Accreditation and Review of For-Profit Education

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For-Profit Institutions’ Goals

1. Offer Value-Adding Learning Opportunities
2. Improve students’ lives with training & education
3. Meet a demonstrated need for career fields
4. Produce a reasonable return on investment and earn a profit
5. Maintain accountability to students, employers, faculty and shareholders
Types of For-Profit Governance

1. Corporately Owned, Non Publicly-Traded

2. Corporately Owned, Publicly-Traded

3. Closely Held: Venture Capitalist/Private Equity Owned

4. Family-Owned (9 of 10)

Each type has different goals and styles.
Traits of For-Profit Institutions

1. Tuition-dependent, must be market “savvy”
2. Serve non-traditional students who face challenges
3. Sensitivity to the needs of employers
4. Adaptability: embraced Distance Learning early on
5. Scalable and replicable curricula
6. Build an exemplary customer service organization that generates significant percent of student referrals
7. Provide accessibility for the adult learner
8. Optimize convenience to the adult learner
Management Tactics

1. Plan continuously
2. React quickly to external environment
3. Improve continuously
4. Measure Results Frequently—Measure Everything!
5. Outcomes Focused—retain capable students
6. Hold everyone accountable
7. Build a productive and efficient model
8. Target Marketing
For-Profit Characteristics

1. Centrally controlled, managed top-down
2. Curricula is standardized
3. Curricula is developed with industry input
4. Uniform and reproducible classes are the standard
5. Assessments are metrics-driven
6. Culture of regulatory compliance
7. Responsible community citizens
For-Profits Are Growing Because…

1. Faculty are part-time, active in the field, and share experiences from their profession
2. Marketing is sophisticated and professional
3. Long-term quality trumps short-term profits
4. Emphasis on what is essential for students’ employability
5. Streamlined, convenient enrollment processes
6. Do not need non-academic facilities (dorms, gyms, etc.)
7. Ultimately, they are convenient, accessible and goal-focused
Challenges in Accrediting For-Profits

1. Understand the unique characteristics of for-profits
2. Know who owns the institution, and know their goals
3. Understand how the metrics are created: graduation rates, placement rates, etc.
4. Evaluate the role of Distance Learning and how it impacts quality
5. Assess how the shareholders’ goals match up with the mission
6. Analyzing the threats to the institution—is it prepared?
7. Evaluate the competence and the integrity of management
What Can Go Wrong At a For-Profit

1. Excessive growth—without needed infrastructure
2. Over-aggressive & misleading marketing
3. Admitting unqualified students
4. Failure to monitor recruiting
5. Out of balance spending on marketing v. academics
6. Inflating credit awards
7. Unprepared graduates
8. High loan defaults
How Accreditors Can Address the Challenges

1. Have clear, measurable standards

2. Adopt specific rules for marketing and promotion

3. Use bright-line benchmarks for outcomes

4. Establish high expectations for ethical conduct

5. Analyze annual reports; monitor growth rigorously
How Accreditors Can Address the Challenges

6. Firm but fair complaint resolution action
7. Survey students, regulators and employers
8. Train institution staff on the rules and expectations
9. Conduct onsite reviews frequently
10. Limit initial grants to new institutions
11. Consult with For-Profit Institution Experts