

VITEC Contract 2005-06 BUSINESS PLAN
Two Years & Average & Projected Budget with Performance Measurements

	<u>03 - '04</u>	<u>04 - '05</u>	<u>Two year average</u>	<u>Average %</u>	<u>Projected '05 - '06</u>	<u>Ideal/ Projected</u>
<u>Annual Budget</u>						
Total Income	202,772	79,258	141,015	100%	150,644	100%
Contracts	115,072	44,258	79,665			
Grants	87,700	35,000	61,350			
Direct Cost	<u>61,446</u>	<u>17,186</u>	<u>39,316</u>	<u>28%</u>	<u>45,193</u>	<u>30%</u>
Promotion		648	648			
Production	61,446	16,538	38,992			
Operating Margin	141,326	62,072	101,699	72%	105,451	70%
Administrative Payroll	122,151	132,423	127,287		**83,648	55%
Administrative Expenses	<u>23,362</u>	<u>6,128</u>	<u>14,745</u>		<u>*14,271</u>	<u>10%</u>
General & Admin. Expenses	145,513	138,551	142,032		97,919	65%
Net	\$ (4,187)	\$ (76,479)	\$ (40,333)	0%	\$ 7,532	5%

<u>Performance Measurements</u>					<u>Ideal</u>
Annual # of Contracts	68	25	46.5	76	
Average Income per Contract	\$ 1,692	\$ 1,844	\$ 1,768	\$2,000	
Average Contract per Month				7	
Average New Client Cal/Mo				63	
New Client Call/Propos:/Mo				63/16	4/1
Proposals/Contracts			50/25	16/8	2/1
Participant Evaluations					
(Poor-Excellent 1- 5)		4+	4+	4+	4+

*Administrative Expenses include:

 Memberships,
 equipment rental,
 telephone, bank
 services, office supplies
 etc.

**Based on 3.5% raises

Maui County Store 2005-06 Business Plan

Current and Projected Budget

	2004-2005	Projections 2005 - 2006
<u>Annual Budget</u>		
Total Income*	105,300	110,565
Merchandise	50,799	53,338
Commissions	9,447	9,919
Promotion	2,733	3,000
Direct Cost	62,979	66,257
Operating Margin	42,321	44,308
Administrative Payroll	82,676	91,026
Administrative Expenses	7,557	7,935
General and Admin. Expense	90,233	98,961
Net	\$ (47,912)	\$ (54,653)

**Includes

Store Manager and Student He	\$44,079	\$53,261
OCET Programs Administrator	(15%)\$10,454	(5%)\$3,607
Custom Contracts Manager	(35%)\$11,319	(15%)\$ 7,029

PROGRAM REVIEW

Review Year: September '04 – August '05

Office of Continuing Education & Training (OCET)
Maui Community College, University of Hawaii System

Prepared by Lois Greenwood, Ph.D. in collaboration with OCET Staff
October 2005

PROGRAM REVIEW APPROACH

The Office of Continuing Education and Training (OCET) provided a comprehensive Program Review as one of three pilot programs in September 2004. For an in-depth understanding of OCET, see this comprehensive report with its extensive Appendix document of supporting materials. In 2005-06, each program is required to complete an annual assessment report based on the template created by the UHCC system. This template reflects issues related to credit programs, not non-credit programs. Consequently, we have adopted a business model of assessment in the form of a business & marketing plan for each of our internal programs.

During the months of August-September '05, each internal program conducted an in-depth data analysis of its past performance and prepared projections for this coming year of Sept '05-Aug '06 to be included in this Program Review. Keeping in mind the importance of assessment data, we have applied benchmarks and performance measurements in these business plan reports that are based on national standards for continuing education programs and are promoted by our professional association, LERN.

We also engaged in a strategic planning process at a two-day staff retreat in August where we used the SWOT analysis (Strengths, Weaknesses, Opportunities Threats) to identify issues. We spent time investigating areas where we could improve our operations in terms of efficiency and achievement of our mission. Many of those improvement ideas are presented in each internal program's business plan. We found these approaches to be very useful for our own self-analysis and planning purposes, which we believe to be one of the primary functions of the program review process. (*Staff Retreat Agenda available upon request.*)

As a matter of clarification, the major internal programs of OCET that are reporting in this review are:

- Public Classes

- includes Arts, Culture & Wellness (PACE), Business (VITEC), Computer Technology (CompTech)

- Contracts & Grants Training

- Maui County Retail Store

- Maui Language Institute (MLI)

Apprenticeship is a state-mandated program, funded directly with DLIR funds and works closely with the Unions. There are basically no income or expenses for this program at the OCET level. The college supports the program with one G-funded faculty position, Marvin Tengan. An overview of this program was presented in the Comprehensive Program Review of 2004.

As planned and reported in our '04 Program Review, OCET dropped its program acronyms of PACE, CompTech and VITEC during this '04-'05 year. Because public feedback informed us that the numerous acronyms were confusing and that the name, VITEC, was the most recognized "brand," all public classes are advertised under the marketing name of VITEC with the subject divisions of Arts, Culture & Wellness, Computer Technology, and Business. The meaning of the VITEC acronym was changed to "Vital, Innovative Training & Economic Development." Moreover, we developed a signature marketing slogan which we are currently working on implementing across all of our public collateral, "VITEC Workforce Training, Global Quality – Island Style." However, in the case of our fiscal business plan reporting, we have kept the acronyms as seen in the following internal program reports to distinguish the financial performance of each subject area. (*Year '04-'05 Public Classes Brochures available upon request.*)

Review Teams Assessments of the September 2004 Comprehensive Program Review

OCET's Comprehensive Program Review-September '04 overall received very favorable assessments from the three review teams. Two major recommendations for improvement involved a fiscal oversight issue addressed by the Executive Committee and discussed below. The other major recommendation was that OCET analyze its VITEC, CompTech and PACE programs separately in Program Review. A greater attempt is made to do so in this current Program Review. However, it may not be clearly understood that the VITEC, CompTech and PACE programs are all acronyms for varying subject areas within our public class offerings and have served more as a marketing and job duty function distinction in the past. In fact, these acronyms refer to the same type of training function: open-enrollment public classes. Moreover, OCET has abandoned those acronyms in this past academic year as discussed above. The differing training functions within OCET have been distinguished in the opening statement and will be discussed and analyzed separately in this Program Review. (*Review Team comments available upon request.*)

1) College Assessment Coordinator Review:

"This is one of the best assessment reports I have seen. It covers what students are taught and provides mechanisms to measure student learning. Even though these programs are based on student fees, the detail by which OCET programs go to verify student learning is a model that should be followed by all programs in all institutions... Others may want to examine this plan and use it for their area of expertise... To keep this (program) profitable in the future, funding should be retained by OCET for future growth and development."

2) Program Review Validation Team

The Review Validation Team rated all required components at the “Succeeded” level. *“OCET, through its professional faculty and staff, understands its mission, knows its customers, has defined goals and objectives which guide its operations, acknowledges its programmatic and fiscal challenges and has a plan for addressing them... OCET has identified what it needs to address in the future. They have already taken cost-cutting action. They have identified reasons why revenues have declined and are responding proactively. They have shown that if they are able to retain their profits and grow a financial reserve, in turn, they will be able to continue developing quality programs and maintain morale... OCET’s Action Plan for Improvement pushes the envelope and may have far-reaching effects. Reshifting the focus of the public classes including resource reallocation, name changes and job duty changes hopefully will produce the desired results.”*

3) Executive Committee Evaluation of the Program Review Validation Committee

While the Executive Committee *“commended OCET for its complete and honest self-study and for its proactive approach to addressing fiscal, programmatic, and personnel challenges, the Committee felt that those areas needed some additional attention.”* The Executive Committee was concerned particularly with how much fiscal oversight the OCET program receives. There seemed to be some lack of understanding that all OCET fiscal matters go through the college’s Administrative Services and are subject to the same financial controls and reviews by the Director of Administrative Services as other MCC programs. However, because of the strong concern exhibited by the Committee, OCET used some of its Assessment funds to pay for a third party review of its fiscal procedures. The report was favorable and OCET addressed the recommendations to “segregate control functions” in certain areas where due to limited staffing, only one person had been handling certain fiscal procedures. *(Fiscal Review Report and Follow-Up OCET Actions attached.)*

Alignment with the College’s Strategic Planning Direction

Mission and Vision of the College

The College Mission

Maui Community College is a learning-centered institution that provides affordable, high quality credit and non-credit educational opportunities to a diverse community of lifelong learners.

The College Vision

We envision a world-class college that meets current and emerging Maui County education and training needs through innovative, high quality programs offered in stimulating learning environments. The College mission, goals, and actions will be guided by the Native Hawaiian reverence for the ahupua`a, a practice of sustaining and sharing diverse but finite resources for the benefit of all.

Mission and Vision of the Office of Continuing Education & Training

Mission

The Office of Continuing Education and Training promotes life-long learning for Maui County's residents, visitors, businesses and organizations through high quality non-credit training in the areas of workforce and economic development, computer technology, personal enrichment, and English-as-a-Second Language through public courses, customized training and special projects, using the "best practices" of adult learning.

Vision

Our vision is to be a leading edge training organization dedicated to enhancing the professional and personal lives of Maui County residents and visitors and increasing the competitiveness of its businesses to meet the challenges of a dynamic, global marketplace.

Core Values - The OCET staff is committed to:

- serve our student-customers with the highest quality service and training in the friendly spirit of aloha
- anticipate and respond effectively to the needs of the community with relevant, state-of-the-art training
- make valuable contributions in our areas of expertise to the college and the community
- value the diversity and dignity of all with whom we work and serve
- maintain trusting, caring work relationships that respect the values of 'ohana in our personal and professional lives
- encourage professional growth and development
- promote an empowering work environment that allows us the freedom and flexibility to do our best and to work as entrepreneurs
- pursue continuous improvement in all we do.

Contribution of the Program to the Mission & Vision of MCC

The Office of Continuing Education and Training contributes to the mission and vision of Maui Community College by being the entrepreneurial arm of the college that offers non-credit educational opportunities to a diverse community of lifelong learners. As described in our own mission, vision and core values, we share the college's vision of being a leader in our field by offering innovative, high quality programs in a stimulating learning environment that uses the "best practices" of adult learning.

We support the college practice of "sustaining and sharing finite resources for the benefit of all" by working hard to provide the resources needed to sustain our Program's ability to perform at a level of excellence. We are a self-support Program where we are expected to earn sufficient income to cover the main expenses of our Program, which include our G&A (General & Administrative) infrastructural expenses as well as our direct expenses for operating our classes. After meeting these Program needs, we have a willingness to share our additional resources (net profit) for the benefit of the college-at-large.

Goals of the Program

Because OCET is a comprehensive training program, we embrace all of the College's goals and objectives and the majority of the college's "action strategies" as relevant to our own operations as well. Workforce Development was voted as #2 priority during the College's Academic Year Opening Convocation in August '05 and also was identified as one of the top priorities in the Community Forum, October 11th '05, reinforcing the importance of OCET's contribution to the mission of the college. Workforce development is the major mission of the OCET programs and OCET staff lead the Strategic Plan Team for this particular Action Strategy.

Excerpts from the "Strategic Plan Team Update Report for Workforce Development (April '05)" illustrate some of the ways OCET supports this mission. (*Strategic Plan Team Update for Workforce Development-April '05 available upon request*)

Some examples are:

- ❖ Development of free training for small businesses in summer and fall '05 with A&B grant funding
- ❖ Implementation of a CDL training program (Commercial Driver's License)
- ❖ EPSCOR Mini-Grants @ \$18,000 each along with PCATT support funding to offer a Contracts Institute and a Grantsmanship Institute to build capacity for the U.H. Community College System and Maui Community College to develop workforce training projects. *Results reported below.
- ❖ Collaboration with the County of Maui in operating the Maui County Store and partnership in the Business Resource Center, located at the store.
- ❖ PCATT grant secured to develop a laptop lab to travel to worksites for computer training and to develop GIS training for many Maui companies
- ❖ Active partnership with the Workforce Development Division (WDD) to access Employment & Training funds (ETF) to assist businesses access training, for example, two projects on Molokai.
- ❖ Development of a partnership with the Culinary Arts Program to promote culinary training programs
- ❖ Project with a County grant in collaboration with the State Hawaii Tourism Authority to develop a historical guided tour for Ka'anapali Resort by training resort employees to become tour guides in Fall '05
- ❖ Board and Committee membership on Maui County's Workforce Investment Board (WIB)

Results of the EPSCOR Training Projects

The Grantsmanship Center (TGCI) was brought from the mainland to increase skills in grant writing for faculty and staff at Maui Community College and other U.H. community colleges as well as potential partners in the Department of Education and community non-profits. There were 23 participants. Within only two and half months after the training, 12 of the participants (50%) had already worked on 22 grants. With only 11 of the 22 grants reporting dollar amounts, the total was approximately \$5 million in potential resources. Actually procured funds were \$4,104,600 and possible procurement totaled an additional \$827,450.

Using continuing education's nationally leading professional association, LERN, OCET brought the popular Contract Training Institute to Hawaii in order to strengthen the entrepreneurial function of the U.H. Community College's Continuing Education Departments through selling customized training to businesses and organizations. OCET secured the partnership of PCATT to help fund neighbor island travel to Oahu so that the program could be offered at PCATT's facilities at Honolulu Community College and facilitate greater participation by Oahu's community colleges.

All seven community college's sent representatives to the training, filling the 3-day intensive training to capacity with 26 participants. Many attended for a fourth day to take a half-day Certification test to become Contract Training Certified Program Planners. All of Maui Community College's OCET coordinating staff whom attended, passed this national Certification test and achieved the CPP designation. With 17 of the 26 participants responding, in only a three and a half month time frame, participants had written 77 customized contract proposals and had secured 45 of those 77 for an estimated revenue of secured contracts totaling \$145,016.

OCET Departmental Issues/ Administration

Overall, OCET's deficit is approximately \$60,000 at end of FY'04-'05. OCET is strongly motivated to reduce the deficit as soon as possible because OCET's goal is to be self-sustaining as it has been in the past. During this past review year of '04-'05, OCET staff have been implementing many of its improvement strategies delineated in the '04 Program Review. As a result, new systems, new strategies and cost-cutting measures have been implemented during this year. Unfortunately, it did not result in an immediate decrease of the deficit, in part, due to the fact that it has taken most of this year to implement the new approaches. OCET feels that a strong foundation has been laid this year to secure serious deficit reduction for this coming year of '05-'06 as will be seen in the fiscal projections in the business plans of each internal program. OCET has tried to be realistic in these projections. It took several years for OCET to accumulate these deficits after many years of fiscal surpluses. It will take more than just a couple of years to regain the position of a net surplus but we have that end in sight.

Immediate deficit decrease plan:

- ❖ Reduce OCET Director position to 50%; other 50% time to Assistant Dean of Instruction position – saving \$35,000 approximately.
- ❖ No refill of CompTech Coordinator position for one year, saving \$50,000+
OCET Programs Administrator will oversee the program in addition to her regular job duties.
- ❖ **Anticipated savings by end of fiscal year June '06 due to these measures: \$85,000, thereby addressing the immediate deficit of \$60,000.**

Reorganization of staff functions to achieve greater efficiency with reduced staffing levels:

- ❖ Staff assists with administrative responsibilities that relieves time of the OCET Director including the OCET Programs Administrator, VITEC Director, Operations Manager & Customized Training Manager
- ❖ Reassign a Registration support staff 50% time to work at the Retail Store
- ❖ Systematize access to part-time Graphic Designer for marketing purposes between Public Classes and Contracts
- ❖ **Reorganization of the Public Classes Program**
The Public Classes Program has two professional positions vacant (PACE Coordinator and the CompTech Coordinator); one Registration Support Staff reassigned 50% time to the Retail Store; and, another full-time Registration support staff position unfilled)
 - The Operations Manager will continue to coordinate the Arts, Culture & Wellness section of Public Classes (formerly PACE) as well as coordinate Operations
 - The OCET Programs Administrator will coordinate the computer program (formerly CompTech)
 - The Customized Training Specialist APT position is reassigned to coordinate the Business program and assist with some grant support
 - The Programs Administrator and Operations Manager have oversight responsibility for the Public Classes program
 - The Programs Administrator continues to consult on CDL, Contracts & Grants development, Maui County Store, and MLI administration

❖ **Reorganization of the Contracts & Grants Program**

The following changes have been made to better draw on strengths of existing staff; to refresh programmatic approaches; and, to better align with recommendations from continuing ed's professional association, LERN, on how to run contract training.

- The former VITEC Training Coordinator moved from Public Classes Business Coordinator to Sales & Marketing of Contracts, proposal development, and teaching as a G-funded faculty position. The revenue potential for contract training is large, and the former VITEC Training Coordinator has the experience, skills, community contacts, and personal traits to fulfill the revenue potential. The other three positions remain stable.

❖ **Reorganization of MLI administrative paperwork**

MLI is growing and earning a profit for OCET. In order to allow their limited staff of MLI Director, one 50% time APT position and student help to concentrate on growing the program, OCET Operations agreed to assist the program with administrative paperwork. However, it is understood that when MLI and other OCET programs grow, OCET Operations staff will need to be increased.

The following sections were prepared by individual program coordinators.

Internal Program Review- Public Classes Business & Marketing Plan

Executive Summary

Challenges

Since 2000, when OCET registration reached an all time high of over 10,000, registrations have steadily declined. The main influencing factors have been:

- ❖ ETF funding cuts from 100% to 50% (*DLIR Employment & Training Fund*)
 - ❖ Decreased WDD funding (*Workforce Development Division*)
- (See *Program Review '04*, pp. 42-43 for explanation)

In 2004/05, OCET registrations totaled 6,831 across all three programs (PACE, VITEC, COMPTECH). Limiting factors further influencing ability to maintain current operating levels are:

- ❖ Low unemployment
- ❖ Lack of dedicated room space on campus
- ❖ Unfilled vacant positions
- ❖ Moratorium/restrictions on spending

In order to maintain current operations, additional income is needed to cover operating expenses. A moderate 5% increase in both revenue and expenses has been projected, which includes staff bargaining unit raises for 2005/06. It is important to address the limiting factors to increase income significantly.

Plans for Improvement Summary

In 2005-06, the Public Classes Program will work to:

Increase Enrollment

- ❖ Increase size (# pages) and distribution (households) of VITEC brochure
- ❖ Develop additional classes (an analysis of numbers of additional classes needed for each subject area was conducted and coordinators have set benchmarks for a developmental increase in classes for each cycle)
- ❖ Increase repeat business thru customer-friendly incentives and discounts
- ❖ Explore on-line registration possibilities
- ❖ Expand marketing efforts
 - ❖ Expand target marketing, utilizing industry partnerships where possible
 - ❖ Create quarterly email newsletter with information about institution, industry and training products
- ❖ Continue web page promotions and discounts

Monitor Monthly Budget and Benchmark reports

Track revenue, expenses and critical participant registration and course data in order to respond to changes in enrollment and community needs

Public Classes Program – Overall Plans for Improvement

- ❖ Raise prices of classes
- ❖ Reduce pay or “cap” pay of trainers
- ❖ Add more classes across all programs (do analysis of what is needed to meet administrative (overhead/indirect) expenses and grow classes gradually over the next 1- 3 years
- ❖ Add more pages of the brochure in order to add classes
- ❖ Increase brochure distribution for public classes
- ❖ Make brochures available in all public and contract classes for access to the repeat customer
- ❖ Continue to purchase radio ads in a block, eg. \$3000 for a year
- ❖ Market vigorously in Maui Weekly to reach Kihei and Lahaina News to reach West side
- ❖ Develop Advisory Group from business clients with a geographic representative spread
- ❖ Investigate ways to offer classes off-site; consider the new MCC Lahaina facility when it is ready
- ❖ Develop an Email Quarterly Newsletter to regular business clients
- ❖ Develop and promote on-line classes
- ❖ Redesign all OCET collateral for a consistent “signature” look to promote marketing and brand identification, especially the cover page of handout packets, the evaluation form, and certificate
- ❖ Redo the Class Evaluation form to capture better data and feedback
- ❖ Promote use of ETF funds with 50% payment of training fees paid by the government (DLIR)

Public Classes Business Plan Excel Spreadsheet

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Discussion of Public Classes Business Plan

Internal Program Review – Contracts & Grants Business & Marketing Plan

Executive Summary

1. Complete and reproduce Sales Kit/Contracts Catalog
2. Develop a needs assessment tool for staff to use during initial sales meetings with clients
3. Research software to keep track of clients & for contract team communication
4. Develop a list of past clients including contact name, email, phone# and products purchased
5. Research and develop targeted email lists of potential clients

Plans for Improvement Summary

Promotion Strategy

1. Hand out Sales Kits/Contract Catalog during sales visits
2. Each quarter send a targeted e-mail newsletter with information about VITEC & contract training products
3. Have trainers & staff speak at local community organization group meetings once a quarter or more
4. Mail Rack Card to potential clients in “waves” of 10 with phone calls prior to mailing along with a follow-up phone call
5. Promote selected classes via FAX, email and US mail- once per quarter

Overall Marketing Development Plans

- ❖ Promote the Computer Laptop Lab for on-site customized training
- ❖ Place various ads in SHRM (Society of Human Resource Managers) organization newsletter, website, etc
- ❖ Give public talks to promote the program, eg. Rotary, Weinberg Fellows
- ❖ Join and attend professional association meetings, eg. Chamber of Commerce functions, Maui Hotel Association, SHRM (Society of Human Resource Managers), IAPP, etc.
- ❖ Outreach to businesses attending the free A&B Small Business Development Trainings
- ❖ Finalize the Custom Contract Catalog and make sales calls to introduce the catalog and VITEC’s custom training services
- ❖ Develop a Contract Training page on OCET website
- ❖ Redo the Cover Page for all training classes for a signature look and a promotional ad that all classes can be offered on-site/in-house through contract training
- ❖ Promote use of ETF funds with 50% payment of training fees
- ❖ Do targeted mailing of Contract’s new rack card with personalized cover letter and immediate follow-up calls

Grants Development

- ❖ Investigate applying for a statewide training grant through DLIR – find an industry partner
- ❖ Reapply for the A&B Grant and continue to have it support current staffing rather than hire new staff to provide small business development training
- ❖ Apply for Rural Development Program grant funding (RDP)
- ❖ Join local and statewide committees that provide access to information about new funding resources
- ❖ Conduct grant searches and identify workforce development needs
- ❖ Design a big grant proposal to have ready on the shelf for a sudden government RFP such as CBJT (Community Based Job Training Initiative), eg. Core training in basic pre-employment skills with feeders into demand vocational training programs such as, hotel/facility maintenance, health-related fields, CDL, technology, trades, credit vocational programs.

Potential Contracts and Grants for Sept '05-Aug '06

In the “works” in August-September '05 period, i.e. promised but not yet secured, at this writing:

❖ Monsanto	(\$15,000-\$25,000)
❖ Hale Makua	(\$20,000-\$30,000)
❖ Maui Land & Pine	(\$5,000-\$30,000)
❖ RDP	(\$50,000-\$150,000)
❖ A&B Foundation	(\$25,000)
❖ Small in-house sales:	(\$5,000-\$25,000)
Potential TOTAL:	\$160,000 - \$285,000

- ❖ Contract Training Leads for just the months of Sept-Oct '05 –
23 client leads in comparison to 5 client leads same time last year

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Contracts Business Plan Spreadsheet

Discussion of Contracts and Grants Business Plan

As per the Contracts & Grants Business Plan, there is a significant drop in income between Review years '03-'04 with an income of \$202,772 and net loss of \$4,187 and '04-'05 with an income of \$79,258 and a net loss of \$76,479. Some explanations for that follow. Upon the departure of the Center for Entrepreneurship Coordinator in May '04, the Customized Contracts Training Manager and Contract Training Assistant devoted initially 50-75% of their time during the Summer of '04 creating the Maui County Retail organizational structure and fiscal accounting system. As seen in the Store Business Plan, they continued throughout that program review year to concentrate considerable time and effort in getting the store into an operational mode. They continue to devote time to the store, and we must account for that in this coming year as well, but we are hopeful that the percentage of time will decrease and they can make contract sales and implementation their main priority.

Prior to the VITEC Director's '03 Sabbatical year, she secured a \$90,000 Workforce Development grant from the Mayor's Office of Economic Development that added significantly to the income for '03-'04. When she returned in '04-'05, she was asked to handle several OCET administrative issues, especially to address the PACE program deficit, rather than assuming her usual contracts and grants functions. It takes 6 months to a year to develop and secure large contracts and grants and that lead time became extended as a result of the change in priorities.

Consequently, the year of '04-'05 was a "developmental" year, creating a new Contracts Marketing Catalog and other outreach strategies as well as developing new clients who are in the varying stages of considering training proposals. As a result of our developmental efforts during this year, when we look at the list of client contracts for the first two months of this new review year, we see an estimate of \$160,000 to \$285,000 in potential sales. Significantly, in this two-month period, we are working with 23 client leads versus 5 client leads last year. So we have built a momentum that we look forward to continuing in this coming year.

For our projected year, with a new Contracts Sales & Marketing person (G-funded faculty position) on board full-time in the sales and marketing effort, it is planned that contract income will almost double from this previous year while payroll expenses will decrease, moving contracts into a positive net of approximately \$7000. Contracts' goal for this coming year is to become sustainable, ie. meet its operating margin expenses with a net profit of 5% which is the national standard for Contracts' programs according to continuing ed's professional association, LERN. However, when we consider our current potential sales, it is possible that we may exceed that number.

At the same time, it is hoped that the VITEC Director's time will be freed up from administration and contracts, so that she can devote time to developing grant opportunities and writing grants which hopefully may bring in additional income beyond the projected income in the business plan in '06 and surely in '07. We recognize that our main objective should be developing contracts with our business clients over securing

“soft monies” from grants, but we hope to secure some grants to address our immediate deficits overall in OCET as we transition out of our net losses.

Internal Program Review - Maui County Retail Store Business and Marketing Plan

Executive Summary

The Maui County Retail Store was initially taken on as a partnership with the Mayor's Office of Economic Development and OCET's Center for Entrepreneurship in 2004. The Center's Coordinator had considerable background experience in retail and felt that she could expand the outreach of the Center through this partnership because the Store houses a Business Resource Development Center. However, in May 2004, the Center Coordinator resigned to work on this same project through the Mayor's Office and OCET staff was left with a sharp learning curve on how to run a retail operation. From May to August '04, as mentioned earlier, the Contracts Manager and Assistant spent a majority of their time developing necessary systems for running a retail operation within the U.H. fiscal umbrella.

Plans for Improvement Summary

The Maui County Store is a vehicle that connects the College with the County. The partnership has resulted in a number of learning experiences for the MCC students and staff members. At the same time, the day-to-day operations of a store has required a great deal of time and effort on the part of the OCET staff members, time that could be spent on securing additional funding streams. To improve the situation, a request is being made to secure additional support from the College to ensure continued operations of the County Store.

Maui County Store
Insert business plan here

Discussion of Maui County Store Business Plan

The figures reported in the '04-'05 Business Plan start with the Program Review year of September '04-August '05. When looking at this year and the projected year of '05-'06, the main issue related to the net deficit is the indirect administrative costs of the OCET staff. These costs represent approximately \$40,000 in both years. If this cost was not considered and only the direct costs of the store were examined, the store could be seen as breaking even. It is known in the retail industry that a new retail operation rarely sees a net profit for 3-5 years. Using this benchmark, the store is performing at an excellent rate. However, it is important to recognize as well the price OCET pays in indirect administrative costs to keep the store operating.

Internal Program Review - Maui Language Institute (MLI) Business & Marketing Plan

Executive Summary

Projects Accomplished (2004-05)

Student Enrollments/Registrations:

- MLI's student registration increased from 121 (unduplicated) in '03-'04 to 146 (unduplicated) in '04-'05.

Contribution to Maui Community College's Credit Program:

- In '03-'04, twenty-one (21) MLI students enrolled in the MCC credit program with full-time status. In '04-05, thirty-six (36 – 16 in January; 20 in August) MLI students enrolled in the credit program, full time.
- As of September '05, there are 49 former MLI students registered in the credit program, paying approximately \$3000 each per semester. This totals \$147,000 per semester or \$294,000 per academic year of revenue generated from MLI students for the credit program. This does not include Summer School where there is an assumption that some former MLI students also enroll.

Other Accomplishments:

- Created an Alumni Access database
- Restructured flow and tracking for MLI student information
- Developed a "Session Procedures" list.
- Created a shared folder system between MLI and the Registrar's Office.
- Structured the housing program to comply with Hawaii Real Estate regulations
- Served as model for Kapiolani CC and Kauai CC with *Student Transitional Services Package*
- Launched MLI website.
- Created an HTML letter sent to all students who have contacted Hobsons USA
- Developed procedures for international students to obtain Student Health Insurance and Dental policies.

- Assisted with UHM International Affairs Office in summarizing correspondence and identifying the issues of concern from ISS and any other departments about international student enrollment in a UHM (UHH or UHWO) degree program offered off-site.
- Gathered and input of “International Education Annual Report” data
- Co-chaired MCC’s International Education Marketing and Recruitment Committee
- Launched MLLI hula program as a strong marketing tool
- Sponsored construction and mounting of a Hawaiian hula hale in conjunction with the House of Fountains as part of the Lahaina Canoe Festival.
- Organized and restructured MLI’s social functions to provide greater opportunities for students to socialize.
- Co-founded MCC International Club
- Collaborated with Donna Haytko-Paoa (Molokai Language Institute) on RDP proposal to provide Molokai teachers with adequate training to conduct a summer ESL program for local residents.

Public Relations/Marketing (2004-05):

- Designed and ordered marketing materials including tablecloth, pens, sell sheets, letterhead, envelopes and business cards.
- Developed promotional materials for Chancellor Sakamoto to take on DBEDT’s State of Hawaii Trade Mission to Beijing, headed by Governor Lingle in June, 2005.
- Participated in Sister Cities Festival and made presentations to Fukuyama Chamber of Commerce group and Miyakujima group (including Superintendent of Schools and Mayor).
- Hosted Miyakujima students and chaperone in for private classes in July and for Rainbow Studies program, August, 2005.

Plans for Improvement Summary

Goals (2005-06)

- Implement online application form and payment.
- Revise of website forms and refresh photos
- Establish chat line for prospective students
- Market new hula program
- Revise and market 2006 Rainbow Studies program
- Translate medical info into multiple languages
- Establish ongoing relationship with edu-tourism groups
- Apply for grants for ESL programs
- Develop concierge marketing program
- Hold curriculum retreats
- Distribute promotional materials at Latin American recruitment fair
- Create MLI alumni association
- Establish UH Foundation account
- Continue ongoing program review and assessment
- Launch new hula program
- Transition long-term housing to new dorm
- Develop prospect management strategies

Insert MLI Business Plans here

3 pages

03-04

04-05

projected 05-06

Discussion of the Maui Language Institute's Business Plan

As per the MLI business plan, the program has developed consistently in student enrollments and net income since its inception. MLI achieved a tremendous net income of \$100,000 in '04'05 and this net income has helped defray the overall OCET deficit significantly. LERN (national standards) performance measurement ideals have been met in production, direct costs, operating margin and administration. However, promotion is consistently well below the ideal (10-15%), with 2003-04 promotion at .67% and 2004-05 promotion at .24%. This partially accounts for the net profit percentages falling above the ideal (5%) with 2003-04 at 25% and 2004-05 at 31%. In the 2005-06 estimates, promotion has been increased to 1.52%, which accounts for the net estimate being slightly lower than the previous year at 28%. This conservative increase in promotion should enable MLI to maintain its current level of operation. Additional classroom space and resources will be required for MLI to continue its level of growth.

- **Program Review Budget Implications**

- ❖ Seek College support for the operation of The Maui County Store, which is a positive collaboration with the Mayor's Office of Economic Development and its efforts to promote small business development services for the community. OCET can continue to spearhead this College initiative but would need to receive additional operational support in order to be financially successful. Support would help OCET personnel currently supervising store operations to focus on the primary mission and training objectives of OCET. Therefore, it may remain a college objective but with help from the greater college community.
- ❖ Reallocate general funds to support special funded MLI director's position to ensure stability and long range planning of the College's international program. As the College becomes more involved in the recruiting and retaining of international students, this position becomes pivotal to ensure growth and development of our language institute and the international program.
- ❖ Use underutilized credit faculty who are already paid through G-funds, when and where appropriate
- ❖ Work with MCC Business Office to streamline hiring procedures by working to simplify procedures and forms necessary for hiring the same trainers each training cycle. Find solutions to promote more efficient and effective procedures to handle emergencies such as CDL truck breakdowns and other emergencies that hinder the continuation of programs, thereby saving personnel time and allowing the staff to concentrate on other income-producing activities.

Maui Language Institute Financial Report
Academic Year 2004-2005

	MLI \$	MLI %	Ideal %
Income	\$327,975.10	100.00%	100%
Promotion	\$779.78	0.24%	10-15%
Production	\$134,855.57	41.12%	45-50%
Direct Costs	\$135,635.35	41.36%	60%
Operating Margin	\$192,339.75	58.64%	40%
Administration	\$89,935.67	27.42%	35%
Net	\$102,404.08	31.22%	5%

Maui Language Institute Financial Report - Academic Year '03-'04

	MLI \$	MLI %	Ideal %
Income	\$233,677.00	100.00%	100%
Promotion	\$1,573.32	0.67%	10-15%
Production	\$91,108.58	38.99%	45-50%
Direct Costs	\$92,681.90	39.66%	60%
Operating Margin	\$140,995.10	60.34%	40%
Administration	\$81,115.14	34.71%	35%
Net	\$59,879.96	25.63%	5%

Maui Language Institute Business Plan

Projected 2005-2006

	<u>MLI \$</u>	<u>MLI %</u>	<u>Ideal %</u>
Income	\$330,000.00	100.00%	100%
Promotion	\$5,000.00	1.52%	10-15%
Production	\$135,000.00	40.91%	45-50%
Direct Costs	\$140,000.00	42.42%	60%
Operating Margin	\$190,000.00	57.58%	40%
Administration	\$95,000.00	28.79%	35%
Net	\$95,000.00	28%	5%

Discussion of Public Classes Business Plan

Arts, Culture & Wellness

The Arts, Culture and Wellness classes, formerly known as PACE, is projected to reduce its current deficit of \$195,000 by \$16,000 in the coming year. This year's administrative payroll will be slightly higher than last year's due to union negotiated salary increases as well as supporting a 50% APT coordinator position that is vacant due to a long-term illness. In the past 18 months, PACE, under the direction of OCET Operations Manager, has undergone significant changes to address the current deficit. Classes with small enrollments have been eliminated, trainer contracts have been renegotiated, class supplies have been passed to the consumer and additional classes with potential for larger revenue has and will continue to be added.

Business Training

In '04-'05, the Business classes had loss revenue of approximately \$30,000. Although these classes earned the highest income of \$285,000, this program also embarked on the start-up of a new Commercial Drivers License (CDL) program targeted at a high demand employment market. This new program is anticipated to generate strong future revenue. Also included in the startup is the funding of a CDL Trainer position. However, the CDL program became stalled due to organizational requirements for new policies and procedures. In addition, serious breakdowns of the antiquated training truck caused the program to delay training. In the coming year, Business Training is projected to have the highest payroll costs due to the staff reorganization plan discussed earlier. The G-funded position is being reassigned to the Contracts program and an S-funded APT position is being assigned here. It is anticipated that even with increased personnel and programmatic costs, Business Training will realize a net gain of approximately \$16,000.

Computer Training

There has been a declining national trend in introductory Computer Training and there is a need for these programs to find new training markets. In previous years, the number of Computer Training classes offered has been reduced due to lack of enrollment and a declining national trend for computer training. The computer classes (COMPTECH) had the highest administrative expenses of all program areas in part due to higher administrative cost. The CompTech Coordinator position was filled at a faculty instructor level. The reduced level of classes along with higher administrative wages has caused a deficit of approximately \$98,000. In the coming year, the number and subject areas of Computer classes will increase and classes requiring certification will be and the CompTech Coordinator position will not be filled in order to address the current deficit.

Discussion of Public Classes Business Plan

Business Training

In '04-'05, the VITEC Business classes had loss revenue of approximately \$30,000. Although these classes earned the highest income of \$285,000, this program also embarked on the start-up of a new Commercial Drivers License (CDL) program targeted at a high demand employment market. This new program is anticipated to generate strong future revenue. Also included in the startup is the funding of a CDL Trainer position. However, the CDL program became stalled due to organizational requirements for new policies and procedures. In addition, serious breakdowns of the antiquated training truck caused the program to delay training. In the coming year, VITEC is projected to have the highest payroll costs due to the staff reorganization plan discussed earlier. The G-funded position is being reassigned to the Contracts program and an S-funded APT position is being assigned here. It is anticipated that even with increased personnel and programmatic costs, VITEC will realize a net gain of approximately \$16,000.

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The Arts, Culture and Wellness classes, formerly known as PACE, is projected to reduce its current deficit of \$195,000 by \$16,000 in the coming year. This year's administrative payroll will be slightly higher than last year's due to union negotiated salary increases as well as supporting a 50% APT coordinator position that is vacant due to a long-term illness. In the past 18 months, PACE, under the direction of OCET Operations Manager, has undergone significant changes to address the current deficit. Classes with small enrollments have been eliminated, trainer contracts have been renegotiated, class supplies have been passed to the consumer and additional classes with potential for larger revenue has and will continue to be added.

Program Review Conclusion

- ❖ The Maui County Store supports a positive collaboration with the Mayor's Office of Economic Development and efforts to promote small business development services for the community. OCET can continue to spearhead this College initiative but would need to receive additional operational support in order to be financially successful. Support would help OCET personnel currently supervising store operations to focus on the primary mission and training objectives of OCET. Therefore, it may remain a college objective but with help from the greater college community.
- ❖ Use underutilized credit faculty who are already paid through G-funds, when and where appropriate
- ❖ Work with MCC Business Office to streamline hiring procedures by working to simplify procedures and forms necessary for hiring the same trainers each training cycle. Find solutions to promote more efficient and effective procedures to handle emergencies such as CDL truck breakdowns and other emergencies that hinder the continuation of programs.

Public Classes 2005-06 BUSINESS PLAN

Program Review Year and Projected Budget with Performance Measurements

Program Review Year (F04-S05)

	<u>PACE</u>	<u>BUSINESS</u>	<u>COMPTECH</u>	<u>TOTALS</u>	
<u>Annual Budget</u>					
Income	121,000	285,100	187,100	593,200	100%
Promotion	22,473	22,473	22,473	67,419	11%
Production	33,290	104,030	87,485	224,805	37%
Direct Cost	55,763	126,503	109,958	292,224	49%
Operating Margin	65,237	158,597	77,142	300,976	51%
Administrative Payroll	68,798	167,770	195,540	432,108	72%
Administrative Expenses	3,200	20,400	3,700	27,300	4%
General & Admin. Expenses	71,998	188,170	199,240	459,408	77%
Net	\$ (6,761)	\$ (29,573)	\$ (122,098)	\$ (158,432)	0%

Benchmarks

Number of Courses	287	189	276
Number of Registrations	2,992	2,258	1,581
Average Participant per Course	10	12	5.7
Brochure: Participant Ratio	56/1	74/1	105/1
Average Course Fee	\$40.00	\$127.00	\$118.00
Cancellation Rate	11%	21%	22%

Projected (F05-S06)

	<u>PACE</u>	<u>BUSINESS</u>	<u>COMPTECH</u>	<u>TOTALS</u>	
<u>Annual Budget</u>					
Income	192,600	330,000	224,250	746,850	100%
Promotion	23,596	23,596	23,596	70,788	9%
Production	34,954	109,231	80,701	224,886	30%
Direct Cost	58,550	132,827	104,297	295,674	39%
Operating Margin	134,050	197,173	119,953	451,176	57%
Administrative Payroll	114,366	173,203	115,253	402,822	60%
Administrative Expenses	3,360	7,950	3,885	15,195	2%
General & Admin. Expenses	117,726	181,153	119,138	418,017	55%
Net	\$ 16,324	\$ 16,020	\$ 815	\$ 33,159	4%

Benchmarks

Number of Courses	329	217	315
Number of Registrations	3,442	2,594	1,818
Average Participant per Course	10.5	12.6	6
Brochure: Participant Ratio	59	78	110
Average Course Fee	\$42.00	\$133.00	\$124.00
Cancellation Rate	18%	18%	18%