



**LCBI – Growth Strategy
June 2016**



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Summary

When we look at Lutheran schools throughout North America, we often see a vibrant alumni (boosters) supporting a variety of operational and capital campaigns. Learning from successful processes, understanding our own ministry and developing new strategies, LCBI intends to grow beyond current and historic positions. These are our goals:

- Re-engage our alumni,
- 'Open the tent' to other Lutheran entities,
- Improve our campus life offering
- Improve our communication for both recruitment and fund development
- Vertically integrate into post-secondary

The outcome is a fully resourced school with prudent fiscal accountability.

LCBI needs more students! In order to recruit and support these students we must seek additional markets. Government support comes only after we have registered new students. This recent year, donations to LCBI are down reflecting the downturn in the western economy. The provincial government also capped support based on last year's attendance. As a result, LCBI had to support an additional 13 students in the 2015-16 year without government support.

The first move must include an appeal to our alumni and national church to support growth while opening the doors to other Lutheran entities. LCBI can leverage recent developments such as; approval to deliver International Baccalaureate program, approval of a comprehensive Campus Life curriculum and associated student leadership opportunities.

The second move, a mid-term development is the vertical integration into post-secondary offerings. This is a large move and we have dedicated much of this plan to explaining its development.

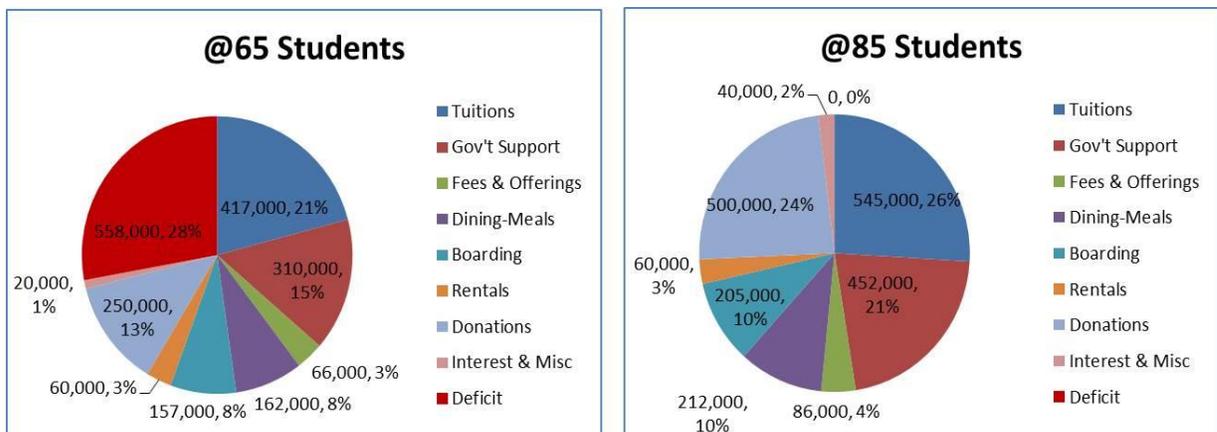


A. Fund Development

We intend on growing three fundamental campaigns and hiring a full time Fund Development Officer responsible for growing personal stewardship connections with LCBI. These campaigns will utilize our new database. We have the ability to send over 1500 emails and 1300 post-mail letters. Even though we have at least as many missing contacts (~1400), the database contact information is becoming very accurate.

a. Sustainable At Scale

LCBI is not operating at a scale where revenues including donations exceed expenses. With an increase in monthly donations, LCBI could reach a balance budget with as few as eighty-five students. Expenses have dropped in the last few years and the school is operating with bare minimum teaching and support staff. In fact, we are short at least two critical positions to bring the skills necessary to execute required growth.



There is no pure business model for private schools without alumni support through continued and growing donations. Donations to LCBI have dropped by one third over the last couple years, while overall costs rise even with a minimum cohort of teachers and minimum support staff.

A campaign focussed on monthly donation would develop a base of support that can be budgeted around and plans made for the future. If even a low percentage of alumni, who are not currently giving could afford a monthly donation equivalent to the cost of a monthly cell phone bill, LCBI would gain significant cash flow to sustain operations.



b. Matching Pool

Two donors are interested in creating a pool which would be used to match primary donations from alumni. I believe this campaign is close to proceeding, as the Fund Development Committee is in final discussions with these donors. The pool would match dollar per dollar from alumni.

The campaign itself would be the marketing of its value and impact to school operations. This would require not only advertising but travel and various engagements where personal connections can be made.

c. Friends of LCBI Mortgage Partnership

The Friends of LCBI Mortgage Partnership currently has several families supporting LCBI through this investment vehicle.

Replacing the credit union mortgage with expanded investment in the Friends of LCBI Partnership would allow LCBI to cost avoid ~\$50,000 annually.

The understanding between FLCBI is essentially that we return 1.5% in interest on the outstanding balance until such time that LCBI can afford to return principal on a monthly or quarterly basis.

Letters have been sent to a number of alumni who are considered to hold above average wealth. The goal of replacing the credit union mortgage was explained. As with the above Matching Pool Campaign we have not been able to present the value and impact to existing stakeholders in a meaningful way.

d. Fund Development Officer

While not all non-profit organizations have professional fund-development officers on staff, any organization that counts on contributed income to provide a substantial portion of its budget should have a professional development director. The important thing is that within even the smallest of non-profits, someone is given the responsibility for the coordination and implementation of contributed income programs. A fund development officer's principal charge is to create numerous, efficient, and compelling opportunities for donors to support an organization and to make the experience of giving satisfying and rewarding.

It is not a good idea for an organization's president to also fill the role of development director. If the organization has a valid mission, the president has a full-time role to play in coordinating and carrying out that mission.

Fund-development needs to be someone’s primary concern. To illustrate that point, look at the following breakdown of the time we propose to be spent by a fund development officer:

- Plan fund-development campaigns and activities 30%
- Manage and evaluate fund-development campaigns 30%
- Recruit and train volunteer leadership 20%
- Identify and cultivate prospective donors 10%
- Stay on top of advancements and changes 10%

B. Fund Raising

a. Art Show

The second annual LCBI Art Show was held on Friday, April 15 from 5:00 – 9:30pm and Saturday, April 16 from 10:00 am to 4:30 pm at the 330 Design Studio and Gallery at 330 Avenue G South, Saskatoon.

This fundraising event supports the talent of friends and alumni of LCBI and supports the Arts in the Saskatoon area. This event showcases the work of five to six artists, each with a number of pieces in the show. The artists are invited to donate up to 40% of the proceeds of their work to LCBI and receive a charitable donation for their gift.

There has been some discussion around a Regina Art Show as well.

b. Ten Thousand Villages Festival Sale

TTV Festival Sales are a way to bring people together but they do require planning, organization and a little work. Yet, with the help of committed people successful events happen across the country.

We can bring in an amazing selection of handcrafted products from around the world without initial cost and can keep a 10% commission. If we organize well we can offer a unique and engaging shopping experience.

Festival Sales are often timed to coincide with larger theme days like World Fair Trade Day or Earth Day, but since we have a good onsite presence during Homecoming we can start a smaller festival sale with less stress.

If we could share Fair Trade with our Western Canadian Lutheran community through Ten Thousand Villages we may be able to develop a continuous, alternate revenue stream.

C. Recruitment

LCBI's traditional market is significantly smaller over the last decade in several ways.

- Fewer Saskatoon students
- Fewer confirmed Lutheran students
- Fewer dorm students
- Fewer students from historic families

The emergence of Saskatoon Christian, Regina Christian, Cornerstone (Moose Jaw) and a few other urban based schools has increased competition for urban students. A number of Lutheran associated families are not following traditional confirmation. Our ratio of students is now 50% day students and 50% dorm students, causing an in balance in both food services and dorm staff costs. And, for various reasons historic LCBI families have chosen not to send their children to LCBI.

There is a clear need to 'open the door' to other Lutheran groups, which requires a broad approach from governance to recruitment. There are opportunities:

- Concordia in Edmonton has closed. So the question may be asked, "where are these LCC students attending school?"
- Lutheran Brethren students need to travel to Minnesota.
- NALC families have no Lutheran high school yet.
- Luther and LCBI are the only Lutheran High Schools in Canada.

The LCBI Board of Regents has struck an advisory committee, delegated with the task to investigate opportunities to open the door to other Lutheran groups, while the President has initiated conversations with LB and LCC leadership relaying LCBI's desire to gather all Lutheran students.

This effectiveness of these efforts will depend on will and resources.

a. Domestic- Programming

We have maintained a full-time Recruitment Officer over the last few years and have produced a tactical series of events.

Spend-A-Days

- Three per semester
- One per semester to coincide with a Sun West PD day to allow ~~close~~ local students to come see the school
- Potential students shadow current students to experience a regular day as an LCBI student

Autumn Preview Weekend

- Date: November
- On- campus Preview Weekend for potential students and their parents
- More family oriented activities and parent specific information



- Coordinate with fall drama or a fall concert if possible **

Open House

- Date: May/ June
- Promoted to high school students specifically but event open for grades 7-9
- More directed promotion with personalized invitations by phone to target potentials
- Follow up with notes from current students

One on One with Families

- Relationships developed between the Recruitment Officer and potential families through the Recruitment Committee.

Go Teams

- Student teams that travel for LCBI events to promote the school
- Often musically based
- Will travel to Celebration Dinners
- Opportunities to lead worship and youth events in communities around LCBI
- Set up opportunities to reach camp kids through Kinasao, Metochos, and Kuriakos.

Travelling Youth Nights

- Work in conjunction with Go Team initiative and the Key Geographical Areas initiative
- These nights would become recurring youth centered “experience” events in select regions
- Partner with active youth groups that exist in the area to plan and host a larger – multi church event
- Recurrence will help build momentum, and consistency will help promote the LCBI brand

Future Bison Program

- This is for any child under the age of 14 (or grade 9 and younger)
- Membership as a Future Bison will get you:
 - 2 day passes to the Cliff Adelman Invitational Volleyball Tournament and the Rick Johnson Classic Basketball Tournament
 - 4 passes to the Spring Musical
 - entered to win prizes in our Future Bison of the Month contest
- Grade 9 students will also get
 - invitations to school information nights and preview events
 - scholarship and spend-a-day information



b. International

1) Hong Kong

The President is currently working with several graduates from Hong Kong to setup a non-profit corporation in Hong Kong. This entity would recruit, determine English language skills and complete application and visas for potential students.

As of late, there have been a few hurdles in creating this entity. We assume such an entity would be contrary to Hong Kong's (or China's) wishes regarding the export of students to Canada. As a result, part of our efforts will shift to mainland China, still using our existing connections.

2) Brazil

A more recent development, which would produce students for the fall of 2016, is working with the Rotary Outbound/Inbound Program.

Brazil's economy and social integrity is strained to the point where many parents wish for their children to be in a safe and stable environment outside of Brazil. In the recent past, LCBI has hosted Christian students (practicing Roman Catholics) with wonderful success. These students appreciate and integrate very well into LCBI's Christian family environment.

The potential to add ten (10) foreign students to LCBI's roster is imminent and quite possible given the opportunity to spend resources on this recruitment initiative. The financial outcome of ten new foreign students adds \$230,000 to our revenue stream.

D. Product Development

a. Campus Life Curriculum

Our academic operation has a mature structure whereby dedicated class times, specific curriculum with highly trained staff and hierarchy manifest effective results. Campus Life, as a critical operational component, has in the past very little of the above structure. Significant after-class hours remain unused. Outside of team practices, supervised study (academic) and once a week bible study, many hours are open for leadership opportunities.

The board approved Campus Life Curriculum supports ten areas of learning; Christian Understanding, Character, values and Ethics, Outdoor Education, Intercultural Understanding, Creativity in various Arts, Health and Wellness, Leadership, Environmental Stewardship, Communication and Life Skills and Community Service.

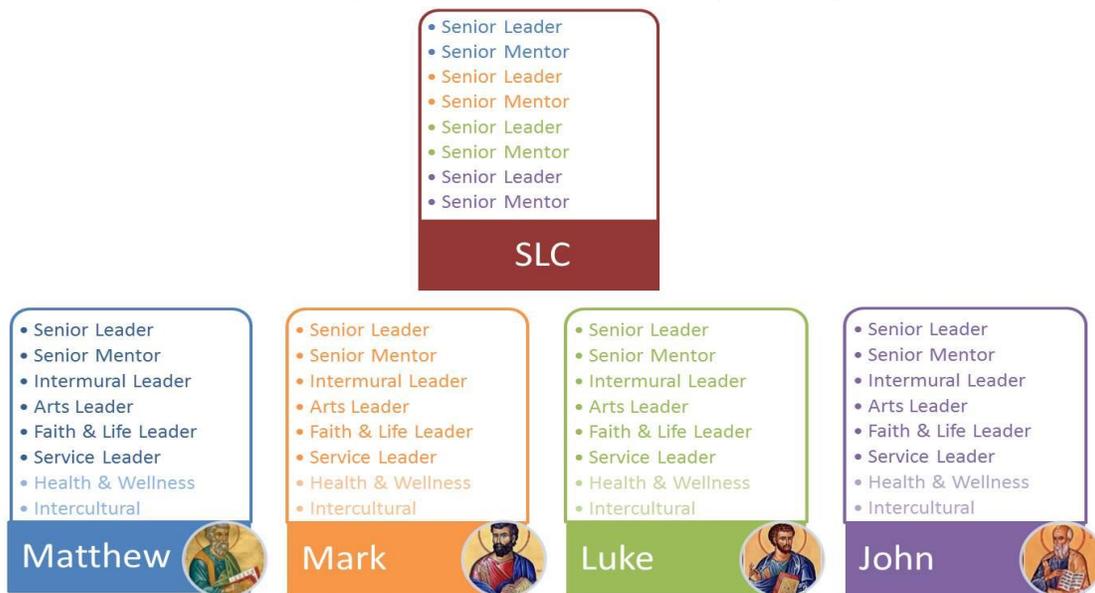
Campus Life strategies will be executed through formal and informal instruction in a variety of formats. There are eight main structural components to LCBI's Campus Life Curriculum: Orientation, Dormitory Community, Campus Life Community, Study and Academic Support, Evening Programs, Weekend Programs, Life Skills and Leisure, and Leadership.

The Campus Life Curriculum can be viewed in hard copy or at:

http://lcbi.sk.ca/campus-life-curriculum/campus-life-curriculum_r2/

The associated student leadership opportunities and provide practical leadership challenges

**Student Leadership Opportunities
(4 houses + Student Leadership Council)**





b. Communications Officer

Companies now communicate with consumers and stakeholders in a significantly different way and through new channels that didn't even exist a few years ago. As a result, LCBI management and board are closely examining our strategic communications.

Restoring stakeholder confidence shaken by the economy is just one element that is spurring many organizations to rethink their communications strategies. Businesses recognize that they will increasingly need varying but integrated messages to reach different constituents.

Many non-profits are making corporate communications a more comprehensive role, one that sits in the leadership team and is far more connected to the business and to revenue streams than typically than in the past. The result is a communications role charged with centralizing, developing, leading and executing an integrated communications plan.

LCBI is facing similar challenges and should be responding in the best practice of successful organizations. Our future Communications Officer (CO) must be able to develop and execute strategies across multiple channels and is expected to be at the table for a wide range of discussions. This person's network will extend broadly throughout the school and education industry. The CO's network should develop alongside the Fund Development Officer's network into other industries, where our major and minor donors live.

Our CO's responsibilities and time allotment will include:

- Communicating Company Culture, Values and Message 50%
- Communications Strategy and Infrastructure 25%
- Business Intelligence and Stakeholder Interface 25%

No matter how brilliant our future communications officer is, he or she inevitably will fail without the right resources. The most progressive organizations ensure their CO has the critical mass of financial resources required to do their job effectively.



E. Stakeholder Engagement

a. Spring Gala

LCBI Homecoming weekends offer a great opportunity to reunite alumni and while we could improve activities for all generations, most attendees have a wonderful time. However, Homecoming misses four of the five years of alumni and does not provide much opportunity for stakeholders to gather around school issues and provide feedback for development.

We plan to host LCBI Spring Gala, a short one day and evening event alternating in Western Canadian cities, with alumni from all graduation years. We would present one plenary session related to professional development and one session with respect to school development and an evening banquet.

This is not a stewardship event; a down-to-earth structured presented is intended to communicate important projections. Gather alumni graduating in recent years, we hope to develop a lasting relationship with LCBI, leading to future students and monetary support.

One of the options for determining programming is a “Monkey Survey”, which has been used in the recent past. The increased accuracy of our database will allow us to put forth this kind of survey. We now have the capability to reach almost half of our total alumni via email.

b. Fall Celebration Dinners

LCBI has enjoyed caring, generous, prayerful support from generations of friends and alumni. Fall Celebration Dinners are primarily ‘Thank You’ events. We invite friends and alumni from specific areas to share an evening of good food, warm fellowship and fine music, as well as to hear about LCBI’s plans for the future.

It’s a simple format that varies from region to region from potlucks to catered events given nature of the area. Stories are a big part of this series of dinners. Unabashedly phrased, alumni have shared and continue to share their heart felt and sometimes mischievous tales.

Last year LCBI held six dinners; Saskatoon (2), Outlook (1), Yorkton (1) and Calgary (2). This year, we hope to host in Edmonton (2), Prince Albert (1), Lethbridge (1) and Regina (2). Attendees have a chance to participate in a silent auction during the meal or add to the freewill offering plate. There is always music from either alumni or an LCBI GoTeam and a presentation from the President.



F. Vertical Integration

a. Introduction

This section presents a development opportunity through offering post-secondary courses on the Lutheran Collegiate Bible Institute (LCBI) campus. The concept is similar to LCBI's history of offering a two-year bible program albeit new proposing to offer university courses.

This development considers the opportunity to mitigate the significant risk of universities while considering future high demand industries.

A new entity, LCBI College would offer the first and second years of a typical university degree, depending on partnerships with either Lutheran Theological Seminary, University of Saskatchewan or University of Regina. LTS campus could host the 3rd and 4th year classes, for the benefit of both LCBI and LTS.

The primary benefit for LCBI is a 40% increase in campus enrolment and an undetermined increase in LCBI High School enrolment. Additional benefits include peer mentoring, and deepening relationships with other Lutheran and post-secondary entities.

The first step is to open partnership discussions.



b. The Opportunity

The U.S. post-secondary industry is roughly in the same position as the U.S. housing market was 3-4 years before its collapse.

The documentary, *Ivory Tower*, explains the escalating race for student enrolment. In summary, U.S. universities have spent tremendous amounts of money building 'gold plated' student centres and dormitories. These universities are now in a position where they cannot afford the associated debt.

While our Canadian universities do not partake in student marketing with the same degree of risk, their path is similar. The largest risk for all universities is the first and second year students that drop out soon after they start in the fall. Monies planned to be in university coffers to make dormitories and student centres cost effective, must be repaid and the associated gap in enrolment creates a short fall in government subsidy.

Hope College, an upstart private college in Drumheller Alberta, executed appropriate diligence to attract a number of doctorate, master and baccalaureate instructors to teach health science courses. By the second semester of the second year, wherein the first cohort of students were soon to graduate, the University of Lethbridge and the University of Regina approached Hope College on their own, offering to discuss a full transfer into third year programming. Even as an 'upstart' institution, Hope College had mitigated the first and second year risk for these universities and received notable reward.

LCBI can grow its student enrolment significantly through offering college level courses under a new entity. LCBI High School and the new College can utilize the same infrastructure given the current capacity. The College can leverage its own growth through mitigating industry risk; grow sustainable measures as well as high school enrolment.

I recommend watching the Ivory Tower trailer here,

<http://www.imdb.com/title/tt3263520/>

or the full documentary here;

<http://hdmovie14.net/watch/ivory-tower-2014/fullmovie-putlocker-megashare9.html>



c. Capacity

The question of execution is material ... can we do this?

LCBI had offered, for many years, a two-year Bible program post-secondary to our regular high school offerings. The addition of a College to the logistics and infrastructure of our campus is not much different.

The current capacity of our administrative team is adequate to initiate the entity and manage the additional courses given a few more hours to less than full-time staff members.

The difference between the LCBI Bible program and any other post-secondary offering is the degree of instruction and the partnerships other post-secondary institutions.

LCBI High School is utilizing 63% of classroom space under the current five-period system (including chapel time) at 60 students. At 90 high school students, LBCI High School will be utilizing approximately 75% of classroom space, providing room for additional college courses.

Admissions would flow through the same process as used for LCBI High School. A senior member of our academic staff currently at 60% utilization could handle instruction coordination.

The additional requirements are manageable if met with willingness of partners to engage the opportunity. The College could offer classes through various post-secondary partners with their approval. If Liberal Arts course are included, LCBI College could also support a program leading to entry into LTS.



d. Benefits

1) Immediate Enrolment

The immediate benefit is the enrolment in post-secondary courses.

Estimating a low LCBI High School enrolment of seventy (70) students, we should see an increase in our Grade 12 enrolment to about thirty (30) students. If Ten (10) or one-third of Grade 12 students were to enroll in post-secondary courses through the College, LCBI would realize a 21% increase in overall enrolment on campus.

If LCBI were to offer two-years of post-secondary before students moved on to an associated university, we would realize a 40% increase in overall enrolment on campus over those same two years.

A draft income statement is provided in the Business Model section. The financial impact includes a minor loss in first year revenue (not including startup funding). In the second year LCBI would realize \$227,000 in operating revenue with approximately 50% margin, producing an additional \$87,000 in contribution to LCBI.

2) High School Enrolment

Hosting a defined post-secondary path enhances the opportunity for LCBI High School to recruit for secondary education. Luther High School (Regina) has no determined measure of additional high school enrolment due to existence of Luther College yet understands the link is valuable from a brand perspective. LCBI management recognizes that as a rural school, the idea of mitigating away from home costs in the first and second years of post-secondary will enhance high school enrolment.

3) Peer Mentorship

LCBI Bible program students held a special place within LCBI. High school students recognized Bible students as peer leaders, mentors and as importantly showed high school students the opportunity for post-secondary education. The same would apply with college level students, especially from those who were students of LCBI High School.



e. Strategy

1) Partnerships

It is important that partnerships be clear and compatible. The type of engagement will determine programming and instruction.

If for example, LTS were willing to host 3rd and 4th year classes within their facility and/or willing to host the students within their residence, programming and instruction would be aligned to benefit LTS and the College.

2) Incorporation

The College would be a non-profit corporation. The College earnings would be unlimited while retaining limited liability. The board of the College would not profit from earnings.

As a separate entity from LCBI High School, all legal and financial risk is held with the College unless capitalization required mortgage security. In this case, the additional security may restrict LCBI assets in the long term.

The College could leverage knowledge regarding start-up including incorporation from Hope College. Kindred incorporation documents could be available for review and submission at a significant cost reduction.

3) Marketing

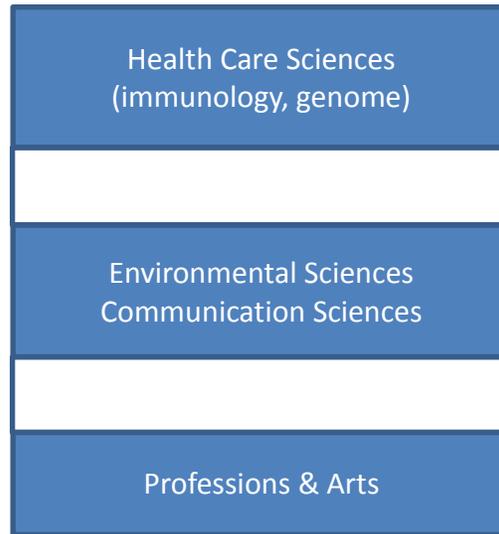
The College would have a 'captive audience' and market internal to LCBI High School. Regional marketing would also make sense. Regional students/parents who preferred to stay home for their first two years of college could be day students, cost avoiding significant living costs in Saskatoon or elsewhere. This limited marketing requirement makes best use of current recruitment capacity.

4) Timing

The development of post-secondary offerings is a mid-term project. It will take two years from the time of first investigation into partnerships to delivering the first class. If partnership discussions started in the fall of 2016, The College would potentially host its first cohort in the fall of 2018.

5) Programming

Research from other post-secondary developments in Western Canada, indicate 3-4 segregations for skills demand of future industries as noted below.



While the Techs & Trades fluctuate with certain economic conditions, professions and arts are generally in greater demand. The gap between the Professions & Arts demand and specific environmental & communication demand indicate the growth of IT within the general public and the focus on climate change issues including agricultural practices.

The demand for future health care workers skilled in specific areas is the highest and health care workers in general, given the propensity of governments to release certain controls, will provide the highest demand for the next twenty years.

Certain technologies do rise above the average of Techs & Trades such as programming and applications for health care and environmental sciences. For these areas, and advanced sciences, a baccalaureate in Liberal Arts is becoming a background demand for employment with technology corporations. As a result, 'ivy league' universities continue to encourage a liberal arts path, due to its inherent ability to build beyond 'geek' skills.

Depending on the College partners, either bio-sciences, environmental sciences or liberal arts would be likely programming choices. If the programming is in the Liberal Arts range, The College could offer its own diploma leading to entry into LTS.



f. Business Model

The College business operations would be 60/40 split between direct cost and additional overhead. Given that a significant portion of overhead costs are already in place, only a minor loss is experienced in the first year and net margins are 38% in the second year.

All instruction is likely to be adjunct during the first several years and noted under direct costs. Overheads such a classroom space and administrative time can be distributed.

The following Proforma Income Statement (two years) briefly describes associated revenues, costs and margin contribution to LCBI.

LCBI College - Estimated Earning Statement								
Estimated revenue	2017				2018			
	Rate	#	Amount	% rev	Rate	#	Amount	% rev
Start-up funding			200,000	65%				
Tuition	6,200	10	62,000	20%	6,600	20	132,000	58%
Student Fees	500	10	5,000	2%	500	20	10,000	4%
Residence Income	8,500	5	42,500	14%	8,500	10	85,000	37%
Total Estimated Revenue			309,500				227,000	
Estimated Expenses	Rate	#	Amount	% exp	Rate	#	Amount	% exp
Direct Costs								
Instructional Costs	5,400	5	27,000		5,400	5	27,000	
Scholarships & bursaries			2,480	4%			5,280	4%
Property Lease	1.00	2,000	2,000		1.00	2,000	2,000	
Student Residence	4,000	5	20,000		4,000	10	40,000	
Student activities			3,000				3,000	
Marketing			2,000				2,000	
Program expenses			5,000				5,000	
Hardware & Software			5,000				5,000	
Licensing & Bond			3,000				2,000	
Classroom equipment			2,000				2,000	
Direct Costs Total			71,480	60%			93,280	67%
Operating Margin (loss)			35%				59%	
General & Administrative								
Staff Allocation			30,000				30,000	
Office expenses			5,000				5,000	
Travel & meals			2,000				2,000	
Professional (Lgl & Acc)			5,000				5,000	
Dormitory assets			5,000				5,000	
General & administrative total			47,000	40%			47,000	34%
Total estimated expense			118,480				140,280	
LCBI Contribution			(8,980)				86,720	
Net Margin			-3%				38%	