



# St. Anford's College Case

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**WORKING DRAFT**

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# Message from Principal

Dear McKinsey team,

I am so glad that your team is finally up and running and that you are able to help us. As you know, the deadline for next year's business plan is fast approaching. We have had some problems in recent years, and want to use this opportunity to take stock of our entire business model.

I must admit that I do not understand **why our position is slipping**. We have some **excellent, well-established academics** carrying out important research. **Foxtown is a pleasant town** that scores highly with our students. The **demand for business schools is certainly growing nationwide**.

However, we have seen the **number of applicants to St. Anford drop consistently over the last 5 years**. Equally worryingly, the **acceptance rate of those who receive offers is also declining**. We have counterbalanced this by **making more offers** and **have been able to fill almost all our places**, but there is a **real danger that the quality and reputation of the whole school will erode** – we are only as good as the students that we have.

Of even more immediate concern is that we **have been losing money for the past 5 years** and **have had to transfer funds from our endowment**. We **implemented a cost cutting programme in 2021** but **have still not been able to achieve a balanced budget**.

We need to turn this situation around **or the reputation and finances of the college will suffer long term damage**. I **don't think the solution lies with costs**; **further savings would lead to serious cutbacks in the area of teaching**, which is why we decided not to go down this road. I think we **need to focus on improving the attractiveness of the college and increasing our revenues**, while not jeopardising the heritage and principles that we hold so dear.

I look forward to hearing your early proposals. I am slightly disappointed to see that none of the team is a graduate of St. Anford College – but I am presume that you received good schooling elsewhere.

Yours sincerely  
Prof. T. Porter

# Information on St. Anford college

## St. Anford College



<b>Year of foundation:</b>	1965
<b>Specialization:</b>	Business/ economics
<b>Number of students:</b>	330
<b>Average stay:</b>	3.4 years
<b>Number of depts:</b>	11
<b>Tuition fees p.a.:</b>	EUR 5,500 <sup>1</sup>
<b>Student/faculty ratio:</b>	30:1

**No student is rejected on account of his/her financial situation**

- 10% of students receive scholarships
- Loans are arranged by the college

## Cafeteria



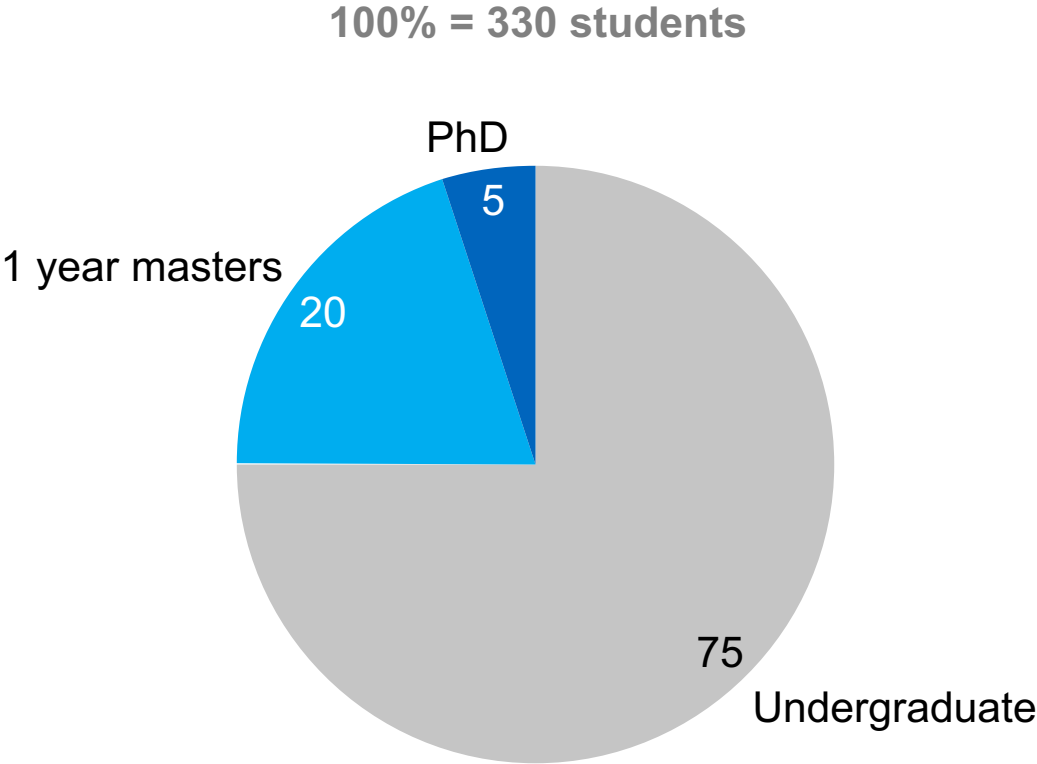
## Campus



<sup>1</sup> Same for all courses (undergraduates, masters, PhD)

# Type of students

Percent



# Information about Foxtown

## Foxtown



- Population:** 343,000
- Industry:** Many small and medium-sized businesses and branch offices of several large companies
- Townscape:** Well-maintained historical old town
- Eating out:** Large number of small restaurants, pubs and cafes
- Surrounding area:** Hills with a beautiful lake

## Countryside around Foxtown



## View of the old town



# Information about private business school sector in Foxtown

## Private vs. public sector

- Publicly-funded universities also offer courses in business but some key differences
  - Far higher student to teacher ratios (up to 5x private school ratio)
  - Weaker links to industry
  - Less focus on practical management

## Student trends

- Number of students enrolling in Foxtown private business/economics schools is rising (average 3% growth over past 5 years)
- Students prefer to study close to home town – although want semesters abroad

## Key competitors

- Seapoint Business School
- Riverville College
- Clonkeen College
- Loston School
- Williams College

# Guiding principles of St. Anford college

## Guiding principles of St. Anford College (since 1965)

### **Social responsibility**

First-class management education based on social responsibility and business competence

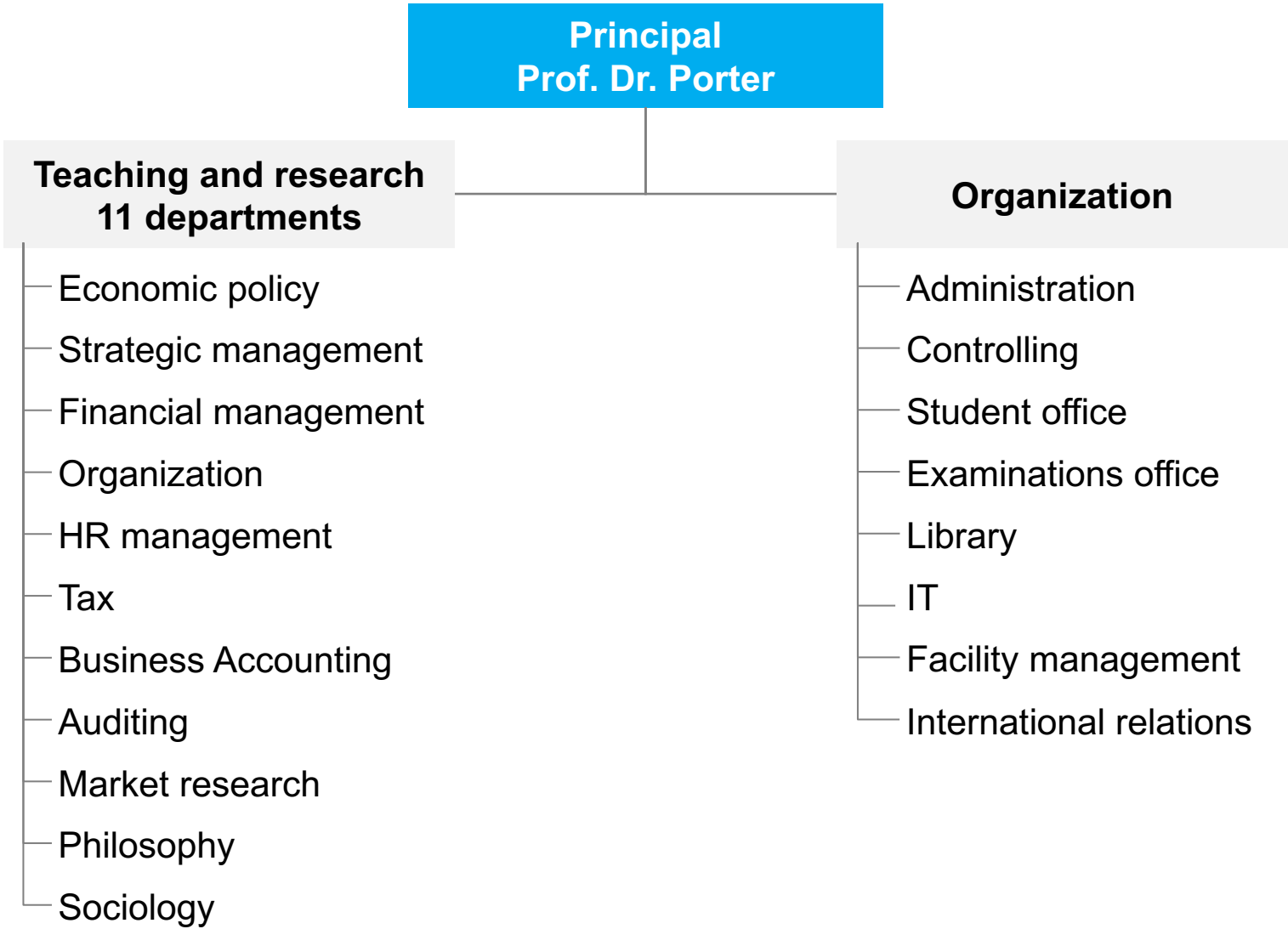
### **Practicality**

Study program that gives priority to linking theory with practical experience

### **Internationality**

Thinking across national borders

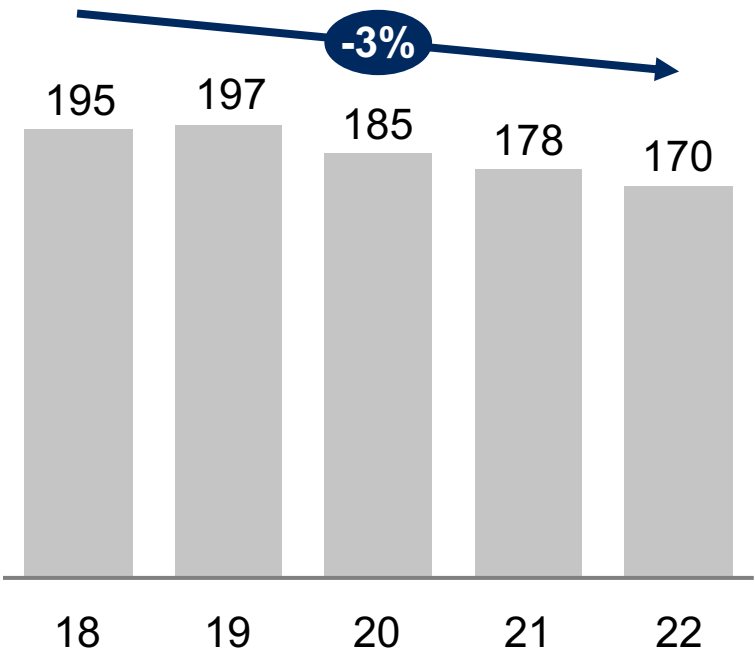
# Organization of St. Anford college



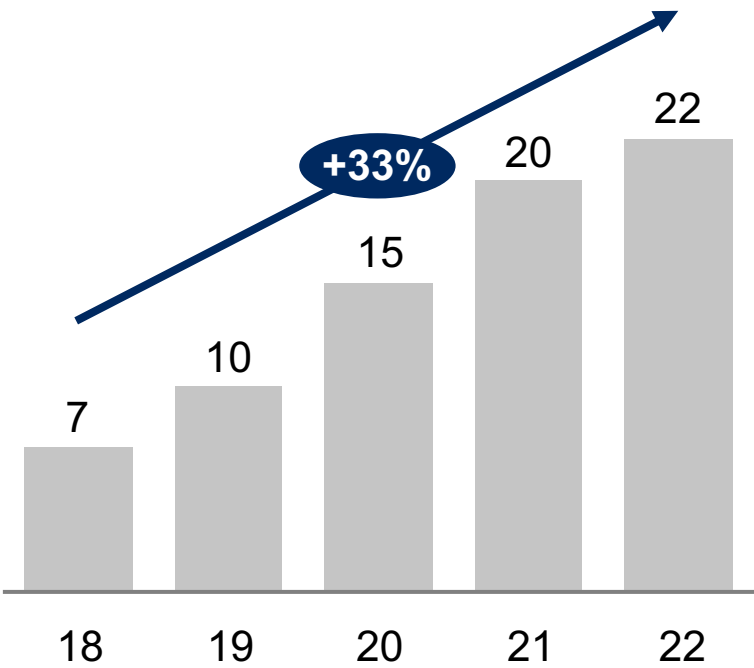


# Applicants to St. Anford college

Number of applicants to St. Anford

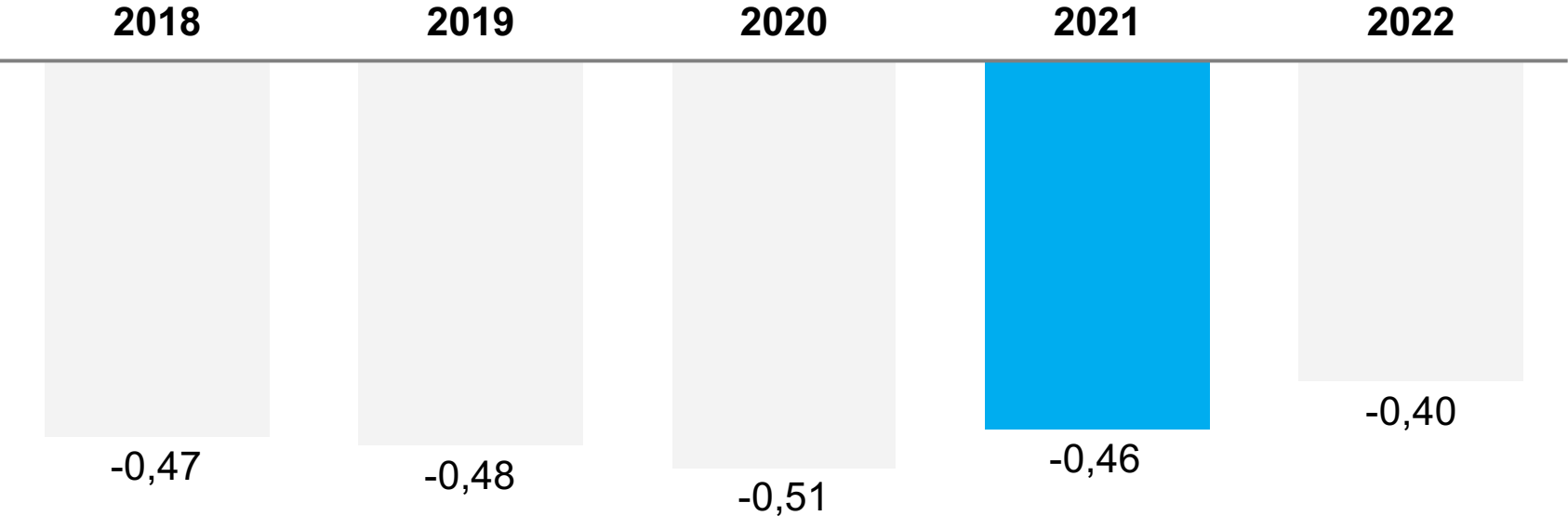


Number of applicants who are offered places, but then decide to go elsewhere

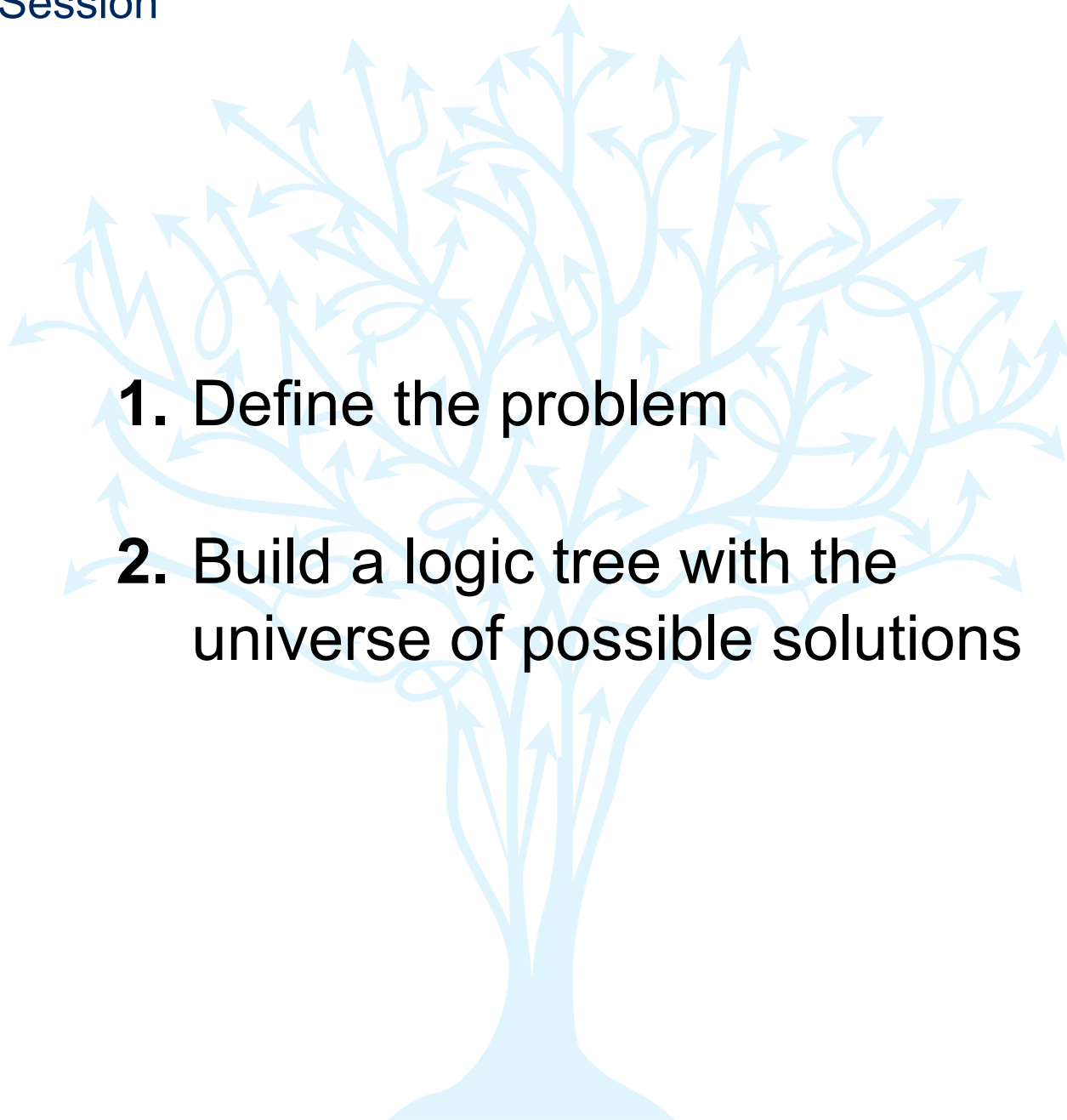


# Losses at the college, 2018-2022

Euros. Million



Operational cost reduction  
program launched



- 1. Define the problem**
- 2. Build a logic tree with the universe of possible solutions**