By Gerald A. Heeger

The New "Business" of Higher Education

These are strange times for higher education. Enrollments are generally strong; the baby boomlet, "Generation Y," fills dormitories even as adult learners assume a greater presence on campuses. State governments, beneficiaries of the sustained economic boom and tobacco settlement monies, are increasing higher education budgets. Philanthropic giving to higher education is at or near an all-time high. Yet colleges and universities are filled with disquiet. New providers, the emergence of the "education industry," the acceleration of online learning, the seemingly unquenchable demands of technology, "corporate universities," growing numbers of new certificates and degrees—all seem to signify that we are in a moment of transformational change.

The sense of dramatic change places enormous strains on higher education and its leadership. Fearful of falling behind or of missing an opportunity that may actually be a harbinger of something more fundamental, colleges and universities too often spring at the new audience or new technology without recognizing the consequences for an institution as a whole. Worse yet, institutions may seek to cope with change by containing responses within "administrative ghettos" inside the university. The hope is that new audiences (e.g., adult students) can be addressed without necessarily attending to core questions about how a college or university rethinks its educational services in the face of such audiences. These institutions also expect that new technologies (e.g., distance learning) can be connected to the institution's teaching function without engaging in fundamental reflection on the implications for faculty management, intellectual property, and the like. In short, in an eagerness to address new markets, or to embrace new partners, or to adapt to new technologies, many institutions do so with the overt agenda of addressing such markets, partners, and technologies *without having to change "too much."* Innovation is often embraced at the margins in the hope of leaving the institutional center undisturbed. For example, despite the fact that adult students are today one of the fastest-growing segments of many institutions' enrollments, these students often remain remarkably invisible and marginalized.

Institutions and their leaders need to be particularly reflective in times of change; innovation requires "organizational learning" by colleges and universities. Though American higher education has room for incredible diversity, too often institutions and leaders of higher learning have been reluctant or, worse, evasive learners. "Learned leaderships," on the other hand, recognize that change brought about by embracing new opportunities is likely to be more far-reaching than ever envisioned.

My institution, University of Maryland University College (UMUC), is uniquely entrepreneurial. Since 1947, when it was established, the university has cultivated a niche in the market of adult education and has remained on the vanguard of the wants and needs—indeed the demands—of adult learners. Ours are truly lifelong learners, with some beginning their pursuit of a college degree after retiring from professional careers.

To assist them, the university has excelled at distributed education, establishing traditional classroom environments in more than twenty locations throughout Maryland, northern Virginia, and the nation's capital. In 1949, UMUC began providing educational

programs around the world under contract to the U.S. military, our largest client. Today, UMUC delivers courses to students in more than thirty countries on seven continents.

Because delivering courses in unconventional ways has been a specialty for more than fifty years, UMUC anticipated higher education's recent fascination with distance learning—specifically online education, both inside and outside the academy. UMUC has kept pace with the beginning of distance learning, evolving management systems and in-

frastructure to direct global complexity. As a result, the arrival of the World Wide Web did not require a paradigm shift at UMUC but rather overlaid an already culturally sympathetic institution by enabling the university to reach even more students—even local ones—through distance learning.

Since 1994, when the university began offering courses electronically, online enrollments have doubled or tripled in each succeeding year. Of over 21,000 online enrollments last academic year, approximately 65 percent were Maryland based. (We expect to surpass 40,000 online enrollments this year.) With the largest online enrollment worldwide, including ten complete graduate degrees, UMUC has been ranked by *Forbes* magazine as one of the "Top 20 Cyber-Universities."

Of course, with the impact of information technologies on higher education, thereby aggrandizing distance learning, comes the expansion of traditional education markets and the accessibility of new, previously underserved ones. This requires even greater investments of capital and staff resources. UMUC, for example, has systematically reengineered its business, management, and organizational practices to ensure continued quality delivery. At a cost of $17 million, one of the most advanced integrated software systems available is being employed to create a single, worldwide UMUC with one academic "face" (e.g., admissions requirements, hiring practices), administrative infrastructure, and set of university policies. Still, we have come to realize that this is not enough. To compete with well-heeled companies and other universities vying for market position, the university needs to effect even more fundamental change and adopt "best practices" from the business community.

Online education, developed and delivered properly, is exceptionally expensive, demanding a complete institutional commitment and a deep infrastructure to be successful in the long term. Add to that the increasing competition from hundreds of new competitors that can feverishly foray the global online education market with enormous injections of private capital and marketing investments, and one can understand why online providers, in order to compete successfully, need to think outside the higher education box. Most public universities cannot devote such fiscal resources to unconventional endeavors.

UMUC has arrived at the conclusion that within the range of our budget, we cannot afford to take on a challenge of this magnitude without pushing change even further. New strategies, in other words, are a necessity for us, and those strategies, in turn, are pressing us further. They have led us, for example, to create a "for-profit" company to assist the university in its strategic goals for growth in online enrollment. Now we are using the commercial enterprise to measure effective delivery of services to our students.

My intention is not to dwell on UMUC's experience. My point is that leaders in higher education must embrace change, direct it, and recognize that it has positive, negative, and always, unanticipated consequences. They must address change as they would any other managerial challenge, and they must recognize that new markets and the appeal to new money require completely new organizational—and business—models. I spent the early part of my academic career in South Asia. It is the pattern in some countries on that continent to "encyst" modernizing influences in ways that prevent these influences from transforming the larger society and economy. Universities frequently behave similarly, but no longer. Change will be systemic in the higher education institution. The only question is: will it be managed?

Dr. Gerald A. Heeger is President of University of Maryland University College. He joined the university in September 1999 as its fourth president. His more than thirty years of experience in higher education include service at New York University, the New School for Social Research, and Adelphi University. He is frequently cited in national publications for his views on partnering higher education with corporations.