Outline

1. What exactly are Business Models?
2. Why Change our Business Model?
3. What Kinds of Change are Needed?
4. Is such Change Compatible with the Goals of genuine “Higher” Education?
4. How can We Achieve such Change?
5. Concluding Thoughts
What are Business Models?

• Blueprints for creating & delivering value and generating revenue needed to continue doing so

• Four Key Features:
  • **Customer Value Proposition**—how to provide services to address customer’s “job-to-be-done”
  • **Value Chain**—how to deliver the value proposition
  • **Revenue Formula**—how to generate revenues
  • **Competitive Strategy**—how to compete with existing or potential rivals
Why Should Colleges Consider Changing Their Business Model?

• The simple answer is to SURVIVE
• The more analytical answer is to adapt to changes in the environment:
  • Technology (& not just MOOCs)
  • Market (demand & supply), and the
  • Regulatory Environment
• ...which together have undermined the viability of the traditional business model
Technological Changes

• Easy to fault MOOCs, esp. if compare to small face-to-face classes; attrition critique unfair.
• Studies comparing online & traditional ed are inconclusive; depends in part on subject & how well prepared & motivated student are, BUT...
• Online ed is rapidly improving:
  • OLI’s personalized “adaptive learning” (data analytics)
  • MIT President: better for teaching content
  • Bowen: esp. for material with single answer but also for discursive fields – literature, IR
• Other advantages: flexibility, economies of scale
Market Changes: The Rise of Post-Traditional Students

Change in Student Population

P-T Students Seek

- Career knowledge and skills
- Experience in applying them
Market Changes: New Providers, Alternative Credentials

- For-profits, backed by venture capital, catering to post-traditional students, are experimenting with new technologies and business models.
- Not only For-Profits; WGU, ASU, USNH, Excelsior
- Competency-based education
  - WICHE Interstate Passport Initiative (16 institutions)
- Alternative educational credentials
  - Census Report; Badges; other “micro-credentials”
- More choices now for getting liberal arts education through a variety of non-traditional players
Changes in Regulatory & Standards Environment

- Accreditation reform
- Financial aid reform
- Gainful employment & college ratings
- Competency-based education’s “direct” assessment
- As emphasis on outcomes & competencies grows, there may be efforts to develop standards for describing & communicating them – for students, employers, funders.
The End of Higher Education as We Know It?

“In 50 years, if not much sooner, half of the roughly 4,500 colleges and universities operating in the United States today will have ceased to exist.”

Nathan Harden,
The American Interest, Jan-Feb, 2013
How Adapt While Staying True to Our Mission of “Higher” Ed?

• Can’t compete on providing content so don’t try
• Rather, use technology to cut costs, use savings to offer personalized, place-based services that address the full scope of students’ needs (not exclusively career or liberal arts, but both)
• Personalize the student pathway to destination her or she seeks
• Enable Integration & Application of learning in real-world settings to improve career & civic education, reduce time to full productivity
Whither Goest Thou Liberal Arts?

• The debate about what we teach:
  • Job training vs. higher education, OR

• Preparation for lives well lived, including
  • Interesting careers
  • Participation in civic life (local to global)
  • Prepare for “effective action” as adults by not just passing course tests, but applying & integrating

• But also prepare to live well intellectually & aesthetically, that is, for “reflective inaction”
  • Note Purdue-Gallup’s measures of grads’ satisfaction beyond earnings to demonstrate this value
Implications for Value Proposition

• **Job-to-be-Done**: Prepare student to be effective in labor market & community by being able to integrate & apply knowledge & skills in real-world contexts; offer ongoing support
  - Recognize centrality of career preparation but wrap civic & “higher” education around it

• **Services**: Extend & personalize learning & credentialing services
  - Offer guided career pathways & competency-based ed
  - Offer opportunities to practice integrating & applying course learning in real-world work & civic settings
  - Offer credentials documenting KSAs & assessment
Implications for Value Chain

• **Service Delivery:** Personalized, competency-based delivery of learning & credentialing with greater use of online education to teach content & more focus on integrating & applying learning in real or realistic workplace settings

• **Faculty-Staff Roles:**
  - More a guide by student’s side than sage on stage
  - More collaboration across departments & among research, teaching & public engagement staff

• **Partnerships:** Move to “open” business models
  - Buy & sell more services from/to external partners
How Can Traditional Schools Change their Business Model?

• Tough, which why U. MN opened new campus
• Schools of Continuing Ed can be what Clayton Christensen calls “Innovation Spaces”
• Biggest obstacle may be traditional governance, but wise leaders can navigate these waters
  • Zemsky example of U. Wisconsin at Oshkosh revising general ed requirements, Whittier adding professional masters degree programs to its liberal arts core
  • Show how emphasis on integration & application favors place-based education & not just for training
• Experiment, experiment, experiment
  • Find ways to do so quickly & cheaply, via pilots, etc
Is Such Change Compatible with Ideals of HIGHER Ed?

• I told my student there would be time enough later to obtain occupational skills – in graduate school or a corporate training program, that now was their chance to sharpen & broaden their minds.

• That was easy for me to say, for at Bates & Bowdoin, most students could afford to postpone career building. Few of today’s students have that luxury AND they have more choices. Now it is we who must adapt.

• The good news is that if we are smart & tough-minded, we can adapt to the new environment AND deliver a superior education to our students, one that prepares them to live better lives & contribute more to society.
Compatibility Continued

• Colleges lacking large endowments or name brands are no longer in position to insist on what a college degree means, given students’ interests & options; they will have to offer career education, deliver superior outcomes, and/or charge lower prices.

• Danger of a two-tiered system with lower tier practicing industrialized vocational education?

• Non-elite institutions can produce better outcomes than do now, & ensure their survival.
Concluding Thoughts

• Reality: the environment has changed; Innovate or Die
• Key is Business Model innovation that harnesses technology’s efficiencies while offering more personalized, place-based career AND civic ed that emphasizes integration & application of learning in real-world work settings, & documents the competencies gained in transparent, trustworthy credentials
• Liberal arts have a place in this vision as long as the instruction in them is either relevant to and integrated into the student’s career work, or has independent appeal which the student can afford to indulge because the primary goal of career education is being achieved
For More Information

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