

## Leveraging Technology to Increase Enrollment, Capacity and Revenues

*By President Arthur F. Kirk, Saint Leo University*

Are you watching all the for-profit universities' stocks soar as their online programs grow by double-digit percentages? Have you been reading about private equity firms buying failed private colleges and "preserving the mission," but developing online programs? Do you wonder how the University of Phoenix grew to more than 400,000 students? Do you believe that you could develop online programs, market them nationally, capture a small share of those online students, and add millions to your bottom line? In today's economy – such thoughts are understandable. Colleges need more students and cash and lucrative online programs to grow. Why not go for it?

Forget it! You are far too late and likely much too small, to think big now. But, you do have opportunities, just probably not big ones. You also have imperatives. Big may be out, but online is in.

Saint Leo University, my school, enrolls more than 3,000 undergraduate students exclusively online. Another 5,800 of our undergraduate students (mostly adult students) take from one course to 50% of their courses

online. We also have 1,000 graduate students fully or partially online. Our online tuition and fees generated \$56,000,000 last year and will grow again this year. But it is highly unlikely you can ever match even our modest (compared to the for-profits) totals. According to the Babson Survey Research Group and The Sloan Consortium, "[t]he majority of recent growth in online enrollments has come from schools most engaged in online education...These institutions are larger and more established [online], so they are in a better position to "scale up" their online offerings." Sloan found that most of these schools started such programs prior to 1999 (Allen and Seaman, 2008).

But, you need online courses and online programs. Your traditional and non-traditional students increasingly demand – and often require them. The time may have passed for the "big growth" strategy, but if you want to protect what you have and hopefully grow it, you need to be online, now!

Since 2002 online education grew by a compounded annual rate of 19.7%. It grew 12.9% in 2007 (Sloan). During that same period overall collegiate enrollments grew at a 1.6% annual rate. Sloan reports that students taking at least one online course went from 1,602,970 students in 2002 to

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3,938,111 in 2007. In 2007, 21.9% of all students took at least one online course, up from 9.6% in 2002. More than 80% were undergraduates.

Sloan's and Babson's research confirms that adult students favor online courses. American Intercontinental University's research revealed that 75% of mothers with children under 17 wanted to earn a bachelor's or master's degree (Trends in Online Education for 2009; All Online Schools). According to the U.S. Department of Education's National Center for Educational Statistics, by 2016 traditional age (18-22) student enrollments will grow a total of 7% while students aged 22-29 will increase 20% and those over the age of 30 will increase 14%. This growing "adult" aged student population will drive growth online.

But don't discount your traditional aged students' desire for online options. Sloan also reports more than 1,000,000 public school students took online courses in 2007-2008, a 47% increase over a period of time. Many were for Advanced Placement. According to the Chronicle Research Services Report: The College of 2020: Students, "[t]he ideal of four years away from home – spent living and learning and growing into adulthood – will continue to wane." Of those who responded to the Chronicle survey, "two-thirds said that almost all of their students were full-time and aged 18-25," but predicted that by 2020 "students will be taking up to 60% of their courses online. Now almost no students at these colleges take courses online."

Online as an aggressive enrollment growth strategy (Saint Leo enrollment went from 7,100 to 14,100 in our first ten years online) may be obsolete. But online as a defensive enrollment strategy may be a necessity.

I made the commitment to put Saint Leo University online in January 1997 when I began my presidency. I set up two separate "skunk works." One, located 20 miles from campus, developed full online, asynchronous undergraduate degree programs through what we named the "Center for Online Learning" (COL). We developed highly-structured courses by teaming faculty with instructional designers and adult learning experts. Much of the content developed was "fixed," restricting the teaching faculty's autonomy to teach what and how they saw fit, but assuring consistency and quality.

We partnered with a firm that provided the instructional designers and the studio and technicians for audio video presentations of every week's lesson. They also provided the learning management system, bought all the online student leads, marketed to these prospects, recruited, billed, collected the tuition and provided the books. The program was marketed nationally and globally. Lead generation, marketing and recruiting costs were and are substantial. Content development, when expertly done, is as well. Our partner bore most of the upfront costs, we shared revenues. COL grew rapidly. In 1998 when we offered our first courses, there was little competition beyond the University of Phoenix. In fewer than 10 years, we approached 35,000 annual enrollments.

Our skunk works developed online courses to augment our offerings at our continuing education locations. Saint Leo University has taught on military bases since 1973 and on Florida Community College campuses since 1993. In 1997, we had 15 centers in five states, more than 25 teaching locations and about 6,000 adult (military and civilian) students taking courses in classrooms. We labeled the online courses Distance Learning (DL) courses. Faculty developed and taught these courses in a standard, unstructured autonomous model. These online courses gave our students flexibility and options, and allowed the University to reduce the number of small classes and independent studies offered by gathering students from multiple locations in online courses averaging 17 students with, in most cases, superior teachers as well. DL course enrollments also grew rapidly.

In FY 1997-98, Saint Leo invested just over \$600,000 out of a budget of \$26 million to develop online courses and capacity. We produced \$88,000 in tuition revenue that year. In 2007 we estimated a \$9,000,000 upfront investment was required to start a COL program from scratch. I doubt the return would be as good. Going national requires a lot of money – and no amount of money assures success. (Look at the University of Illinois Online which had 121 students in September of 2008 after spending \$8.9 million [Mercer, 2008]. In June of 2009 the University of Illinois shut it down after spending nearly \$15 million). Brand names and big money don't guarantee success. They help, but it may be true that at this point in the market's maturity, it is just too late for anyone to "go national, go big."

What opportunities remain? Plenty, but they are much smaller. But, so too are our Council of Independent College schools. We are smaller, more agile, and excellent at serving our students. Many have niche programs not yet available online. Opportunity exists.

All good marketing opportunities start with a niche. It may be programmatic. It might be geographic. Be realistic. Develop your strategies based on your strengths.

Today's online reality is that most online students select a local college – if they can. Do you offer an evening or weekend program? Do you offer accelerated degree programs? Do you have an executive MBA program? All of these students may prefer some online options. If you don't provide them, the University of Phoenix or Saint Leo University will. (Saint Leo has online students in all 50 states.)

George Otte, Ph.D., director of instrumental technology for the City University of New York delivered a paper at the GUIDE International Conference on Online Education entitled "The Collapse of Distance: Online Learning as Local Education" (2007). Otte posited that online courses' "most important utility may now be local outreach, done to address the growing problem of degree completion." Sloan found that more than 50% of online students are local (within 50 miles of campus). Another 35% are from the region (Allen and Seaman, 2008).

Culver-Stockton College, a very successful participant in the Online Consortium of Independent Colleges and Universities (OCICU), used online Saint Leo courses to help students who dropped out go on to complete their degrees. Their strategy has been very effective. They leverage their brand identity with those who know them best and already demonstrated a desire to earn a Culver-Stockton degree. Since six out of every ten college students do not complete a bachelor's degree within six years, this market is sizable for any school (Carey, 2005). OCICU schools access online courses to meet a variety of different student needs without having to invest in course development or expensive new marketing campaigns.

What is required?

The first component of success is institutional commitment. Far too many schools falter because of vocal pockets of faculty resistance and lack of strong leadership. Smaller private not-for-profit colleges remain the least likely to offer online classes or programs. Yet a majority of them embrace a mission to educate working adults and/or depends upon those students to balance budgets.

While chief academic officers generally believe that faculty accept the value and legitimacy of online courses, fewer than half of private college CAOs believe their faculty do so. Those opinions ignore mountains of data that demonstrate no differences in learning outcomes between online and classroom courses. They also ignore the National Survey of Student Engagement (NSSE) data that found that "distance education" students reported being more engaged than traditional students. Negative faculty opinions run counter to those of business leaders. According to Excelsior College/Zogby Internationals' nationwide online survey of business executives, among those familiar with online programs, "83% strongly believe that degrees earned via online programs are viewed favorably compared with those earned in a more traditional way."

The Chronicle Research Services study warned, "[w]hen it is common for private colleges to give away their product at about a 40% discount, it might be time to question whether the business model can continue." That comment in the context of the study's conclusion that the elite schools will be fine and "the model for for-profit and community colleges is also strong. They cater to older students who . . . want and need courses at times and in formats that fit their schedules" sounds an alarm – or should. Robert Sevier, senior vice president of strategy at Stamats, Inc., commenting on the Chronicle study, identified leadership as the key issue. He wrote, "[i]t is the quality of leadership – not external market forces – that will spell the difference between an institution that thrives and one that is marginalized or even fails." He calls on presidents, their cabinets and boards to "squarely face the issues, develop a compelling vision, outline a clear strategy, work together and execute."

I could not agree more – and for most, online courses and programs need to be part of the strategy.

## About the Author



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Arthur F. Kirk, Jr. assumed the presidency of Saint Leo University in January 1997. He earned his bachelor's and master's degrees from Kean University and his doctorate from Rutgers University, having written his dissertation on small college survival strategies. President Kirk became director of alumni affairs at Kean University in 1971 and later served as the university's assistant director of college development. In 1975, he was appointed director of development and planning for Raritan Valley Community College. In 1979 he became executive vice president and CFO of College Misericordia and in 1984 President Kirk was named president of Keuka College, where he served until 1997.

President Kirk has received honors and awards from Rutgers University, Kean College of New Jersey, and Keuka College. He currently is a member of the board of the Council for Adult and Experiential Learning (CAEL), World Presidents Association, the Association of Governing Boards (AGB) President's Advisory Council, and the National Association of Independent Colleges and Universities' (NAICU) Public Policy Committee. He is the immediate past chair of the Independent Colleges and Universities of Florida (ICUF), current vice president of the Florida Association of Colleges and Universities Board of Directors, and serves on several corporate and community boards.