How do higher education leaders respond to the pressure to contain costs while advancing their educational missions? In this study, we focused on innovation and improvements on the ‘academic side’ of the business model of small, private colleges in the Northeast, intended to contain costs while preserving or enhancing a college’s mission. The work took on three stages: the analysis of mission statements and strategic plans at these colleges; a survey of college senior administrators to learn about cost containment initiatives and best practices; and the development and testing of a cost-revenue model based on a single college (Babson) to determine the impact of study abroad, summer programs, financial aid, and other academic innovations and initiatives. The results of our work contribute to the literature linking mission statements, strategic plans, and outcomes in higher education. Also, these results provide usable information for senior administrators and practitioners at small colleges, and other higher education institutions.

This research was funded by a grant from the Davis Education Foundation established by Stanton and Elisabeth Davis after Mr. Davis’s retirement as chairman of Shaw’s Supermarkets, Inc.