BENCHMARKING OF AUSTRALIAN UNIVERSITY INTERNATIONAL OPERATIONS 2007: FINDINGS AND AN INSTITUTIONAL PERSPECTIVE

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Abstract

The Australian Universities International Directors’ Forum (AUIDF) in 2007 conducted a benchmarking study on eight specific aspects of the international operations of Australian universities, focusing on international students on campus in Australia.

Population sizes in the study were large: of the 38 universities who were members of the Australian Vice-Chancellors Committee in 2006, 36 universities participated. The study covered 76,200 commencing international students onshore in universities in Australia in 2006.

The AUIDF benchmarking study has now been conducted five times, from 2002 to 2006, and AUIDF now holds useful time series data.

Alan Olsen will present some high-level findings from the AUIDF benchmarking study, in the activities benchmarked: Costs of International Offices; Staffing of marketing, enquiries, admissions and compliance; Admissions policies, procedures and quotas; International student services; International student mobility; Costs of recruiting for key source countries; Conversion rates from applications to offers to commencements; Structure of International Offices and scholarships for international students. He will also present some time series data.

Jeffrey Smart will present from an institution perspective, describing how the results of benchmarking are used for strategy and planning purposes, including highlighting where improvements are needed, where institutions can learn from others and where problems have to be investigated.

Both presenters will address the issue of why some measures stubbornly do not move over time despite efforts in a number of universities.

Introduction

The Australian Universities International Directors’ Forum has been carrying out benchmarking studies of the international operations of Australian universities since 2002. Of the 38 universities who were members of the (then) Australian Vice-Chancellors’ Committee, 29 participated in 2002, 33 in 2003, 34 in 2004, 34 in 2005 and 36 in the 2006 study which was carried out in 2007. The population has increased from 57,000 commencing students to 76,000 commencing students. We believe that we are capturing in the study more than 90% of the international student recruitment activity in Australia’s universities.
Benchmarking at its simplest is a means of comparing one’s performance with one’s peers. For an education institution, it is the collection of information about an aspect of the institution’s operations in a way that enables comparisons to be made. The results of the comparison can then highlight where improvements are needed, where the institution can learn from others and where problems have to be investigated, as we will develop later.

The Australian Universities International Directors’ Forum (AUIDF) provides a forum for the benchmarking of international operations of Australian universities.

We focus on international students on campus in Australia. Our scope does not include international students in off-campus/distance/flexible mode, and does not include international students at offshore campuses.

Each participating university receives an individual report and in each individual report, individual responses are highlighted. Each individual report is different and no participant’s individual responses are reported to any other participant.

Universities in New Zealand, and TAFE systems and institutes in Australia, have now undertaken similar studies, and we understand that there are people in Melbourne from UK universities who have already had one or two experiences of benchmarking of international operations.

**2006 Findings**

For our benchmarking of international operations, a questionnaire was distributed to Australian universities in December 2006, seeking 2006 data, in eight areas

- International Office costs
- Staffing of marketing, admissions and compliance
- Admissions policies, procedures and quotas
- International student services
- International student mobility
- Costs of recruiting for key source countries
- Recruitment channels and conversion rates: applications/offers/commencements
- Structure of International Offices, including scholarships for international students.

Universities were invited to participate in all eight aspects, or to cherrypick those aspects where they wished to participate. A total of 36 universities participated in the study. Results were distributed to universities in March 2007. Members of AUIDF have agreed that some of the high level findings in the report can be provided to this Conference.

The 36 participating universities reported 76,200 commencing international students, a population that makes the study compelling.

**International Office Costs**

In 2007 34 universities were able to report both International Office costs and the budget for income from international on-campus student fees, using actual or estimate or budget figures for 2006. This enables benchmarking of International Office costs as a proportion of international student fee income.
These 34 universities reported aggregate income from international on-campus student fees in 2006 of $1.96 billion. International Office budgets, excluding commissions, aggregated to $141.2 million or 7.2% of income. Commissions aggregated to $66.4 million or 3.4% of income. Costs devolved to faculties aggregated to $11.8 million or 0.6% of income.

The costs of international operations in 2006, including international office costs, commissions and devolved costs, aggregated to $219.4 million or 11.2% of revenue, down from 12.7% in 2005 and 12.6% in 2004.

Chart 1 shows Cost % Including Devolved Costs. It shows the range of the 34 responses, the average of the 34 responses (15.2%) and the median response (14.1%).

Across all 34 universities, the aggregate cost of recruiting a student, including commissions and devolved costs, was 11.2% but, among the 34 universities, the average of the 34 responses was 15.2% and the median of the 34 responses was 14.1%. From Chart 2, Size of International Student Program and Costs %, there appear to be economies of scale.
Charts 1 and 2 provide data on costs of international operations as a proportion of international revenue.

Because international revenue is a function of pipeline and duration, measures of international costs as a proportion of revenue also are a function of pipeline and duration. To minimise the effects of pipeline and duration, costs of international operations, including commissions and devolved costs, have been analysed as costs per commencement.

In total 34 universities were able to report both International Office costs and numbers of commencing students in 2006. This enabled benchmarking of costs per commencement. These 34 universities reported 70,909 commencements in 2006.

International Office budgets, excluding commissions, aggregated in 2006 to $1,992 per commencement, commissions in 2005 aggregated to $937 per commencement and devolved costs aggregated to $166 per commencement. The costs of international operations in 2006, including international office costs, commissions and devolved costs, aggregated to $3,094 per commencement, up from $2,917 in 2005 and $2,795 in 2004.

Chart 3 shows Cost per Commencement Including Devolved Costs. It shows the range of the 34 responses, the average ($3,238) and the median response ($3,041).

**Chart 3: Cost per Commencement Including Devolved Costs**

![Chart 3](chart3)

With duration and pipeline excluded, economies of scale are less obvious, as in Chart 4 Numbers of Starters and Cost $ per Starter on the following page.

**Staffing of Marketing and Admissions**

The 36 universities reported an aggregate 346.2 staff in 2006 dedicated to marketing, and an aggregate 76,200 commencing students. In aggregate, each staff member dedicated to marketing achieves slightly fewer than one commencement per day. The precise figure is 220.1 commencements per year, up from 212.7 in 2005 and 195.3 in 2004, but down from 288.5 commencements per year in 2003.

The 36 universities reported an aggregate 397 staff in 2006 dedicated to admissions, and an aggregate 76,200 commencing students. In aggregate, each staff member dedicated to admissions achieves slightly fewer than one commencement per day. The precise figure is 191.9 commencements per year, up from 176.2 in 2005 and 173.3 in 2004, but down from 209.4 in 2003 and 201.7 in 2002.

A number of people have been saying for a number of years now that there might be better ways of recruiting international students.
Costs of Recruitment for Key Source Countries

If salaries, publications and scholarships are regarded as fixed costs that generally do not vary across countries, then commissions, travel, advertising, exhibitions and freight are country costs that do vary across countries. Commissions, travel, advertising, exhibitions and freight in aggregate provide a measure of the country cost of recruiting students from a source country.

In total 22 universities responded in this area of the study, down from 25 in 2005 and 23 in 2004, and including 16 universities (down from 18 in 2005) who were able to report on costs in Australia as a source country. For these 22 universities, the country costs in 27 countries/regions aggregated to $69.3 million, including $50.5 million in commissions. From these 27 countries/regions, the 22 universities recruited 51,690 international students in 2006 at a country cost of $1,341, up from $1,193 in 2005, $970 in 2004 and $934 in 2003. This country cost in 2006 included commission of $977, up from $857 in 2005, $650 in 2004 and $640 in 2003. This commission in 2006 of $977 per student is the commission for every international student recruited, not just those on whom a commission was paid.

For all 22 universities in aggregate, Chart 5 on the following page displays Country Cost of Recruitment by Source Country. It shows the country cost of recruitment, including commission cost, for each of the 27 source countries/regions in the study, in order of the size of the country/region as a source country/region.

For all 22 universities in aggregate, Chart 6 on the following page shows Cost and Yield: Country Cost and Number of Commencements for the top 14 source countries/regions, those that were the sources of more than 1,000 students in 2006.
Chart 5: Country Cost of Recruitment by Source Country

Chart 6: Cost and Yield: Country Cost and Number of Commencements

In Chart 6, the countries in the bottom right hand quadrant are those which are large source countries for Australia with relatively low country costs. Ideally, all source countries would be in the bottom right hand quadrant with Australia and, more or less, China.
Proportion of Starts with Commission

The study since 2004 has been capturing the proportion of commencements that attract commission. 19 universities reported 45,468 commencements in 2006, with commission paid on 28,304 commencements or 62.3%, up from 56.4% in 2005 and 48.1% in 2004.

Nevertheless, Chart 7 Number of Starts and %Starts with Commission suggests that a large international student program does not in every case require a high proportion of starts with commission.

Chart 7: Number of Starts and %Starts with Commission

Turnaround Targets

Universities were asked for the first time whether they have turnaround targets, and 29 universities reported having a target for the number of working days it takes, in all or most cases, from receipt of application to despatch of offer, for applications which do not require assessment of portfolio or reference to an academic organisation unit such as a faculty. The targets range from one to fifteen days.

Chart 8 on the following page displays Target Turnaround Days: Simple Cases. It shows the range of the 29 targets, the average of the 29 targets (5.7 days) and the median response (5 days).
Recruitment Channels and Conversion: Applications/Offers/Commencements

Universities were invited to benchmark conversion rates, from applications to offers to commencements, by level of study, or by recruitment channel or by both level and channel.

In total 34 universities provided data by level of study, enabling benchmarking of conversion from applications to offers, offers to commencements and applications to commencements. There is no attempt at the impossible task of matching applications with offers and commencements over different time periods. What was benchmarked in this study of conversion rates was the number of applications in 2006, the number of offers in 2006 and the number of commencements in 2006.

In aggregate at all levels in these 34 universities, 243,996 applications resulted in 173,841 offers and 61,538 commencements. Overall, 71.2% of applicants received an offer, 35.4% of those who received an offer commenced and, as a function of those two results, 25.2% of applicants commenced. In 2006, universities processed 4.0 applications to get a commencement, unchanged from 3.8 in 2005, 4.0 in 2004, 4.2 in 2003 and 4.0 in 2002.

Chart 9 All Levels Starts/Applications % displays the proportion of applicants for all levels of study aggregated who commence. The Chart shows the range of the 34 responses, the average of the 34 responses (26.6%) and the median response (25.6%).

For an Australian university, there are eight recruitment channels.

International students can be recruited from Australia: through the university’s own pathway programs in Australia, directly from Australia with no agent, through an agent in Australia other than IDP, or through an IDP office in Australia.
Or international students can be recruited from overseas: through the university’s own pathway programs overseas, directly from overseas with no agent, through an agent overseas other than IDP, or through an IDP office overseas.

**Chart 10: Recruitment Channels: Size or Relative Importance**

In total 23 universities, down from 25 in 2005, were able to provide analysis of the size or relative importance of recruitment channels. The analysis by size or relative importance covers 49,615 of the 76,200 students in the study. Of these 49,615 commencements, 19,216 students (38.7%) were recruited in Australia and 30,399 students (61.3%) were recruited from outside Australia. Chart 10 **Recruitment Channels: Size or Relative Importance** shows, for the sample of 56,772 commencing students in this analysis, the size or relative importance of these eight recruitment channels.

This analysis now looks at the efficiency of these recruitment channels in terms of their conversion from application to commencement.

For 2006, 18 universities (down from 23 in 2005) were able to provide analysis of the efficiency of recruitment channels. The analysis of the efficiency of recruitment channels covers 38,780 of the 76,200 commencing students in the study (down from 54,409 of the 77,408 students in the 2005 study).

Again, there was no attempt at the impossible task of matching applications with offers and commencements over different time periods. What was benchmarked in this study of conversion rates was the number of applications in 2006, the number of offers in 2006 and the number of commencements in 2006.

Conversion rates were higher for students recruited in Australia (39.3% of applicants started) than for students recruited outside Australia (23.7% started).
Chart 11 **Conversion Rates by Recruitment Channels** looks at the efficiency of conversion from application to commencement for each recruitment channel, without any regard to the volumes for each channel.

The relatively smaller pathways channels are, as expected, the most efficient in conversion from applications to commencements, and the relatively larger channels are less efficient in conversion from applications to commencements.

**Chart 11: Conversion Rates by Recruitment Channels**

Benchmarking from the Public Domain

Australia’s Department of Education, Science and Training releases data annually from the higher education statistics collection. DEST in October 2006 released data on international student numbers in Australian higher education providers in 2005. That data covered 74 higher education providers. This analysis edited that data to include only the 39 Australian universities, including Bond and Notre Dame.

From these statistics, from the public domain, it is possible to benchmark for all universities a number of measures of universities’ international student programs. Because information is from the public domain, this benchmarking can be provided to universities without the substantial work required of universities where information not in the public domain is being benchmarked. The other side of benchmarking from the public domain is that it can be intrusive.

As an experimental initiative, benchmarking from the public domain was provided to universities who participated in AUIDF benchmarking in 2006, covering numbers and proportions of international students, revenue from international student fees and fields and levels of study of international students.
In Australia's 39 universities in 2005, the 161,030 international students, onshore in Australia, made up 18.6% of the 864,781 students, onshore in Australia. The range among the 39 universities was from 3.6% to 56.7%, with two universities over 50%. The average was 18.4%, the figure in the median university was 15.4%, as in Chart 12 Proportions of International Students in Australian Universities 2005: Onshore.

Chart 12
Proportions of International Students in Australian Universities 2005: Onshore

DEST in September 2007 released data from the financial statements for higher education institutions for 2006. That data covered 38 Australian universities, with Bond excluded. In the 38 universities, revenue from international student fees was $2.375 billion, up from $2.168 billion in 2005. But, in a good year for Australia's universities, revenue from international student fees made up 14.9% of all revenue, down from 15.2% in 2005. The range among the 38 universities in 2006 was from 2.1% to 49.6%. The average was 14.6%, the figure in the median university was 12.4% as in Chart 13 Proportion of Revenue from International Student Fees 2006.

Chart 13
Proportion of Revenue from International Student Fees 2006

Any further initiatives in benchmarking from the public domain will need to wait for the future release of more detailed data from DEST.

The Perspective of Swinburne University of Technology

The AUIDF benchmark can be used as
- A measure of the productivity of the international office
- A diagnostic tool: how healthy is your international operation?
• A measure of your relative performance either against all institutions or against a group of institutions;
• An instrument to assist in planning.

Why Does an International Office Need to Measure its Productivity?

International offices are complex business units, producing significant revenue, in Swinburne’s case 17.2% of all revenue in our dual sector institution in 2006 and 23% of higher education revenue, from DEST’s Finance 2006.

The AUIDF benchmark is based on the premise that international offices share certain common characteristics. International offices generally have responsibility for some, or all, of
• The process of international marketing, and recruiting and admitting international students
• The process of ensuring compliance with the ESOS Act and other legislation
• A student support program and
• Education Abroad.

Regardless where responsibility for these functions lies within an institution, the benchmark is a useful management tool to answer the question: How effectively is my institution performing these functions?

The benchmark injects some science, some sophistication, into assessments of how productively an international office is operating. There was a time in which assessments such as You only need to recruit one student to justify this trip were one way of ‘measuring’ productivity. Now we know that it takes around $3,000 to recruit an international student, that your staff will be processing four applications to land a student, and that each admissions staff member will produce less than one start per day.

From that we can infer that if your institution is recruiting students at $2,800 you are doing well, but if your per head recruitment cost is $3,800, you have some improvements to make. Or, if you are processing 3 applications to land a student, or you are producing one start per day per admissions staff member, you are outperforming the sector.

The benchmark allows institutions to consider:
• How many staff do you need to recruit and support students?
• How much should you be paying in commissions to recruit students?
• Are other institutions doing it better?
• How effectively is your office performing against the national average?
• What are the areas in which you need to improve?

The benchmark helps senior university management understand which levers need to be pulled to improve the machinery and outputs of an international office.

Which Benchmark for a Dual Sector Institution?

SUT is a dual sector institution. The International Office recruits students at all study levels: ELICOS, TAFE, pathway, full degree, research, study abroad, study tours.
SUT’s international office is charged with delivering the university’s international revenue targets for each sector, faculty/school and campus.

SUT’s international marketing and admissions staff have a portfolio of products to promote, from ELICOS to Certificate to PhD.

This is not the case for every university in the study - some recruit higher education students only, some ELICOS+HEd, some ELICOS+TAFE+HEd.

Until 2006 SUT participated in two studies: AUIDF’s benchmark of university international offices, and Victorian TAFE International’s benchmark of TAFE institute international offices. Attempts were made to report SUT’s spend on TAFE and HEd students. Attempts were made to allocate the effort of staff against TAFE and HEd students recruited. But this produced artificial results.

For the 2006 study, Swinburne reported all results in the AUIDF study alone.

**How Has SI Used the AUIDF Benchmark to Improve Performance?**

In 2004, the international operation at Swinburne was ailing. It was, arguably, broken. A new Pro Vice-Chancellor (International) commissioned a series of external reviews. The major review - of the international office’s business process, structure, and outcomes - took the AUIDF benchmark as a principal diagnostic tool.

The 2004 study – 33 universities reporting 2003 data – was used to assess how well SUT’s international office was functioning.

What symptoms did the diagnosis uncover?

- Cost of running the international office: Swinburne close to the national median (SUT 13.5%, nation 14.5%)
- Number of admissions and marketing staff per head recruited above the national median
- Number of student support staff between average and median
- Number of staff in education abroad well above the median (SUT 2.09, nation 0.72 per 100 staff); but…
- SUT performs exceptionally well in proportion of students with an international experience (SUT 13.3%, nation 3.5%);
- SUT spending significantly more on each student recruited than the median
- More students attracting a commission than the national median
- Far fewer direct applicants or pathways applicants than the national average
- Swinburne significantly behind the median in terms of the conversion of applicants to starts
- Higher proportion of students through agents, but agents less productive for Swinburne.

The doctor ordered

- A focus on agents and applicants – better management of agents, clearer entry requirements and filtering of applicants, applicant management leading to better conversion
• A total rethink of the importance of direct applicants – more focus, more ownership, restructuring to focus on the student as a customer, rather than the process as the driver
• Agent management rethink, to increase their productivity for SUT
• SUT pathways virtually non-existent compared with the sector.

All of this might seem obvious. However, the full scale and nature of the changes required only became obvious after considering SUT’s results against those of the nation.

How Has the Benchmark Influenced Strategy and Planning at SUT?

In 2004, SUT’s international office was an expensive operation, processing applications that generated fewer enrolments, and at a higher cost per head, than other institutions. Using the benchmark as a diagnostic tool helped clarify the problem and suggested part of the strategy
• Focus on applicants as customers
• Focus on agents as customers
• Build pathways to Swinburne, on and offshore
• Implement a budget model that matches expenses by customer
• Monitor the effort that goes into recruiting a customer, against what we know to be the median.

The review findings were implemented in 2005, and a new organisational structure, budget model and business process were introduced progressively, May to August 2005. 2005 was a transitional year, with 2006 the first full year of operation.

In 2005 SUT’s benchmark revealed some improvements, but some worsening against 2004 (in the context of a major shake-out of the organisational structure, culture, and business processes)
• Some costs up significantly
• The gap between the nation and Swinburne growing on some key indicators; but…
• The cost of recruiting a student down against the national median
• The cost of commissions down against the national median
• Significant improvement in the cost of recruiting students from Swinburne’s top five markets.

In 2006, SUT’s benchmark revealed improvements in most of the measures in the benchmark, against 2005, when the gap between the median and SUT’s performance is considered. But our benchmark results have also identified stubborn results which have not improved.

Today, the international office plan includes specific strategies to improve our performance against some of the more stubborn indicators. The 2006 benchmark demonstrates that, for some indicators, economies of scale are possible. That is, the larger the size of the international student population, the more efficient the operation. As SUT continues to grow its international student population, we can expect that, over time, these economies of scale will become evident.
SUT Today

At SUT today we measure

- The effectiveness of our online marketing and its influence on web traffic and enquiry generation
- Enquiry to enrolment conversion rates
- The number of course guides agents and teams use to recruit students
- The productivity of our agent network.

We have also developed an internal benchmark for our regional teams, which measures

- Recruitment costs
- Cost per head of commissions
- Team conversion rates
- Market share performance
- Enquiry generation.

This internal benchmark is a useful management tool to monitor the performance of each team against the office performance.

SUT and Benchmarking in the Future

The benchmark helps universities measure their performance in their management of their component of the $11.3 billion international education export industry in Australia.

More parts of universities need to engage in this kind of benchmarking to establish relevant and meaningful measures against which to assess their performance.

Perhaps more parts of international offices need to be more effectively measured. For example – more and more institutions are separating marketing from recruitment (or marketing from sales). It is possible that future generations of benchmarks will be more granular. Or smaller groups of institutions will benchmark at a more granular level.

Australian universities also need to consider benchmarking their performance globally.

SUT introduced the concept of benchmarking student mobility within the European Consortium of Innovative Universities (ECIU), of which SUT is a member. While SUT has performed very well in the Australian context – consistently in the top three in terms of the proportion of undergraduates having an international experience – we have a very, very long way to go in the European context.