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Written monthly by Bob Heterick and Carol Twigg, The Learning MarketSpace provides leading-edge assessment of and future-oriented thinking about issues and developments concerning the nexus of higher education and information technology.

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IS M.I.T. GIVING AWAY THE STORE?

The recent decision by the Massachusetts Institute of Technology to spend $100-million to place instructional material for all its courses online has raised a few eyebrows and not a few hackles. The plan is to make all the usual course materials—course notes, homework assignments, reading lists, etc.—available on the Web. The university intends to standardize the web pages, provide the resources to keep them up-to-date and make them freely available.

The folks at M.I.T. realize that in doing so they are not creating a distance learning program. That seems worth observing as, unfortunately, many institutions of higher education seem to believe that placing the course syllabus and faculty lecture notes online is somehow tantamount to creating some kind of asynchronous learning environment. To be sure, those institutions are aided and abetted by the advertising hype of some of our leading application service providers who are wont to claim that they can “get your course online in 15 minutes.”

Most people who have developed serious Web applications, whether for learning applications or otherwise, recognize that a Web-based application is as different from a textbook as a textbook is from a lecture. Digitizing a textbook and adding a few graphics (or even film clips) is simply an internet-accessible book. It fails to either understand or take advantage of the unique characteristics of the “web” by simply translating a very linear, robust physical medium to a vastly different and much richer non-linear one. As M.I.T. seems to recognize, transferring the syllabus and course notes to the Web simply makes lecture supporting material more conveniently accessible.

It is increasingly clear that the learning applications that will come to dominate the Web (or its successors) will take full advantage of the non-linearity of the “web” and its potential for instantaneous feedback and learner interaction. The richness of the medium at high bandwidth admits of a learning environment in which the learner becomes “immersed.” It also lends itself to what the management folks have come to call “mass customization.” Its very non-linearity offers the opportunity to permit users to work their way through learning materials in a way that best fits their individual learning styles. No two learners need to proceed along the same route nor at the same pace. Hyper-linking provides rich possibilities for serendipitous learning in ways that the original designers of the product could never have foreseen.

This new learning environment will bear no resemblance to today’s Faculty lecture notes or the textbook.

For some true believers this has come to signify the demise of the textbook and the lecture. If recent history surrounding the introduction of new technologies is any guide, no learning strategy will disappear. Rather a new richness of learning strategies will emerge, and learners will pick and choose amongst them for those that seem to offer the most value for their particular learning style and learning requirement. Lectures have worked well for many purposes for thousands of years and will continue to do so. The same can be said about the written word in one form or another.

However, it won’t be many decades before hyper-linked learning environments delivered over something like today’s Web will come to dominate most learning situations. Learning communities will continue, but they will need not be geographically anchored as they have been historically. Libraries will continue but they will increasingly become “virtual”, providing full text availability anywhere, anytime.

As M.I.T. appears to recognize, there will still be unique value-adds provided by universities, not the least will be access to subject specialists that we today call faculty. There will still be a need to certify credentials, still a need to devise a curriculum and still a need for overall management of the learning process. One has only to look at the route of online brokerage firms for an example of what is required by the general public. And, for young people just out of high school, there will still be a need for environments that aid in the transition from teenager to adult. Such environments will continue to provide a rich set of learning experiences where failed growing experiments are not greatly penalized and a set of social skills for a future career can be learned and honed.

Is M.I.T. “giving away the store?” Only if you think faculty lecture notes will come to dominate Web-enabled
learning as they have historically dominated faculty lecture. Will individual faculty working in "splendid isolation" create the Web-enabled learning environments of the future as they have historically created the textbook? Only if you think those learning environments of the future will read like textbooks.

However, the intention of M.I.T. (and I am sure there will be many others) to make the current materials freely accessible does underscore an interesting question. Will the university of the future be a profit-making venture? That, of course, is one very possible, and not without merit, outcome. It certainly seems the route education's closest analogy, health care, has followed as it transitioned from physicians in private practice to large health maintenance organizations. On the other hand, will the M.I.T. example translate into a future in which institutions of higher learning develop and freely distribute immersion learning tools relying instead for income generated by providing subject expertise, coaching, credentialing and education management?

The former is the path being trodden by many institutions as witnessed by their treatment of research, outreach and athletic programs. The latter is more consistent with the historic role of universities in society. It is easy to "fall" into the former—in which case you see bundled course content as a "gold mine." It takes a fair amount of planning to position your institution for the latter—in which disaggregated services represent the unique value-add of the institution. Institutions of the quality of M.I.T. can make either choice. It will be interesting to see which it will be.

—RCH

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TRACKING THE COMPETITION

Few would dispute the notion that society's higher education requirements are undergoing a fundamental transformation. A rapidly growing student population is becoming older and increasingly diverse. In addition, the new economy requires a workforce capable of handling an exploding knowledge base, and industries are looking to educational institutions to provide the necessary education and training. Colleges and universities face financial pressures as well. They must control their costs, as well as manage new competitive dynamics, while responding to growing demands. On their own, each of these factors is significant; collectively they challenge fundamental higher education strategies and practices as we cross the threshold to the twenty-first century.

New organizational entities are emerging as a response to these changing requirements, offering a variety of new strategies to meet these challenges. Which of these have the greatest chance for success? In our view, the best way to assess the new entities in the higher education landscape is to see how well each is aligned with these societal factors, how well each is responding to the needs of the new economy.

Virtual University Consortia

Almost every state in the U.S. is engaged in some kind of virtual university consortial effort. What do these efforts have in common? All operate a "portal"—a Web site that lists participating institutions and courses and, in some cases, degree programs offered online. Their primary operational activity is as a referral service, since none are degree-granting and none offer their own courses but rather list those of the participating campuses. Students must choose a "home" campus in which to enroll. Because each of the campuses has its own residency requirements and transfer policies, students inevitably have limited opportunities for study beyond what a particular campus traditionally offers. As a consequence, the majority of students taking courses in these virtual university endeavors are simply on-campus students studying online at their home campuses.

It is questionable how far these efforts as currently constructed can go toward meeting their primary goal of economic development since students must still follow traditional practices at a home campus. These consortia are generating demand for higher education because of the attendant publicity to their creation, but they are also generating frustration of the part of students because of antiquated residency and transfer policies. The result is that those institutions with more flexible degree completion policies will benefit.

Independent, Non-Profit Institutions

Another category of participants in the virtual education space is independent, non-profit institutions. Some of these like the Western Governors' University (WGU), the United States Open University (USOU) and Jones International University have been recently formed; others like the National Technological University (NTU) and Excelsior College (formerly Regents College) have been around for decades. Each of these institutions targets working adults as its primary audience. Demand from this audience is high in professional areas—e.g., business and management, health care, education and information technology. Because they grant degrees and enable students to study according to the demands of their busy lives, they are much more closely aligned to the needs of the changing economy than other sectors.

Partnerships and Subsidiaries

A number of traditional institutions are creating partnerships with private companies; others are creating for-profit and non-profit subsidiaries. Most of these efforts result from the need for institutions to find a way to offer both credit and non-credit courses to individuals and corporate universities in response to the demands of the changing economy. The current structures of traditional institutions make it difficult, if not impossible, to respond to those demands. The new structures are seen as a way to overcome these limitations in the following ways.
The first is to create an opportunity to secure capital in order to finance the institution's expansion. Traditional institutions are funded on an operating basis, primarily by tuition and/or state allocations. Neither of these sources can generate enough capital to invest in expansion. The second, closely related to the first, is to enable the development, marketing and delivery of online courses. The third is that the new entity can take on risks, thus protecting the parent from unnecessary risk. The fourth is to gain flexibility in staffing policies and practices like hiring and compensation policies (e.g., share of profits).

What is the prognosis for these new entities? Many institutions will form because they are resolving real friction between institutional structures and the demands of the new economy. Even though many of the current efforts are simply re-investments by the parent, the need for flexibility is a clear driver. While they may gain needed flexibility, a key question remains, can they attract external capital? Some well-established distance learning programs believe they have an excellent product that has been held back due to lack of public knowledge. If that is indeed the case, these new subsidiaries will be very effective in "growing" these institutions. If not, capital will flow to more profitable ventures.

**Corporate Universities**

Corporate universities exist predominantly in the U.S. According to Corporate University Exchange, their number rose from 400 in 1988 to 2,000 in 2001. Despite the large numbers of corporate universities, in most instances these organizations represent a "re-branding" of their company's human resources and training functions. Little has changed except the name. Most are focused on improving the competitive edge of their own companies through improved group and individual performance and show few signs of higher education level activity. Their offerings are primarily non-credit, non-degree. Eighty-two percent of them are used primarily to convey corporate culture to their own employees.

Some believe, however, that corporate universities represent a potential threat to traditional institutions. As Jeanne Meister has pointed out, until very recently, colleges enjoyed a captive market, where corporations paid whatever institutions charged for executive education. But today, by launching their own corporate universities, companies are taking it upon themselves to educate their employees and/or to demand courses that fit their particular business needs and challenges. They are also requiring that courses be developed more quickly and at more competitive prices. What's more, corporations want their educational partners to provide many more services that are often time-consuming and costly such as round-the-clock access to professors, mentors, and fellow students.

**For-Profit Institutions**

Despite the large amount of attention recently directed at for-profit institutions of higher education, many of them have been around for a relatively long time. DeVry was founded in 1931, the Keller Graduate School of Management in 1973 and the University of Phoenix in 1976. These institutions, like their non-profit counterparts, are primarily site-based, but their greatest growth trajectories are occurring in the online market. The University of Phoenix, for example, currently enrolls 75,000 students, a 22 percent increase over last year. Their online campus grew by 44.7 percent to 13,779 students. The projected growth of their site-based programs is 17-18 percent but 35-40 percent online.

In examining these trends, several observers have noted that technology is not the primary competitive issue. Rather the biggest competitive challenge to existing institutions, particularly those that serve working adult students, lies in their close attention to service levels for learners, their more efficient use of staffing resources and their highly professional approach to teaching and learning, including mandated teacher training, rigorous evaluation of the teaching process, emphasis on supporting all teachers including part-timers, and a focus on professional expertise.

Key elements in their ability to attract adult students include convenient location; 24/7 learner support; frequent enrollment points; short, intensive study periods; the potential for "banking" and transfer of credit; and a curriculum taught by practicing professionals which is of direct and immediate applicability to the workplace.

These providers are creating a new kind of institution—one built on inclusiveness and accessibility, much like the community college—rather than the exclusiveness and inaccessibility that typifies our medallion institutions. In the process, they are creating new "brands."

What lessons for traditional institutions can be drawn from these developments? A fundamental shift in the world of higher education occurred when our agrarian world became an industrial one. Few would argue against the fact that we are in the midst of a similar shift, from an industrial economy to one based on knowledge, services and digital technologies, whatever name we choose to give it. In our view, those institutions most closely aligned with this transformation will be those that prevail.

—CAT

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