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**Username:** ERS0203  
**Password:** OFFCAMPUS1113
Strategies for Supporting Off-Campus Growth
EDUCAUSE is a nonprofit association whose mission is to advance higher education by promoting the intelligent use of information technology.

The mission of the EDUCAUSE Center for Applied Research is to foster better decision making by conducting and disseminating research and analysis about the role and implications of information technology in higher education. ECAR will systematically address many of the challenges brought more sharply into focus by information technologies.

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Distance learning, once synonymous with correspondence study, has been transformed by the Internet, with innovative faculty and “new” students the primary drivers of that change. Traditional, campus-based institutions have expanded their divisions of extended study and continuing education to include this new delivery system, or they have initiated new entities to offer these learning opportunities. This research study focuses on just those efforts, systematically analyzing the challenges of organizing and implementing Web-based distance learning. Institutions initiating new efforts and those expanding or auditing their current programs will profit from this analysis. Similarly, as institutions plan to expand their Web-based activities to blended courses and programs to reach new audiences, to supplement brick-and-mortar capacity, or to modify classroom delivery, this in-depth study will prove useful.

With this study, the EDUCAUSE Center for Applied Research (ECAR) continues to respond to the interests of its subscribers, as well as to those signaled by the general EDUCAUSE membership, by presenting this analysis of the support for Web-based distance learning. ECAR was established to serve those interests by creating research to support decision making by users and managers of information technologies in higher education. This study, in the spirit of those on outsourcing, wireless technologies, and enterprise resource planning, provides readers with examples, guidelines, strategies, and tactics for improving institutional efforts in critical areas. In this instance, the study reflects the growing criticality of Web-based learning and draws on the experience of many institutions to suggest appropriate structures and tactics for supporting that delivery system.

ECAR supports its mission through a research agenda and symposia intended to convene researchers and practitioners for the consideration of significant topics. ECAR research includes

- research bulletins—biweekly executive analytic treatments of management and technology issues;
- case studies—detailed analyses of campus-based activities designed to offer insight into decision processes, pitfalls, and effective practices; and
- research studies—substantial and rigorous analyses of problems and technologies of enduring interest.

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This study reflects ECAR research on the strategies for supporting off-campus growth through Web-based distance learning.

ECAR has sought prominent and effective research organizations and individuals to address the problems of interest to higher education administrators and executives. Eduventures surfaced as one of these research organizations, with particular expertise in the analysis of new initiatives in higher education. Their analysts track the beginnings and growth of new institutions and spin-off entities while monitoring growth areas in education. They particularly track and analyze financial patterns, population shifts and growth, and institutional strategies to support growth and financial success. Their many reports issued to their own clientele reflect very broad contact with institutions and vendors in the higher education segment.

**Methodology**

The current study’s methodology differs somewhat from that of other ECAR studies. Rather than relying on a broad survey of distance-learning practices—a familiar methodology, particularly in this subject area—this study is based on qualitative studies of practices at a significant number of institutions. Interviews rather than surveys were used to determine the strategies and tactics that characterized the institutions’ (mostly) successful efforts. Interviews for the case studies typically involved several people at each institution. In addition, analysts relied on discussions with people from industry to confirm interview information as well as to provide outside views concerning the success of the various programs the study examines. The result is a study with a very substantial emphasis on qualitative factors: what works in the institutions, what processes and tactics lead to successful programs, and how institutions can avoid the factors that led to some very well known collapses of virtual-learning initiatives.

This study does not, of course, deal with the drivers of the new distance learning: students and faculty. To succeed, leaders of Web-based distance-learning programs must recognize that supporting the faculty who deliver these programs with incentives and adequate technology, and providing services to the students who are the ultimate consumers of these offerings is essential. To properly support off-campus Web-based learning, institutions must recognize that the current learning environment is far more dependent on managing faculty and serving students than in the past. The success of the University of Phoenix, no more than that of the University of Central Florida or the Penn State World Campus, rests on that recognition.

Off-campus Web-based learning requires structural, financial, and political support, all aimed at moving the institution forward within its mission and in ways attractive to the primary constituencies. This study helps us understand how to achieve these goals.

**Growth through Web-Based Learning**

For many institutions, from small community colleges to large universities, Web-based learning represents the fastest area of growth. But not every institution has initiated a successful program, modified its video-based program to online learning, or transformed a division of continuing education into an online learning unit. Effective growth in quality, integrity, or revenue requires significant planning and monitoring. During interviews with nearly 40 institutions chosen to reflect the diversity of such off-campus programs, the strategies for maximizing distance-learning opportunities became clear. The interviews revealed the
Strategic considerations and the internal competencies required for success.

Although four strategic considerations—mission, financial goals, market reach, and brand—are significant, a thorough understanding of the mission and its extension to new audiences is the key to success. When institutional leaders foster an understanding of the mission and consider technology as a way to expand that mission to other areas, audiences, or markets, the institution’s identity is preserved. Institutions that depart from their mission to seek other markets often find themselves without support either inside or outside.

The study clearly suggests successful strategies for achieving financial goals, market reach, and brand. Such enterprises, whether publicly funded, cash funded, or supported by some combination of the two, still require both capital funding to begin and operating funds to survive. The case studies and other interviews confirm the need for ingenuity, innovation, and careful business plans. The analysis rightly focuses on successes rather than failures, but it is clear that those few institutions that saw Web-based programs primarily as an opportunity for significant new revenue often had little or no experience with such entrepreneurial activity. As with an absence of mission clarity, a disregard for the functions and capabilities of the traditional institution has led to some failures.

Market reach and brand are additional elements of success. Not surprisingly, recognizing the value of the traditional market and brand can lead to success with new programs and new students.

Beyond the strategic considerations lie the institutional capabilities for implementing those strategies. The various factors are familiar, although implementation requires not only leadership skills but also support from within the institution. The interviews and case studies show that such buy-in or sponsorship is a necessity. For example, one of the case studies is an institution in which extension of the mission includes overall faculty participation. In another case study, the conflict between on-campus faculty in the residential program and faculty involved in off-campus work may become a serious problem.

Organization models offer alternatives to placing the off-campus entity within the institutional structure. The alternatives rest on more than mere organizational shuffling, because leadership and financial issues alone may determine what is possible. Faculty culture and participation may also determine what model is acceptable or advantageous. Those who have followed the fate of some well-known examples of distance-learning initiatives can name the enterprises that dissolved because of faculty issues.

While governance in the academy is changing, in many institutions faculty participation in decision making hasn’t changed significantly. In those institutions, matters of mission, budget, leadership, and curricular oversight rest in no small measure upon faculty support.

Acknowledgments

This ECAR study of the strategies for supporting off-campus growth through Web-based learning is the result of collaboration between ECAR (Richard Katz, Diana Oblinger, and myself) and Eduventures, a leading independent research organization dedicated to the coverage and service of learning markets. Eduventures specializes in emerging trends and key industry metrics and provides research, advisory services, and conferences to clients. The Eduventures team was led by Adam Newman, director of the research group, with significant participation from Sean Gallagher, analyst, and Abigail Callahan, director and senior ana-
The Eduventures team provides a highly informed view of the world of higher education and thoughtful analyses of what leads to quantitative success. Their strong relationship with institutional leaders facilitated the interviews that form the backbone of this research study.

Many participating institutions and corporations must be acknowledged for their willingness to share their time and information. The academic community can often be characterized by its willingness to share information that benefits not only other institutions but also students. Our friends at corporations supporting the move to Web-based education have been no less generous with their time. Many of the individuals listed in Appendix A were willing to describe the successes and problems they encountered so that others might benefit.

The EDUCAUSE staff continues to support ECAR in every way. The extent of that support properly varies with the type of research and study, but the staff’s willingness to stand ready to help those of us in ECAR to fulfill our mission never varies. In this instance that support has been primarily in the production of the final version of the study. Their counsel and advice, as well as their expertise, contributed immensely to making this work available to our readers.

Robert C. Albrecht
Strategies for Supporting Off-Campus Growth

Executive Summary

The Internet’s explosive growth during the 1990s provided a compelling new vehicle with which colleges and universities could extend the reach of their institutions. Web-based technologies introduced dynamic new teaching and learning environments while setting a new threshold for interactivity in distance-learning courses and programs. Web-based distance learning—defined as instruction delivered at a distance via the World Wide Web, primarily in the form of credit-based courses as part of programs leading to a certification or degree—has achieved strong growth in a short time. Eduventures’s analysis indicates that more than 350,000 students were enrolled in fully online distance-learning programs during 2001–2002, a figure representing growth of more than 40 percent annually.

Many institutions, ranging from prominent public universities to community colleges, have achieved success serving geographically dispersed students over the Web. Their experiences demonstrate that nearly any institution can achieve success in Web-based distance learning by engaging the organization in a deliberate process to evaluate and develop an institutional online distance-learning strategy.

Strategic Considerations

Strategies for Supporting Off-Campus Growth highlights four strategic considerations:

- **Vision/mission**—Successful programs must be closely aligned with the institution’s vision/mission.
- **Financial goals**—Clearly articulated financial goals are important, and the program’s structure must align with these objectives.
- **Market reach**—Institutions must identify and agree on a target audience.
- **Reputation/brand**—An institution’s brand reputation must be considered when devising a distance-learning strategy.

These considerations serve as the critical foundation on which institutions establish distance-learning program models. In addition, six institutional competencies are critical to success:

- leadership/management,
- capital financing,
- technology management,
- marketing,
- partnership ability, and
- institutional and faculty flexibility.

Colleges and universities must evaluate these six critical institutional competencies.
to foster online success. This means determining whether they can access them by leveraging existing internal capabilities, developing the competencies, or outsourcing to secure the skills.

Colleges and universities should review these issues and factors prior to launching a Web-based distance-learning initiative or when auditing an already established program. Institutions will then identify one of four principal organizational models—distance-learning division, for-profit spin-off, enterprise model, or single-school model—that best fits their objectives and resources. Each model has distinct advantages and challenges that institutions should be aware of when developing or modifying their distance-learning unit.

This analysis prepares an institution for outlining an implementation plan to launch a Web-based distance-learning initiative or to modify an existing program that has not met expectations. Colleges and universities will discover a plethora of discrete questions and activities that must be addressed to launch an online program. Several of these issues will prove more pressing than others; they include developing incentives to encourage faculty participation, implementing comprehensive student support services, and establishing processes for measuring and tracking program success. Moreover, during this self-assessment, institutions should recruit Web-based distance-learning advocates at all levels of the organization, to ensure broad-based commitment from faculty, staff, and administrators.

**Case Studies**

It’s easier to understand and evaluate the strategic considerations and key institutional competencies by investigating specific examples. The study includes detailed case studies of four university efforts: Penn State University’s World Campus, Nova Southeastern University’s “centralized-decentralized” model, Eastern Oregon University’s Division of Distance Education, and Cornell University’s eCornell. Along with recommendations, each case offers insight into the genesis of the institution’s distance-learning efforts, key elements of the organizational model for online efforts, and evaluation of the strategic considerations and critical competencies. In addition, a composite case study drawing on the experiences of seven community colleges offers further insight into the efforts of institutions that have embraced Web-based distance learning to meet their mission of service to their local communities while contending with fiscal challenges and heightened competition from for-profit providers.

*Strategies for Supporting Off-Campus Growth* examines the critical strategic considerations and competencies brick-and-mortar institutions must address to launch and operate successful Web-based distance-learning programs. It provides college and university senior administrators and key decision makers with a framework for addressing the critical institutional issues, and it highlights a set of diverse distance-learning models to help leaders translate strategy into practice. The study concentrates on the experiences of two- and four-year colleges and universities that have launched fully online programs that extend their academic reach and generate off-campus growth opportunities. Virtual university models, such as Michigan Virtual University, and consortia models, such as eArmyU and the Electronic Campus of the Southern Regional Education Board, are outside the scope of this study and present somewhat different challenges and opportunities.

**Structure and Sources**

After a brief introductory section that provides background and context for the
current Web-based distance-learning landscape, readers will find the following discussions:

◆ **Research Methods and Market Sizing Assumptions**—Describes the scope and objectives of the study and the methods used to produce it. This section also details Eduventures’s methodology for establishing the current size of the postsecondary enrollments in online Web-based distance education.

◆ **Driving Web-Based Distance-Learning Success**—Furnishes a detailed analysis of the strategic considerations and internal competencies. This section also describes the principal distance-learning organizational models—their benefits and challenges—and the leading implementation issues facing institutional leaders.

◆ **Making the Transition from Strategy Development to Program Execution**—Profiles the Web-based distance-learning efforts of four universities and seven community colleges. The strategic considerations and internal competencies are evaluated within the context of current institutional practices, and each case furnishes numerous tactics that should help college and university leaders chart a course for their unique institutional efforts.

◆ **Bibliography**—Provides a collection of articles, monographs, and reports for readers interested in a more detailed treatment of selected issues addressed in this study.

The analysis and findings in the study draw extensively from conversations with higher education administrators, faculty, and staff; senior executives at postsecondary businesses; and other industry observers. This qualitative, interview-based methodology results in an issues-oriented analysis of key concepts and questions concerning Web-based distance learning and is less dependent on quantitative survey data and other statistical analyses. The analysis and findings are therefore drawn not only from the interviews conducted for the express purposes of this research endeavor but also from hundreds of interviews and conversations conducted by Eduventures analysts concerning online learning and Web-based distance-learning programs. In addition to leaders from institutions profiled in the specific case studies, Eduventures spoke with senior officials of Apollo Group, Collegis, DeVry University, eCollege, Great Hill Partners, Michigan Virtual University, SCT, and WebCT.
An Introduction to Web-Based Distance Learning

The past several years have been characterized by a rapid proliferation of technologies and solutions flooding the market. This study evaluates institutional strategies and models for supporting Web-based distance learning, defined as instruction delivered at a distance via the World Wide Web, primarily in the form of credit-based courses that are part of programs leading to certification or a degree. This definition excludes correspondence courses, teleconferencing, and satellite and other distance-learning technologies, though institutional experiences and lessons learned in those arenas undoubtedly influence current Web-based efforts. In addition, the study focuses on traditional, campus-based institutions such as Pennsylvania State University and Nova Southeastern University that have pursued online opportunities to fully serve geographically dispersed students. It does not consider purely online “virtual university” efforts such as the Michigan Virtual University and Capella University.

The Internet as a Catalyst

While distance learning isn’t new, the Internet’s emergence represents a fundamental shift in the capabilities and benefits of distance learning. Prior to the Internet, interaction between instructors and students in distance-learning programs was primarily one way, through videotaped lectures, telecourses, and traditional mail correspondence courses. Now, conferencing technologies, Web-based whiteboards, file sharing, chat rooms, and instant messaging software enabled by Internet technologies provide for rich, real-time interactivity between teacher and learner that was not available in preceding distance-learning formats (see Figure 2-1). These technologies have enabled vibrant online communication and the development of broad academic communities—critical attributes for successful pedagogical models.
With the Internet’s rapid adoption and unparalleled rate of penetration, the Web became an attractive channel for expanding the accessibility and distribution of learning opportunities. This trend aligned with a core objective of many public and private institutions: to provide educational opportunities—including degree programs, workforce development, and lifelong learning—by leveraging innovative technologies to better serve existing students and reach new student communities. In support of this mission, institutions of all stripes have embraced Web-based distance learning, making it one of the most exciting and challenging areas in higher education.

**Speculation: The Boom, the Bust**

The arrival of Web-based distance learning as a credible and feasible proposition in the mid to late 1990s coincided with industry’s “dot-com” boom. Investors and entrepreneurs saw this as a significant opportunity: They would capitalize on demographic trends, the shift to a knowledge-based economy, the reach and scalability of Internet technologies, and unmet global demand for higher education by delivering education over the Internet.

Numerous high-profile institutions launched online initiatives so that they wouldn’t miss out on an unprecedented opportunity to generate additional funds through distance-learning tuition revenues and content licensing deals. Many institutions were attracted by the prospect of an initial public offering of their distance-learning venture that would augment institutional endowments. A number of for-profit spin-offs were launched and/or announced with the goal of accessing venture capital. Private equity firms and venture capitalists poured $1.2 billion into technology-related postsecondary ventures in 1999 and 2000 as the stock market soared (see Table 2-1).
### Table 2-1. Selected Web-Based Businesses Supported by Traditional Institutions

<table>
<thead>
<tr>
<th>Company</th>
<th>Participating Institution(s)</th>
<th>Background</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fathom</td>
<td>Columbia University</td>
<td>Launched in 2000 as a consortium of leading education and cultural institutions to provide knowledge and education to business and individual users.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Challenged to identify and target lifelong learners.</td>
</tr>
<tr>
<td>Global</td>
<td>Williams College</td>
<td>Founded in 1999 by Williams professors to offer high-quality online liberal arts courses.</td>
</tr>
<tr>
<td>Education</td>
<td>Brown University</td>
<td></td>
</tr>
<tr>
<td>Network</td>
<td>Faculty from other</td>
<td></td>
</tr>
<tr>
<td></td>
<td>liberal arts institutions</td>
<td></td>
</tr>
<tr>
<td>UMUC</td>
<td>University of Maryland</td>
<td>Launched in 1999 as a for-profit company to market UMUC’s courses.</td>
</tr>
<tr>
<td>Online</td>
<td>University College</td>
<td></td>
</tr>
<tr>
<td>UNext</td>
<td>Columbia University</td>
<td>Founded in 1997 to offer high-impact courses and content through its subsidiary, Cardean University.</td>
</tr>
<tr>
<td></td>
<td>Stanford University</td>
<td>Thomson Corporation currently holds a majority stake and provides enhanced distribution opportunities.</td>
</tr>
<tr>
<td></td>
<td>Carnegie Mellon University</td>
<td></td>
</tr>
<tr>
<td></td>
<td>University of Chicago</td>
<td></td>
</tr>
<tr>
<td>NYUonline</td>
<td>New York University</td>
<td>Founded in 1998 to offer career-focused courses and certificate programs.</td>
</tr>
</tbody>
</table>
Headlines and cover stories in notable magazines and newspapers, including *Newsweek*, *Time*, *The Wall Street Journal*, and *The Chronicle of Higher Education*, touted the launch of these ventures and actively tracked their progress—or lack thereof. It was a heady time, as institutions announced grand plans for distance-learning ventures, spin-offs were launched, institutional consortia were formed, and partnerships were pursued and consummated. Then the bubble burst.

**Analyzing the Fall—Reduced Expectations**

When the NASDAQ index began what would become a prolonged descent after peaking in March 2000, it became clear that much of the “new economy” hype was a veneer of irrational exuberance. Throughout 2001, many Internet-related businesses saw their stock prices plummet 90 percent; others simply closed shop. The torrent of venture capital that once had flowed into online learning ventures slowed to a trickle.

Many for-profit university spin-offs and businesses targeting the education marketplace with offerings of content, technology, and/or services had been operating under the assumption that venture capital would remain available to finance growth. For colleges and universities, a key motivation in creating an independent, for-profit distance-learning business had been that this structure would let the institution tap private financing. External capital sources, it was believed, would give online efforts a degree of freedom from traditional university operating procedures and expectations while minimizing concerns that certain university constituencies were losing resources as funds were redirected to new online programs. However, access to private financing nearly vanished when financial market conditions changed dramatically.

These university spin-offs and for-profit businesses struggled for reasons beyond a simple lack of access to capital. It became apparent that many efforts were launched hastily, with insufficient consideration of key strategic and operational issues and limited connection to the associated institutions’ overarching mission. Some ventures saw the entire world as their market, without regard to competition or demand. Others found that revenue forecasts didn’t correspond with actual performance and the business’s financial requirements. Some institutions incorrectly assumed that a prestigious academic brand would translate into rapid online enrollments. Regardless of the particular misstep, the outcomes were nearly the same: troubled online ventures that lacked a viable business plan.

In general, many of these high-profile initiatives failed to build an organizational model and a set of expectations for Web-based distance learning consistent with the institution’s goals and objectives. In their haste to be first to market with Web-based solutions, institutional leaders and online advocates didn’t conduct the type of rigorous evaluation of infrastructure needs (technology, administration, faculty) that generally accompany on-campus program investments. Moreover, the spectacular early successes of public Internet companies and the apparent ease with which a dot-com business could create wealth undoubtedly influenced decisions by institutions such as Columbia, New York University, and the University of Chicago, among others.

At the same time, and much more quietly, institutions such as Penn State, Eastern Oregon University, the University of Central Florida, and Johnson County Community College were developing effective online programs and institutional strategies for serving geographically dispersed students. These college and university efforts achieved
greater success through a more comprehensive and diligent assessment of key strategic considerations (for example, aligning online initiatives with institution vision/mission and anticipating the program’s market reach). They also focused on internal competencies such as leadership/management and institutional and faculty flexibility, which are critical in establishing a foundation for online distance learning. The case studies of Penn State, Nova Southeastern, Eastern Oregon, and Cornell University—presented later in this study—evaluate and highlight these factors.

After the Gold Rush—Driving Programmatic Success

Today, following the burst of the dot-com bubble, institutions, online education critics, and others in higher education continue to invoke the specter of the for-profit, Web-based distance-learning spin-offs and online technology ventures that failed as a rationale for avoiding online distance education. To some extent, their attention to these few setbacks is misdirected when they fail to consider the many Web-based distance-learning program successes experienced by traditional colleges and universities and the dramatic growth in online course offerings and student enrollments.

Too many institutions and observers are still asking whether any institutions are making money from online efforts. The real question revolves not around revenues and profits, but around institutional mission, access to education, and enhanced pedagogy. And if one asks whether colleges and universities are effectively employing Web-based distance-learning solutions to fulfill their institutional objectives and support off-campus growth, the answer is unequivocally yes. Institutions such as Duke University and eCornell have successfully supported off-campus growth with a narrow focus on specific populations, while Penn State and the University of Maryland University College have fulfilled their outreach mission by offering Web-based distance learning to a broad audience.

Although vast profits have not materialized from either university spin-offs or university-corporate e-learning partnerships, the demand for Web-based distance-learning programs continues to grow remarkably. This comes at a time when many campuses are literally overflowing with students while simultaneously facing the fiduciary challenges of budget cuts, shrinking endowments, and reduced state support. In this environment, colleges and universities are quietly building their Web-based distance-learning programs, expanding their online course and degree offerings, and implementing the services required to support rapidly growing student enrollments.

Nontraditional Students Gain Importance

In tandem with the rapid pace of technological change transforming the higher education community, colleges and universities in the United States have witnessed remarkable shifts in student demographics over the past two decades. The proportion of “traditional” university students—that is, 18–23-year-olds enrolled full time in a residential campus program—is shrinking while the percentage of nontraditional students grows. Some observers believe nontraditional students already represent the majority of enrollments in postsecondary institutions. Colleges and universities interested in serving these students—to extend their core academic mission, counter declining enrollments, or capitalize on new market opportunities—will find Web-based distance learning a valuable component of a more comprehensive strategy.

A growing number of students defined as nontraditional by the National Center for
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Education Statistics (NCES) are adults over the age of 25. NCES enrollment projections suggest that these students will account for half of all postsecondary students in 2002. Moreover, NCES reports that the adult student segment has been growing far more rapidly than enrollments in any other age bracket in the last decade.

These nontraditional students are pursuing a variety of certifications and degrees to gain new skills and advance their careers as workplace demands continue to change rapidly. In addition to seeking programs that meet their academic and professional interests and objectives, these savvy consumers seek an educational experience that addresses their needs for convenience and flexibility—attributes that characterize Web-based distance learning.

Community colleges and for-profit postsecondary firms (for example, the University of Phoenix, DeVry, and Career Education Corporation) have been among the most evident beneficiaries of this trend. The nation’s community colleges have experienced annual student enrollment growth of 8 percent since 1998 (compared with just over 5 percent for all other postsecondary institutions). For-profit providers increased their Web-based distance-learning revenues by 90 percent in 2001, to more than $430 million. In fact, a Web-based distance-learning market that effectively did not exist five years ago will capture tuition revenues of more than $780 million in 2002, with the majority of those tuition fees attributed to nontraditional students.

Growing Enrollments: A Testament to the Reality

The story of Web-based distance learning is really a story of growth, as many institutions reach out beyond their physical campuses and traditional geographic boundaries (see Figure 2-2).

A number of widely cited statistics and forecasts have suggested that millions of students are enrolled in Web-based distance-learning courses and programs. However,
these statistics most often refer to the number of enrollments, as opposed to the number of unique students, in online learning programs. These statistics also include a large portion of “hybrid students”—individuals taking courses both on campus and online—and therefore significantly inflate the true market size.

Those citing statistics need to consider that higher education institutions offer a variety of online educational programs. These include Web-based supplements for on-campus courses, hybrid courses delivered in both online and face-to-face formats, and wholly online courses. Table 2-2 briefly describes these distinctly different online offerings and strategies.

Table 2-2. The Online Learning Spectrum

<table>
<thead>
<tr>
<th>Category</th>
<th>Description</th>
<th>Benefits</th>
</tr>
</thead>
<tbody>
<tr>
<td>Web-based supplements</td>
<td>Support courses conducted in a traditional classroom format.</td>
<td>Enhance communication through use of threaded discussions and chat room capabilities.</td>
</tr>
<tr>
<td></td>
<td>Function as a required and or ancillary component of the course.</td>
<td>Enhance accessibility to core and supplementary course resources and information.</td>
</tr>
<tr>
<td></td>
<td>Offered to residential students and/or those students attending programs in a physical classroom.</td>
<td>Improve students’ technology literacy and skills.</td>
</tr>
<tr>
<td>Hybrid courses</td>
<td>Combine online and offline course delivery and resources to reduce classroom seat-time.</td>
<td>Improve accessibility to courses and/or programs for students constrained by time, distance, personal obligations, etc.</td>
</tr>
<tr>
<td></td>
<td>Significant percentage of course interaction and activities take place online.</td>
<td>Potential to lower university costs while delivering equal and/or better learning environment for students.</td>
</tr>
<tr>
<td></td>
<td>Offered to students with limited access to physical classroom locations and/or by institutions with facility constraints.</td>
<td></td>
</tr>
<tr>
<td>Web-based distance-learning courses</td>
<td>Conducted exclusively in an online format.</td>
<td>Creates academic opportunities for students who may not have been able to otherwise access educational resources.</td>
</tr>
<tr>
<td></td>
<td>Taken as part of an online certificate or degree-granting program.</td>
<td>Delivers education to students for whom convenience and flexibility are paramount considerations.</td>
</tr>
<tr>
<td></td>
<td>Offered to students with limited or no access to physical classroom locations or comparative academic offerings.</td>
<td></td>
</tr>
</tbody>
</table>
Informed estimates place the number of unique students enrolled in fully online distance-learning programs during 2001–2002 at approximately 350,000, or 2 percent of all postsecondary enrollments. This figure represents students exclusively taking Web-based courses within the context of a fully online certificate and/or degree program; it excludes students who may take a handful of online courses in conjunction with a primarily on-campus program. The present study is based on the organizational strategies and models established to support students pursuing their education through fully online certificate- and degree-granting programs.

The emergence of the Internet and online learning has fundamentally altered the concept of educational services for this rapidly growing, fully Web-based distance-learning population. While eager to meet the needs of these students, many colleges and universities find themselves struggling to craft an appropriate organizational response to the realities of Web-based distance education. This study details the critical strategic considerations and internal competencies that institutions should evaluate and regularly assess to enhance their odds for success in Web-based distance learning.

Research Methods and Market Sizing Assumptions

This research study is based on primary and secondary research. Interviews and discussions were conducted with an extensive array of senior leaders of universities and colleges, executives of associations and consortia, and managers of companies active in the postsecondary market, including technology organizations and investment firms. Appendix A lists the primary research participants. Secondary research from academic journals, scholarly research, company data and press releases, association and consortia publications, and other news sources was also collected and analyzed. A selected bibliography of notable publications appears at the end of this study.

Eduventures’s analysis is based on data and information provided by the institutions themselves, as well as secondary resources. Additionally, Eduventures leverages proprietary data and resources developed during its 10-year history of serving the education market. Although Eduventures has attempted to verify and cross-check the data wherever possible, the information provided by participating organizations is generally unaudited and may have been compiled using different methodologies and definitions.

Eduventures selected the institutions profiled in depth in this study—Pennsylvania State University/World Campus, Nova Southeastern, Eastern Oregon University, Cornell/eCornell, and the community colleges—on the basis of several factors:

◆ experience and success with Web-based distance learning,
◆ engagement in addressing strategic considerations and institutional competencies,
◆ applicability of best practices to peer institutions,
◆ relevance of institutional challenges and responses to peer institutions, and
◆ overall value of case.

Additional institutions highlighted in the study were selected at the discretion of the authors.

The issues evaluated in this study were selected and agreed upon by senior managers at both Eduventures and the EDUCAUSE Center for Applied Research (ECAR). In addition, a preliminary draft of each case study was completed in early September 2002 and distributed to participating institutions to ensure factual accuracy. However, all opinions and views expressed herein remain those of Eduventures, and Eduventures alone.
Eduventures’s analysis indicates that the number of students active in Web-based distance-learning programs has grown by approximately 45 percent annually since 1997–98, yielding an estimated 356,000 off-campus, Web-based distance-learning students during 2001–2002. Eduventures determined the number of students enrolled in Web-based distance-learning programs, excluding students attending courses on campus who are simultaneously enrolled in online courses for reasons of convenience or preference, by analyzing the data available for overall distance-learning enrollments, identifying Web-based distance-learning enrollments, and then estimating the number of unique students who are enrolled in off-campus distance learning.

In its most recently available data, NCES reported 1.34 million enrollments in college-level, credit-granting distance-learning courses during 1997–98. These enrollments are defined broadly and include courses delivered via videotape, CD-ROM, audio, and satellite. Internet-based courses accounted for approximately 59 percent, or 791,000, of these enrollments. However, this figure includes a significant number of students who enrolled in on-campus programs while taking a fully online course. Eduventures believes these hybrid students accounted for approximately two-thirds of these enrollments, with exclusively Web-based distance-learning students accounting for the remaining third. This latter group, therefore, represented nearly 261,000 enrollments during 1997–98.5

Furthermore, these 261,000 enrollments do not represent the number of unique Web-based distance-learning students, because this figure accounts for multiple enrollments—that is, a single student enrolled in more than one course. On the basis of primary research, independent analysis of institutions’ distance-learning programs, and public company data, Eduventures estimates an average ratio of enrollments to students at three to one. Applying this ratio gives us approximately 87,000 unique students enrolled in Web-based distance-learning courses during 1997–98.

Endnotes
1. U.S. Department of Education, National Center for Education Statistics, The Condition of Education 2002 (NCES 2002-025), Washington, D.C.: U.S. Government Printing Office, 2002. Adult students are loosely identified with a larger group characterized as “nontraditional” students. While definitions vary, NCES details seven characteristics that typically define nontraditional students: (1) delayed enrollment into postsecondary education; (2) part-time attendance; (3) financially independent from parents; (4) full-time employment while enrolled; (5) dependents other than a spouse; (6) single parent; and (7) lack a standard high school diploma.

3. Ibid.
4. See the Course Redesign Award Program within the Pew Technology and Learning Program (http://www.center.rpi.edu/PewHome.html).
Driving Web-Based Distance-Learning Success

Web-based distance learning has evolved to a point where those operating or contemplating such programs can profit from the experience of its early adopters and practitioners. This study uses as its basis the experiences of institutions—community colleges, large research universities, state/regional systems, and elite private institutions—that have actively pursued Web-based distance-learning initiatives. In doing so, it identifies the key elements required to develop a viable distance-learning program. For those institutions considering how best to approach distance learning, the following analysis furnishes invaluable lessons to help launch a strong program.

This study also serves as a tool for institutions that have already established a Web-based distance-learning program. It will help them audit existing program successes and challenges, and highlight pertinent issues that can be managed more effectively. For these institutions, the experiences of profiled institutions, including Pennsylvania State University, Nova Southeastern University, Dallas Community College, and Regis University, should furnish valuable insights into distance-learning strategies.

Learning to Benefit from Technological Innovation

The 1990s was a period of rich technological change and innovation that affected organizations both large and small. For many businesses, the ability to survive depends in part on their capacity for managing change at multiple levels, from shifts in industry and market dynamics to incorporation of new technology and innovations that redefine the traditional products and services landscape (see Figure 3-1).
For most private and public higher education institutions, the issue is less about survival than about capitalizing on new opportunities to serve students more effectively. Within the higher education community, however, such challenges and opportunities manifest themselves differently, and with varying degrees of urgency, depending on the type of institution. For community colleges grappling with reduced state funding, rapidly growing enrollments, and physical infrastructure constraints, Web-based distance education has been a critical factor. Institutions such as Portland Community College and, in California, Santa Barbara Community College have found that it can help them meet their community service mission. To maximize opportunity and their value to the community, these institutions had to develop strategies and competencies for managing change quickly, and they leveraged technology to do so. Larger public institutions, such as Penn State, the University of Central Florida, and Ohio State University, also moved quickly to the Web to fulfill regional and state mandates integral to their missions.

At many universities, distance-learning technologies initially gained traction in the form of course supplements rather than fully online courses and programs. For these institutions, the early opportunity focused on serving current students on campus rather than prospective students off campus.

The emergence of interactive, Web-based technologies during the latter half of the 1990s transformed the way some higher education institutions serve students. College and university leaders and faculty found themselves facing important decisions concerning the role of Web-based distance learning at their institutions, particularly as e-learning mushroomed from a collection of isolated experiments by tech-savvy professors and departments to a more central element of an institution’s strategic direction.

This environment has driven individual institutions to consider Web-based distance-learning programs for various reasons. Increased competition in the postsecondary market has certainly played a role for some, and distance learning represents an innovative way for these institutions to capture market share and expand their reach to new markets. The desire to explore new pedagogical strategies and techniques, encouragement and/or pressure from boards of trustees, and emphasis on a community and working-adult service mission are key factors driving institutions to develop Web-based distance-learning programs.

Figure 3-1. Impact of Evolving Technology
Table 3-1 highlights a set of catalyzing events and/or issues that led postsecondary institutions to initiate Web-based programs. These catalysts represent the primary factors driving an institution’s decision making and should be distinguished from secondary and tertiary influences surrounding Web-based distance-learning efforts.

For many institutions, multiple factors often converge to prompt Web-based initiatives, and the catalysts themselves offer leaders insights into the program model(s) that should prove most effective. For example, interviews with postsecondary institutions suggest that institutions seeking to counter declining enrollments initially find the greatest return by offering existing programs to prospective students in new markets. Similarly, institutions with a long tradition of providing distance-education programs, such as Regis University and the University of Maryland University College (UMUC), recognize that they need to build a scalable Web-based education model to support significant numbers of students (more than 15,000 students). With either model, Web-based distance-learning catalysts play a key role in establishing a context for institutional efforts.

**Distance Learning Extends Institutional Mission**

The concept of Web-based distance learning as the most recent innovation in a long line of educational technologies is critical to thinking about how best to structure a distance-learning program. Ultimately, by leveraging any one of a multitude of delivery media, any institution can develop a successful distance-learning initiative. However, it is important to use a deliberate process to identify and agree on clear goals and objectives, and then use them to drive the program’s business model.

Web-based distance learning should be viewed simply as an extension of the institution’s core mission—developing and applying the best pedagogies to educate students. It should extend the institution’s ability to achieve its mission by incorporating evolving and emerging trends and tech-

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### Table 3-1. Drivers for Moving to Web-Based Distance Learning

<table>
<thead>
<tr>
<th>Drivers</th>
<th>Selected Institutions Citing</th>
</tr>
</thead>
</table>
| Explore new technology to capture market share | Dallas County Community College (Tex.)  
Johnson County Community College (Kan.)  
Nova Southeastern University (Fla.)  
Penn State World Campus                   |
| State or board mandate                  | Eastern Oregon University  
Kirkwood Community College (Iowa)  
UMassOnline  
University of Central Florida            |
| Service mission extension               | Bismarck State College (N.Dak.)  
Portland Community College (Ore.)          |
| Move to scalable Web-based model        | Regis University (Colo.)  
University of Maryland University College                              |
nological innovations. Web-based distance learning should be an extension of the institution’s faculty-led, campus-based teaching efforts. A key outcome of this mission extension will be a coordinated effort that integrates Web-based distance learning into the campus-based education program. Adopting and applying new technologies to enhance institutional mission is a trademark of successful organizations—a common practice across all markets and industries. For institutions with a history of providing distance learning, Web-based distance learning is simply a new way to serve an existing student base.

**Case in Brief**

At Regis University, the seeds for the institution’s current Web-based distance-learning programs were sown in the early 1970s when the university established its first extension campus sites. During the following 25-plus years, Regis employed emerging, innovative technologies to reach students. These technologies included videocassettes and, through a partnership with Jones Cable, cable television. When the university’s School for Professional Studies discovered the opportunities available with Web-based technologies, the school followed the technology’s evolution and converted its technology-enabled distance-learning programs to the Web.

Institutions that have not been particularly active in distance learning may find it challenging to lay the institutional foundation for a successful Web-based distance-learning program. In these cases, an institution’s strategic planning efforts play a critical role in ensuring that the program developed fits the institution’s overall objectives and capabilities.

**Designing an Appropriate Program**

Developing and managing a successful distance-learning program requires a tiered decision-making process, as illustrated in Figure 3-2. Institutional leaders initially need to agree on critical strategic issues. Then, after evaluating a series of execution-oriented questions that address internal capabilities, they’re ready to focus on the operations of the distance-learning initiative. This process leads to the development of an action plan and a series of discrete activities to drive program implementation and launch.

Most importantly, the set of issues and decisions highlighted in Figure 3-2 should not be perceived as a one-time activity completed by a core group of senior administrators and faculty to launch an institution’s Web-based distance-learning program. Rather, it provides a framework for regular evaluation to ensure that online efforts remain aligned with the critical strategic factors influencing and directing university policy and practice.

**Creating a Distance-Learning Strategy**

Four principal strategic considerations—vision/mission, financial goals, market reach, and brand—are critical in laying the foundation for Web-based distance-learning success. Institutions must address these issues not only during program launch but also at regular intervals to ensure their continued relevance. Below, we consider each one separately.
Vision/Mission

Establishing a link between an institution’s vision/mission and its implementation of a Web-based distance-learning program is the most critical factor for ensuring program success. This link can take many forms, ranging from a presidential address to the university community, to a strategic planning document explicitly highlighting connections between online learning and the institution’s mission statement. For some institutions, serving a local and/or regional community by making educational programs broadly and easily available online functions as an extension of the college’s or university’s fundamental mission and the necessary link for the organization to further commit itself to distance-learning initiatives.

Case in Brief

Implementing online programs to reach the local community is a logical extension of community colleges’ core mission: to provide educational services and workforce development to a vast array of prospective students. Johnson County Community College, based in Overland Park, Kansas, aims to make all of its courses available in an online format within the next three to five years to support the institution’s enrollment growth in both credit and continuing education programs. In general, the college wants to improve the accessibility and flexibility of academic programs and services to students. The college believes that Web-based distance education will enhance its ability to meet its community’s education
and professional development needs and thereby fulfill a key element of its institutional mission.

Regardless of the catalyst, an institution needs a common understanding of distance learning’s importance in fulfilling core objectives, and communicating that vision across the enterprise is critical to establishing an appropriate operational structure. Senior administrators, cross-functional university committees, faculty advocates, or any combination of individuals involved in the consideration and application of Web-based technologies can create awareness and support for Web-based distance learning.

Analysis of notable Web-based distance-learning programs that have struggled often reveals that the connection between the distance-learning initiatives and the institutional mission is tenuous or poorly articulated by senior administrators, faculty leaders, and other key decision makers. Moreover, certain types of institutions may need to admit (to themselves, initially) that alignment between their institutional mission and Web-based programs is not plausible. For highly selective colleges and universities, which serve a traditional, residential student body, Web-based initiatives are more likely to take the form of on-campus course supplements than market-expanding online programs.

Beyond simply linking the institutional mission/vision with a Web-based distance-learning strategy, colleges and universities need to establish a clear vision and a set of expectations for the program itself. The remaining strategic considerations address developing objectives for the distance-learning initiative.

Financial Goals

Nearly every successful business model is predicated on a sound financial model, as the demise of dot-com ventures reminded investors and business executives. An institution’s distance-learning program, like the extension of a business line, requires a commitment to clear financial objectives. This applies to institutions transitioning programs from one distance-learning technology to another (for example, from satellite television to the Web) as well as to those with limited distance-learning experience. For institutions in the latter group, a Web-based program often represents an entirely new “business,” which makes the rationale for establishing an explicit financial model prior to launch even more compelling.

Moreover, the financial goals of the distance-learning initiatives play a key role in informing the operating model an institution will employ. If the institutional goal is to establish a for-profit entity with the hope of perhaps one day completing an initial public offering (for example, New York University’s NYUonline, Columbia University’s Fathom, and University of Maryland University College’s for-profit venture, UMUC Online), the distance-learning program will require a significantly different operating structure than a program launched to enhance accessibility to courses for a local working-adult population. Establishing a business structure that enables an institution to achieve its financial goals is a fundamental challenge and can require innovative thinking that tests the university’s traditional operating philosophy. Ultimately, to be successful, the model that fits with the program’s financial goals must also align with the institution’s mission/vision.

Case in Brief

Fathom Knowledge Network, a for-profit business backed by Columbia University, illustrates the difficulties of aligning for-profit programs and goals with a university’s overall objectives, financial structure, and risk tolerance. Because it draws content from a
consortium of educational and cultural institutions, Fathom is finding it difficult to bridge the gap between the goals and objectives of those institutions and the business requirements of the for-profit model. Faced with these constraints and tied to the objectives of the backing institutions, Fathom has struggled to independently identify and pursue the best business path.

Regardless of the financial objectives of an institution’s Web-based distance-learning efforts, the business plan must reflect a revenue model that investors (board of trustees), decision makers (president, provost, CIO, academic computing leaders, and distance-learning dean), and program participants agree to and sign off on. In all cases, this should include a frank discussion of the time frame required for the institution’s return on its program investment.

**Market Reach**

The most significant mistake in Web-based distance-learning ventures is assuming that simply because a program is developed, students will come. A root cause of many distance-learning program failures is a poor understanding of the real, as opposed to the perceived, market opportunity. As with any mission, business-line extension, or new business venture, institutions must conduct market research to ascertain the addressable market. NYUonline is one example of an initiative that overestimated the market potential for its online programs, creating unrealistic expectations and ultimately unattainable goals and objectives. Identifying a specific market, as highlighted in the case studies of Penn State, Nova Southeastern, and Cornell University, will enable an institution to conduct market analysis, understand the needs of the space, and design a distance-learning program accordingly.

**Case in Brief**

Rochester Institute of Technology (RIT) recognized the importance of conducting market research before launching a Web-based distance-learning program. Institutional leaders knew they needed to focus their offerings by taking into account the competitive landscape and identifying specific market niches in which the institution could deliver a distinctive online solution. RIT conducted market research to determine which of its competencies would attract students in a Web-based format, fully recognizing that other online programs would be competing head-to-head with RIT for students within various academic disciplines. By considering the reach and target of its programs vis-à-vis competitive offerings, RIT believes it has increased its chances for success.

Determining whom to serve with Web-based programs can be a complicated and multilayered challenge. One strategy for framing the issues is to view the various opportunities through the lens of a basic market tool, as shown in Figure 3-3. Using this tool will help institutions address the fundamental strategic issue of whether Web-based distance learning is an avenue for serving existing students with an innovative offering (same market, new program)

**Figure 3-3. Market Expansion Framework**
or an opportunity to deliver existing offerings to a previously underserved and/or unreachable student population (new market, same program). Institutions should resist the initial temptation to develop a new program for a new market, a strategy that can take an institution into an area with little connection to its core competencies.

**Reputation and Brand**

For a segment of the higher education community, institutional reputation and brand considerations are of paramount importance in evaluating Web-based distance learning. Some elite private institutions find themselves struggling to reconcile Web-based distance-learning opportunities with the risk of diluting a brand predicated on selectivity and scarcity. The need to protect and/or closely manage the institutional image limits the operational scope of a distance-learning program and affects the operational model itself. Nevertheless, colleges and universities can leverage strong institutional and/or program brand recognition as a cornerstone of Web-based distance-learning success.

**Cases in Brief**

As a for-profit spin-off of Cornell University, eCornell cites the strong brand recognition of its parent institution’s schools—the School of Industrial and Labor Relations and the School of Hotel Administration—as a key factor in the success of its online certificate programs.

Bismarck State College, one of 11 schools that make up the North Dakota state system, has parlayed its well-respected programs in power/process plant technology and electric power technology into a robust online education program. Bismarck’s online degree-granting program has quickly become the leading Web-based option for the U.S. energy industry, predicated in part on the strength of the college’s traditional face-to-face program.

Most importantly, senior administrators and key decision makers should recognize that strong reputations are not the exclusive province of elite institutions, especially at the level of specific academic programs. A community college or midsized public institution may possess as powerful a brand appeal on a local or regional level as the so-called medallion institutions have on a national or international level. Institutions of any size and competitive standing may be able to leverage their reputation to increase enrollments through Web-based programs.

**Creating a Roadmap**

Senior administrators and other institutional decision makers must make a commitment to evaluate Web-based distance-learning efforts within the context of the four strategic considerations just discussed. There are no right or wrong answers. Across the spectrum of each dimension—mission/vision, financial goals, market reach, and brand—there are many options for institutions seeking to structure an effective distance-learning program. In fact, it is imperative that each institution craft its own solution, one that accounts for the key dynamics and issues on campus.

The first step in establishing consistent institutional Web-based distance-learning goals and objectives is to be explicit about each of the strategic considerations. The result will be a roadmap that will determine the path of the institution’s distance-learning initiative and guide the establishment of operational processes and execution plans. For those institutions managing existing programs, assessing the four critical factors will ensure that the Web-based distance-learning program is viewed and applied consistently across the organization.
Assessing Internal Competencies

Examining a distance-learning program in terms of the four strategic considerations enables institutions to outline a set of high-level program objectives that will have to win institutional support. Reviewing next the issues of implementation will help colleges and universities determine whether they are prepared to act on their vision.

There are six operating areas to evaluate prior to launching a Web-based distance-learning program: leadership/management, capital financing, technology management, marketing, partnership ability, and institutional flexibility. Evaluating these factors helps reveal the execution details instrumental in driving a successful implementation. This evaluation and audit of key institutional competencies is the second step in the tiered decision-making process shown in Figure 3-2. At this point, the organization begins to shift from strategy development to program plan and execution.

Leadership/Management

Colleges and universities should pay particular attention to the caliber and quality of their Web-based distance-learning leadership and management team. Distance-learning leaders, be they administrators, department chairs, or faculty members, play a pivotal role in validating an institution’s online efforts. Key attributes of successful leaders include the ability to

◆ foster program support and commitment across the institution;
◆ mold a Web-based distance-learning program that capitalizes on the institutional culture and vision;
◆ develop an entrepreneurial spirit around Web-based initiatives; and
◆ build a strong staff and program structure that earns the confidence of faculty, administrators, and other partners.

Leaders must also address the four strategic considerations and build support for institutional decisions among administrators, faculty, and staff. These efforts most often succeed when leaders incorporate key university constituencies in the evaluation of the strategic considerations. Eastern Oregon University and eCornell, two organizations highlighted later in this study, both cited the distance-learning organization’s leadership as essential to their success.

Financing

One myth about Web-based distance learning is that it is not as capital intensive as other strategies for extending an institution’s reach. Most colleges and universities maintain a sizable physical plant that requires ongoing maintenance and repair. The initial cost and constant maintenance and support of the distance-learning infrastructure also represents a significant capital expense. Therefore, determining both the amount of start-up capital available for the program and the institution’s access to funding for annual and/or future program needs will influence the program’s structure and scale.

A college- or university-wide distance-learning initiative that delivers multiple certificate and degree programs to a regional audience will have different faculty development, course production, student services, and infrastructure implications—and therefore costs—than a single department or school initiative. At Nova Southeastern, senior administrators developed a rigorous business plan evaluation process with heavy emphasis on accounting for the costs, projected enrollments/revenues, and break-even time frame for prospective online programs.

Technology Management

Technology considerations for managing online courses and programs grow exponen-
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Partnership Ability

Previous partnership experience and an institution’s willingness to develop new partnerships with other organizations can figure prominently in driving Web-based distance-learning success. It isn’t necessary, or even recommended, that an institution manage every aspect of a distance-learning program internally. Partnering with technology vendors, service providers, content providers, and consultants can relieve some of the program execution burden. Some firms, for example, work with a host of public and private institutions to provide services ranging from complete outsourcing of distance-learning program development and management to more targeted services such as content development and help desk solutions.

In addition, distance-learning leaders will have to partner internally by working closely with schools and colleges, academic and administrative deans, and faculty members to support content and program development, new business processes, and so on. Institutions should assess their partnering proclivities as a prelude to gauging their potential success in managing the complex web of relationships that constitute an online initiative. Regis University’s experience with Bisk Education represents one type of successful partnership, while Penn State’s World Campus offers an example of effective intra-institutional partnering.

Institutional and Faculty Flexibility

The best-laid distance-learning plans can go awry if the institution doesn’t have the capacity to accept and adapt to change. A Web-based distance-learning initiative can be a threatening prospect to individuals and constituencies across the enterprise. Colleges and universities must demonstrate their flexibility through a willingness to com-
mit the necessary resources for online learning and to gain faculty members’ acceptance and support for Web-based initiatives.

As a Web-based distance-learning pilot or college-specific program expands beyond its initial scope, the institution must be willing to allocate sufficient human, financial, and technical resources to support program growth. Equally important, an institution may need to simultaneously build out and integrate new service organizations to match the rapid scaling of its Web-based efforts. At the University of Central Florida (UCF), to manage the growth of the university’s online learning efforts, senior academic and IT administrators established a center for distributed learning, a research initiative for teaching effectiveness, and a course development and Web services unit. UCF’s willingness and preparedness to establish these units played a key role in the success of the institution’s on-campus and distance-learning Web-based programs.

Support from an institution’s administrators, faculty, staff, and board is critical for launching a distance-learning program. Gaining the commitment of these groups and marketing the program across the institution is an ongoing process. Institutional leaders must carefully and honestly assess the faculty’s acceptance of Web-based distance learning as a credible instructional modality. At most institutions, faculty play a critical role in providing the intellectual capital required for Web-based programs—that is, course content, quality assurance, and often course delivery (teaching time and energy). Ensuring the faculty’s willingness to support the program, contribute scarce time and resources, and adapt to a new style of teaching and learning is important. Respected early online distance-learning champions and innovators often convince skeptical colleagues of online education’s merits and opportunities. Antagonistic faculty members can present serious obstacles to the success of Web-based initiatives, and institutions must be prepared to address this issue. The profile of Eastern Oregon University in the latter half of this study discusses specific strategies for rewarding and involving faculty in Web-based distance learning.

Organizational Models

Using the strategic considerations and operational areas to develop a set of guidelines makes an institution aware of its strengths while revealing potential challenges. With this process complete, the stage is set for determining which business model is appropriate for the distance-learning program.

Among the hundreds of initiatives launched by colleges and universities, four primary models have emerged for designing the relationship between an institution and its Web-based distance-learning program. The core benefits and challenges associated with these models apply to all institutions, even as individual colleges and universities modify these generic models to meet their specific needs and environmental issues.¹

Model 1: Distance-Learning Division

In this model, shown in Figure 3-4, the distance-learning (or continuing education) program is treated as its own cost center.

Figure 3-4. Distance-Learning-Division Model
and has indirect links to the institution’s academic units. The distance-learning unit works directly with the schools and academic departments to develop courses, and it manages many of the infrastructure, student services, and technology issues. Traditionally, course content and quality assurance remain the responsibility of the academic departments. Institutional examples include Eastern Oregon, Penn State, and Bismarck State College.

Benefits
- The institution creates a degree of autonomy for the distance-learning unit while retaining oversight of Web-based efforts.
- The unit creates a focal point for coordinating enterprise-wide online education efforts.
- The distance-learning unit is often allowed to reinvest a portion of the net income generated back into the program, enabling the group to upgrade and expand faculty and student services, technology, and so on, to support and drive program growth.

Challenges
- The unit requires strong leaders with the ability to bridge the gap between the traditional academic and the distance-education arenas. The ability to coordinate and placate numerous constituents is critical.

The program depends on its peer academic and administrative departments (and often faculty teaching resources) for course content. It has no academic authority and limited incentives.

Growth of the Web-based programs may place pressure and strain on the academic and administrative resources available to support expansion.

Model 2: For-Profit Spin-Off

With this model, shown in Figure 3-5, the distance-learning program is divested from the institution and operates independently. Start-up capital is provided by the institution (for example, eCornell), by a third party, or by a combination of the two. Although independent, the distance-learning entity works closely with the institution’s academic departments to develop content and has a responsibility to meet the financial expectations of the capital provider. Institutional examples include eCornell and the now-defunct NYUonline.

Benefits
- The ability to attract and hire skilled business professionals and to tap external capital resources helps spur the creation of independent ventures.
- The distance-learning venture secures the degree of flexibility needed to move quickly in response to market events and avoids the extensive decision-making process in place at most institutions.

Challenges
- Difficulties can arise in managing and maintaining the relationship between the for-profit spin-off and the institution.
- As with the distance-learning-division model, the program depends on the institution’s academic departments and perhaps faculty teaching resources for course content, lacks academic authority,
and has limited incentives. Its independent status exacerbates these difficulties.

- The institution and/or the independent venture must develop a model with explicit revenue and performance targets to determine program success.
- Where appropriate, it is critical to ensure that the institution’s goals and expectations are sufficiently aligned with those of the distance-learning venture.

Model 3: Enterprise Model

In the enterprise model, shown in Figure 3-6, the distance-learning program is incorporated into the institution’s central administration. Integrated into the fabric of the university, the distance-learning function serves as a centralized support unit for sharing best practices across the institution. Shared resources may include faculty training and development, student services, and program evaluation. As with Nova Southeastern, there is still opportunity for individual schools or departments to leverage their relationship with students by driving course development and managing budgeting decisions. Institutional examples include Nova Southeastern, Temple University, the University of Central Florida, and the University of Baltimore.

Benefits

- Strong senior leadership can ensure that the distance-learning program aligns with the institution’s vision and mission. In fact, of all the models, this one should result in distance-learning efforts that most closely align with institutional objectives.
- Prominent administrative location of program resources can create visibility for online efforts.
- Institutional technology competencies and financial resources can be leveraged for use with distance learning across the entire enterprise.

Challenges

- Strong leadership is necessary in central administration to maintain control and coordinate enterprise-wide activities.
- The distance-learning program is more dependent on the institution’s decision-making processes.
- Web-based distance-learning efforts must be accepted as an important component of the institution’s academic efforts.

Model 4: Single School or College

The single-school model, shown in Figure 3-7, aligns the distance-learning program with a particular school or college in the institution. Often, if support isn’t widespread across the institution, one school or department may drive the distance-learning initiative to avoid potential conflicts that could arise from an enterprise-wide imple-
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mentation. In this model, the academic unit initiates the distance-learning program, and its mission and vision drive program development. Institutional examples include Duke University’s Fuqua School of Business and Regis University’s School for Professional Studies.

**Benefits**

- The target market is usually clearly identified through the sponsoring school or college, and the individual school’s brand strength can be leveraged in the distance-learning program.
- The program enjoys more institutional flexibility by avoiding extensive institution-wide decision-making processes.
- This additional flexibility also lets the school engage in partnerships that might not be possible at a broader institutional level.

**Challenges**

- Conflicts with the overall institution’s vision/mission may arise even if the distance-learning program is closely aligned with the goals of the school or college.
- Multiple schools may decide to establish their own programs, creating a disjointed approach to distance learning across the institution.
- Without a deeper commitment from the institution, an individual school’s limited financial and/or technical resources may prevent the distance-learning program from providing sufficient services or scaling to meet market demand.

**Fundamental Structure**

These four models provide the fundamental structures for a distance-learning program. Each program, however, maintains a unique operating philosophy and structure to meet specific institutional needs.

Looking more closely at detailed examples will make it easier to understand the decisions institutions make and the challenges they face in managing Web-based distance-learning initiatives.

**Leading Implementation Issues**

This study has outlined key strategic considerations and internal competencies that institutions must evaluate to determine the most appropriate organizational structures to support Web-based distance-learning initiatives. These strategic business decisions are not wholly divorced from critical implementation issues, however. Even as administrators, faculty, and staff establish an appropriate model and identify key business processes for Web-based distance learning, a significant amount of work remains to effectively implement or reform a program and ensure its long-term viability.

Although the structure and challenges of distance-learning programs differ from one institution to another, colleges and universities must nevertheless contend with a core set of issues. The guidelines presented in this section are intended to drive decision making on those key implementation issues.

- **Keep academic decisions within the faculty and academic departments.**

The role of the distance-learning program is to facilitate outreach by designing, developing, and marketing courses for Web-based delivery. At the same time, the most significant hurdle to developing distance education is the fear that the pedagogy and quality of the teaching and content will be diminished through online delivery. By ensuring that key academic decisions remain with the academic departments, programs mitigate this concern and avoid potential conflicts.
The following chapter explores eCornell’s Web-based distance-learning model, which provides faculty with key resources to create courses and also ensures that faculty have final approval of course content. By supporting the academic departments and faculty with instructional designers, graphic designers, writers, mentors, and training programs, the distance-learning unit can monitor quality and manage general content without threatening the pedagogical integrity of the institution’s offerings.

- Establish appropriate incentives to facilitate faculty commitment and involvement.

The role of faculty must be a major consideration in the development of a high-quality distance-learning initiative—indeed the model, structure, and nuances of individual programs. Appropriately designing incentives is a key step in recognizing the time constraints and burdens that developing distance-learning courses can place on faculty. While most programs recognize the benefits of having on-campus faculty involved in the development of off-campus courses, these programs should also acknowledge that this model constrains existing resources. Aligning incentives—such as bonus programs, technology training stipends, additional compensation for overload teaching, and mentoring programs—with potential faculty concerns can alleviate many of these issues and encourage greater faculty participation. The Eastern Oregon University case study explores this issue in detail.

In addition, it’s possible to inadvertently create a tiered class of faculty by using different faculty and setting different expectations for the distance-learning program. Such a development may well indicate a divergence from the institution’s culture and mission. It’s necessary to consider these implications when designing a program and determining the faculty model and role.

- Develop a clear process for transitioning courses and/or programs to a Web-based format.

Penn State’s success in course development stems in part from its ability to create a structured process that begins with establishing a business plan. While course development evolves and improves with experience, the earlier a clear plan is in place, the easier it will be to set expectations with faculty, instructional designers, and programmers to ensure that deadlines are met and academic quality is maintained. It is essential to build strong working relationships with faculty to support this phase of program development. Faculty need to understand what their involvement would mean in terms of time and impact on other institutional commitments.

- Implement extensive student support systems and services.

Institutions must recognize that the student is the customer and ensure that each student receives the right mix of services to feel connected to the institution. Early anecdotal evidence from institutions and e-learning vendors with a Web-based distance-learning model indicates that robust student services help improve online retention rates and academic performance. While more detailed research is needed in this area, institutions committed to Web-based distance programs must account for heightened student demand for services. For-profit institutions such as Strayer University and the University of Phoenix have excelled at providing student services and use this competency to differentiate themselves from competitors and attract large student populations.

Institutions also cannot afford to underestimate the challenges associated with integrating students into the systems and processes of the institution from both an infrastructure and a logistics perspective. Replicating campus-based student services,
including the registrar, library, computer support, academic advisement, tutoring, and so on, requires significant planning and integration, and is a key differentiator among distance-learning programs.

◆ **Measure and track program effectiveness.**

From the inception of online distance-learning efforts, institutions should develop and implement systems to measure and track program success. While the key performance indicators may evolve over time, building a distance-learning culture that bases decisions on data rather than anecdotes is imperative. Program data and analysis can be shared with program investors, supporters, and participants to build acceptance and deflect criticism. Additionally, these measurement efforts will help guide process and product improvements as the program matures. Since the inception of its online learning efforts, the University of Central Florida has captured key performance indicators and has also established a research initiative for teaching effectiveness. This unit evaluates the impact of the university’s Web-based efforts.

### Endnotes

1. These models do not account for the various online distance-learning consortia and virtual universities that have developed in the past several years. Many institutions are involved or are considering involvement in these initiatives as an adjunct to their existing distance-learning activities. These entities possess a distinct set of benefits and challenges and are outside the scope of this study. The issues raised by the four models, however, occur in various consortia and partnership arrangements.
From Strategy Development to Program Execution—Institutional Case Studies

The first half of this study focused on providing institutional leaders with a framework for assessing the strategic considerations, internal competency requirements, and leading implementation issues surrounding successful Web-based distance-learning programs. Brief examples of exemplary institutional practices provided insight into how selected colleges and universities have converted distance-learning strategy to practice. The second half of the study presents detailed case studies of institutions that are successfully meeting their distance-learning objectives.

The institutions highlighted in the following pages—Pennsylvania State University, Nova Southeastern University, Eastern Oregon University, and Cornell University—have addressed the critical issues identified in the study, either deliberately during their program setup or through ongoing program assessment. Their experiences and key activities align closely with the strategic considerations and competencies already discussed, thereby illustrating the application of the analytical framework to specific Web-based distance-learning endeavors. In combination, their distance-learning organizations and practices offer a rich, tactical perspective into the opportunities and challenges facing nearly every college or university trying to incorporate Web-based distance learning. Each case study:

- describes the university’s distance-learning experience and catalyst(s) for online initiatives,
- reviews the organizational model for Web-based distance learning and notable institutional practices,
- evaluates the strategic considerations and internal competencies addressed by the university, and
- analyzes the model’s effectiveness and the lessons learned by the institution.

Additionally, a composite case study highlighting selected strategies, practices, and lessons learned from Bismarck State College (N.Dak.), Dallas County Community College (Tex.), Johnson County Community College (Kan.), Kirkwood Community College (Iowa), Portland Community College (Ore.), Santa Barbara Community College (Calif.), and Thomas Nelson Community College (Va.) offers further insight into the investments some two-year institutions have made to employ Web-based distance learning to better serve students.

Each of the institutions noted above has experienced Web-based success in different areas and for different reasons; naturally, institutional conditions and objectives vary considerably. College and university execu-
Strategies for Supporting Off-Campus Growth

Pennsylvania State University

Chartered in 1855 as the Agricultural College of Pennsylvania, Pennsylvania State University comprises seven colleges and serves 80,000 students. The largest college is the University Park campus in State College, Pennsylvania, where half of Penn State’s students are enrolled in 12 schools. Penn State has an annual operating budget of approximately $2.3 billion and employs more than 20,000 faculty and staff.

History and Background

Penn State’s history of distance learning began in 1892 when it pioneered a correspondence study course with the University of Chicago and the University of Wisconsin. This program, now known as World Campus, evolved through various media, including radio, on-campus interactive television, public broadcasting, cable TV, satellite, dial-up video, and, most recently, e-mail and Web-based distance learning. Throughout the evolution and transformation of educational technologies, Penn State developed and incorporated academic and administrative services into the outreach program. World Campus currently serves 10,000 strictly online students in all 50 states, the District of Columbia, and more than 20 countries.

In 1996, university leaders recognized the importance of Web-based distance education and the need to move quickly to develop a long-term strategy and program. According to a 1997 report by the World Campus study team, the university wanted to seize the opportunity to become “a model for how a front-rank public university [can] serve its national and worldwide constituents in the 21st Century.” University leaders wanted to leverage Web-based distance learning to drive the university’s mission of integrating technology into the fabric of the university to create a more active learning environment. Ultimately, school leaders believed the technological and pedagogical knowledge and insights gained through distance-learning initiatives would generate innovations that could be applied across the university.

The timeline in Figure 4-1 summarizes the adoption and evolution of distance-

Figure 4-1. Timeline of Distance Learning at Penn State

1998 First students enroll in World Campus programs
1997 $1.3 million grant received from Sloan Foundation to start World Campus as recommended by a study team
1994 Establishment of Department of Distance Education
1992 Distance Education Task Force recommends incorporating distance education into the mainstream of Penn State’s academic community
1986 Interactive compressed video through early dedicated T1 lines
1978 Initial satellite downlink
1965 Education/public television station to provide instructional services to 30 community school districts
1950s Instructional TV system used to respond to rapid postwar growth in student population
1820s Live radio courses through Penn State’s high-power radio station
1892 Correspondence study for agricultural education
learning technologies at Penn State during the past century.

Although leaders in the Penn State community knew about the launch of online programs by other institutions and the growing student participation in these programs, these potentially competitive market forces were not a driving factor behind the launch of the World Campus. Rather, Penn State’s long-term commitment to education outreach and its mission to serve and be responsive to societal needs acted as the catalyst for the institution’s focus on Web-based distance learning.

At the same time, Penn State was acutely aware of the power of the new, Web-based technologies. The outreach program had adopted new technologies many times during the institution’s 100 years of distance-learning efforts. However, interactive Web-based technologies offered capabilities that required development of innovative teaching and learning techniques. Therefore, although the emergence of these new technologies was not in and of itself a catalyst for developing the World Campus, it played a significant role in driving the design and structure of the university’s program.

**Distance-Learning Model**

The design and structure of the World Campus stems from Penn State’s pride in functioning as one university in several locations. The university’s distance-learning arm is considered a campus that collaborates closely with the colleges and schools across the institution, from which it leverages superior academic content to distribute to an international audience. The World Campus is the administrative unit that extends Penn State’s academics and academic mission.

_Incorporating the World Campus within Penn State_

All courses taught through the World Campus are offered on campus as well. Students’ transcripts do not distinguish between a Web-based distance-learning course and the corresponding on-campus version of the course. This decision has had an important impact on the acceptance of online distance learning at Penn State. It ensures first that each student, whether enrolled in on-campus or off-campus courses, receives the same quality of education and degree, and second that the academic quality of the online courses is consistent with the quality and expectations of the corresponding on-campus courses. In addition, it strengthens the credibility of Penn State’s distance-learning offerings among potential students.

The Penn State community is committed to incorporating Web-based learning into the mainstream of the university’s activities to the greatest degree possible. The World Campus is considered part of the university’s “web of innovation,” in which technology innovation is incorporated to improve the academic culture. This vision of the World Campus required that it be integrated into the university’s academic and administrative processes and not isolated as a separate institution or disconnected department. Because the World Campus has been incorporated into the fabric of the university, the learning and technology innovation resulting from this Web-based distance-learning initiative enhances the on-campus community as well.

The World Campus offers certificate and degree programs. This requires a considerable commitment from faculty and academic
departments while further linking the World Campus with more traditional campus constituencies and activities. For example, when working with faculty, the World Campus attempts to “buy out” specific periods of faculty time to alleviate some of the burden of developing new courses. In addition, the departments that make up the World Campus—including marketing, student services, academic program planning and management (APPM), and instructional design and development (ID&D)—provide a support network of personnel to facilitate the development, marketing, and delivery of Web-based programs.

**From Concept to Course—a Team Approach**

Prospective Web-based courses and programs are identified by either faculty or World Campus staff, at which time research is conducted to determine the proposed offering’s potential market opportunity. The first step in developing a new course or program is to answer basic market research questions:

- Is there an identified market?
- Can Penn State enter this market?
- Is the pricing for the program appropriate for the target audience?
- Can the program/degree be developed and delivered with technologies that will be accessible to students?
- Will this program still be relevant and viable in three to five years?

Ultimately, the World Campus is looking to add Web-based, degree-granting programs that have stability within the university, possess a strong academic reputation, and meet the market criteria stated above.

Once a course/program is selected for development, the World Campus’s distinct departments (for example, APPM and ID&D) take it from concept to reality in a series of concurrent steps, detailed below.

- **Establish a business plan.**
  First, APPM develops and manages the business plan for online courses and programs. To begin the process of bringing a course online, APPM creates, in conjunction with ID&D, a memorandum of agreement to launch a program within a specified time frame. This memorandum details faculty members involved in authoring and teaching the courses, as well as program costs and revenue forecasts. In addition, an APPM program manager assumes responsibility for managing the relationship between the academic unit involved and ID&D.
- **Execute the plan through instructional design.**
  After a memorandum of agreement is created, ID&D members develop a production schedule based on the memorandum and commence course design and development. Instructional designers, graphic artists, and other staff provide assistance and services to help faculty members create the courses.
- **Prepare the student services infrastructure.**
  While ID&D develops the new online courses, student services ensures that they are listed in Penn State’s course catalogs, placed on the university’s master calendar, and assigned an appropriate course code.
- **Market the course/program for enrollments.**
  Once the student services infrastructure is in place, the marketing team for a particular World Campus program is selected and mobilized to conduct the appropriate market outreach. This team then identifies various channels through which to target prospective students and actively markets programs to drive course enrollments.
- **Enroll the students.**
  Finally, completing the loop, student services is tasked with ensuring a smooth enrollment process for students.

The World Campus has implemented an integrated program development process that includes well-defined relationships and
sets of expectations, clear connections and alignment between related activities, and explicit accountability for key activities. Additionally, this process ensures that the university’s academic rigor and institutional knowledge are used to develop the highest caliber programs possible.

**Strategic Considerations**

The link between Penn State’s vision/mission and its Web-based distance-learning program is explicit and serves as a key factor in the program’s success. Penn State’s belief in outreach and continuing education drives its desire to create a World Campus that delivers education services to a broad customer base. In addition, the history of distance learning at Penn State has created a legacy that promotes the adoption and integration of new technologies into the academic arena.

The initial mandate from university administrators was for the World Campus to be cost driven and self-sustaining within five years of its 1998 launch. The World Campus is expected to cover its costs through contracts, grants, tuition, fees, and income generated by all its distance-learning programs. After generating sufficient revenues to cover its budgeted expenses, the World Campus shares additional revenues with the university. Approximately 20 percent of net income is reinvested in the World Campus, and 80 percent is directed back to the university. This operating structure and financial model enables the World Campus to access resources to expand its offerings without draining resources from other campuses.

Penn State does not incorporate the finance and budgeting component of the World Campus model into the traditional institutional processes in the same way that other campuses do with their distance-learning programs. Operating on an expense budget would have required the World Campus to return 100 percent of any net income generated to the university, limiting World Campus’s ability to reinvest in its programs. At the same time, the current structure does require the program to be cost sensitive, which ultimately impacts program choices. World Campus administrators report that they must select programs carefully on the basis of potential return.

The university’s commitment to maintain the same academic standards for both on-campus and off-campus (Web-based) programs has protected Penn State’s brand. This decision maintains the institution’s strong market reputation and image while enhancing its brand and stature within the context of the Web-based distance-learning market.

**Internal Competencies**

The World Campus’s integration into Penn State’s core academic and administrative processes encouraged the development of clear procedures and guidelines designed to support online efforts. A brief review of the key internal competencies illustrates the strategies that Penn State has used to support the World Campus.

- **Leadership/Management.** The leadership of Penn State and the World Campus promoted the program’s vision and mission as an integral part of the university rather than as an isolated, external department. In addition, the World Campus’s management team is a dedicated group focusing on online program administration and student service strategies, unencumbered by other distance-learning formats and programs.

- **Capital Financing.** Early in the development of the World Campus, Penn State senior leaders recognized the importance of not draining resources from other campuses. Penn State typically provides limited financial support to new on- or off-campus programs. The World Campus is expected to become a financially
self-sustaining organization by 2003. Moreover, as the program grows, the World Campus will reinvest in its academic units with the net income generated from the online offerings.

- **Technology Management.** To align itself with Penn State’s broader technology efforts, the World Campus implemented a distance-learning technology infrastructure consistent with the systems providing Web-based resources for residential students. By using the same technology for distance and on-campus students, the World Campus has been able to share various pedagogical innovations with the broader Penn State community.

- **Marketing.** To ensure program success, administrators set up the World Campus structure to closely align program development with key marketing activities. A program marketing team is established early in the course development process to begin developing a strategy for reaching the target audience and driving online enrollments.

- **Partnership Ability.** The World Campus has established an agreement with the university’s Center for Academic Computing whereby various instructional designers within the department provide support and services to the World Campus. Administrators report that this intra-institutional partnership has worked very well.

- **Institutional and Faculty Flexibility.** Penn State is an excellent example of an institution that has successfully changed policies, practices, and structures to fully integrate the distance learner into its academic network. World Campus’s integration within the institution requires university-wide policy to incorporate the needs of the distance learner. Although establishing these processes and guidelines for distance learning can be time consuming and may hamper the World Campus’s ability to effect change, the processes ultimately increase the university’s buy-in and, once implemented, create a degree of operational freedom and flexibility for the World Campus. For example, Penn State had to alter the definition of a graduate school student, which had previously included a residency requirement, to encompass World Campus’s fully online graduate programs. This change took some time, but it opened a vast new opportunity to serve students online.

### Program Assessment and Recommendations

Penn State’s long legacy of distance learning, commencing with its correspondence study program in 1892, eased some of the burden associated with creating a new, innovative, Web-based learning campus. Although this history presented its own unique set of stereotypes and assumptions, the institutional tradition of outreach and commitment to innovative educational technologies facilitated the university’s willingness to launch the World Campus. Moving forward, the World Campus’s biggest challenges will be ensuring the institution’s long-term support and remaining connected to its goals, mission, and vision.

On the basis of their experiences with Web-based distance learning at Penn State, individuals at the World Campus offered the following recommendations to institutions:

- Ensure that the institution is willing and able to invest the time and resources to get online programs up and running and attract students. Sustaining a distance-learning program is a complex, expensive, and resource-intensive process that requires attention over a long period of time.

- Understand the institution’s financial structure and the costs before committing to a distance-learning program.
◆ Gain faculty support through incentives and involvement; programs that lack faculty support are generally unsuccessful.

◆ Ensure that the distance-learning program can support the student administratively, academically, and technically.

◆ Monitor internal competition/cannibalization to protect the institution’s overall interests.

Other institutions can benefit by emulating Penn State’s businesslike approach to developing the World Campus and by setting up the functional groups (for example, marketing and student services) that make up its organizational model. Penn State has succeeded in incorporating Web-based distance learning into the fabric of the university and has capitalized on the institution’s long history of distance learning. At the same time, the World Campus possesses a degree of independence and has benefited by developing its own distinct staff to support online growth and ongoing investment.

Penn State and the World Campus’s integrated approach requires a great degree of collaborative and collective decision making, which can often slow down program development. Over time, the World Campus will need to ensure that it maintains sufficient autonomy from the broader institution to remain innovative and entrepreneurial.

**Nova Southeastern University**

Located in Davie, Florida, Nova Southeastern University is a private university founded in 1964 as Nova University of Advanced Technology. In 1994, the institution merged with Southeastern University of Health Sciences to form Nova Southeastern University. In addition to its primary campus, Nova Southeastern maintains three additional campuses in the Fort Lauderdale/Miami area. The university serves 19,000 students, of whom approximately 1,300 are enrolled in online distance-learning programs. This makes Nova Southeastern one of the largest independent institutions in the country. With an annual budget of nearly $300 million, Nova Southeastern employs approximately 500 faculty and 1,700 staff.

**History and Background**

Nova Southeastern has a tradition of distance education that extends back to the institution’s early days, and in 1972 the university launched its first distance-education program. For these early programs, Nova Southeastern flew professors to locations around the country and the world to deliver its courses. However, challenges and complaints from local institutions and concerns expressed by state agencies and accrediting bodies encouraged the institution to investigate educational technologies that would facilitate less costly and less intrusive ways to deliver degree programs to students.

Nova Southeastern established the Center for Computer-Based Learning in 1983, and by 1985 the center had developed an electronic classroom. This was primarily a chat room that could be saved as a classroom file, thereby becoming an asynchronous tool for learning. The center’s dean actively promoted the concept of using electronic interaction in distance-education programs and advocated the benefits of the tool to assist distance programs at other schools within the university. Since that time, Nova Southeastern has dramatically expanded the types of distance-education technologies and tools that faculty members use, including compressed video, audio teleconferencing, and online platforms; its programs and courses can combine multiple distance-education modalities.
Catalysts and Program Scope

Nova Southeastern senior administrators note that no single incident prompted the university to begin developing fully online distance-education courses and programs. The institution historically has investigated emergent learning technologies to enhance its distance-education programs—and teaching and learning in general. Thus, the institution’s online learning efforts are an extension of a nearly three-decade-old strategy and represent an evolution, rather than a revolution, of its teaching and learning objectives.

Between 1999 and 2002, Nova Southeastern saw the number of online certificate- and degree-granting programs grow from fewer than 20 to more than 50. Although some of these programs are not fully online, the majority of the teaching and learning occurs online. The university enrolled 1,300 students in 4,000 course registrations during 2001–2002 and reports an increase of 7–10 percent annually.

Distance-Learning Model

For its Web-based education efforts, Nova Southeastern employs a centralized-decentralized model consistent with what has been described as the enterprise model. The university has developed an operating philosophy that leaves programmatic and academic decisions in the hands of the schools’ and centers’ deans and faculty, while the central administration makes business, information technology (IT), and production resources available in a shared-services model.

Decentralized Components

Each college, school, and center is encouraged to develop proposals for creating new online education programs and/or converting existing technology-enhanced courses to a Web-based format. In this decentralized model, the individual schools leverage their proximity to prospective students to identify relevant online opportunities. This can be done independently or in conjunction with the university’s “Innovation Zone” (see below). Once an online program is launched, the school deans retain control over the revenues generated by the initiative and can reinvest any surplus from the online programs.

Centralized Components

Ron Chenail, who heads the university’s Office of Academic Affairs as assistant to the president for academic affairs, reports that while the university’s Web-based distance-learning efforts are not as decentralized as they once were, a strong, centralized model would present difficulties. Thus, Nova Southeastern has worked to introduce centrally coordinated shared services and processes that leverage institutional efficiencies and best practices while cultivating an independent and entrepreneurial online environment. The key shared resources provided to the various schools include

- online instructional strategies;
- faculty training and development;
- online course design and development;
- student information systems database and management;
- registrar, bursar, and financial aid services; and
- measurement and evaluation of program success and quality.

One particularly valuable university-wide group is called the Innovation Zone (IZone); it “provides support for online teaching solutions while developing and implementing a variety of pedagogical online teaching models.” IZone was explicitly created in 2000 to support online instructional pedagogy and content transfer and development after senior university administrators recognized that duplicative IT services groups were emerging
within the individual colleges and schools to support online initiatives. These school-based IT groups were launched in part to meet demands not being met by the centralized Office of Information Technologies.

Ron Chenail and George Hanbury, executive vice president for administration, retain responsibility for selected elements of the university's online efforts. This senior management oversight and support is a critical element of Nova Southeastern's centralization and online philosophy, because it increases the visibility of online programs to ensure their alignment with institutional objectives.

Building the Business Case

Before any new online program is launched, the institution's board, administrators, and academic deans subject it to a rigorous, multistage evaluation. This assessment has become a critical success factor in Nova Southeastern's online distance-learning efforts because it ensures consistency with the university's mission, financially viable program development, and limited duplication of online learning efforts.

Nova Southeastern colleges and schools interested in establishing a new online program and/or converting an existing distance-learning program to a Web-based format develop a business plan to support the proposed initiative. Key elements of the plan include

◆ a two- to four-year financial model with budget, revenue, and student enrollment projections;
◆ an assessment of the program's competitive landscape;
◆ recommendations on pricing strategies; and
◆ a review of market demand for the proposed online offering.

Upon completion of the business plan, school administrators prepare for a series of institutional reviews by both academic and administrative parties. The New Program Review Committee (NPRC) is chaired by an academic dean and includes additional academic deans and faculty members. George Hanbury noted that this is a “very effective and thorough committee” that functions as a just-in-time group to evaluate prospective online programs. NPRC members ensure that the school's proposal aligns with the institution's mission, doesn't duplicate an existing Nova Southeastern online initiative, and demonstrates a sensible fiscal model. A positive NPRC recommendation sends the proposal to the Council of Deans.

The Council of Deans at Nova Southeastern makes recommendations to the President's Council. Hanbury notes that most proposals that reach the Council of Deans are forwarded first to the President's Council, then the Nova Southeastern Board of Trustees. Key program issues assessed by the Council of Deans include

◆ availability of funds to support program launch,
◆ potential for revenue to offset expenditures within two to three years,
◆ academic quality and rigor,
◆ alignment with institutional mission and accreditation body principles, and
◆ support for accreditation standards within specific academic discipline.

While academic considerations are a critical element of a program's review process, the program's financial model and expectations are equally important to the Council of Deans. Proposed online programs must make both academic and financial sense to reach the President's Council and the Board of Trustees.

Once a school's proposal clears the NPRC and the Council of Deans, most of the challenges in making the business case for the
Web-based program have been surmounted. At this point, the President’s Council makes a formal recommendation to the Board of Trustees at its bimonthly meeting.

Chenail reports that this process, from initial program concept to board approval, often takes as little as three months. “The process has become more formalized over the last three years,” he noted, “so the schools are much more familiar with the activities and assessments that need to be completed.” Nova Southeastern has worked to make the online program review a cooperative and collaborative process and to expedite new program execution so that students realize the benefits more quickly.

The instructors who teach online courses are full-time and part-time faculty within the existing schools, not adjunct professors pulled in to staff the Web-based offerings. University administrators believe the success of their Web-based distance-learning efforts is predicated on getting current faculty and staff to support the process instead of creating separate faculties (online/off-campus versus on-campus).

Strategic Considerations

At the heart of Nova Southeastern’s Web-based distance-learning efforts is an explicit connection to the institutional mission, which asserts that the university offers “academic programs at times convenient to students, employing innovative delivery systems and rich learning resources on campus and at distant sites.” Moreover, the institution’s practices affirm this linkage, as evidenced by the comprehensive review of any proposed Web-based initiatives. Nova Southeastern has made alignment of its online programs and its institutional objectives a key element of the review process; at the highest levels of organizational governance, university administrators and leaders seek to cultivate this connection.

Nova Southeastern’s budget is supported almost exclusively from tuition revenues, and the university depends on recurring revenues to support recurring expenses. As a non-profit venture, distance-learning initiatives are not launched with any explicit profit motive. However, they must cover their initial start-up costs within two to four years, according to Hanbury. Thus, each program’s financial model undergoes close scrutiny from both the NPRC and the Council of Deans prior to acceptance and launch. These groups review the accuracy of a school’s historical budget and enrollment projections to gauge the likelihood that online program targets are realistic and achievable.

In addition, Nova Southeastern has increased each Web-based distance-learning program’s financial visibility by implementing a performance-based budgeting system. This system lets administrators compare the financial performance of online programs both within and across schools, highlighting the cost variables and factors in a consistent fashion. This budgeting strategy complements the university’s financial goal of establishing (at the very least) cost-recovery online programs that do not place a financial strain on the institution. Moreover, performance-based budgeting has given administrators and academic deans much greater access to financial data that assists them in developing and conducting a business analysis of newly proposed Web-based programs.

Internal Competencies

Nova Southeastern’s Web-based distance-learning programs benefit from a strong commitment by institutional leader-
ship to allocate resources and implement processes required for developing innovative online courses. A brief review of the key internal competencies illustrates the strategies the institution has employed to support its Web-based initiatives.

- **Leadership/Management.** The university has tasked senior leaders, including Ron Chenail and George Hanbury, with direct oversight and support of Web-based distance learning. Chenail coordinates the various shared-services centers that support online efforts and is currently investigating faculty development activities across the organization to highlight best practices and create benchmarks. Hanbury has been instrumental in implementing performance-based budgeting while driving the integration of online student services and resources with Nova Southeastern’s existing business processes.

- **Capital Financing.** The broad scope of services and staff within Nova Southeastern’s Office of Information Technologies demonstrates the university’s financial commitment to developing technology competencies and resources for distance learning. Ginny McLain, associate vice president for information technologies, stresses that the Board of Trustees and the executive office have shown their “absolute commitment and belief in online learning and distance education” by directing extensive financial resources to establishing and supporting the eight groups that make up the Office of Information Technologies.

- **Technology Management.** Nova Southeastern has assumed responsibility for managing its IT resources, in contrast with organizations that find technology outsourcing a more pragmatic solution. The institution has invested heavily in tools, support services, and the IT infrastructure required for on-campus and distance-learning initiatives.

- **Marketing.** To create greater market awareness for Nova Southeastern’s Web-based programs, senior administrators recognized that they first needed to raise the profile of the institution itself. The university is now in the second year of a two-year branding initiative with an international advertising and communications firm to help improve market awareness of Nova Southeastern’s programs and expertise.

- **Partnership Ability.** Nova Southeastern has established relationships with the professional development imprint of a leading publisher and is participating in the U.S. Army’s University Access Online (eArmyU) initiative to deliver certificate and degree programs to enlisted soldiers. University administrators find that engaging in consortia opportunities raises the institution’s profile within certain markets (for example, K–12 educators and government agencies) and enables the university to gain experience with a new business-to-business model for its educational programs. At the same time, the institution has decided not to participate in certain consortia, after determining that the programs would not be consistent with the educational experience of Nova Southeastern’s distance-learning courses and programs.

- **Institutional and Faculty Flexibility.** Current faculty find that the institution is not afraid to “try new things, invest in them, and measure their success against earlier models,” and the university expects
all faculty to demonstrate a commitment to participating in online and distance-learning programs. Administrators and faculty tout the entrepreneurial, student-centered culture that permeates the university as a critical attribute in support of the institution’s Web-based distance-learning efforts.

Program Assessment and Recommendations

For Nova Southeastern, Web-based distance learning is a way for the institution to fulfill its mission and deliver pedagogically rich programs to students across the United States and the world. The university’s current consortia partnerships and its continued investigation of partnership opportunities have uncovered new markets for its programs, raised the university’s profile within key communities, and helped it clarify its strategy vis-à-vis the blurring of postsecondary education and workforce training.

At the same time, Nova Southeastern has successfully established a Web-based distance-learning business model that encourages entrepreneurial activity within individual schools and colleges while requiring a degree of centralization and financial rigor in evaluating online opportunities. University administrators and faculty offer several key lessons learned and recommendations:

- Know when the institution is moving beyond its competency areas and identify partnership and outsource relationships.
- Establish a centralized resource for facilitating knowledge transfer and measuring program success. The utmost priority should be investigating the quality of course delivery and learner outcomes.
- Implement performance-based budgeting, which requires centralized databases, to manage entrepreneurial, decentralized online efforts.
- Recognize that Web-based distance education is more than just technology delivery; it fundamentally impacts traditional business processes and student services.
- Avoid employing technology for the sake of technology. Select Web-based resources and tools that are consistent with and will support achievement of the institutional mission.
- Create a dialogue between technologists and academics that emphasizes connecting technology to enhanced teaching and learning environments.
- Resist the tendency to standardize all Web-based programs. Market factors and student needs may require courses and programs to evolve in different ways.

Nova Southeastern’s centralized-decentralized model highlights the key challenge implicit in the enterprise model: balancing the expectations of the institution and its senior executives with those of entrepreneurial academic schools and departments that deal directly with students. The disciplined Web-based-program evaluation process implemented by the university represents a particularly effective strategy for managing this inherent tension. By placing emphasis on building and defending a compelling business case for an online distance-learning initiative, senior administrators have created an environment in which the institution applies business analysis and financial models to inform new academic ventures. Institutions that create processes enabling them to combine academic innovation (such as Web-based distance learning) with business rigor will make wiser investments with their limited human and financial resources.

The active role of leading administrators in managing Nova Southeastern University’s
Web-based distance-learning efforts keeps online activities across the organization closely connected to institutional objectives. However, administrators and other distance-learning supporters must constantly monitor the value and effectiveness of the institution's shared-services infrastructure to ensure that it fulfills the needs of individual schools, departments, and distance-learning participants.

**Eastern Oregon University**

Founded in 1929 in La Grande, Oregon, Eastern Oregon University is one of seven public institutions that make up the Oregon University System. With an annual operating budget of approximately $24 million and student enrollment of 3,000, the university offers 21 baccalaureate degrees through its two schools and employs nearly 150 faculty members. Eastern Oregon partners with Blue Mountain Community College and Treasure Valley Community College to form the Eastern Oregon Collaborative Colleges Center.

**History and Background**

In 1979, Eastern Oregon assumed a new role as a regional university, as mandated by the Board of the Oregon State System of Higher Education. As part of this expanded charter, the university assumed responsibility for delivering education throughout a 10-county district comprising 46,000 square miles and fewer than 200,000 people. This region had no private universities and only two community colleges.

University administrators quickly recognized the need to develop an outreach program that would enable the university to supply education services to as much of the region as possible. Although the mandate was not accompanied by any additional funding, Eastern Oregon launched a distance-learning program to reach this geographically dispersed population. Academic advisors hired as local community representatives provided the backbone for the correspondence, print-based programs that made up the university’s original distance-learning efforts.

With the advent of Web-based technologies, the university incorporated these new resources and the resulting delivery innovations into its established distance-learning model. Even as Web-based distance-learning programs grow in popularity at Eastern Oregon, the university continues to use print-based and e-mail-attachment delivery methods for distance education.

Distance learning is a self-supporting business at the institution, and enrollment in the Division of Distance Education (DDE) programs is growing faster than enrollments in traditional on-campus programs. While the issues discussed below apply to the university’s various distance-learning methods, this case study focuses on Eastern Oregon’s Web-based programs, which are the fastest growing portion of the institution’s distance-learning program and accounted for 40 percent of the institution’s student credit hours in distance learning during 2001–2002.

**Catalysts and Program Scope**

The primary catalyst for distance learning at Eastern Oregon was the mandate from the Board of the Oregon State System of Higher Education. Although Southern Oregon University and Western Oregon University received similar mandates, these universities did not face Eastern Oregon’s geographical challenges and limited academic offerings. For Eastern Oregon, distance learning became a fundamental component of its mission and a key to its institutional viability.
In addition to the mandate, several secondary factors spurred the program’s growth and success. For example, in 1998 the director of the DDE earned the title of dean, signifying the prominence and importance of this role—and division—in the context of the institution’s academic outreach efforts.

The online program introduced a degree of faculty-student interactivity that had not been possible in the university’s initial distance-learning efforts. Because of the medium’s enhanced interactive capabilities, students can apply for financial aid to cover 100 percent of their online program costs, as opposed to the traditional 50 percent for correspondence courses. This, too, helped the program grow.

In 1999, the offering of degree programs with a majority of courses available online enabled students to participate in fully accredited programs that could enhance their professional prospects.

This combination of external factors and internal decisions sparked dramatic growth in the Web-based initiatives introduced by the DDE.

**Distance-Learning Model**

The DDE sits beside Eastern Oregon’s two academic schools and works closely with the academic departments to identify and develop distance-learning courses (see Figure 4-2).

The model that the DDE employs has three key elements that drive decisions concerning Web-based strategy, investment, and programming: a semi-autonomous financial structure, appropriate faculty involvement and related incentives, and comprehensive student and faculty support services. Because of their impact, these three elements deserve individual evaluation.

**Financial Structure**

The distinct financial structure supports program growth. The university and the DDE track distance-learning tuition so that it is separate from traditional, on-campus tuition revenues. They reinvest funds generated by the program directly into new distance-learning initiatives. This financial model differs from that of the other academic schools and departments, which traditionally contribute funds to a general pool and receive an operating budget allocation. This structure enables the DDE to reinvest in the program to upgrade technology resources, development capabilities, and support services. As with any entrepreneurial venture trying to achieve economies of scale, the ability to reinvest in the business is critical for success.

**Faculty Support and Incentives**

Faculty involvement hinges on balancing offline responsibilities with online opportunities. The Web-based distance-learning degree programs at the university have the same requirements and are taught by the same faculty as the on-campus programs. Most instructors for the distance-learning...
program are full-time professors. However, the faculty’s first responsibility is on-campus instruction, and teaching distance-learning courses is an overload opportunity. (The university does hire some adjunct faculty specifically to support its Web-based distance-learning programs.) For distance-learning courses, faculty members receive a stipend based on the number of students that enroll in the course. This policy creates an additional incentive for professors, but university administrators cite it as a potential area for abuse if individuals are too focused on profit as opposed to pedagogy.

Student and Faculty Support Services

The DDE has actively focused on developing internal strategies and tactics that promote positive relationships among the various parties involved in the university’s distance-education efforts. Faculty development programs, faculty specialists, university regional advisors, and DDE support staff all play a key role in online distance-learning success, so funding for these efforts is important. In addition, the DDE employs incentives to recognize the time constraints faculty face and to encourage their involvement.

✦ Funding faculty development.
The DDE continually reevaluates its resources and its training and development programs for effectiveness and to ensure that they meet faculty needs. Moreover, the DDE actively looks for grants, funding opportunities, and off-site conferences geared toward faculty development in online technologies and pedagogy. Stipends often serve as incentives for faculty training on advanced technology. Ultimately, administrators find that training activities increase instructors’ awareness, interest, and involvement in distance learning.

✦ Connecting faculty with the DDE.
The DDE employs faculty specialists—that is, individual faculty members who work as a bridge between the academic world of the institution and the more deadline- and revenue-driven DDE. These specialists help identify potential faculty and courses for online programs, answer questions concerning Web-based learning for colleagues, and help faculty meet course development deadlines. Faculty specialists also receive a small stipend for their participation. Division administrators and university faculty stress that individuals in this position play a critical role by ensuring that each department’s needs are understood and providing a point of contact between faculty members designing courses and their design team.

✦ Leveraging existing advisor resources.
The role of regional offices and local advisors has been a trademark of Eastern Oregon’s distance-education program since its commencement in 1979. Local academic advisors answer questions regarding registration, scheduling, degree requirements, and other academic issues. They have become a linchpin of the university’s distance-learning programs and have earned the trust and respect of faculty, administration, and students. By making available advisors whom online students can meet in person in their region, the university creates an environment in which off-campus support for distance students is as strong as traditional support for on-campus students.

The DDE also maintains an extensive support network for distance-learning students. Staff members are always available to answer questions and help students with Web-based distance-learning orientations, registration, financial aid issues, and technological problems. Through this advisory system, the university aims to provide distance learners with an academic experience as enriching as that of their on-campus counterparts.

This combination of a distinct financial model, commitment to faculty participation, and extensive support services has created
an effective way for the DDE to fulfill its Web-based distance-learning mandate. The DDE retains significant autonomy within the university while depending on the support and contributions of academic departments and faculty to realize its objectives.

Strategic Considerations
At Eastern Oregon, a clear link exists between the institution’s mission to provide accessible education services to individuals in its regional area and the university’s distance-learning program. Initially, the university overcame significant opposition to its distance-learning efforts by virtue of the need to fulfill this core institutional objective. The explicit mandate handed down by the Board of the Oregon State System of Higher Education also clearly defined the target audience for the institution’s distance-learning programs, in effect dictating the university’s market reach. Thus, even as the distance-learning program has become more successful and attracted students outside the region, the DDE’s core focus remains on its Oregon-based service region. Adhering to these two strategic considerations is fundamental to the program’s success.

The DDE’s goals have always been to provide outreach and education to the geographically diverse population within Eastern Oregon’s region. These goals did not explicitly articulate a set of financial performance targets for the program; however, the program was expected to be predominantly self-supporting. Moreover, the university possessed little up-front capital and funding, unlike other institutions that experienced more highly publicized successes and failures. Therefore, Eastern Oregon designed the program so that the tuition and fees were managed within the DDE, providing it with an important degree of financial flexibility to plan and manage its growth.

However, because the DDE’s Web-based programs have achieved significant financial success, concerns have emerged that the division should be reinvesting a greater percentage of its surplus back into the overall institution. The program has outperformed the institution’s original vision; meanwhile, on-campus enrollments have remained static. As a result, the institution has commenced a series of strategic discussions on these enrollment issues.

Internal Competencies
The DDE has evolved over its 23-year history into a successful, directed organization that has leveraged internal competencies to create programs with significant impact in a region with limited higher education options. The internal competencies highlighted below provide additional insight into the development of Eastern Oregon’s Web-based distance-learning initiatives.

◆ Leadership/Management. The division’s strong leadership has given the Eastern Oregon program a superior infrastructure and strong student services. Dixie Lund has been dean of the division for eight years, coordinating the DDE’s growth during that period and serving as an institutional advocate for both online and offline distance-education efforts. Administrators and staff also cite the early support of Dave Gilbert, the former university president, as critical. Without presidential support during initial development of the Web-based programs, it would have been difficult to achieve the present stability.

◆ Capital Financing. Unlike many high-profile programs, Eastern Oregon’s distance-learning program wasn’t launched with significant capital funding, though it did benefit from several small grants. The DDE is a $4-million operation, with 90 percent of the budget derived from tuition dollars and the remaining 10 percent from a general fund subsidy. The Web-based distance-learning programs
continue to generate strong financial performance that not only provides ongoing support for the DDE but also enables it to contribute a portion of its surplus back to the university.

◆ Technology Management. Eastern Oregon allows faculty considerable flexibility in the type of technology they use to facilitate Web-based courses. To encourage the use of Web-based technologies, the DDE provides instructional staff with training opportunities to develop necessary skills.

◆ Marketing. The regional advisor system is a significant part of the marketing strategy at the university. With representatives strategically located throughout the core service region, students do not have to rely on secondary information when making decisions regarding the university’s distance-learning programs.

◆ Partnership Ability. Strong internal partnerships and working relationships with the academic schools are paramount in continuing to expand Eastern Oregon’s Web-based programs. The use of faculty specialists strengthens the partnership between the DDE and the university’s academic departments, enabling the addition of new courses.

◆ Institutional and Faculty Flexibility. By using various incentives, the DDE has created a degree of institutional flexibility that might not otherwise have existed. The DDE’s financial success enables it to help the academic departments and faculty by sharing the costs of adding new faculty and by creating positions to help bridge the gap between the academic departments and the DDE.

At the same time, strong enrollment levels in the university’s Web-based distance-learning programs have forced the institution to wrestle with a set of larger issues concerning its strategic direction. This situation demonstrates the transformative impact Web-based distance learning can have on an institution, requiring regular evaluation of online programs within the context of institutional objectives. This challenge strikes at the core of institutional flexibility and has required Eastern Oregon to assess its ability to provide the necessary room for the DDE to continue expanding its programs and reach.

Program Assessment and Recommendations

The growth of Eastern Oregon’s Web-based programs has far exceeded the initial expectations of key executives and raises a number of questions about the program’s future. Market response (evident through growing student enrollments) and the division’s established infrastructure indicate a significant opportunity to market Eastern Oregon’s program outside the region. Additionally, DDE administrators believe that opportunities exist to leverage the division’s expertise and success, both financially and pedagogically, throughout the institution by creating hybrid programs and integrating the technology resources more fully into the university’s standard practices. (See the Penn State case study for the benefits and challenges of such collaboration and integration.) First, however, Eastern Oregon must clarify the role of Web-based distance education within the context of the overall university’s direction.

On-Campus versus Distance Education

Eastern Oregon is faced with the challenge of reconciling the financial success of its distance-learning program with waning enrollment growth in its traditional on-campus programs and with the vagaries of state financing. As the program becomes more successful, it raises questions regarding its structure and model. Issues include resource allocation decision making and the appro-
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Appropriate distribution of tuition and other fees throughout the university community. The university's goal for the DDE was to reach students; the organization's financial success was not anticipated.

What are the potential ramifications if the distance-learning program becomes larger than the university's traditional site-based programs? If the program continues on its current trajectory, distance-student enrollments could indeed surpass on-campus enrollments. In the accounting department, for example, distance enrollments are two to three times greater than the department's on-campus enrollments. Ultimately, if Eastern Oregon's distance-learning enrollments exceed campus-based enrollments, the funding the university receives from the state may be impacted. Additionally, the increasing size of the distance-learning program has forced the university to ask difficult questions regarding its traditional mission as a site-based institution.

From a purely distance-learning perspective, administrators cite instructional capacity as the biggest challenge and most significant roadblock to future growth. The divergence between the growth of the online programs and the static enrollment and funding levels of the on-campus programs is exacerbated because the faculty is shared. Currently, the DDE has addressed this problem by funding new faculty hires for select departments where the online program's growth has increased demands on faculty time.

Web-based distance learning has served as a key growth engine for Eastern Oregon, raising a new set of issues that the university had not anticipated. Ultimately, university and DDE administrators need to confront the reality of a distance-learning program that fulfills the institution's mission while simultaneously changing the fundamental character of the institution.

Lessons Learned

Eastern Oregon's experience offers insight into developing a strong program through superior student services and establishing a model for distance learning that enables flexibility. While creating the structure and processes for the distance-learning program, university administrators formulated several key lessons and recommendations:

- Enable faculty to select their own professional development channels by sponsoring their participation in conferences, industry forums, and other relevant events.
- Secure presidential and other senior administration support, particularly in the early stages of program development.
- Keep curriculum review and approval processes for the development of Web-based courses and programs within the academic departments.
- Develop a strong support system for students.

Eastern Oregon's student services model, while not necessarily replicable or appropriate for many institutions, nonetheless provides a clear reminder that a strong support network is critical in a fully online environment. At the same time, Eastern Oregon's model demonstrates the financial commitment—in the form of salaries for advisors or call center/help desk employees—required to keep distance students effectively connected to the institution.

Most importantly, this case study highlights the need for institutions to think strategically about distance learning's impact on the organization. At Eastern Oregon, the success of the DDE and its Web-based distance-learning programs has bred a new set
of challenges, driving the institution to consider fundamental questions about its evolution. At the core, DDE and university administrators find themselves grappling with the issue of institutional flexibility and the ability of administrators, faculty, and staff to adapt the organizational model to fit a potentially new and expanded academic mission. While Web-based distance learning may not have the type of transformative impact at other colleges and universities that it has had at Eastern Oregon, institutions must nevertheless be prepared to address these issues should they arise.

**Cornell University**

Founded in 1865, Cornell University comprises 13 colleges: seven undergraduate colleges and four graduate schools located in Ithaca, New York, and two medical graduate schools in New York City. Cornell, one of eight Ivy League member institutions, has an all-campus enrollment of nearly 20,000 students (13,600 undergraduate and 5,600 graduate students) and employs nearly 3,000 faculty and 10,000 staff.

**History and Background**

eCornell, a wholly owned for-profit subsidiary of Cornell, was incorporated in the fall of 2000 to deliver online programs to business executives and professionals. In the fall of 2002, eCornell was enrolling between 400 and 500 students per month in online class sessions in its certificate- and non-degree-granting programs. These programs were made available through relationships with the executive education departments of three schools at Cornell: Industrial and Labor Relations (ILR), Hotel Administration, and Hospital for Special Surgery. For Cornell, eCornell represents an opportunity to extend its pedagogical and content expertise to a new audience through a new, online channel.

As a land grant university, Cornell has had a long history of providing outreach education to adult and professional students. It wasn’t until 1997, however, that the university created the Office of Distance Learning (ODL) to explore a more strategic, enterprise-wide application of distance-learning technologies. The ODL’s initial mission was to provide service and support to students and faculty engaged in Web-based distance-learning efforts. In the fall of 1997, the Board of Trustees commissioned the ODL’s Advisory Committee to conduct a study determining how best to incorporate Web-based distance-learning opportunities into the university’s activities. As part of this study, committee members explored the vision for distance learning at Cornell, the need for financial incentives, and the role of the ODL. This study laid the groundwork for what is known today as eCornell.

When the Advisory Committee presented its report in the spring of 1998, the provost and board encouraged key members to continue their work by defining an appropriate model for Web-based distance learning at Cornell. eCornell executives report that through spring 1999, board members served as active proponents for designing an institutional distance-learning solution and offered invaluable leadership in discussing and developing a viable business model. Ultimately, much of the ODL was incorporated into the for-profit eCornell venture, which had 50 employees by the summer of 2002.

The support and encouragement of the Board of Trustees played a significant role in the incorporation of eCornell. Leaders within the institution recognized a window of opportunity in which Cornell could differentiate itself through a strong distance-learning program. The support of these key decision makers and institutional leaders provided the
impetus for the distance-learning initiative and the ultimate creation of eCornell.

**Distance-Learning Model**

After initially considering a nonprofit model, which had been recommended in the first Advisory Committee report, the provost, Board of Trustees, and key distance-learning leaders recognized the benefits of creating a separate entity for distance learning. The choice of a for-profit model was motivated not by finances but rather by a desire to give the organization greater flexibility in achieving its objectives. By creating a for-profit spin-off, decision makers hoped to enable the organization to move quickly in making decisions and shifting direction, as well as to attract business professionals with valuable skill sets and to create appropriate alliances.

Various university leaders believe that had they not created a separate business, it would have been difficult to avoid potential conflicts between the business goals of the distance-learning initiative and Cornell’s traditional academic culture. Even with this decision, the university faced opposition from certain members of its community who believed it was inappropriate for Cornell to link itself with a for-profit venture. This opposition exemplifies the additional challenges the distance-learning program might have faced if it had remained under the university’s existing umbrella of programs and services.

**Collaboration Drives Course Development**

Despite its status as a separate organization, eCornell works closely with Cornell faculty to develop courses; full-time and/or adjunct professors participate at the discretion of the individual schools. Currently, the School of Industrial and Labor Relations uses adjunct professors to support eCornell programs, while the School of Hotel Administration provides full-time professors to design and develop the courses. eCornell has created a multistep course development model, commencing with market research and moving on to course and program production.

**Analyzing the Market Need**

eCornell’s structure as an independent, for-profit organization requires a focused market research effort aimed at identifying profitable niches. The ability to find these niches and to organize successfully around any opportunities they present drives the success of an online program.

eCornell’s market research evaluates programs under consideration and looks for niches where existing Cornell programs are strong, competition is scarce, and growth potential exists. Courses are geared toward professionals and therefore must be attractive to this audience.

**Identifying Specific Courses and Faculty**

Just as certain programs are better suited for the distance learner, certain classes and teaching styles more easily lend themselves to a Web-based format. By establishing a specific process to identify these courses and instructors, eCornell is striving to compile a course catalog that will achieve market success.

Once eCornell’s market research efforts reveal programs with the greatest market appeal, the organization works with administrators and academic departments to establish relationships and partnerships with the specific schools. eCornell works with the schools to evaluate those courses and faculty that are best suited to work in an online format. When eCornell works with the School of Hotel Administration, for example, a specific faculty member is assigned to help identify appropriate courses and faculty for the program.
Translating the On-Campus to the Off-Campus

eCornell production teams work with faculty to translate on-site courses to the Web-based format. Since its inception, eCornell has refined its course development process to achieve greater efficiencies for both faculty members and the business. For example, production-time estimates have declined more than 40 percent, from 2,100 hours to 1,200 hours.

When creating the original industrial and labor relations courses, the production team learned the importance of having the course content and concepts documented up front. Because the distance-learning development process views a course from a learning object perspective, translating lecture notes to a more modular format can be challenging. However, once the content is in a manageable written form, course design becomes much easier.

Course development for eCornell, from choosing the faculty to testing the course in the online format, takes between three and four months. Throughout this process, the faculty member reviews the model and offers continual feedback. To save time and minimize potential problems later in the process, quality assurance is performed concurrently with course development.

Because it is a separate organization, eCornell must carefully cultivate relationships with faculty and academic departments. Schools are not required to work with eCornell, and there is no hierarchy to govern the relationship.

Strategic Considerations

eCornell is the product of a very deliberate planning and development process. Starting with the ODL Advisory Committee’s initial effort to explore distance learning at Cornell, the institution’s vision and mission were of paramount concern when considering online alternatives. The committee’s final report described Web-based distance learning as “a next step toward the fulfillment of our core missions in teaching, research, and extension, consistent with the land grant tradition of the university.” Thus, the concept and subsequent organizational structure of eCornell as a for-profit, Web-based distance-learning venture evolved within the context of an explicit connection to the university’s larger goals.

eCornell’s financial independence has provided flexibility and support for the program. The initial $36-million investment from Cornell was treated as an investment from the university’s endowment. This investment strategy created a positive situation whereby each school and department within Cornell is encouraged to support the program without fear of a reduced operating budget. Additionally, a large percentage of the royalty that eCornell pays to the university goes directly to the schools that work to develop Web-based programs, creating appropriately aligned incentives for all parties. At the same time, the investment furnishes eCornell with considerable financial resources for growth.

Brand considerations played an important role in the formation and current structure of eCornell, and brand reputation was a key factor in the venture’s early success. From early in the process, Cornell administrators, faculty, and other stakeholders were reluctant to offer degree-granting programs online for fear that it might tarnish the institution’s brand. Although the university’s land grant charter alleviates some of the brand conflict that typically exists for elite organizations, protecting the brand remained a key issue. In response, Cornell launched eCornell as an independent entity. However, because Cornell has a strong reputation, the market has never questioned the quality of eCornell’s prod-
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products. eCornell has leveraged this brand reputation by developing distance-learning programs around the most popular and differentiated courses.

Internal Competencies

eCornell has been able to leverage its established structure and many of its resources to develop internal competencies that provide a strong foundation for the program.

◆ Leadership/Management. Executives at eCornell highlight strong leadership and management as essential for a strong program. The Board of Trustees played an active role in recruiting Frances Pandolfi, eCornell’s president and CEO, who possesses relevant professional experience and an ability to reconcile the differences between the business and academic cultures. eCornell’s ability to attract skilled professionals, from top executives to production teams and support professionals, has been critical to its early success.

◆ Capital Financing. From its inception, eCornell benefited from a sizable financial investment from Cornell that demonstrated the expected scale of the program. Cornell also hardwired key elements of the venture’s financial model by establishing an explicit royalty structure between eCornell and the colleges and schools contributing to its program development efforts. Providing the program’s capital financing through Cornell’s endowment alleviated a source of conflict with the academic schools and resulted in a strong foundation from which eCornell could execute its business plan.

◆ Technology Management. eCornell recognizes that developing innovative technology is not the program’s core competency; however, the importance of technology to success cannot be ignored. Currently, eCornell manages its technology internally. Before spinning off from Cornell, eCornell leveraged the university’s technology resources to establish what executives consider unique and sophisticated technology solutions predicated on the skills of the technology team. However, eCornell leaders acknowledge that one of the venture’s biggest future challenges will be to keep pace with the rapid rate of technological change.

◆ Marketing. Cornell does not possess deep expertise in marketing to corporate and professional groups, which constitute the core audience for eCornell’s Web-based programs. Soon after its launch, eCornell hired a market research firm to identify the market for distance learning and help clarify its niche focus. eCornell recognized early in its development that market research and program outreach are important to success and therefore continues to assiduously market the program to internal constituencies to achieve acceptance.

◆ Partnering Ability. Internally, eCornell officials work closely with counterparts in Industrial and Labor Relations, Hotel Administration, and Hospital for Special Surgery schools to identify appropriate courses and faculty for curriculum development and online program creation. These relationships play a critical role in the business’s success, and the organization continues to devote time and effort in this area. While eCornell has thus far limited its use of outsourced relationships, anticipated program growth may require more extensive outsourcing arrangements in the future.
Institutional and Faculty Flexibility. By not creating an independent Web-based distance-learning unit, the Cornell University Board of Trustees and the provost recognized the institutional limitations and challenges that would undoubtedly emerge and threaten the venture. eCornell, as a for-profit spin-off, enjoys a degree of institutional flexibility that it would not have had as part of Cornell. eCornell, however, must still address the ongoing challenge to secure faculty acceptance and support of its efforts. eCornell continually markets its efforts internally and showcases the programs to gain the support and commitment of faculty and administrators at Cornell. Overall, eCornell took stock of the critical operational factors required to establish a structure that could enable online success.

Program Assessment and Recommendations

eCornell represents a marriage of for-profit business perspective and academic strength. Although developing the program has been challenging, executives are pleased with eCornell’s initial accomplishments. After two years of business, the program is gaining prestige and recognition among potential customers. Equally important, it is gaining a strong reputation among Cornell faculty and departments. Executives recognize the importance of continuing to develop strong relationships within Cornell to maintain institutional support for the eCornell program. Additionally, eCornell leaders stress the importance of continuing to refine communication with faculty and course development processes. This effort includes clarifying roles and responsibilities and allocating resources appropriately.

On the basis of their experience, eCornell executives highlight several recommendations for institutions evaluating their distance-learning programs:

- Ensure support from key university members, including the president, provost, and Board of Trustees.
- Conduct market research and then market appropriately. Focus first on programs that are most likely to succeed. Once the organization has proven itself, there will be better opportunities to expand into areas that may be less financially rewarding but pedagogically important.
- Create a viable structure that stems from flexibility. Decision making cannot be by committee.
- Keep faculty involved and informed through incentives and constant communication.
- Hire good leadership that can bridge the gap between the business and academic cultures.

Although few institutions are likely to employ the for-profit spin-off model, as Cornell has done, most institutions can still learn from eCornell’s early experiences. The most significant benefit in the for-profit model is the ability of leaders to make decisions quickly and minimize the delays that can arise with more traditional university decision-making structures. Still, it is possible for nonprofit institutions to establish systems that approximate the flexibility inherent in the for-profit model, as both Penn State and Eastern Oregon have attempted to do with their respective Web-based distance-learning organizational models.

Although eCornell is an independent venture, building strong relationships across the institution remains an issue of paramount importance. Combining this partnering emphasis with a deliberate growth strategy predicated on focused market research suggests that Cornell administrators and eCornell executives have
thoroughly reviewed the key issues required for long-term online success. eCornell’s enrollments do not yet come close to those of larger institutional efforts, but the organization has established a strong foundation and appears well positioned for future growth.

**The Community College Landscape**

Community colleges have a significant presence in the higher education landscape, educating more than one-third of all postsecondary students and nearly half of all undergraduates in the United States.

**History and Background**

The 1,171 community colleges that belong to the American Association of Community Colleges (AACC)—members award associate degrees and are regionally accredited—enroll 5.4 million students in credit courses and an additional 5 million in non-credit courses. (The Carnegie Foundation lists 1,669 two-year, associate-degree-granting institutions in its 2000 publication.)

According to the AACC, their member community colleges receive the bulk of their revenue from state funding sources (42 percent), with federal and local sources contributing 5 percent and 18 percent, respectively; the balance of their revenue comes from student tuition and fees. Community colleges serve mostly part-time students whose average age is 29. These institutions are meeting the needs of nontraditional students whose family and work responsibilities typically compete with education for their time and financial resources.

As institutions focusing on outreach and economic/workforce development, public community colleges particularly have access as their core mission—that is, providing affordable educational experiences to members of the community through a variety of certificate and degree programs as well as noncredit course offerings. In addition, many community colleges engage in workforce training efforts to meet the needs of local and regional businesses.

For most community colleges, the leading strategic considerations concerning Web-based distance learning are integrally connected to institutional operations and decision making. Community colleges historically have been far more market and customer driven than their four-year institutional counterparts. Web-based distance learning has served as a logical extension of the institutional mission of outreach, service, and access at colleges such as Johnson County Community College (Kan.), Kirkwood Community College (Iowa), and Santa Barbara Community College (Calif.). Historically, their market reach—typically encompassing a local community or geographic region—is clearly defined and in most cases regulated by local and state government. Within the communities they serve, community colleges often have brands as strong as those that some of their counterparts enjoy on a national and international level. Like most other higher education officials, community college administrators stress that the financial goal of distance learning is cost recovery.

**Drivers for Community Colleges**

The entry into the marketplace of for-profit firms and other businesses seeking to provide convenient and accessible educational programs has intensified the competition for nontraditional students. This competitive market creates incentives for community colleges to invest in Web-based distance-learning programs as a way to better serve existing students and potentially reach new students. Online opportunities
attract nontraditional students who are generally balancing multiple personal and professional responsibilities and need the flexibility that Web-based programs offer. In addition, online programs address capacity constraints faced by many community colleges. For these institutions, an investment in technology infrastructure may provide a better return than investments in additional buildings.

Web-based distance learning helps community colleges address the four key strategic and operational challenges discussed below.

**Expectations of Nontraditional Students**

Community colleges must deliver services and support to nontraditional students balancing work, family, and education responsibilities, recognizing those students as both learners and customers. In particular, they need to serve these students by scheduling course offerings at convenient times and by providing greater ease of access than is typical at traditional four-year institutions.

Students want access to courses they need for their professional development. Administrators at Thomas Nelson Community College, which has several campuses and facilities spread across two Virginia counties, note that the college’s fledgling distance-learning program enhances service to students by making courses available that might previously have been cancelled because of insufficient enrollments at a single physical location. More generally, administrators at colleges like Dallas County Community College (Tex.) and Portland Community College (Ore.) stress that quality student services—registration, advisement, library resources, and so on—are critical to ensure student retention and program success.

**Heightened Marketplace Competition**

Community colleges face significant competitive pressures from for-profit institutions. These institutions offer similar programs and target the same market: nontraditional students seeking access to professional development and career-oriented programs. In workforce training and IT programs, community colleges compete with a variety of technology certification organizations and businesses, training firms, and other colleges and universities.

As Pam Quinn, president of the LeCroy TeleLearning Center at Dallas Community College, noted, savvy students are learning to shop around, and distance-learning programs provide further choices among educational options.

**Facility and Capacity Constraints**

Community colleges have experienced tremendous enrollment growth over the last decade, with particular acceleration in recent years as demand for educational programs has increased and students seek to upgrade their skills. However, the physical facilities of many colleges, particularly those in urban areas, have not kept pace with growing enrollments and therefore present logistical challenges ranging from not enough classroom space to insufficient parking. Distance-learning administrators at both Portland and Santa Barbara Community Colleges refer to these types of physical constraints as specific catalysts for launching online initiatives to serve students more effectively.

**Limited Fiscal Resources**

With state budget shortfalls resulting in a reduction of fiscal support for public education in many states, community colleges
have found themselves in especially trying fiscal times. For an institution like Bismarck State College (N.Dak.), limited financial and human resources required the institution to conduct a total-cost-of-ownership analysis of its proposed online learning effort and determine that outsourcing Web-based distance-learning program development and support was the most viable strategy to ensure program success. Working with an external vendor enabled Bismarck State to minimize its up-front financial investment and streamlined the program's launch. At the same time, many community colleges, such as Bismarck State and Portland, have secured grant funding to support technologies and course development for Web-based distance-learning efforts.

Other institutions note that making strategic decisions to invest in distance learning can often mean negotiating trade-offs with other parts of the institution during tight times. This situation can make it especially difficult to launch new programs, add new faculty or administrative talent, or fully invest in the IT and administrative infrastructure required to deliver Web-based distance learning.

Seeking solutions to the challenges of student expectations, marketplace competition, facilities limitations, and fiscal constraints, community colleges have looked to Web-based distance learning to meet specific objectives and to ease the institutional burden.

Evaluating Internal Competencies

Though quite different in many ways from those of four-year colleges and universities, the experiences of community colleges in Web-based distance learning offer noteworthy lessons that can apply to all institutions. In many cases, the efforts of community colleges may seem more overtly commercial than those of four-year institutions. The elements of success, however, should be recognized by all institutions. The lessons learned by community colleges are especially noteworthy, considering that their experiences are gained in the front lines of the Web-based distance-learning world, where the stringent demands of nontraditional students, the institutions’ core vision and mission, and a host of critical service challenges converge. These lessons align with the internal competencies detailed earlier in this study and highlighted in the preceding case studies.

Leadership/Management. Whether senior administrative leadership is devoted to management of a community college’s Web-based distance-learning program is a key barometer of the program’s importance and therefore of the support it will receive. With distance-learning programs at community colleges contending for scarce resources while striving to develop entrepreneurial relationships, distance-learning leadership must have sufficient autonomy and decision-making authority to champion the institution’s efforts. At Dallas, Pam Quinn notes the strong support of the CEO, who tasked members of his senior team with creating an environment that would enable an online distance-learning program. Similarly, at Kirkwood, Michele Payne, director of learning initiatives, reports that the president’s entrepreneurial nature played a key role in the launch and strong support for online distance learning. At other institutions, the appointment of a dedicated administrator for Web-based distance learning and the establishment of a distinct department or division have communicated institutional expectations and signaled the value placed on the program.
Financing. Faced with the reality that a large proportion (60 percent on average) of institutional funds come from external state and local sources, successful community colleges have proven adept at securing program funding from various other sources, including federal and state grant programs and institutional discretionary funds. However, in their tenuous funding environment, community colleges must also operate in more explicit revenue-generating modes. Like programs at Cornell and Eastern Oregon, Web-based distance-learning programs at colleges such as Bismarck State, Dallas, and Portland have explicit revenue targets to support operating budgets that include opportunities for future program investments. One element of these colleges' revenue strategy is targeting and serving corporate and professional audiences with Web-based programs. Although some institutions may view these efforts as more commercial than academic, they undeniably represent a core source of financing that can be used to invest in the distance-learning program. Moreover, the benefits of these initiatives, as seen in Portland's AV Tech Online College Network (discussed below), can dramatically extend the scope and impact of an institution's educational services.

Technology Management. Within the community college environment, managing technology is especially challenging because of limited resources. This competency is closely tied to partnering ability, because community colleges are more likely (according to evidence from interviews with Collegis and others) to pursue outsourcing relationships to meet their technology needs. Some firms heavily emphasize assistance for resource-constrained institutions, and their customer rolls include a considerable number of two-year institutions. In many regards, community colleges have more openly explored and accepted technology outsourcing opportunities, and this has helped accelerate their Web-based distance-learning efforts.

Partnership Ability. Partnerships related to Web-based distance learning offer new opportunities for institutions to work together with their peers and industry. The rise of distance-learning consortia and virtual universities exemplifies new collaborations that are possible in the Web-based environment. In particular, community colleges report that their activities in preparing students for matriculation at four-year baccalaureate institutions, particularly within their own state systems, can run more smoothly with Web-based distance learning. At Kirkwood, administrators have worked with both the University of Iowa and eCornell. At Bismarck State, the development of a Web-based certificate program for employees at electric power plants has attracted students from across the nation. The college is working with several national energy industry organizations to market this program more effectively and make businesses and employees aware of the opportunity.
Iowa State to demonstrate the benefits and opportunities students derive from Web-based distance-learning programs and to help them model strategies for online initiatives.

In another example, Portland, in partnership with seven other community colleges, has launched an online certificate program for the audiovisual industry. This national initiative, the AV Tech Online College Network, is an important example of a cross-institution collaboration in response to a specific industry need. The initiative originated as a grant proposal to the U.S. Department of Education. After the audiovisual industry secured funding for the project, community college participants were brought on board to offer the first higher education program—online or off—to prepare audiovisual system technicians. In this instance, Portland gained access to a new opportunity that would have been impossible without Web-based distance learning and a strong competency in managing a partnership with other institutions and industry participants.

◆ Institutional and Faculty Flexibility. While a heritage of distance-learning programs and outreach certainly benefits institutions entering the Web-based distance-learning arena, institutions should not assume that this history will make the transition to Web-based distance learning seamless. In particular, it can be difficult for the institution, faculty members, and administrators to leave behind assumptions and experiences gained in the non–Web-based program when moving to the new online model. In many ways, Web-based programs require a different approach, particularly to administrative processes, student services, and faculty support.

Dallas faced a variety of difficulties in this regard while translating a quite successful and robust television-based distance-learning offering (in partnership with the Public Broadcasting System and local cable stations) to the Web. Dallas had not anticipated many of the new costs required to support online students and instruction, particularly in the area of quality control. Administrators note that priorities for course development shifted as the institution moved from video-based courses to an online format. They found that decisions, models, and cost structures that worked under the old model didn’t translate to the new one. While their distance-learning tradition was in many ways a benefit, Web-based distance learning was, in effect, a whole new game with a new set of rules that required a carefully considered approach. As this study stresses throughout, the availability of skilled faculty with a commitment to the Web-based distance-learning program is a key factor behind successful programs. Therefore, providing professional development programs and support resources for professors is critical in ensuring faculty comfort with new online models.

At Johnson County, the third largest provider of higher education in the state of Kansas, the college has established a goal of making all its courses available in a fully online format within the next three to five years. However, the institution recognized that to achieve this goal it needed to close the gap between its early adopters—faculty interested in technology and willing to experiment with Web-based distance learning for curiosity’s sake—and the rest of the faculty.

Through its Educational Technology Center (ETC), Johnson County provides
a comprehensive set of programs to train professors in deploying online courses. The institution also offers a three-day training program for beginners and a series of shorter, periodic classes for advanced users. Additionally, the institution assigns designers to serve as a resource for each professor and assist in developing distance-learning courses. Administrators believe the ETC’s efforts will let Johnson County rapidly and seamlessly scale its Web-based distance-learning program.

Closing Assessment and Recommendations

Community colleges demonstrate an ability to adapt to an often volatile market environment that includes changes in the competitive landscape, new technologies, and shifting student needs and expectations. This adaptability propels and supports their Web-based distance-learning efforts. The heterogeneous composition of a typical community college faculty, which often includes full- and part-time faculty, working professionals, and other adjunct staff, provides these institutions with a degree of flexibility and market responsiveness that may not exist in traditional four-year institutions. This is a critical factor for online distance-learning success, and the experiences of community colleges suggest that institutions must look for a way to cultivate an entrepreneurial, innovative culture.

The most important lesson gleaned from the Web-based distance-learning efforts of community colleges, however, is the mission-driven role that these initiatives fulfill. The colleges highlighted above, including Bismarck State, Dallas, Johnson County, and Portland, have all employed Web-based distance learning for different reasons, but with a common purpose: to extend the institution’s core mission of serving students. The online environment simply represents a new medium for meeting the commitment to teaching and learning.

Although the process for delivering and managing the educational experience has evolved significantly, the key objectives for faculty and students have not. By evaluating how and why colleges and universities achieve success in their Web-based distance-learning efforts, Strategies for Supporting Off-Campus Growth has aimed at helping institutions prepare for and manage the changes inherent in shifting to a new service model.
Strategies for Supporting Off-Campus Growth combines analysis of the strategic issues facing institutional leaders seeking to maximize the value of Web-based distance-learning initiatives with detailed college and university examples highlighting theory in practice.

The issues addressed in the first section of this study give Web-based distance-learning advocates a valuable framework to facilitate their institution’s consideration of the opportunities and challenges in developing a successful fully online program. The strategic considerations and internal competencies detailed represent a common vocabulary that administrators, faculty, and staff can apply in discussing online distance learning across the institution. Moreover, interviews with numerous administrators, faculty, and staff at postsecondary institutions confirm the critical nature of the strategic considerations and internal competencies evaluated in this study.

Four strategic considerations (vision/mision, financial goals, market reach, and brand) and six institutional competencies (leadership/management, capital financing, technology management, marketing, partnership ability, and institutional and faculty flexibility) serve as the critical foundation on which institutions establish distance-learning program models. A detailed review of these factors appears in the case studies of Pennsylvania State University’s World Campus, Nova Southeastern University’s centralized-decentralized model, Eastern Oregon University’s Division of Distance Education, and Cornell University’s eCornell, as well as in a composite case study drawing on the experiences of seven community colleges.

For institutional participants, it is often impossible to separate distance-learning strategy from the realities of their college’s or university’s operating environment. Therefore, the case studies, and the distance-learning practices they highlight, may not be directly applicable. However, each case study furnishes valuable working models to assist institutions considering the launch of such a program or those evaluating existing Web-based distance-learning efforts.

Core Lessons Revealed

The in-depth institutional analyses and the more concise “cases in brief” reveal a core set of lessons that every college or university should apply.
Alignment

Web-based distance-learning programs should stem from existing institutional objectives and goals. Profiled institutions such as Penn State, Nova Southeastern, and Johnson County Community College have launched online programs that serve as direct extensions of the institutions’ missions and practices and that augment existing programs to meet students’ needs.

Penn State’s legacy of distance learning and its history of incorporating new technologies to expand educational delivery established an institutional context that made online offerings a logical extension. Senior administrators launched the World Campus in part to drive the application of technology as a pedagogical resource across the broader institutional community, a key strategic objective for the university. Nova Southeastern’s mission statement notes that the university “offers academic programs at times convenient to students, employing innovative delivery systems and rich learning resources on campus and at distant areas.” While this institutional philosophy was in place long before the rise of the Internet as we know it today, Nova Southeastern’s adoption of Web-based distance-learning solutions is directly connected to this statement. At Johnson County Community College, the drive to offer all courses on the Web is linked to the college’s goal of improving the convenience and accessibility of educational programs and services across its community service area.

Web-based distance learning is an extension of an institution’s core mission—providing students with access to teaching and learning. Distance-learning leaders must build support for this concept among potentially skeptical administrators, faculty, and staff to ensure program success, because fully online efforts draw resources from across the institution and require new levels of cross-departmental and cross-functional commitment. Colleges and universities launching distance-learning initiatives or reviewing established ones should verify that the institution’s efforts are connected to existing goals or objectives and make explicit to the community the links between Web-based efforts and the institutional mission.

Business Case

The launch of a Web-based distance-learning program often represents a new academic “business unit” for an institution. Therefore, whether programs are set up within an independent unit or within the context of a broader distance-learning or continuing-education department, colleges and universities must apply adequate due diligence when considering these initiatives. This means analyzing the financial return on investment, assessing the market, and developing a pricing strategy—in short, building a defensible business case. Multiple additional program elements need to be evaluated with an eye toward building a program with long-term viability. For example, leaders should model the anticipated growth in online enrollments, project costs for serving students fully online, and plan for additional resources to support faculty participation.

At Nova Southeastern, supporters of new Web-based distance-learning programs must submit and defend a detailed business plan before several institutional decision-making bodies. Senior administrators stress that a rigorous business assessment of prospective online initiatives has ensured financially viable program development, limited duplication of Web-based efforts, and consistency with the university’s mission. At Cornell, key university administrators and the Board of Trustees considered several organizational models for eCornell. They ultimately selected a for-profit spin-off model.
to ensure that the venture possessed the flexibility and business focus required to succeed in a dynamic, market-driven, Web-based learning environment.

Building a distance-learning program without confirming the existence of real customer demand is a critical error that hurt some institutions in the early days of online learning. Numerous highlighted institutions, including Penn State, Cornell, Regis University, and the Rochester Institute of Technology, stress the pivotal role of market research and analysis prior to program development, before the organization transitions to externally focused marketing activities.

**Internal Marketing**

Nearly all administrators and faculty members interviewed stressed the critical importance of internal marketing efforts. Colleges and universities must establish systems and processes that facilitate collaborative relationships among faculty, administrators, and distance-learning participants to build a base of institutional support that will drive program success.

Penn State made a clear commitment to incorporate Web-based learning into the mainstream of the university’s activities. All courses and degree programs available through the World Campus are also taught on campus, and the university makes no distinction between a course completed on campus and the same course completed online. This practice requires a significant commitment from faculty and the academic departments, and the World Campus has mitigated potential faculty concerns by purchasing blocks of faculty members’ time to free them up for development of new Web-based courses and programs. By proactively managing the need for cross-institutional collaboration, the World Campus has ensured the active support and participation of Penn State faculty members.

eCornell’s organizational model presents a particularly significant challenge for internal marketing. Faculty, administrators, and staff are under no obligation to work with eCornell, even though it draws on Cornell’s colleges and schools for content and teaching resources. eCornell executives have worked diligently to develop strategies and processes for working and communicating with faculty, creating a set of relationships and a degree of institutional support that is a clear point of success for eCornell.

Web-based distance learning requires institutions to invest in the development of effective faculty and administrator marketing and partnering strategies. As with any viable institutional venture, colleges and universities must understand and target both the supply (faculty) and demand (student) variables in the distance-learning equation.

**Scalability**

The scope and reach envisioned by institutions in a successful Web-based distance-learning program comes with a cost. Institutions must be prepared to modify and expand existing service and delivery models to ensure that faculty and students receive appropriate support as Web-based distance-learning enrollments and course offerings increase. Building a program that will scale requires colleges and universities to invest in such areas as instructional capacity, faculty development and support, Web-enabled student services, and reliable technical infrastructure and support services.

Nova Southeastern established the Innovation Zone (IZone) to consolidate duplicative information technology services that were surfacing in individual colleges and schools to support Web-based initiatives. The IZone now provides online instructional pedagogy and content transfer, along with development services, across the organization. Eastern Oregon capitalized on its ex-
isting network of regional offices and local advisors to offer registration and advisement services to students enrolled in Web-based distance-learning programs, even as the institution migrated these services online. At the University of Central Florida, senior academic and IT administrators launched three new service units in direct response to the demands of the university’s rapidly growing online learning efforts.

Developing a scalable Web-based distance-learning program requires administrators and distance-learning advocates to consider alternative models, such as the University of Phoenix Online and the University of Maryland University College Online. While these institutions may have different pedagogical strategies and goals, the undeniable success and explosive growth of their online distance-learning efforts demand closer scrutiny from colleges and universities attempting to build scalable online service models.

**Practice and Strategies Will Evolve**

Web-based distance-learning programs transform colleges and universities. The frameworks, strategies, and case studies highlighted in Strategies for Supporting Off-Campus Growth will assist institutional leaders in evaluating and managing change as the adoption and growth of online learning initiatives impact the institution’s academic, administrative, and technical functions.

The insights and recommendations in this study draw on the lessons learned by institutions in their initial Web-based distance-learning experiences. As more institutions engage in fully online distance learning, they will generate further insights and leading practices to share with their peers in the postsecondary community. Practice will continue to refine and improve strategy, requiring colleges and universities to treat Web-based distance learning as a dynamic and constantly evolving component of their academic mission.

Particularly in these early days of Web-based distance learning, much is to be gained from sharing institutional experiences. This study, intended to serve as a guide for institutions as they pursue these new online opportunities, represents an initial research investigation into an area that merits further analysis and consideration.
This list is a selected collection of articles, monographs, and reports that readers may want to review for more detailed treatment of selected issues addressed in this study.


S. Gallagher, “Capella Investment Highlights that For-Profit Postsecondary Distance Learning Is on Solid Ground and Poised For Growth,” Eduventures Research Brief, Eduventures, Mar. 20, 2002.


Appendix A

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Cornell University
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Rochester Institute of Technology
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Strayer University
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Universitas Global
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University of Rhode Island
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University of Wisconsin (System)
   Ed Meachen, Chief Information Officer

University of Wyoming
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   Larry Jansen, Coordinator, Online UW, and Instructional Designer, Outreach Credit Programs
Appendix B
Selected Web-Based Distance-Learning Implementation Activities

Once the model for the program is in place and decisions concerning mission/vision, financial goals, market reach, and brand have been made, the implementation factors that determine the distance-learning program’s daily functioning need to be addressed. The way institutions handle these implementation factors is critical to maintaining student satisfaction and driving enrollments. The following questions cover the critical implementation issues; addressing them will help institutions gain the focus and insights needed to guide a successful implementation process.

Governance
◆ What will the distance-learning program’s management/reporting structure be?
◆ How will the distance-learning program fit within the larger institution?
◆ How is the program integrated into the institutional decision-making process?
◆ Is the program integrated into institutional governance structures?

Financing
◆ How will the program financing be sustained?
◆ How will the program distribute/share its generated revenue across the institution?
◆ What percentage of any surplus will be reinvested in the distance-learning program?

Technology
◆ Who will manage decisions concerning program technology?
◆ What constituencies participate in making technology decisions?
◆ Who is accountable for supporting and maintaining technology?
◆ What elements of the technology should the distance-learning program outsource or build?
◆ How much money and time will be dedicated to technology?
◆ How will the program stay current on new technologies, and what process will be used for incorporating new technologies?

Faculty Management
◆ What incentives are in place for faculty involvement?
◆ How will faculty training be managed?
◆ Who will conduct the training?
◆ Who will be required to attend the training?
◆ Is compensation available for training time?
◆ How will intellectual property rights be addressed?

**Course Selection and Design**
◆ What is the process for selecting courses and faculty for the Web-based distance-learning program?
◆ What is the process for new course design?
◆ What team will be involved in the design process?
◆ How will team members communicate with one another, and how will faculty interact with a design team?
◆ Who maintains responsibility for final approval of pedagogy and technology?

**Student Services**
◆ What types of services will be available online for students?
◆ Are these services equivalent to those offered on-campus students?
◆ Are systems in place that will enable students to perform key activities, including registering for courses, applying for and receiving financial aid, accessing grades, using library services, receiving tutoring and advisory support, accessing counseling services, and making university-related e-commerce transactions?
◆ How will tests and assessments be delivered to students?

**Measuring Success**
◆ What are the key performance indicators and/or internal expectations that the organization (and institution) tracks and measures?
◆ Have performance indicators been established in the areas of faculty performance and satisfaction, course standards and design, student satisfaction, student academic success online versus on-campus, and program success as measured by enrollment and revenue?
◆ Are performance measures linked to rewards for faculty and staff?
◆ Are future decisions regarding the distance-learning program linked to specific performance measures?