

Managing the Growth of Online Programs

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Discussion Topics:

- DRIVERS OF GROWTH
- STRATEGIES FOR GROWTH
- IMPLICATIONS OF GROWTH

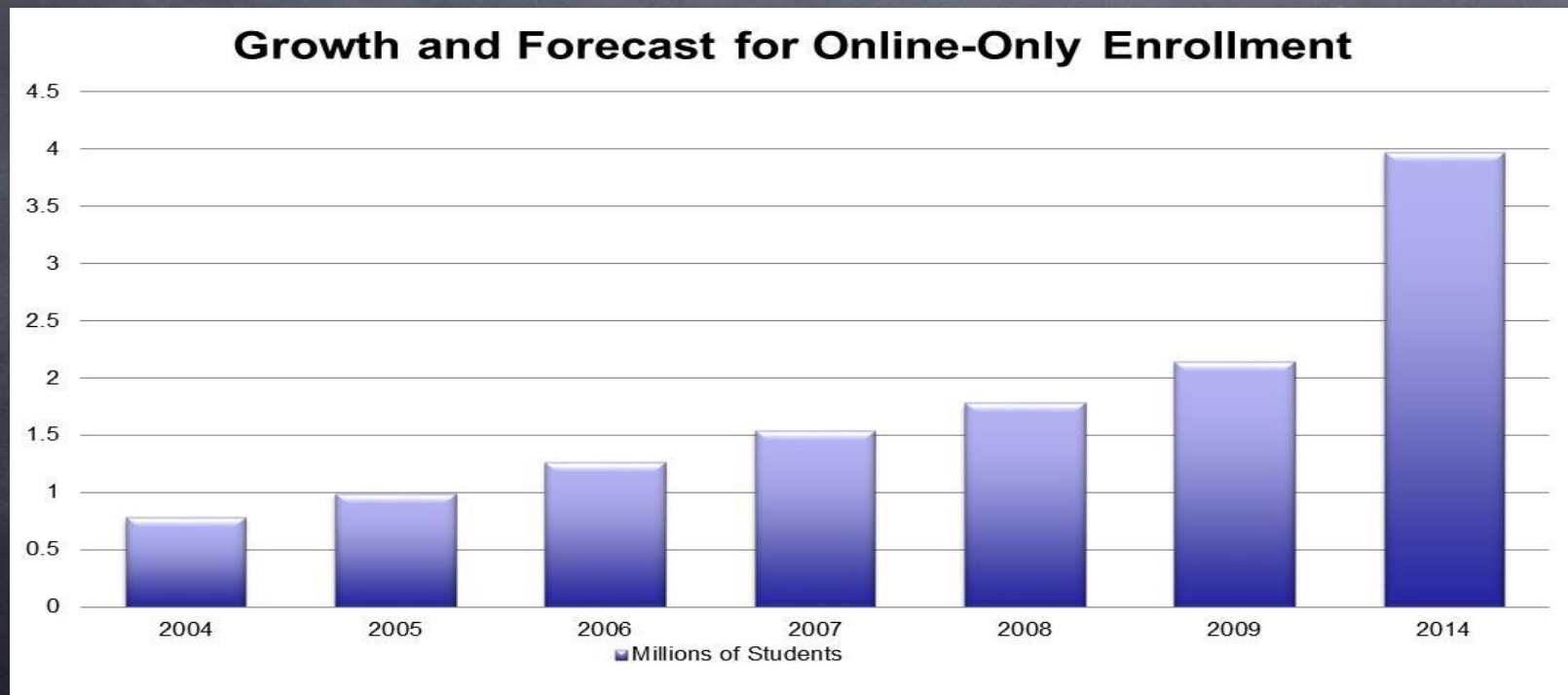
Macro Pressures are Pushing Institutions Towards Online Learning

Table 5 - 2011-2016 Total Number of US Higher Education Students in Physical Classrooms versus Online Schools

Higher Education Online Student Population	2011	2016	5-year CAGR
Attends Physical Classroom Only	11,086,400	3,043,300	-22.8%
Takes Some Classes Online	14,567,200	19,659,600	6.2%
Takes All Classes Online	1,572,100	4,153,000	21.4%
Totals	27,225,700	26,855,900	-0.3%

Source: The US Market for Self-paced eLearning Products and Services: 2011-2016 Forecast and Analysis, Ambient Insight, LLC.

Background

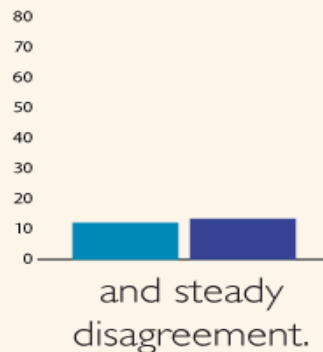
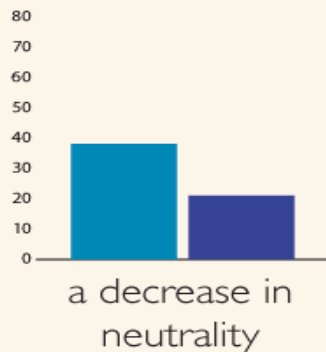
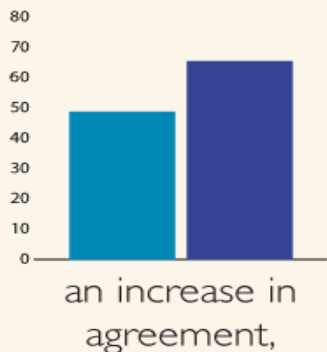


<http://chronicle.com/article/Online-Learning-Enrollment/125202/>

Background

Online Education Critical to Long-Term Institution Strategy:

Since 2002, the number of CAOs who believe Online Education is critical to the long-term strategy of their institution has shown:



65.5%...
of CAOs in 2011 agreed that online education is critical to their institution's long-term strategy.

2002 2011

Drivers for Growth

A Shift to Higher Expectations

60% - Students' service and tech needs not met

80% - FA and Admissions Counselors are being friended by students on Facebook

60% - Question the value of their education

Changing Demographics and Expectations

An added complexity of meeting expectations of different types of students:

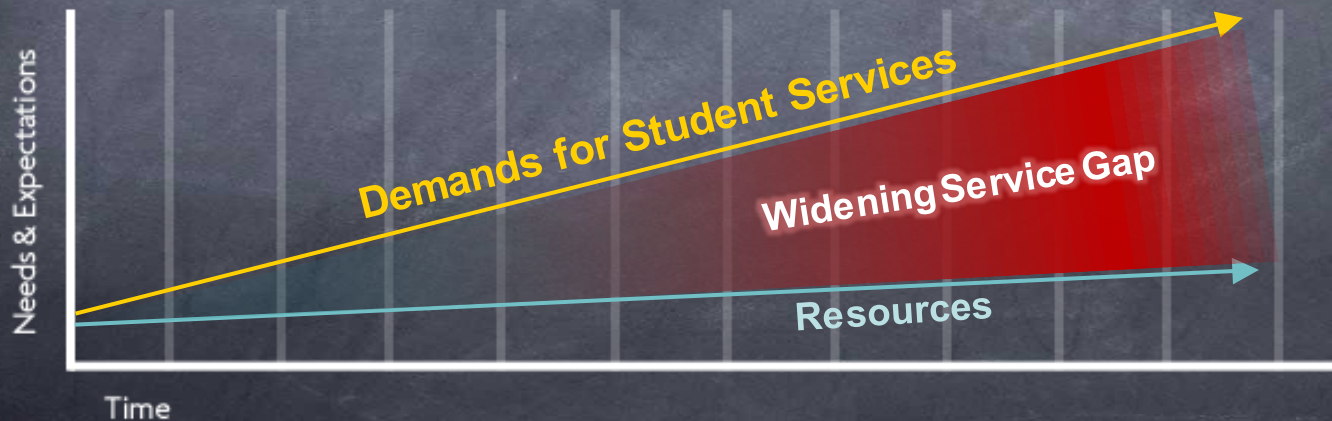
- **Students with Disabilities**
- **Home Schooled Students**
- **Veterans**
- **Adult Learners**
- **Single Parents**

Voices Are Rising



The Result: A Widening Service Gap

Increased expectations and demand doesn't always mean increased resources, so your workload pays the price



Example: Similar Drivers, Different Strategies

California State University

Compared to

University of California

California State University Online

- **\$750M budget cuts**
 - **Workload increased exponentially**
 - **Enrollments frozen – can't manage the volume**
 - **New 501(c)3**
 - **Poor student success: Six campuses have less than 30% six year graduation rate**
 - **Remediation challenges – 60% require at least one remediation course**
- Freeze Spring '13 enrollments
 - New 501(C)3; Separate from Chancellor's Office
 - More Programs than Courses (10/yr)
 - Ala Carte Service Bureau Model
 - Competing Programs Allowed (i.e. 5 MBA programs)
 - "Come one Come All"
 - Goal: 250,000 Enrollments



UNIVERSITY
OF
CALIFORNIA

- **\$1B in budget cuts**
- **Capacity Challenge:**
550,000 students in the
next 10 years will be
seeking a degree, but UC
has no space
- **Student Satisfaction at all**
time low
- **Faculty resistance to**
online teaching
- **“Open Source”;**
Autonomous Governance
Structure

University of California Online (UCOE)

- Pilot Launch
- Courses not Programs
- Slow Growth Strategy
- Target 3700 Enrollments
- Tight control over brand and target market
- Defined value proposition
- Highly Selective RFP process to Choose Faculty
- Goal: Faculty Buy-In for Future Capacity

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University of California Online

Marketing

Market Research

Opportunity Analysis

Strategy/Positioning/
Planning

Value Proposition

Branding/Messaging

Media Buys

Sub-Contractor Management

Promotion

Enrollment

Market Segment Analysis

Lead Generation

Qualification

CRM

Wholesale Relationships

Retention / Analytics

Application Website

Recruitment

Student Services

"Shield" Registration

Financial Transacting

Orientation

Remediation

TA Onboarding

Academic Support

Advising/Mentorship

24/7 Tech Support

Instruction

Course Development and
Delivery

Online Learning Platform

Placement

Articulation Agreements

2-Year Transfer

4-Year Transfer

Employer Development

Internships

Career Services

Alumni Engagement

Placement

University of California Online Now

Marketing	Enrollment	Student Services	Placement
Market Research	Market Segment Analysis	"Shield" Registration	Articulation Agreements
Opportunity Analysis	Lead Generation	Financial Transacting	2-Year Transfer
Strategy/Positioning/ Planning	Qualification	Orientation	4-Year Transfer
Value Proposition	CRM	Remediation	Employer Development
Branding/Messaging	Wholesale Relationships	TA Onboarding	Internships
Media Buys	Retention / Analytics	Academic Support	Career Services
Sub-Contractor Management	Application Website	Advising/Mentorship	Alumni Engagement
Promotion	Recruitment	24/7 Tech Support	Placement
		Instruction	
		Course Development and Delivery	
		Online Learning Platform	

Example Drivers of Online Growth



Macroeconomics

Funding Models Changing

Capacity Challenges

Competition

Drivers for Growth

What drivers of growth are relevant on your campus?

Strategies for Growth

Sample Strategies



Ramp Up Marketing

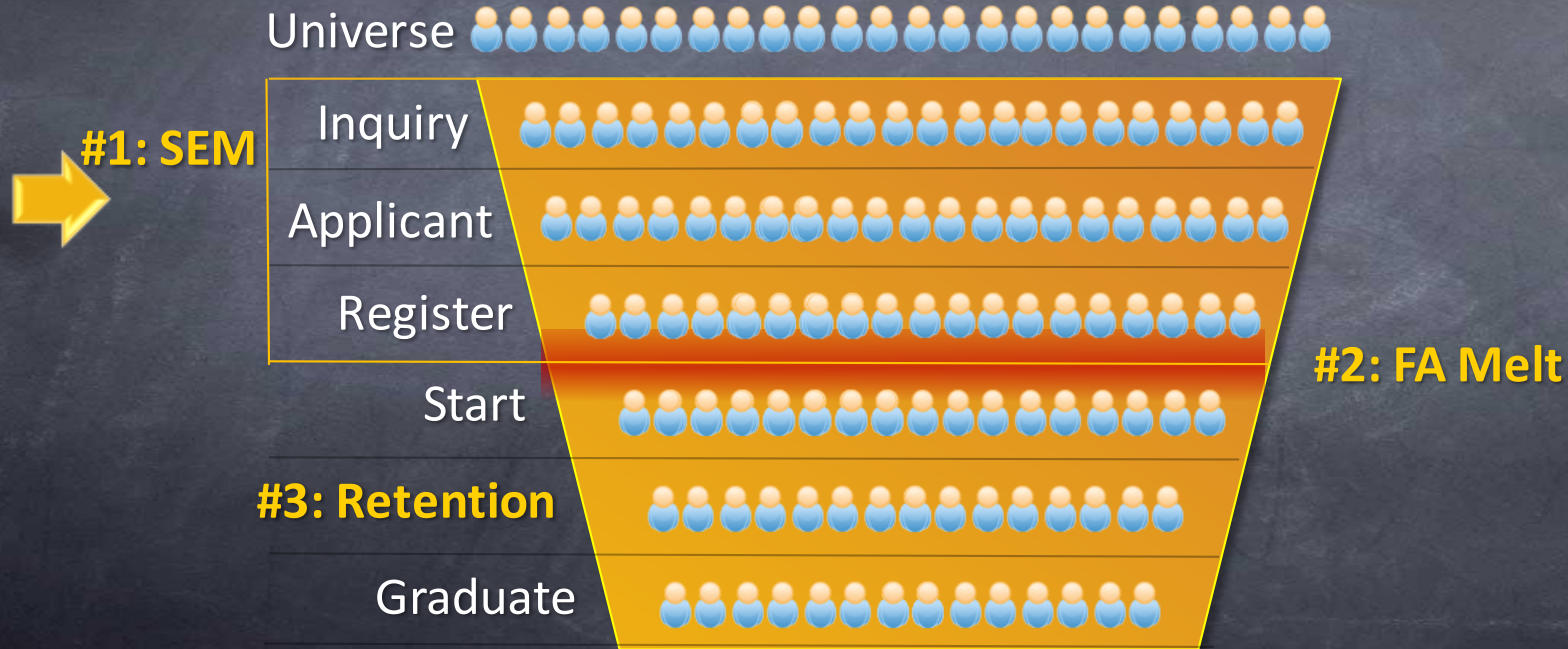
Change the Product or Value Proposition

Expand Markets

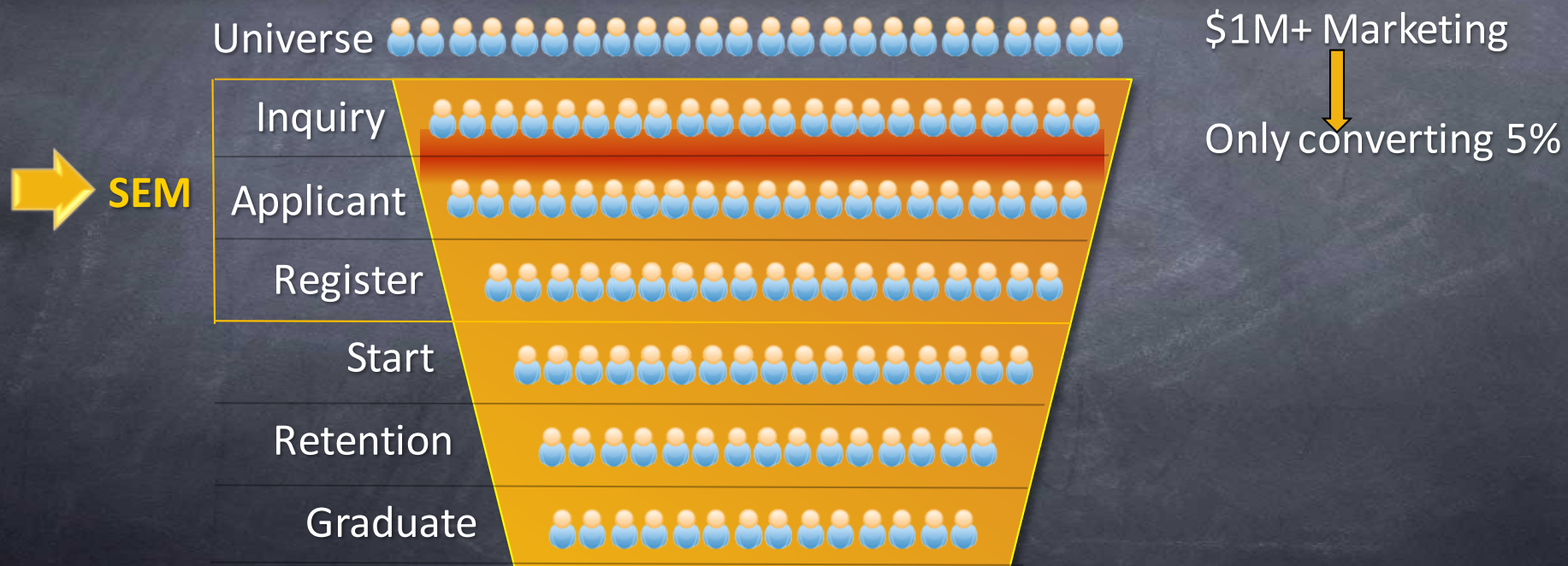
Focus on Retention

Tighten the Leaky Pipes

Example: Excelsior College 3 Tenets

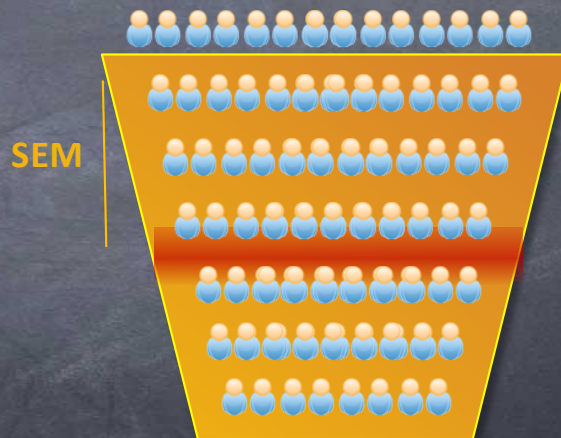


Tenet #1: TIGHTEN SEM FUNNEL



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- Cut off marketing & stop the leak
- Implement a CRM tool and track conversion
- Stand up Call Center 24x7
- Implement a detailed call strategy
- Executive review of reports
- Brought in new VP enrollment and combined with Marketing position



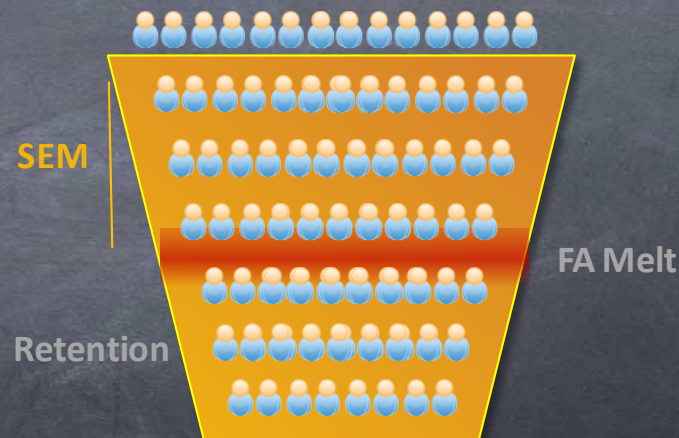
Tenet #1: SEM Results

Inquiry to App Conversion Increase..... 5%

Number of New Annual Applications7000

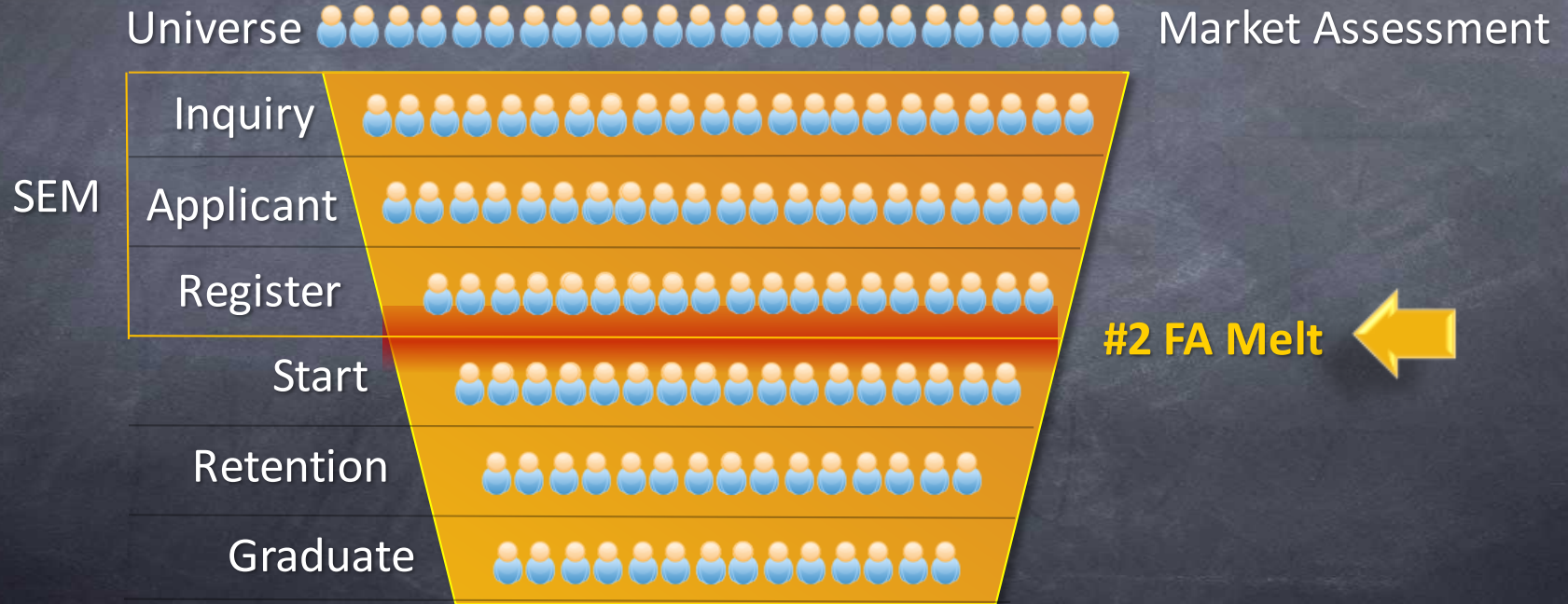
Application-to-Start Conversion Rate 71%

5,000 students x \$1500 Tuition.....**\$7MM**

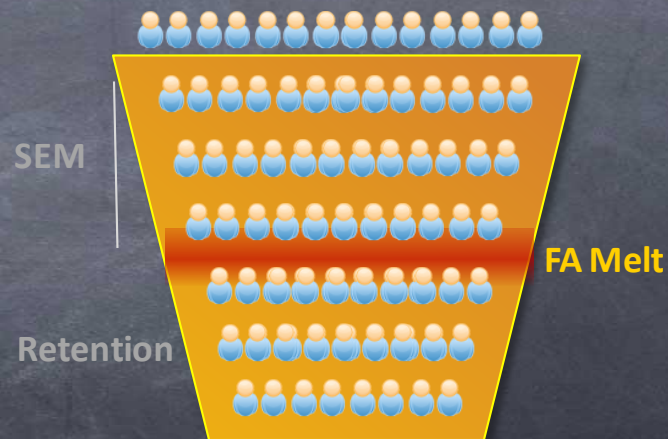
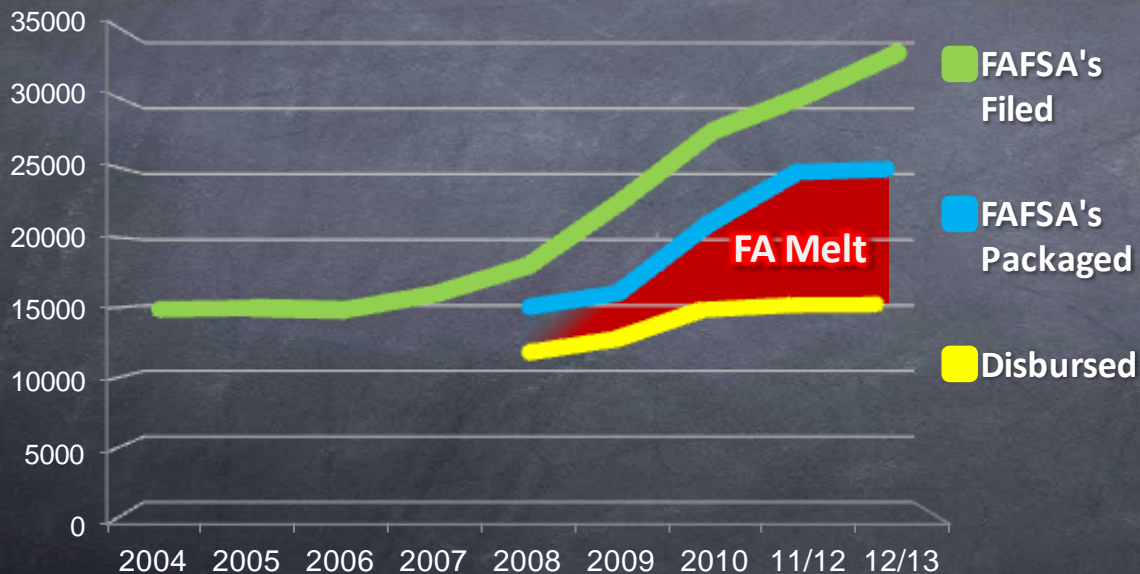


NOTE: First year revenue only

Tenet #2: Manage FA Melt

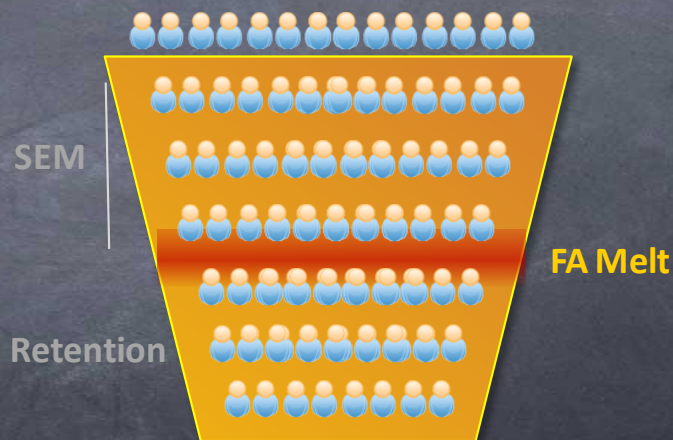


Tenet #2: Manage FA Melt



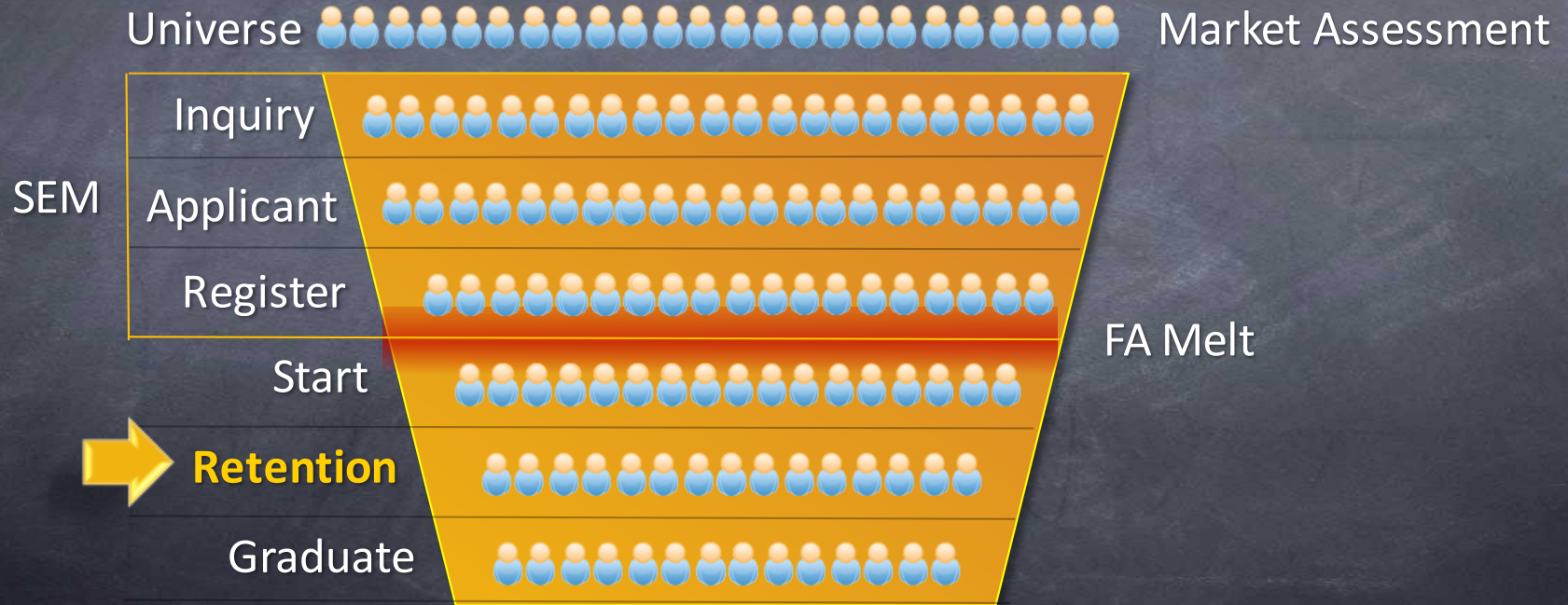
Tenet #2: Financial Aid Melt

FAFSA's Filed/ISIR's received	27,797
FAFSA's Packaged	19,393
Packaged Disbursed	14,272
Loss and Potential Target	5,121
10% Increase = 512 students	\$1.3MM



NOTE: First year revenue only and does not include potential PELL increase

Tenet #3: Drive Proactive Retention



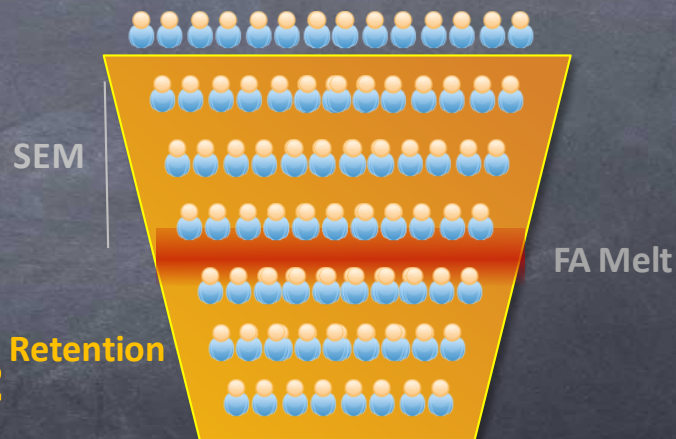
Tenet #3: Drive Proactive Retention

Current Retention Rate.....49.83%

3% Increase in Retention..... 523
students

523 x \$1500 **\$784,992** Retention

NOTE: First year revenue only



Results: Operating Budget Increases

2011/2012

Current Operating Budget \$50 MM

Projected Increase \$9,084,992

Projected New Operating Budget \$59,084,992 MM

(15% increase)

Strategies for Growth

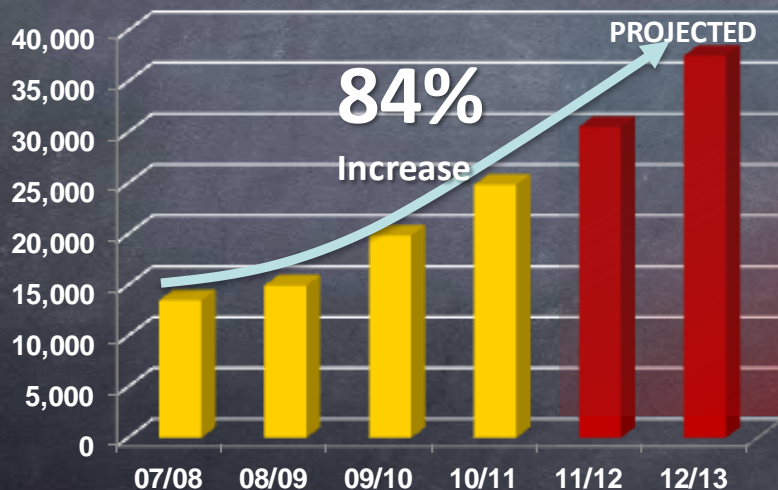
What services **are you changing** today to improve:

- Enrollment?
- FA melt?
- Retention?

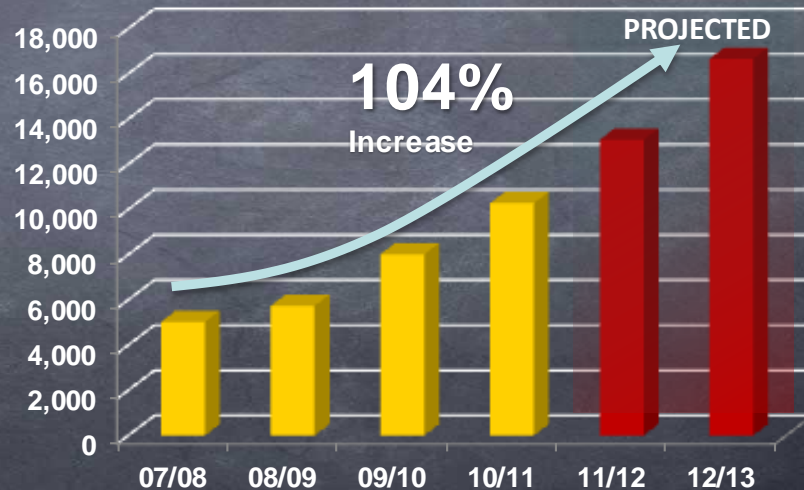
IMPLICATIONS & MANAGEMENT OF GROWTH

Example Implication: FA Workload is Increasing

FAFSA (FA Applications)



Pell



Source: Name the Institution; Cite Your Source

IMPLICATIONS & MANAGEMENT OF GROWTH

- What are the **growing pains** you are experiencing?
- What **consumer expectations** are making growth management difficult for you?
- What specific **programs** are in **place to identify at risk students**? What programs are in place to identify the best methods of engagement that lead to better retention?

Client Examples



Embry-Riddle Aeronautical University

Solution: 24/7 Virtualized Financial Aid and Admissions Desk

- **Rapid enrollment growth**
- **Financial Aid and Enrollment offices overwhelmed by student demands**
- **Limited budget and hiring freeze**

- **25% increase** in Financial Aid packages disbursed; Extended **\$1.4MM of aid in 1 day**
- Enrollment inquiry response **reduced from 4 days to 1**
- **13% increase** in year over year applications
- **Dramatic increase** in staff satisfaction



Hillsborough Community College

Solution: 24/7 Virtualized Financial Aid Office;
Intelligent Routing of Financial Aid and Registration
Inquiries

- **84% FAFSA application growth and 97% Pell recipient growth**
- **Long Financial Aid line, low student satisfaction, lost FA dollars, and low staff morale**
- **50% time decrease** between FAFSA application and award
- **58% increase** in FA staff productivity
- **18% increase** in overall FA utilization
- **91% first call resolution rate**



Kentucky Center for Technical Colleges

Solution: Strategic Re-engineering of Admissions, Registrar, Financial Aid, Student Accounts, Bursar, IT Support and Retention Services

- **81%-92%** overall student satisfaction rate
- **99%** first call resolution
- KCTCS staff can now **focus on complex academic and student service functions**

- **Surge in demand for online programs**
- **New Virtual Learning Initiative required hands-on service and support**
- **High concentration on adult learners required 24/7 service**