

# LOOMING COMPETITION FOR CAREER-FOCUSED COLLEGES

## Online education's battle with traditional colleges will shape choices, curriculum for students

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Both for-profit and traditional state-sponsored colleges have done a fine job helping students develop skills needed in the marketplace. Historically, these institutions served different sets of students or were able to reach students only in their geographic area.

With the advent of distance learning, though, these institutions are able to reach well beyond their communities. Career colleges have entered the distance learning market earlier than their peers in the two- and four-year state-sponsored market. That is all beginning to change, and with that change will come increased competition, followed by improved student choice and, possibly, a swell of curriculum and delivery innovation.

### Pursuing Online Education

The extent of the competition will be based on the program type, the ability for the program to be delivered via distance learning, and the institution's reputation. Presently, the majority of traditional schools are not aggressively pursuing distance learning. As more traditional schools pursue this approach, it will place more pressure on both online and ground-based career

colleges. This will create an entirely new level of competition. Not only will career colleges compete within their own peer group and with the local state-sponsored institution, but competition will also be coming from state-sponsored innovators on a national level.

Campus-based career colleges have always competed, or coexisted, with community colleges and four-year schools in their geographic area. The strength of the competition was based on the strength of that individual college or university. In the near future, the competition will expand to include remote community colleges and four-year state programs with strong individual programs that can be delivered online. Certainly, the programs that require on-campus learning will see less of an impact, but business degrees, information technology, and certain healthcare programs could be impacted heavily.

The depth of this threat lies in the fact that there are thousands of non-profit colleges, and if each developed only one world-class program, it would mean a significant competitive portfolio. No single career college would have the resources to compete in a high-quality way with so many different institutions. What would this do? How would online career colleges effectively compete with so many competitors?

### Taking Necessary Steps

There are currently several state-sponsored colleges taking meaningful steps to compete in the distance space. Many are buying new learning management systems with consultants to help them build curriculum. Others are hiring admissions executives from the career college sector. Some institutions are hiring outsourced enrollment teams to help qualify leads and create awareness of programs. Early adopters are also outsourcing selective portions of their financial aid processing or contact center operations.

One major traditional system is even launching a new, comprehensive online campus with sig-

nificant growth goals. This organization will leverage the ground campuses for certain faculty and curriculum development but will have their own admissions and student services group. A "best of breed" approach like this will allow high-quality programs to be delivered, but supported by an admissions and student services team that understands the online student. Even the student service needs of non-traditional students can be catered to, such as expanded hours, online applications and electronic document collection. Fundamentally, they will move faster than their campus counterparts and do what career colleges have done for years. This would provide a one-two punch of more competitive programs while closing the student service gap.

### Estimating the Impact

There are several important questions that will need to be answered before the final impact can be estimated:

1. Will state-sponsored schools effectively serve non-traditional students with relevant and desired programs?
2. Will state-sponsored schools effectively offer world-class student service?
3. Assuming relatively equal programs, how will a student decide between for-profit and state-sponsored institutions?
4. Will employers have a preference between for-profit and state-sponsored institutions?

5. Who will innovate best, and what competitive differentiators will emerge?

None of us have all the answers, but it's probably safe to say that there are some basic facts emerging:

1. More state-sponsored and private four-year institutions are entering the distance learning market.
2. In recent history, the existing state-sponsored or private institutions entering the online market have taken some students who would have gone to a career college.
3. More high-profile, state-sponsored launches are on the table at the board of trustee and executive management level.
4. Budget cuts and continued desire for new sources of revenue to augment campus operations will create an environment for distance learning to be put on the table at these new entrants.

In the end, more high-quality program choices delivered through innovative delivery mechanisms will benefit the student. The trick is to make sure your organization is prepared for this emerging trend. ■



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