Ratios for Success

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LERN

Ratios for Success

by
The LERN Staff

About this publication

This is a publication of the Learning Resources Network (LERN), the leading international organization in class programming, providing information and consulting expertise to organizations offering classes for adults.

Founded in 1974, LERN provides "Information That Works" ® to a variety of institutions involved in class programming, including colleges and universities, public schools, community colleges, recreation departments, hospitals, independent and community groups.

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Guarantee

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Contents

Ratio: Teacher Pay

Definition: This is the amount an individual teacher or instructor receives from your program.

Ideal: Flexible.

Importance: Teacher pay scales obviously directly influence Teacher Costs. The concern of the administrator is not how much teachers are paid, but how much teachers cost from a percentage-of-income standpoint.

Explanation: The ideal system is one which gives you as the program administrator the greatest flexibility. The more rigid the system, the less ability you have to control costs and create financial self-sufficiency. The objective of the program is to serve learners. A program which is losing money will not be able to serve learners well, or for very long.

Teacher pay varies by type of institution and region of the country. Here are a few averages for hourly pay:

Community Classes (avocational, leisure, personal growth): $18 - $20 an hour.

Business Classes (management, quality, technical, computers): $25 - $75 an hour, with computer classes on the high side.

Consultants (daily rate): Overall, around $900 a day for a consultant. Consultants in the field of education average around $750 a day for consulting. These figures are from "The Professional Consultant," which does an annual survey.

Note: Hourly fees are not necessarily recommended. Examine flat fee rates and percentage-of-income rates and determine which system is best for your program.

■ Ratio: Staffing

■ Definition:
Staffing is the administrative staff in your program, including professionals and support staff, needed to operate your program. It does not include teachers.

■ Ideal:
One full time person for every $100,000 - $125,000 income.

■ Importance:
Keeping indirect or administrative expenses under control is an increasingly important issue in managing programs.

■ Explanation:
Successful programs expect each full time equivalent staff person to generate between $100,000 and $125,000.

The figure is useful in determining overall whether your program is overstaffed. The figure includes all your staff, support staff as well as individual programmers. Thus, it is not a guideline for what each individual staff person needs to produce in income, since support staff and others are not directly responsible for generating program income.

But it is an important guide in controlling staffing costs.

The question used to be how many staff people should a program have per thousand enrollments. But that question is variable depending upon how much customer service administrative staff provide. That is, how much do administrators do for teachers, learners and so on. From a financial point of view, the "number of enrollments" measurement has been replaced by a financial measurement. It thus takes into account differing pricing and thus different customer service/work assignments.

■ Related Ratios:
See also "Administrative Costs."

- **Ratio:** Cost Per Returning Participant

- **Definition:** The Cost Per Returning Participant is the promotion cost to get someone to return to your program.

- **Ideal:** High dollar, high percentage return rate, low cost per participant.

- **Importance:** The importance of the Cost Per Returning Participant is to segment your target audience into new and returning participants. Returning participants will contribute 50% - 70% of your income, and thus you benefit from attention given to increasing this income.

- **Explanation:** Returning Participants represent the majority of your enrollments. They respond with a very high response rate to returning to your program. Because of this high response rate, as compared to a relatively low response rate for new participants, you can actually spend "high dollars" on an individual or per piece basis and still have a very low cost per participant.

For example, we recommend keeping a mailing list of every past participant and sending each person a brochure. Of course, you want the cost of getting a participant to return to be as low as possible. But if getting a participant to return requires a more costly investment on a per piece basis, it might very well be worth it.

To illustrate, say we have a mailing list of 1,000 past participants. We average 150 people per session, each taking 1.5 classes, or 225 registrations. Two-thirds, or 66% are Return Participants. One-third, or 33%, are new each session. We print 11,000 brochures at a cost of $.25 each.

Now let's figure out how much my New Participants cost per registration. I distribute 10,000 brochures at $.25 each, or $2,500, and generate 75 enrollments (one-third of 225), for a cost of $33 per New Participant. That's how much it costs me to acquire each new registration.

Now let's figure out how much my Return Participants cost per registration. I distribute 1,000 brochures to my mailing list at $.25 each, or $250 and receive 150 registrations (66% of 225). The cost per registration is thus just $1.66.

If I can increase my Return Participants by 25 from 150 to 175, my Return Participation Rate will go up 4% from 66% to 70%. If by mailing those brochures first class with a letter in an envelope generates 25 more registrations, I will come out ahead even though it appears to be an expensive proposition.

New numbers: 1,000 X $.50 per piece (includes higher postage, letter and envelope) = $500. My cost of $500 divided by 175 enrollments = $2.85. I have almost doubled my per registration cost with my first class "expensive" mailing, yet my Cost Per Returning Participant is still well below my Cost Per New Participant, and I have generated an 11% increase in income and operating margin.

- **Related Ratios:** "Cost Per New Participant;" "Return Participant Rate."

- **Ratio:** Cost Per New Participant

- **Definition:** The promotion cost to generate an enrollment from someone who has not attended your program before.

- **Ideal:** Higher than your Cost Per Returning Participant.

- **Importance:** By dividing your participant base into two groups, Returning Participants and New Participants, you can better gauge the effectiveness of your promotions.

- **Explanation:** It costs six times more to generate a new registration than to get a previous participant to enroll again.

Thus, in your promotional analysis, you want to calculate your Cost Per New Participant as a different figure from your Cost Per Returning Participant.

The primary rationale is that you may want to develop separate and sometimes "expensive" promotional strategies for your previous participants, as these seemingly expensive strategies may in fact be far more cost effective than trying to generate a new enrollment.

- **Related Ratios:** See also "Cost Per Return Participant" and "Return Participation Rate."

- **Ratio:** Lifetime Value

- **Definition:** Lifetime Value (LTV) is the monetary value of a participant over that person's "lifetime," or length of time the person spends with your program.

  The formula for Lifetime Value is (1.0 divided by 1.0 minus your Return Participation Rate) times your Average Class Fee.

- **Ideal:** To increase LTV.

- **Importance:** By conceptualizing a participant less as a one-time customer and more as a 3-5 year customer, or even longer, your promotion and customer service strategies change in order to maximize the Lifetime Value of your participants to your program.

- **Explanation:** To illustrate, if two-thirds of our participants return each session, our Return Participation Rate is 67%. If our Average Course Fee is $100, then our LTV for each participant is 1.0 divided by 1.0-.67 (which is 3) times $100, or $300.

  This alone indicates than losing a registration may not be losing $100, it may be losing $300, since the average person will register with us for another two times.

  But now look what happens if I increase my Return Participation Rate 13% to 80%. The calculation becomes 5 X $100 = $500, or almost double.

  So by retaining my participants better, I can increase substantially my income over a period of several years. If I implemented price increases along the way, that LTV would increase even more.

  The implications are to view your participants over the long term, and to devise strategies to maximize your Return Participation Rate.

- **Related Ratios:** See also "Return Participation Rate" and "Average Course Fee."

- **Ratio:** Maximum Number of Classes To Offer

- **Definition:** This is the maximum number of classes which can be offered in one brochure efficiently.

- **Ideal:** 300 - 350 courses.

- **Importance:** The importance is in the efficiency of your operation.

- **Explanation:** This ratio may very well be a controversial one with larger programs, as there are a good many large successful programs with many more than 350 courses. We have seen catalogs with 750 courses and beyond.

But we would argue the following points:

1. An individual cannot absorb, read or be attracted to 750 courses. Obviously, the brochure with 750 courses has a wide market which is divided into several market segments.
2. An individual is better reached by a brochure that lists only the courses or activities which would be of interest to that individual.
3. A brochure with 750 courses, of which only 250 are of interest to any one individual or market segment, is wasting two-thirds of the brochure.
4. Many individuals will not look through a brochure with 750 courses in order to find the one course that might be attractive.
5. Dividing a 750 course brochure into three 250 course brochures would enhance market penetration without substantial additional costs. With three brochures, the organization can better target its segments. Average participants per class would go up with a 250 course brochure.

Ratio: Average Participants Per Class

Definition: The total number of enrollments (or registrations) for a session or year, divided by the number of classes offered.

Ideal: Answer one: Varies. Answer two: 15.

Importance: This ratio is critical in predicting enrollments and in analyzing expenses. It is one of the four basic ratios successful programmers use to determine the number of courses to offer and the number of expected enrollments for an upcoming session.

Explanation: Some programs use the figure Total number of enrollments divided by the number of classes ACTUALLY RUN. Using this formula will give you a higher Average Participants Per Class than using the number of classes OFFERED.

The number of classes OFFERED formula provides a more conservative figure that takes into account the space, money and time used in offering classes that are cancelled.

Answer one: Varies. This answer or "ideal" is provided for all programs offering open enrollment classes. That is, your average may vary depending on the type of classes offered and the institutional setting.

Answer two: If you are offering avocational, leisure classes oriented towards individuals in the general public, the national average in the early 1990s for Average Participants Per Class is 15.

This ratio is useful in many ways:

1. In projecting future enrollments, multiply the number of courses offered by your Average Participants Per Class to determine the number of enrollments you can expect.

2. If your Average Participants Per Class is significantly below 15 (for example at 8 or 10), you very well may need to increase your promotion. Your task, then, is to get more participants in the same number of classes.

3. If your Average Participants Per Class is significantly more than 15 (for example at 18), you very well may need to increase your offering in order to increase enrollments.

That is because it is very unlikely you can increase your Average Participants Per Class to 25 or 30. Thus, the only way to increase enrollments is to increase the number of classes offered.

Related Ratios: See also "Average Course Fee," "Overall Course Cancellation Rate," and "Brochure:Participant."

- **Ratio:** Average Course Fee

- **Definition:** The Average Course Fee is the average amount of money a participant pays for one registration in one class. The formula is the Total Income divided by the Total Registrations. The figures can be either for a session or year.

- **Ideal:** For all open enrollment programs: Varies. For community classes: $35 - $75.

- **Importance:** The importance of the Average Course Fee is twofold. The most important aspect of the ratio is that it is a primary ratio in calculating income, projecting income, and analyzing programs. The second aspect is that the average can be an initial gauge as to whether your fees are too low or too high.

- **Explanation:** The Average Course Fee will vary according to your type of program. For all open enrollment programs, the Average Course Fee can range from $10 to $1,000. For community classes which offer avocational, leisure and business classes for individuals in the general public, financially self-sufficient programs have an Average Course Fee ranging from $35 to $75.

  The real use of this ratio is in projecting enrollment income and analyzing your program. It is one of the key ratios from which to base your projections and your financial plans.

  Note: The Average Course Fee is NOT the amount of money a course generates. It is the average registration fee paid by a participant.

- **Ratio:** Brochure:Participant

- **Definition:** The number of brochures it takes to get one registration or enrollment. The formula is the Number of Brochures Distributed divided by the Number of Registrations. The figures can be for a session or a year.

- **Ideal:** Varies by size of community.

- **Importance:** This is a benchmark ratio from which to determine the success of your promotional efforts.

- **Explanation:** The number of brochures it takes to generate one enrollment depends more on the size of the community than any other factor. In large cities, the ratio may be 100:1 or more. In medium sized communities it may be around 50:1; and in small communities of 10,000 or fewer, it may be around 20:1.

  The importance of this ratio is to understand how many brochures it takes to generate an enrollment. The benchmark is then useful in testing other promotional strategies. Those strategies which prove more successful than your overall Brochure:Participant ratio can then be adopted, while tests of promotions which perform more poorly than your overall Brochure:Participant ratio can then be discontinued or revised.

  The ratio is also critical in determining whether to cut promotion. Some programs have cut brochure distribution, only to find that they have cut enrollments. On the other side, some programs have found they can increase enrollments simply by increasing the number of brochures distributed.

- **Related Ratios:** See also "Response Rate."

- **Ratio:** Cancellation Rate

- **Definition:** The percentage of courses or activities offered that are cancelled due to lack of enrollments or registrations.

- **Ideal:** The formula is Number of Courses or Activities Cancelled for a given session or year divided by Number of Activities Offered

- **Importance:** The cancellation rate is one of the key ratios in assisting in predicting and managing enrollments.

Ratio: Predicting Enrollments

Definition: Enrollments can be predicted for a given session or year by using the formulas given here.

Ideal: First formula: Number of Classes Offered times Average Participants Per Class.
Second formula: Number of Brochures Distributed divided by your Brochure:Participant Ratio.

Importance: Predicting Enrollments is good; but Managing Enrollments is better. By understanding and using the formulas above, and their related formulas, you can Manage your Enrollments and thus adjust your work plan or marketing plan to enhance your enrollments and achieve your stated income objectives.

Explanation: By multiplying your Average Participants Per Class times your Number of Classes Offered, you can predict the number of enrollments for an upcoming session or year.

One mitigating factor is the number of brochures distributed. You need to distribute enough brochures to generate the enrollments required to meet your objectives.

For instance, say our Average Participants Per Class is 15 and we offer 50 classes. We can expect 750 enrollments.

But if our Brochure:Participant Ratio is 50:1, and we only distribute 25,000 brochures, we could expect only 500 registrations and thus might fall short of our enrollment objectives. Thus, we would want to distribute 37,000 brochures in order to make our enrollment objectives.

Related Ratios: See also "Predicting Income," "Average Participants Per Class," "Brochure:Participant Ratio" and "Number of Courses to Offer."

- **Ratio:** Predicting Income

- **Definition:** This is predicting or projecting registration fee income for a given session or year.

- **Ideal:** Use the formula of Number of Registrations X Average Course Fee.

- **Importance:** Predicting Income is the logical and feasible outcome of Managing Income, which is controlling the variables that will determine your Income.

- **Explanation:** By knowing the formulas for Predicting Income, you can then manage your program's income. It is Income Management that is the real objective here.

Managing Income is controlling the variables that make up income so that you can meet your budget goals. That is, your Predicted Income will equal your Budgeted Income.

Income Management can begin at either end of the spectrum. If we begin with the Number of Courses Offered, we can figure out what our income will be. Or we can start with our Budgeted or Predicted Income, what income objective we want to achieve, and work backwards to find out what we have to do in order to achieve that income. In either case, the objective is to know in advance what income we can expect and then make adjustments in our work plan in order to change our Predicted Income if that is necessary.

As Predicting Income involves a small chain of formulas, see "Predicting Enrollments" for the formula for calculating the Number of Registrations you can expect for a given session or year.

- **Related Ratios:** See also "Predicting Registrations" and "Average Course Fee."

- **Ratio:** Number of Courses To Offer

- **Definition:** The number of courses to offer is the number of activities, topics or classes to offer in order to achieve your program's objectives.

- **Ideal:** Divide the number of enrollments needed by your Average Participants Per Class. This will give you the Number of Courses to Offer in order to meet your enrollment (and by extension, your income) objectives.

- **Importance:** By knowing how many courses you need to offer, you can manage your program and thus manage enrollments and income in order to meet your objectives.

- **Explanation:** By working backwards from income to enrollments to courses, you can determine how many courses you need to offer.

Note: If your Average Participants Per Class is figured only for active classes, you will need to factor in a cancellation rate. That formula is: Classes Actually Run divided by (1.0 - cancellation rate) = Classes to Offer.

A further determination by division will make Enrollment Management even more successful. For each Division take the number of enrollments in those courses in the past session or year and divide by the Average Participants Per Class for that division. This will give you a figure for the Number of Courses to Offer for each of your divisions.

Thus, you will not only know how many total courses to offer, but in what areas or divisions. Then you know more exactly what kinds of courses to go out and recruit.

- **Related Ratios:** See "Course Cancellation Rates," "Predicting Enrollments," and "Average Participants Per Class."

- **Ratio:** Number of Old Courses to Offer

- **Definition:** An "old" course is one which has been offered successfully in the previous session.

- **Ideal:** 70% - 90% of offerings.

- **Importance:** The appropriate product mix of new courses and old courses will help programs maximize their enrollments as well as position the program for future success by keeping current with the trends.

- **Explanation:** It is only the exceptional (in the sense of unusual, not in the sense of excellent) program that should not offer new courses.

  But there is a range of old and new courses which should be offered.

  A product mix (course offerings) which has 70% old courses, and therefore 30% new courses, is more innovative and on the creative edge.

  A program which has a product mix of 90% old courses, and therefore 10% new courses, is more conservative and traditional.

  These two percentages (70%-90%) represent the range within which successful programs operate. There are few successful programs, for example, that only offer 2% new courses; or on the other hand, there are few successful programs which have 50% of their offerings as new.

- **Related Ratios:** See also "Number of New Courses to Offer," "Old Course Cancellation Rates." and "New Course Cancellation Rates."

■ **Ratio:** Number of New Courses to Offer

■ **Definition:** A "new" course is one which has not been successfully offered in your program before. Occasionally, courses which have been successfully offered in the distant past (more than 3 years ago) can be included in the "new" course category.

■ **Ideal:** 10% - 30% of course offerings.

■ **Importance:** New courses keep your program on the cutting edge of offerings. As your target audience(s) interests change, your product mix needs to change in order to keep current.

New courses also promote the image of your program as one with the new interests, and people will read your brochure to find out about what new topics people are learning.

■ **Explanation:** New courses offered by successful programs range from between 10% and 30% of their total course offerings for any given session.

Successful programs with 30% new courses are often on the innovative side of the scale. Sometimes these programs are independent programs serving younger adults.

Successful programs with 10% new courses are sometimes on the more conservative or traditional side of the scale. Some universities have 10% new courses.

However, there are few successful programs with MORE than 30% new courses, or FEWER than 10% of new courses. This is the range of new courses for successful programs.

■ **Related Ratios:** See also "Number of Old Courses to Offer," "New Course Cancellation Rates," and "Old Course Cancellation Rates."

Ratio: Response Rate

Definition: The Response Rate is a direct mail term indicating the percentage of persons responding to a direct mail piece. The formula is Number of Enrollments Generated divided by the Number of Brochures Mailed.

Ideal: Varies according to Average Course Fee.

Importance: Your Response Rate is an average rate of return. It is useful in analyzing individual lists, and in projecting total overall income from a mailing.

Explanation: Years ago, direct mailers used to say a 2% response rate was very good. Later they said that a 1% response is good. Now many mailers use a "Per Thousand" figure, still lower than 1%.

For educational programs, the Ideal Response Rate is determined by your Average Course Fee. That is, the higher the Average Course Fee, the lower the minimum Response Rate needed to make income projections. And the lower the Average Course Fee, the higher the minimum Response Rate needed to make income projections. Consequently, it is more feasible for programs with high fees to do direct mailing than it is for programs with low fees.

Your average Response Rate is also useful in analyzing various test mailings, rental lists and promotional packages. Those which do better than your average Response Rate should be repeated, while those performing more poorly than your average Response Rate should not be repeated without a major adjustment in strategy.

Note: Response Rate and Brochure:Participant ratio are the same, but they are expressed differently. For example, a Brochure:Participant ratio of 50:1 is the same as a Response Rate of 2%. Programs using direct mail almost exclusively will find the Response Rate format more useful, while those programs doing a variety of brochure distribution, including newspaper inserts, store distribution, and so on, will find the Brochure:Participant ratio a more visual and useful format.

Related Ratios: See also "Brochure:Participant."

- **Ratio:** Return Participation Rate

- **Definition:** Return Participation Rate is the percentage of participants in your current session who also attended in your previous session.

The formula is Number of Returning Participants divided by the Number of Total Participants.

- **Ideal:** 60% - 70% of total participants.

- **Importance:** It is six times easier to get someone to return to your program than to recruit a new participant. By keeping a high percentage of your participants returning each session, you are in a better position to generate enrollment increases.

- **Explanation:** As it is easier, and thus costs less, to get a participant to return to your program, you want to increase your Return Participation Rate as much as possible. Each percentage point increase means greater profitability for your program.

Second, If you have a low Return Participation Rate, you would want to determine why that is. If participation satisfaction, product mix, location, time, or promotion is a significant factor, then you can redesign your efforts to get more people to return.

Third, your marketing strategies to get people to return are different from your marketing strategies for first-time attendees. By differentiating between returning and new participants, you can more effectively promote to each group of participants.

- **Related Ratios:** See also "Cost Per Participant."

- **Ratio:** Minimum Number of Classes to Offer

- **Definition:** The minimum number of classes to offer in order to have a financially self-sufficient program of activities or classes.

- **Ideal:** 50 for Community Programs

- **Importance:** For new and small programs, there is a threshold point. Beneath this point having too few classes or offerings means it is difficult to sustain the program.

- **Explanation:** For community programs, there are two reasons why 50 appears to be the minimum number of classes needed to generate a viable program.

First, your audience is interested in a range of activities and offerings. Fewer than 50 offerings does not present this range. You thus limit the size of your target audience, and you limit the perception of your audience.

Second, each course must carry its weight in terms of promotion. If you offer 50 courses, each course must carry 2% of the promotional costs. If you offer only 25 courses, each course must carry 4% of the promotional costs. Thus it is harder to succeed from a promotional basis as well.

- **Ratio:** Refund Rates

- **Definition:** This is the portion of income returned to participants for reasons OTHER THAN the administration cancelling the class for lack of enrollments.

- **Ideal:** Less than 4%.

- **Importance:** A high refund rate may indicate dissatisfaction with your classes, or it may indicate a disproportionate number of participants trying to take advantage of your program.

- **Explanation:** The Refund Rate does NOT take into consideration fees returned when classes are cancelled for lack of enrollments. While you may deposit these fees, this money should not be considered income.

  Income is registration money for active classes. The refund rate is the money returned to participants who:

  1. Are dissatisfied;
  2. Leave for medical, health, personal circumstance reasons;
  3. Drop out and try to regain their fees.

  You SHOULD have a Refund Rate. A zero refund rate in these days indicates a fairly stingy program. You could benefit from a more liberal refund policy that enhances customer service and participant satisfaction. Plus, you may be losing some valuable participants by having a rigid refund policy.

  If refunds are under 4% of income they are in the acceptable range. If they exceed 4%, you need to look for root causes.

- **Related Ratios:** See also "Class Cancellation Rates."

- **Ratio:** New Course Income

- **Definition:** This is the income you can expect from a new course that has not been offered before.

- **Ideal:** Direct Costs X 1.2 = Expected Income

- **Importance:** New courses will not generate the same amount of income the first time around as old successful courses.

- **Explanation:** For projecting and budgeting new course income, take your direct costs (pro motion and production) for that course and multiply by the factor 1.2. This will give you the projected income for that course.

  For old successful courses, you have a history of enrollments by which you can predict income. Without that average participants per class history for a particular course, use this 1.2 figure for the first time until you get that history.

- **Ratio:** Classes Per Person

- **Definition:** The average number of classes or activities for which an individual person registers.

- **Ideal:** 1.5 to 1.8.

- **Importance:** In analyzing enrollment decline or increases, it is important to know whether a program's change in enrollments was due to a change in the number of individual persons in the program, or a change in the number of classes or activities for which people registered.

- **Explanation:** The average number of classes or activities for which an individual person registers is between 1.0 and 2.0. That is, the average person takes from one to two classes or activities per session.

  But in managing your enrollments, changes in enrollments can be attributable to either the number of individual persons participating in your program, or the number of activities or classes your audience takes.

  Promotional efforts can also be designed to encourage existing participants to take more classes. And programming can be designed to increase classes or activities in a certain area to boost registrations per individual.

- **Related Ratios:** See also "Predicting Enrollments."

Ratio: Budgeting Individual Course Income

Definition: This is projecting, and thus budgeting, for income for an individual course that has been offered before.

Ideal: Multiply the Average Participants per Class for that course X the fee charged for that course = Projected income for that individual course.

Importance: By projecting and budgeting income for each one of your courses, you can better manage your income and expenses.

Explanation: For all of the courses which have run before, you have a track record. You know how many registrations there were for each class. And you know how much the fee is for the class.

You can average the past enrollments to get an overall average. If the course has a history of two years or more and is offered in different seasons of the year, you can even make an adjustment in expected enrollments based on the seasonal variations of past performance.

Then multiply the average participants per class you expect based on past history times the fee being charged for that class. It will give you an expected or projected income.

Then compare that income with your expected expenses.

Related Ratios: See also "Operating Margin."

- **Ratio:** Credit Card Income

- **Definition:** Registrations and/or registration income generated from credit cards, such as Visa, MasterCard, and American Express.

- **Ideal:** 25% more than cash income.

- **Importance:** Accepting credit cards not only increases your income per participant, but also increases participants who principally buy using credit cards.

- **Explanation:** Accepting credit cards as payment for courses is positive for your organization in several ways:

1. The participant using a credit card generally purchases more courses, or courses with higher fees, thus resulting in credit card participants spending an average of 25% more with your program than participants paying with cash or checks.
2. Using credit cards makes phone registration feasible.
3. Income from credit cards can be deposited in the bank the same day, so you have the money in the bank the same day, and you begin earning interest on that money the same day.

Accepting credit cards as payment for courses is now standard for thousands of programs. It is recommended for all but those with exceptional circumstances.

- **Ratio:** Make Budget Point

- **Definition:** The Make Budget Point is the number of registrations for a particular course which both cover direct costs and its share of your administrative costs. That is, the income equals or exceeds the Operating Margin budgeted for that course.

- **Importance:** The Make Budget Point for a course is the financial determinant of whether to run the course again, and whether that course is enhancing or detracting from your program financially (i.e. whether the course is 'making' money or 'losing' money).

- **Explanation:** In financial terms, any course which generates enough money to cover its budgeted Operating Margin should be run again. Courses whose income exceed the budgeted Operating Margin are 'making money' for your program. They are the ones which pay your salaries and subsidize the courses which do not make money for your program.

  For example, say you run Class XX and want to generate $1,000 in income. This covers your Promotion expenses of $200 and Production expenses of $300, plus your Operating Margin of $500. You charge $100 for the class.

  Thus, if you have 10 registrations at $100, you make $1,000 and Make Budget. If this happens, you have a winner and you should offer the course again. If registrations exceed 10, then you definitely have a winner and you would need to think twice about NOT offering the course again. If registrations fall between 5 and 10, you are not Making Budget, and you would need to analyze the possible reasons and make adjustments before offering the course again.

- **Related Ratios:** See also "Break Even Point" and "Go--No Go Point."

- **Ratio:** Break Even Point

- **Definition:** The Break Even Point is the number of registrations it takes for an individual course to cover its Direct Costs. This is not the same as the "Go--No Go Point" or "Make Budget Point."

- **Ideal:** The Break Even Point is found by dividing your total Direct Costs by the Class Fee charged. This will give you the number of registrations you need in order to cover your Direct Costs.

- **Importance:** The Break Even Point is significant because you want to keep track of those classes which lose money on Direct Costs; Break Even on Direct Costs; Make Budget; and exceed Budget.

Breaking Even on Direct Costs is definitely better than losing on Direct Costs, but it is not Making Budget. That is, if you ran only those courses that broke even, your program could not survive. Explanation: For example, you run Class XX and want to make $1,000. This would cover $200 in Promotion costs and $300 in Production costs, plus $500 in Operating Margin. You charge $100 for the class.

However, you generate only 5 registrations, and thus only $500 in income. The $500 covers your Promotion and Production costs. But it does not cover its share of administrative expenses. Thus, it is really losing money for your program, in that you cannot pay for administrative salaries, computers, office and so on with Break Even courses.

In planning your future offerings, you would first want to cut out those courses that are losing money on direct expenses, or NOT Breaking Even. Then you would evaluate those courses that are Breaking Even on Direct expenses. If you think the course has possibilities (for instance, this was the first time it was offered; or you are changing the location to a more central site), you might want to run it again. If the course is not likely to Make Budget the next time, then you would need to seriously consider whether to run it again.

- **Related Ratios:** See also "Go--No Go Point" and "Make Budget."

- **Ratio:** Go--No Go Point

- **Definition:** The Go-No Go Point is the number of participants needed to run the course from a financial point of view. It is not the same as the "Break Even Point" and "Make Budget Point."

- **Ideal:** The Go--No Go Point is found by dividing your Production costs by your Class Fee for that particular course.

- **Importance:** Classes may be cancelled when in fact you would lose LESS money by running them. By needlessly cancelling classes that should be run, even at a loss, you both lose more money and you increase the number of dissatisfied participants who have had their class cancelled.

- **Explanation:** For example, say you want to make $1,000 from Course XX, with your costs being $200 for Promotion; $300 for Production; and $500 in Operating Margin. You charge a Class Fee of $100.

Your Go--No Go Point is 3 registrations. Three registrations times $100 in fees covers your Production costs. You will still lose $200 on the course (your Promotion costs), but you will lose $200 if you cancel the course as well. So you run the course.

After you send your Promotions out, you have spent the $200. So you will not recover those costs by cancelling. So the only costs you need to recover are your Production costs.

Second example. Say you have 4 registrations for the above Class XX. You run the course and lose only $100. By cancelling you would have lost $200. So you lose less money by running the class.

Note: This does NOT mean you should run the course AGAIN without significantly altering your promotion, product, course description, title, or instructor. You have still lost money on the course and should not run it again without better prospects of Making Budget.

- **Related Ratios:** See also "Break Even Point" and "Make Budget Point."

- **Ratio:** Division Margin: High Dollar, High Percentage

- **Definition:** For each of your Divisions, analyzing the Operating Margin will give you an action direction for strengthening your program.

- **Ideal:** Do more.

- **Importance:** You want to do more successful classes and cutback or correct your less successful classes. Analysis of the Operating Margin of each of your Divisions is the tool with which to do this.

- **Explanation:** For example, say Division A has an Operating Margin of $5,500, or 45% of its income. And, for our program, we think that $5,500 is a LOT of money, and that 45% is very GOOD, compared with our other divisions and program as a whole.

  Then, what we want to do with Division A is to increase our offerings. We like the dollar figure, we like the percentage figure. We should explore ways to offer more courses, or offer the same courses more times, in Division A.

- **Related Ratios:** "Division Margin: High Dollar, Low Percentage," "Division Margin: Low Dollar, High Percentage," and "Division Margin: Low Dollar, Low Percentage."

- **Ratio:** Division Margin: High Dollar, Low Percentage

- **Definition:** For each of your divisions, analyzing the Operating Margin will give you an action direction for strengthening your program.

- **Ideal:** Cut costs.

- **Importance:** You want to do more successful classes and cutback or correct your less successful classes. Analysis of the Operating Margin of each of your Divisions is the tool with which to do this.

- **Explanation:** For example, Division B has an Operating Margin of $5,500, or 45% of its income. Say you think that $5,500 is a LOT of money and you are satisfied with the dollars, but that the 45% figure is a low percentage compared with your other divisions or total program.

  Thus, Division B is performing partly well, but has more potential. The low percentage Operating Margin means that you have too many expenses in Division B. If you can trim your costs, you can boost the Operating Margin as a percentage and maintain it high as a dollar figure, and thus be in the ideal High Dollar, High Percentage category.

  The costs to look at are your Promotion Costs, and whether promotion is being well spent; and Production Costs, and whether those can be trimmed or whether income can be expanded without increasing Production Costs.

- **Related Ratios:** See also "Division Margin: High Dollar, High Percentage," "Division Margin: Low Dollar, High Percentage," and "Division Margin: Low Dollar, Low Percentage."

- **Ratio:** Division Margin: Low Dollar, High Percentage

- **Definition:** For each of your divisions, analyzing the Operating Margin will give you an action direction for strengthening your program.

- **Ideal:** Double or triple your courses.

- **Importance:** You want to do more successful classes and cut back or correct your less successful classes. Analysis of the Operating Margin of each of your Divisions is the tool with which to do this.

- **Explanation:** For example, for Division C you generate an Operating Margin of $5,500, or 45% of income. For your program, $5,500 is very LITTLE money. However, 45% for an Operating Margin is very HIGH, and very good. You have a division with more potential.

  The high Operating Margin means you are holding costs down nicely as a percentage of income. The low dollar amount for the Operating Margin means you just are not generating enough income. If you could boost income, then you would boost your Operating Margin dollars, and the percent figure would remain constant. Thus Division C could move into the ideal High Dollar, High Percent category.

  What you would try to do is to significantly offer more courses or activities in Division C, to the point of doubling or tripling them. You have a potential winner here, you just need to do much more with Division C.

- **Related Ratios:** See also "Division Margin: High Dollar, High Percentage," "Division Margin: High Dollar, Low Percentage," and "Division Margin: Low Dollar, Low Percentage."

- **Ratio:** Division Margin: Low Dollar, Low Percentage

- **Definition:** For each of your divisions, analyzing the Operating Margin will give you an action direction for strengthening your program.

- **Ideal:** Drastically change, cutback or drop.

- **Importance:** You want to do more successful classes and cutback or correct your less successful classes. Analysis of the Operating Margin of each of your Divisions is the tool with which to do this.

- **Explanation:** For example, say Division D has an Operating Margin of $5,500, or 45% of income. And compared with other divisions in your program, and your program overall, the dollar figure is very LOW and the percentage figure is also very LOW, or poor.

  You basically have a losing division here. You have several choices. One, you can drastically change the promotion, offerings, teachers or other feature of the courses offered in an attempt to reverse the poor showing of this division.

  Two, you could further analyze Division D by courses and determine which courses or individual activities, if any, demonstrate a good Operating Margin. Then you would drop all the others and just keep those courses which show a healthy Operating Margin. Three, you could drop this division altogether, and put your staff efforts into something more productive.

- **Related Ratios:** See also "Division Margin: High Dollar, High Percentage," "Division Margin: High Dollar, Low Percentage," and "Division Margin: Low Dollar, High Percentage."

■ **Ratio:** Overall Cancellation Rate

■ **Definition:** The percentage of courses offered which are cancelled due to lack of enrollments. The rate is figured either on a session basis or annual basis. The formula is courses cancelled divided by courses offered.

■ **Ideal:** 15% of courses offered.

■ **Importance:** The success of your product mix, that is, the types of courses offered, is increasingly being analyzed in terms of cancellation rates.

■ **Explanation:** The 15% figure is an overall figure for your total program. Different divisions will have figures which vary from the 15% ideal figure. However, divisional cancellation rates are a useful tool in modifying and improving your product mix (types of courses offered).

If your program has a cancellation rate significantly lower than 15%, it means that your program has more potential for expansion and greater success. The ideal cancellation rate is not zero. A zero cancellation rate means your program is static and not positioning itself for future changes in trends. In addition it indicates that you are not taking full advantage of the market potential for your program. Thus, you should be offering more courses.

If your program has a cancellation rate significantly above 15% it means you either are not promoting your classes enough, or that you need to improve your product mix. Improving your product mix means dropping courses which are not popular and increasing courses in areas which exhibit demand. If your cancellation rate is around 20%, you are in the situation of refining your product mix, not making drastic changes. If your cancellation rate is over 25% you definitely have to determine whether you need to increase promotion, substantially change your course offerings, or both.

After you figure your overall Cancellation Rate, analyzing your cancellation rates by division, new courses, and old courses is recommended.

■ **Related Ratios:** See also "New Course Cancellation Rates" and "Old Course Cancellation Rates."

■ **Ratio:** Old Course Cancellation Rates

■ **Definition:** An "old" course is one which has been run in the session immediately preceding the current session, and has proved to be financially successful.

■ **Ideal:** 0 - 11%

■ **Importance:** Analyzing your cancellation rates by "old" and "new" courses helps you improve your product mix.

■ **Explanation:** Ideally, you want your Old Course Cancellation Rate to be zero. That is, if the course succeeded last time, you want it to succeed this session.

In reality, there are some cancelled classes among your old, successful offerings. Old courses fade in popularity. The instructor, time, place or another factor changes.

But the principle is that you want to keep your Old Course Cancellation Rate very low.

If your Old Course Cancellation Rate is much higher than 10%, you have some real problems. Those problems are most likely in your promotion.

■ **Related Ratios:** See also "Number of Old Courses to Offer," "Number of New Courses to Offer," and "New Course Cancellation Rates."

- **Ratio:** New Course Cancellation Rates

- **Definition:** A "new" course is one which has not been offered before.

- **Ideal:** 30% - 50% of new courses.

- **Importance:** Understanding the course cancellation rates for new courses versus the old successful courses will help you improve your product mix.

- **Explanation:** New courses ought to have a higher cancellation rate than old courses. New courses have not yet been offered; you are experimenting, trying new ideas. Thus, if your Old Course Cancellation Rate is in the tolerable range, you can tolerate a much higher cancellation rate for your new courses.

Essentially, we are saying that in successful programs their new courses have a much higher cancellation rate than their old courses.

For example, if we offer 60 new courses in the upcoming term, we can expect 18 to 30 of them to be cancelled.

Then, if we have a track record of being in this tolerable range, we can then predict that 18 to 30 of them will be cancelled and financially plan accordingly.

For example, one local program has a space problem, or limited number of classrooms available for programming. The program does not want to schedule new courses because it might have a vacant classroom. But by using the above analysis, that program can control its vacancy rate by using the above figures.

To explain further, instead of assigning a room to a new course ahead of time, the program should assign 4 rooms to 6-8 new classes being offered. As 2 to 4 of them will be cancelled, the program can wait until the enrollments are nearly completed, and then assign the rooms only to those new courses that have enough enrollments. In that way, the program will not increase its vacancy rate and still be able to offer new courses.

- **Related Ratios:** See also "Number of New Courses to Offer;" "Number of Old Courses to Offer;" and "Old Course Cancellation Rate."

- **Ratio:** Minimum Participants Per Class

- **Definition:** The Minimum Participants Per Class is the lowest number of registrations needed for a class in order for the class to be run.

- **Ideal:** 8 registrations.

- **Importance:** A high Minimum Participants Per Class means a higher class cancellation rate, lower enrollments, and more dissatisfied people. A low Minimum Participants Per Class means lower class cancellation rate, higher enrollments, and fewer dissatisfied people.

- **Explanation:** The object is to have as low a Minimum Participants Per Class as possible. This does NOT mean losing money on your classes with a minimum number of participants. It does mean having costs variable to the point that you can lower your minimum and still break even or make money.

With the national Average Participants Per Class at 15 or slightly higher, a Minimum Participants Per Class of 15 would mean that half of your classes would be cancelled. That is obviously unacceptable. With a Minimum Participants Per Class of 12, one could expect a cancellation rate of around 25%. This is still too high. With a Minimum Participants Per Class of 8, or half of the Average Participants Per Class, one could expect a cancellation rate of 12%, well within the ideal recommended for a Cancellation Rate.

The 8 registrations figure is based on some kind of fixed, flat, or hourly rate of pay for the teacher. Successful programs that pay teachers on a percentage basis can go down to even 4 participants as a Minimum Participants Per Class, and still make money.

In tight enrollment periods, the Minimum Participants Per Class figure is an important financial factor in becoming financially self-sufficient. The key is to have the flexibility to lower your costs, especially teacher costs, to account for a class with low enrollments.

- **Related Ratios:** See also "Teacher Costs."

THE OFFICIAL DICTIONARY OF CLASS PROGRAMMING

A standardized set of definitions and terms used in programming and marketing classes for adults

Active Classes This is the number of Classes actually held in a Session or Year.

Annual A twelve month period. There is no standard year for class programming. Some programs measure a "school year" from September through August, while others measure a "calendar year" from January through December.

Annual Enrollments Annual enrollments is the total number of registrations for a program for a twelve month period. Do not include registrations or refunded registrations for canceled classes, only those who registered for active classes.

Average Class Fee The Average Class Fee is the average fee charged to participants for a single Class. It is important in analysis of Income and in forecasting enrollment projections.

The best way to determine the Average Class Fee is to divide the total Registration Income for a Session or Year by the total number of registrations for that time period. This is the method LERN recommends to calculate this statistic. For example, if your Class Program had $50,000 in Registration Income for a year and had 2,000 Enrollments for that time period, the Average Class Fee would be $25.

Average Income Sometimes called the Average Income Per Person, this is the dollar figure the average participant pays in a particular Session or Year. To determine this figure, divide the total Registration Income for a Session or Year by the Number of Participants for that time period. For example, if a Class Program's Registration Income for a Session is $20,000 from 1,000 registrations coming from 400 participants, the Average Income Per Participant is $50. (Not to be confused with the Average Income Per Registration, in this case, $20.)

Average Income Sometimes called Average Income Per Registration Enrollment, this is the same as the Average Class Fee. See "Average Class Fee."

Average Participants Per Class The Average Participants Per Class figure is the average number of participants taking any given Class. It is important in analyzing enrollments and projecting future enrollments and Registration Income.

To determine the Average Participants Per Class, divide the number of registrations Per Session or Year by the number of Active Classes held. Do not include either canceled classes or registrations for canceled classes in the figure. For example, if a Class Program has 5,000 Enrollments for a Year and offered 417 Classes, of which 333 were Active Classes actually held, then the Average Participants Per Class would be 5,000 divided by 333, or 15.

Auxiliary Income

Self-generated income that is not registration Income. For example, Auxiliary Income could come from the sale of T-shirts, books, tapes, or other fee for service income.

Break Even Point For A Class

The point at which an individual class' income equals the expenses for that class. The Break Even Point For A Class is figured as the registration income for that class, less all expenses, including teacher fee, room rental, promotion and indirect costs. To determine the promotion costs for an individual class, divide your total promotion costs (brochure, brochure distribution, advertising, etc.) for the session by the number of classes offered. To determine the indirect costs for an individual class, divide your indirect costs (staffing, office rent, etc.) for a session by the number of classes offered.

Brochure

A publication published every Session listing all of the Classes Offered and registration information and form. Many programs also refer to a flyer which promotes only a single event as a "Brochure."

Brochures Distributed

An important statistic in analyzing promotion. Brochures distributed is the number of Brochures actually distributed, not the number of Brochures printed. Brochures distributed is measured per Session. Only if the term is followed by "per year" would the figure indicate the number of brochures distributed annually.

"Distributed" includes brochures mailed, put out in stores and shops (even if some of them were not actually taken), inserted in newspapers, given to teachers and others, and distributed from the Class Program's office. The only brochures not included in this figure are brochures printed and kept bundled or otherwise not distributed. It also does not include any advertisements or other promotions not involving the actual Brochure.

Brochure Ratio

This is the number of Brochures it takes a Participant get one Registration. It is determined by dividing the number of Brochures distributed by the number of Registrations for a given Session or year. It is an important statistic in analyzing promotion, increasing the number of brochures distributed, and forecasting future enrollment. For example, if a Class Program distributes 100,000 brochures for a Session and receives 2,000 registrations, the Brochure: Participant Ratio is 50:1. This statistic can also be expressed inversely as a Response Rate. The Brochure: Participant Ratio is commonly used by Class Programs distributing brochures through shops and stores and newspaper inserts as opposed to strictly direct mail.

Canceled Class

A class which was offered and promoted in the brochure, but for whatever reason was not actually held. Reasons include lack of sufficient registrations, a teacher becoming ill or otherwise not able to teach, meeting space not obtained, and so on.

Catalog

Same as Brochure. See "Brochure."

Class

A Class is a learning activity in which there is a teacher and one or more participants. A Class may meet one night, meet several times, meet all day, or be a tour if learning is involved. It is a generic term covering all learning activities that can be measured.

Class Cancellation Rate The Class Cancellation Rate is the percentage of classes canceled in any given session due to insufficient registrations and any other factors, such as the teacher not showing up. To determine this figure, divide all the Classes Canceled (if two sections of the same class topic are canceled count it as two classes) by all of the Classes Offered in the Session.

Class Fee The price charged to a participant for a particular Class or Course. Sometimes called a "Course Fee."

Classes Offered This is the number of Classes listed in the Brochure or promoted in some way. It includes both Active Classes (classes actually held) and Canceled Classes (classes that were promoted or advertised but not held). The number of classes in a session is all of the separate groups meeting for that session. If one topic or course title has three sections, that is three classes. Each individual class or section is counted once, regardless of how many times it meets during the session. For example, a class meeting six times is counted as one class.

Class Program This is a generic term developed by the Learning Resources Network (LERN) to designate any organization offering classes for adults. A Class Program may be an entire organization onto itself, or part of a larger institution. It is an organizational unit which programs and markets classes for adults, registers participants, and evaluates the Classes.

Classes Per Participant Sometimes called Number of Classes Per Person, this is the average number of classes each participant takes. To determine this figure, divide the number of Registrations for a Session or Year by the Number of Participants for that time period. The number will be 1.0 or greater. It is usually between 1.0 and 2.0.

Course Same as Class. See "Class."

Drop Out Rate The Drop Out Rate is the percentage of participants who register for classes but are not in attendance at the final meeting. To determine this figure, divide the total number of participants attending the final class meetings (if one person is taking two classes count each class attendance) by your total number of registrations for the session.

Enrollments An Enrollment is the same as a Registration. See "Registration" for definition.

Facilitator Same as Teacher. See "Teacher."

Financially Self-Sufficient This is a Class Program in which self-generated income, such as Registration Income and income from brochure advertising, or other fees for services, equals or exceeds Expenses without any Subsidies included in Income. See also "Subsidies." Expenses includes indirect expenses, such as supplies, share of office rent and utilities, staff salaries and fringe benefits. A totally Financially Self Sufficient program is one in which self-generated income exceeds all expenses, including indirect costs and/or overhead.

Flyer Some programs refer to a Brochure which promotes only one event or class as a Flyer. This is not a common usage among all Class Programs.

Income — Income is Registration Income plus any other Income, such as subsidies, institutional reimbursements, grants, or other monies coming to the program. In a totally Financially Self-Sufficient program, Registration Income and Income are usually the same.

Independent Contractor — A legal term used by some Class Programs to designate Teachers as independent agents and therefore not employees of the Class Program. In order to maintain this distinction, the Class Program usually also maintains that the responsibility for learning and teaching in the Classes are the responsibility of the Teacher and Participants, not the Class Program itself.

Instructor — Same as Teacher. See "Teacher."

Materials Fees — Materials Fees are charges to Participants in addition to the normal Class or Course Fee and a Registration Fee. The money is totally to cover Materials such as paper, books, art supplies or whatever supplies are necessary for the Class. Materials Fees are most often paid directly to the Teacher or some entity other than the Class Program.

No-Show Rate — This is the percentage of participants who register for one or more classes but do not attend the first class or any subsequent class. To determine this figure, divide the number of no-show registrations by the total number of registrations.

Participant — A Participant is a person taking one or more classes. If one person takes three classes, that is one participant. If two people take a class, that is two participants.

Participants Per Session — This is the number of participants or people who register for a particular Session. It is NOT the same as the number of Registrations per Session. For example, if each and every one of 1,000 people registers for two classes for a particular session, the number of Registrations for that Session is 2,000, but the number of Participants Per Session is 1,000.

People — Same as Participant. See "Participant."

Productivity Rating — A measurement developed by LERN to establish a baseline ratio from which a Class Program can measure changes in its staff productivity. The rating is somewhat arbitrary, just like the Dow Jones Average is, and is useful primarily in comparison to previous years. To find the Productivity Rating of a program, multiply the Class Program's Surplus Percentage for the last fiscal year by ten, and then subtract the Staffing Expenses percentage.

Promotion — Promotion Expenses are those direct expenses involved in trying to get participants to register. They include the brochure or catalog typesetting; printing; brochure distribution; advertisements for classes; billboards, and other similar promotions. Not included in Promotion Expenses are staffing costs, handouts for class participants, or office rent, among others. Promotion is often discussed as a percentage of Registration Income. To determine your Promotion Expenses as a percentage, divide your total dollar Promotion Expenses by your total Registration Income. These numbers can be either for a Session or Annually. Annually is statistically a better time period to use.

Registration — One person taking one class or activity. If one person takes two classes, that is two registrations. If two people take a class, that is two registrations.

Registration Fee — A fee charged in addition to the Class Fee to cover costs of registering a participant. It is charged only once per Participant, regardless of how many classes the Participant registers for.

Registration Income — Registration Income is the total dollars Income generated from participant fees. These fees include Class or Course Fees plus any Registration Fee added to the Class or Course Fee. It does not include any Materials Fees if those fees are paid to the teacher or some other entity.
Registration Income is usually calculated by Session and by Annual Registration Income.

Registrations Per Session — The number of registrations for a given Session, not including registrations for canceled classes. It does include registrations for which monies were refunded for Active Classes. An Average Number of Registrations Per Session would be the actual Registrations for the Class Program's last Year divided by the number of sessions offered in that year.

Registrations Per Year — Same as "Annual Enrollments."

Refund — A Refund is money given back to a participant. Different programs have different policies regarding refunds, and there is no standard refund policy. Refunds include money returned to participants due to illness, any other inability, or dissatisfaction with the class. Refunds also include money returned to participants whose classes were canceled due to insufficient registrations.

Refund Rate — The Refund Rate is the percentage of income returned to participants who registered for a class that actually took place. It does not include returned money to participants whose classes were canceled due to insufficient registrations. If a participant registered for an Active Class but did not pay, that is counted as Income and as a Refund.To determine the Refund Rate, divide the total dollars returned to Participants in Active Classes by the total dollars of Registration Fees for that Session.

Repeat Rate — The percentage of participants in a given Class Session who also registered for the previous Session. For example, a Repeat Rate of 65% means that 65% of your participants from last Session also registered for your current Session.

Response Rate — This is the average Response Rate a Class Program receives in registrations from mailing out its Brochure or Catalog. For example, if a Class Program mails 100,000 brochures and receives 2,000 registrations from those brochures, the Response Rate is 2.0%. Response Rate can also be expressed inversely as a Brochure:Participant Ratio. Response Rates are most commonly used by Class Programs using direct mail as the primary promotion method of distributing brochures.

Self-Generated Income — Any income that comes from fees generated by the program for services offered by the program. Self-Generated Income includes Registration Income and Auxiliary Income. It does NOT include Subsidies.

Semester — Same as Session. See "Session."