfaces that are easy to use

- Workflow capability and management tools that allow the management of campaigns and the flow of work
- Configurability, or the ability to make some special change that are not necessarily covered in the best practices that's preconfigured
- Specialization capability in areas such a recruiting, enrollment management, retention and alumni management

## **How Might an Admissions Office or a Communications or Marketing Department Use a CRM System?**

It is helpful to distinguish between a student system and a CRM solution. The student system will make a record of the student's enrollment in a class, whereas the CRM system will make a record of how that student made the decision to register for that class. The CRM system would also have information such as which professors the student spoke to in the process or what type of marketing material was sent out that helped make that decision.

Admissions recruiters can use the CRM application to manage the workflow of all parties – prospects, students and parents – with whom they are in contact. The system enables tracking of all these contacts so that, as they go through the process, the institution will have more information to make future decisions – for example, which type of channel is most desired. The system can also track the location of a prospect down to the state, city, town and ZIP Code, which gives an admissions office a competitive advantage over an institution that lacks this capability.

An institution of any size would benefit from a CRM system for recruiting purposes. In large universities, a CRM application is often rolled out to an individual business unit, college or department. For example, it may begin with the graduate business program or the school of engineering and might eventually scale and roll out to an entire undergraduate recruitment approach.

## **What Are the Options for Buying CRM Systems?**

The business model for most of these CRM applications differs from the business models often seen in higher education. The typical approach is based on full-time equivalent students, and the contract is priced around that. However, many of the business models for CRM are based on the number of seats. For example, if the system is bought initially for recruiting and enrollment management, it would be priced by the number of recruiter seats that will scale to the size of the institution.

Institutions are also turning to software as a service (SaaS) or hosted arrangements for their admissions offices. With the SaaS model, the vendor controls the upgrades and the software configuration. In a third-party hosted model, the institution would decide on upgrades and configuration.

SaaS is increasingly popular because it is perceived as a cost-cutting opportunity. SaaS deployment promises lower overall expenses, because the management of the service rests with the provider rather than with the institution. Some admissions offices are opting for a host SaaS model, because they can work around the IT department and make that decision independently. The IT organization may find out about the SaaS contract only at the point of being asked to support an integration to other administrative applications. This work-around is especially helpful when, for example, a large institution is replacing or upgrading a student system, which usually takes a protracted time (up to 24 months) for the selection process and implementation. In the meantime, recruiting and admissions departments are in the midst of a competition for a new class of students. A hosted SaaS model can

become operational faster and can address the critical needs of recruiting, while longer-term and larger IT decisions are made in a more deliberate manner.

Providers focused on higher education currently fit into one of three categories:

- CRM providers that are preconfigured for higher education enrollment management
- Enrollment application providers that are development partners with a CRM provider
- Enrollment application providers that develop their own proprietary code

## **Would an Enterprise CRM System Be Appropriate for Many Institutions?**

In a large university, CRM can be used almost anywhere (because of the SaaS or hosted capabilities). Individual departments, colleges and business units often make a CRM decision and have it hosted, and then they ask the CIO to integrate it with the student system or financial system.

However, Gartner is beginning to see more consideration of an “enterprise CRM strategy” – stepping back from independent initiatives to take a broader look at the appropriate strategy for the entire institution’s offerings. For example, clients that are weighing a CRM system in the school of business should first determine whether their institutions have an overall CRM enterprisewide project under way. If so, they need to avoid duplication of effort and money.

## **How Will an Institution Know It Is Getting the Best Return on Investment in a CRM System?**

Here are the key indicators of effectiveness:

- A prospect becomes a student, stays at the institution, gets a degree, becomes an alumnus, is generous during university fundraising drives and sends three children to the school. Those levels of achievement obviously don’t all occur in the initial semesters of running a CRM application. However, what should be apparent is that the institution is effectively competing for the “best and the brightest” students who are also the best fit for the institution and its culture.
- Students remain past the first semester and then the second semester. This shows that they are satisfied at the institution and will likely continue their degree process. These milestones can be established and met fairly early on. They also demonstrate the quality and quantity of the match in the recruiting process.
- Campaign management identifies what’s working and what’s not. This enables the institution to change tactics to improve recruitment, for example, or encourage alumni commitment.

For a competitive advantage, Gartner believes that institutions must have a CRM system for recruiting in place by 2011. By 2013, an institution will be at a competitive disadvantage for recruiting without this type of relationship solution.