

Distributed Education:
Challenges, Choices,
and a New Environment

FIFTH IN A SERIES

Partnerships in Distributed Education



American Council on Education
Center for Policy Analysis



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Distributed Education: Challenges, Choices, and a New Environment

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Foreword

Partnerships in *Distributed Education* is the fifth monograph in a series of invited papers on distributed education commissioned by the American Council on Education (ACE) and EDUCAUSE.

Partnerships among higher education institutions and between these institutions and for-profit firms can be effective vehicles for implementing distributed education. However, these relationships often raise issues related to curriculum control, faculty autonomy, trademarks, technology expertise, courseware ownership, and revenue sharing. This monograph provides guidance to institutions seeking to form successful partnerships in distributed education. It encourages institutions to define their objectives clearly and to look for a partner or partners whose goals complement their own. This monograph also identifies attributes of effective partnerships and strategies for managing such arrangements.

The genesis of this series evolved from a design meeting held at ACE in spring 1999. Extensive discussion and exploration of major issues led to a partnership with EDUCAUSE and a close working relationship with its president, Brian L. Hawkins, and vice president, Carole A. Barone.

This series, *Distributed Education: Challenges, Choices, and a New Environment*, has been sustained with generous support from the AT&T Foundation, Accenture, and Hewlett Packard Company.

“Distance” or “distributed” learning raises a strategic and financial challenge for every type of higher education institution. Advancements in technology and expansion of markets for distributed learning pose questions for college and university presidents, regardless of their institutional mission. Our goal in this series is to provide presidents, provosts, and other senior decision makers with a sense of the landscape of technologically mediated education and the means to make wise strategic choices.

Michael A. Baer
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Introduction

The first of the American Council on Education's series of papers on distributed education, *Distributed Education and Its Challenges: An Overview* (Oblinger, Barone, and Hawkins, 2001), lays out a clear distinction between distance education and distributed education. According to the authors, distance learning is a subset of distributed learning, focusing on students who may be separated in time and space from their peers and the instructor. But, distance education and on-campus instruction are converging, with online delivery systems and approaches being employed for distant, commuting, and even residential students. This convergence in the form of technology-mediated education is distributed education. Distributed education can occur either on or off campus, providing students with greater flexibility and eliminating time as an access barrier. The value of distributed education is that it gives an institution new ways to operate by: (1) renewing elements of its academic offerings and cost structure, (2) extending its existing offerings to new markets, and (3) creating new academic offerings and programs.

Distributed education is a developing area, and it is too early to either evaluate the efficacy of emerging partnerships or predict the business and partnership models that will be successful.¹ The press and the market are paying increased attention to the risks inherent in distributed education ventures. The regular

announcement of new online learning ventures and partnerships in 1999 and 2000 has been replaced by equally frequent announcements of dissolutions, divestitures, and bankruptcies in 2001 and 2002. It is evident that sustainable distributed education partnerships are neither well understood nor easy to create.

At the same time, traditional colleges and universities are establishing distributed education courses and programs as a mainstream activity and a profitable and growth-oriented opportunity in certain contexts. The revenues, profits, growth, and market valuations of the leading online proprietary educators such as the University of Phoenix Online, Sylvan Learning, Devry, and others suggest that online education can be effective, attractive, scalable, and profitable.

Partnerships to support shared academic goals among traditional higher education institutions are not new. For the purpose of this essay, we use the word "partnership" loosely, to refer to any relationship created to achieve some mutually beneficial distributed education goals and objectives between independent organizations. A partnership can assume many forms, with varying degrees of closeness and shared risk. Such variety enables considerable diversity of purpose and of partners' roles and responsibilities.

¹ Please note that by the term "model," we are denoting broad classification schemes that include characteristics such as course offerings, delivery methods, and funding and financial models, among other characteristics.

Why Partner?

Many compelling reasons exist to consider partnering as a strategy for supporting an institution's distributed education objectives, including:

- *Generating new ideas.* The interplay of ideas brought about by the vastly different experiences of partners can spark true ingenuity.
- *Leveraging complementary skills, strengths, and markets.* Critical business and technical skills, which may be in limited supply within a single institution, often can be more readily found in a partner. Partnerships with for-profit organizations create the potential to operate new programs in a more business-like fashion, in terms of managing risk and making decisions quickly. Partners also can take advantage of one another's programmatic strengths, presenting students and prospects with richer and more innovative curricula. When supporting a goal of market expansion, a partnership can leverage the brands of the partners (as is the case with Universitas21) to attract new students, even on a global scale.
- *Balancing financial risk.* The large initial outlay of funds for content development, technical infrastructure, and marketing and selling is more easily borne when shared among a number of parties. By partnering, the capital for a distributed education venture can be gathered much more quickly; thus, the work to build the program can begin sooner.
- *Acquiring resources for a new venture.* In addition to providing additional sources of capital, corporate partners often have access to new business and technology innovations through an existing network of alliances. That network can provide a crucial competitive advantage to a distributed education program.

With an undertaking as complex and fraught with challenges as developing a sustainable distributed education program, partnerships can allow institutions to share risk and take positive advantage of one another's

expertise. Aside from mitigating risk, partnerships also offer institutions a chance to pool resources, share ideas, and spark creativity. And they allow partners to leverage one another's strengths, with all parties becoming stronger in the process.

Although partnerships for distributed learning hold great potential, that potential can be realized only if the partnerships are organized and managed for success from the outset. In general, successful partnership arrangements are closely aligned with the institutions' goals and with the business model of the distributed education program. When implementing a distributed education program, each institution will need to consider the mix of objectives and actions that best fits its unique mission, history, culture, and values. This monograph is designed to help readers and their institutions clarify their understanding of reasons to partner, partnership models emerging in distributed education, and strategies for effectively entering and managing partnerships.

Partnership Risks and Benefits

Colleges and universities, sometimes described as "adhocracies," are loosely coupled organizations that often must undergo difficult cultural adjustments to accommodate the organizational needs and idiosyncrasies of their partners.² Thus, higher education institutions can find it difficult to achieve internal alignment with the partnership's vision and goals. Because of this difficulty, many partnerships fail to achieve their intended results. However, distributed education is itself a risky venture, with the past year witnessing the demise of several distributed education

² Social science literature is rich on this topic. See George Keller, *Academic Strategy: The Management Revolution in Higher Education* (Baltimore: Johns Hopkins University Press, 1983), pp. viii-ix.

programs including Virtual Temple, University of Maryland University College Online, and NYU Online. Partnerships—while themselves challenging to maintain—can mitigate that risk.

The challenge of managing complex partnerships only complicates and exacerbates the inherent risks of distributed education ventures. The failure of NewsCorp’s early efforts to engage with the Universitas²¹ consortium, the University of California’s early exit from Western Governors University, the quiet reincarnation (and demise) of the California Virtual University, Princeton University’s exit from the high-profile University Alliance for Lifelong Learning, and the well-publicized financial challenges of the Unix and Fathom education initiatives testify to the compounding effects of new business ventures and new partners.

A recessionary or unstable economic environment intensifies the risks of partnering. When higher education institutions launch academic programs, they generally assume that they are embarking on a long-term venture. However, by closely aligning with a for-profit partner to set up and operate these programs, colleges and universities may be forced to react to relatively short-term economic conditions. Partnerships with for-profit organizations are particularly challenging in this regard. Colleges and universities are rarely chartered, nor are they culturally predisposed, to organize around a profit motive. Colleges’ investments and other resource decisions flow from the need to balance a complex agenda for a diverse constituency, often in perpetuity.

Conversely, for-profit firms that depend on investment capital are accountable for narrow financial results on a quarter-by-quarter basis. Further, such firms are more likely to alter strategies and business plans quickly, as conditions change or new opportunities present themselves. Perhaps most important, the behaviors of for-profit organizations are governed by competitive urgency. The corporate drivers of choice, activity, accountability, and behavior can set the stage for difficulties when juxtaposed with higher education’s culture of consensus seeking, skepticism, collegiality, incentives, and long-term perspective.

In this economic environment, *caveat emptor* is the reigning philosophy. The risks and responsibilities of partnership are so considerable that recently, several prominent partnerships have quietly failed. (To be sure, most of these partnerships were pioneering and experimental efforts that were undertaken with full knowledge of their inherent risks.) Nonetheless, few institutions will substantially enlarge their enrollment via distributed education without partnering. The complexities are simply too great for many organizations to go it alone.

Distributed Education Partnership Models

The key to any successful partnership is meeting the clearly defined objectives of all the partnering organizations. The college or university must understand what is impelling it to enter into distributed education and, from this understanding, develop its vision, mission, and goals. Institutions that cannot clearly describe their motivations and primary objectives are unlikely to discover them in the course of a distributed education partnership. More seriously, those that cannot articulate their goals and priorities run the risk of being carried along by the aims of their partners.

This paper's first recommendation is for college and university leaders to understand and articulate the academic purpose, business objectives, and business model(s) associated with a proposed distributed education program. The three broad reasons to consider a distributed learning program, each of which will be addressed later, are: (1) to renew, expand, or change the cost structure of an institution's core academic programs for existing students (for improved program quality and/or cost reduction); (2) to extend current programs to additional students (for greater access); or (3) to create new academic programs to serve new students (for growth and academic innovation).

Partnership Models

As soon as the goals of the educational program have been clearly articulated, they can be mapped to specific partnership models. Distributed learning programs generally fall into a continuum of eight partnership arrangements, based on two dominant factors: institutional control and economic motivation. Institutional control describes the number and type of partners and can range from single-institution programs, to multi-institutional consortia, to new models in which institutions act as contractors to an outside entity. Economic motivation speaks to the reasons for organizing the partnerships. A brief description of the eight partnership arrangements follows.

1. *Single-institution Programs.* These programs emerge from traditional institutions offering online, accredited, degree programs targeted at graduate/undergraduate students as well as the certificate market. The institution's goals typically are to use distributed learning to improve teaching outcomes in conventional or hybrid programs, and/or to extend a program's reach to new audiences through the use of the Internet, with the hope of increasing enrollments and perhaps revenues. Many significant endeavors have emerged from these types of programs, such as those at the University of Central Florida. Single-institution programs can be organized on a for-profit or not-for-profit basis. The University of Phoenix Online, for example, is a publicly traded, for-profit purveyor of online distributed learning.

-
2. *University Systems.* While university systems are unified in governance, their distributed learning initiatives demonstrate many of the benefits and pitfalls associated with partnerships among free-standing institutions. Noteworthy examples of such partnerships include the University of Texas Telecampus, the University of Illinois Online, and Penn State World Campus, among others. Such programs reduce some of the complexities surrounding the interchange of course credits and make it possible for students at system campuses to take advantage of an expanded course catalog.
 3. *Bilateral Partnerships.* Two institutions with separate governance and management control systems often share common academic purposes, geographic niches, student populations, or academic expansion goals. For example, in 1998 MIT and the National University of Singapore announced a plan to initiate a “new global model for long-distance engineering education and research.”³
 4. *Single-state Government Consortia.* A number of governors, legislators, and state higher education coordinating bodies have initiated statewide distributed learning programs as a means of expanding access to underserved constituencies, promoting statewide economic development, and reducing the unit cost of higher education through enhanced programmatic articulation, and so forth. Noteworthy programs exist in Arizona, California, and Michigan.
 5. *Multilateral Content Syndication Consortia.* These programs use a content broker or syndication model. Participating institutions create virtual course catalogs that describe courses from a state’s or region’s universities, colleges, and/or corporate training programs. The online university provides a vehicle for students to complete a degree or certificate program by applying for admission through one of the participating institutions. Government often funds these programs to address educational access, equity, adult learning, or workforce development needs. Examples include Western Governors University, the Southern Regional Education Board Electronic College, and Kentucky Commonwealth Virtual University.
 6. *Multi-institution Programs.* Under this model, institutions use technology to deliver content jointly, often in a specific discipline(s), with the long-term intent of connecting academic programs, leveraging scarce academic skills, enhancing the student experience, and/or creating new markets and revenue streams. Course content developed by the institutions is shared to address curricular gaps and relieve one another’s infrastructure costs. The target audience can range from the consortium institutions’ campus-based student population, to executive education seekers, alumni, or corporate training program participants. The alliance is looser than that of content syndication consortia. The University Alliance for Lifelong Learning, made up of Oxford, Princeton, Stanford, and Yale universities, is one example of this model. In the case of the Alliance, each member institution and its faculty control the content of the courses as well as other educational products offered.⁴
 7. *For-profit/Nonprofit Partnership.* This type of partnership is initiated and partially capitalized through a formal alliance between a university or consortium of universities and

³ “MIT and Singapore Announce Global Educational Collaboration.” Press release dated November 3, 1998. See <http://web.mit.edu/newsoffice/nr/1998/singapore.html>.

⁴ “Oxford, Princeton, Stanford, Yale to Invest \$12 Million in Distance Learning Venture.” Press release dated September 28, 2000. See <http://www.princeton.edu/pr/news/00/q3/0928-allison.htm>.

Figure 1:

Select Distributed Education Ventures, by Institutional Control and Economic Motivation

		Governance and Control	
		Unilateral	Multilateral
Economic Motivation	For-profit	University of Phoenix Online Sylvan Learning Systems DeVry University	UNext–Cardean University Fathom Corporate Universities Army University Access Online (eArmy U)
	Not-for-profit	MIT–Cambridge MIT–National U of Singapore University of Illinois Online University of Central Florida Regis University Santa Barbara Community College	Universitas21 Global Penn State World Campus U of Texas Telecampus Kentucky Commonwealth Virtual U Southern Regional Education Board Western Governors University

a for-profit entity. In general, this model involves the licensing of academic course content from participating institutions to develop degree- or credential-granting branded curricula for corporate training programs and/or global dissemination. Examples include Fathom, UNext–Cardean University, and Universitas21 Global.

8. *Prime Contractors.* This is an important, evolving type of distributed learning partnership best exemplified by the Army University Access Online initiative (eArmy U). These arrangements can vary in partnering “intensity,” from relatively straightforward buyer-supplier relationships to full partnerships designed to optimize the comparative strengths of each partner in various aspects of program design, development, and delivery. In the case of eArmy U, the U.S. Army leads a complex private-public consortium that meets Army service level expectations, specifies instructional delivery infrastructure, and creates a huge market for online education. This segment also

includes the evolving “corporate university” sector. Corporate training organizations also have evolved in the past five years to assume greater roles in the long-term education of their corporations’ work forces, adopting the responsibilities and nomenclature of colleges and universities and overseeing the development and delivery of global curricula. More than 300 of the *Fortune 500* companies now claim to have “corporate universities.”

The typology of partnerships becomes more complex when economic motivation is taken into consideration. Any of the eight types of partnerships described above can be organized for profit, for philanthropic purposes, or for a mix of for-profit and non-profit motives. Figure 1 locates a number of high-profile distributed education ventures on the dual axes of institutional control and economic motivation.

The Finer Points of Business Model Selection

Once their primary objectives have been clearly defined, colleges need to create models of their new or changed business. Modeling begins with an understanding of the processes that need to change or be provided for in distributed learning. Then, the institution may construct what Michael Porter describes as a value chain, identifying the key competencies needed to support an online distributed learning program.⁵ Analyzing the value chain makes it possible for an organization to assess its ability to engage in distributed education activities, analyze any gaps it must fill before entering this arena, and determine its existing strengths and needed resources. From that point, the institution can choose a business model to fit its organizational objectives and redress any resource gaps. This analysis also makes it possible for an organization to begin to identify the kinds of partnerships that might be beneficial. Figure 2 shows one example of a value chain for distributed education.

Determining which partnership model is right for an institution begins with its leaders' answer to three fundamental questions:

1. What does our institution want from a partnership?
2. What does our institution offer a potential partner?
3. What roles might partners play in designing and implementing a distributed education program?

To answer the first question, an institution needs to return to evaluating its primary objectives for a distributed education program. As described on page 5, these aims could be to renew existing academic programs and offerings, extend the current offerings to new students, or deliver new programs to new student populations. Next, potential partners should identify their strengths and gaps in needed skills across the continuum of the distributed education development and delivery system. Working through these steps will give an institution information about which model(s) to consider and the most appropriate potential partners (see Figure 3).

To be truly informative, a gap analysis needs to be comprehensive. Some of the key considerations for any distributed education program in the start-up phase include:

- **Assessment:** Does the institution or its partner(s) have the ability to provide credible and secure online testing capabilities?
- **Credentialing:** Does the online education activity carry with it the potential to issue degrees or other credentials to those who complete these programs? Will new credentials or degrees be offered? Which partner's imprimatur has the greatest cachet and market appeal among applicants and employers? Will a new imprimatur be created and, if so, will the credits issued be recognized among all partners?
- **Accreditation:** To the extent that a new online venture requires a new accreditation, which partner will be most effective in organizing the resources required for success in this critical dimension of activity?

Figure 2:

Example of a Value Chain for Distributed Education

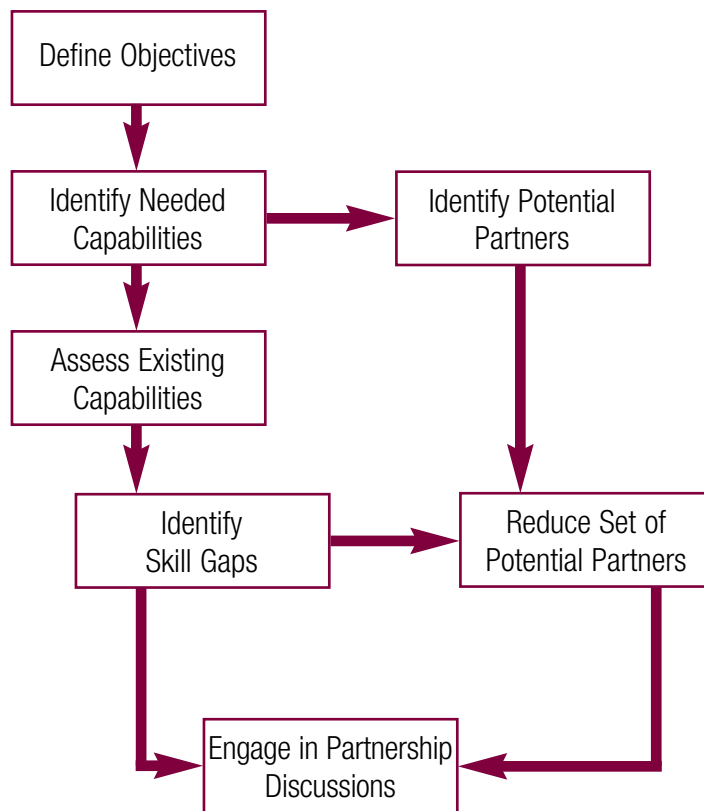


⁵ Michael E. Porter, *Competitive Advantage: Creating and Sustaining Superior Performance*, New York: The Free Press, 1985. Republished with a new introduction, 1998. See also, *Competitive Strategy: Techniques for Analyzing Industries and Competitors*, New York: The Free Press, 1980. Republished with a new introduction, 1998.

- *Reputation and brand:* In addition to strongly relating to the discussion of credentials above, the issue of branding embodies reputation, perceived durability, and capabilities related to marketing and market and product development.
- *Portal, customer relationship management, and IT infrastructure:* Traditional educators compete in part on the basis of the quality of the institution's physical plant. In online education, the ability to manage the information technology infrastructure and online institutional web presence and services will be critical to success. Of course, partners are likely to be unequally matched in this sphere of activity.
- *Content creation, development, and delivery:* While curricula and courses are products, curriculum development, organization, and delivery are processes. In the online context, economics suggest great benefit for those who design course delivery standards and modules once and then use and adapt them many times. Therefore, content mastery, pedagogical skills, instructional design, and other skills must reside somewhere in the partnership skill set.
- *Academic counseling, advisement, remediation, and coaching:* The whole area of online mentoring is nascent. Early studies suggest that robust capabilities and offerings in this arena have a demonstrated positive impact on student retention and performance in the online context.
- *Service strategy and infrastructure (for instance, call centers):* Online instruction is new and information technology can be unfriendly. The power of the Internet is to enable institutions to reach new students regardless of distance or time. The challenge, of course, is to maintain a robust roster of academic support services for these often adult and peripatetic students—and to do so on a 24-7 basis.

Figure 3:

A Structured Process for Identifying Potential Partners



- *Learning portfolios:* When students' academic objectives lie in skill development or in attaining professional credentials, they are likely to satisfy these objectives in a variety of academic environments. Standards and approaches for managing student records in this new cyber context will add new challenges, particularly in light of federal privacy requirements and new information security concerns.
- *Knowledge management:* The library remains a central social and learning resource for students on campus. Similarly, students in online learning environments will need access to scholarly resources beyond those freely available on the web. Partnering institutions will need to rethink content licensing arrangements and develop new strategies for mediating security, privacy, and access.

Figure 4:

A Decision-making Framework for Resource Allocation

		Asset, Activity, or Service Characteristics		
		Nonspecific	Mixed	Specific
Frequency	Occasional	Use Commercial Supplier	Use Contracts	Use Contracts
	Recurrent	Use Commercial Supplier	Use Joint Ventures or Affiliation Agreements	Perform Internally

The gap analysis will help an institution’s leadership understand in which areas investments need to be made. Institutions can then choose to invest in developing their own capacity to fill whatever gaps exist. Alternatively, institutions can explore partnerships as a means of filling the gaps. University of California, Berkeley economist Oliver Williamson pioneered the field of transaction cost economics to provide guidance on making appropriate choices to outsource or partner.⁶

According to Williamson, if an activity depends on the unique talents and assets of the organization, and if it performs the activity frequently, it should build the resource in-house. Conversely, if the service is widely available elsewhere and the institution uses it only occasionally, it should outsource the activity. Partnerships make the most sense when an activity is recurring and requires a mix of specialized and nonspecialized skills and knowledge (see Figure 4).

When an institution develops resources to address the activities described above, it is faced with a number of choices. It can use on-campus resources (professors, administrators, and so on), other universities, educational

software vendors, technology and business consultants, media and entertainment companies, and dot.coms, among others. Aside from supplying needed products or services, partners also can provide access to new markets. For example, by partnering with sponsors of technology certificates, such as Microsoft or Cisco, institutions can access new student markets in the IT workforce.

The essential purpose of this framework is to evaluate when or whether to undertake a partnership as a functional endeavor. According to Williamson, activities that occur rarely and are unique to an institution, such as commencement, would make poor candidates for contracting out or partnering. On the other hand, Introduction to Calculus is offered frequently at a great many institutions, is rarely delivered in an institutionally specific manner, and therefore might lend itself to either acquisition from another institution, or joint production and sale online via an academic partnership arrangement. Using this framework, an institution can begin to determine whether the activity in question is one that it should perform itself, or if it should consider an alternate arrangement, including partnering.

Once an institution’s leaders have identified activities best delivered via partnering, as well as potential partners, they must return to the three fundamental questions: What does our institution want from this partnership? What does our institution offer a potential partner? And what roles might partners play in pursuing distributed education at our institution? At this stage, the institution’s leaders should examine these questions from a potential partner’s point of view. Are the goals of potential partners compatible with those of the institution? Can they be aligned, or are they mutually exclusive and inherently incompatible?

⁶ Oliver Williamson, “Transaction Cost Economics: The Governance of Contractual Relations,” *Journal of Law and Economics* 22 (1979): 233–261.

Partnership Roadblocks and Success Factors

Certain elements of any partnership must be planned carefully in advance. In the past, financial elements were all-important. Now, institutions must address a number of other considerations related to aligning academic and business goals, ownership of intellectual property, gain and risk sharing, communication, and management. These areas are all major potential stumbling blocks for distributed learning partnerships, and they should be discussed collaboratively on campus before negotiating with potential business partners. In this section, we review the most important competencies that higher education institutions and their partners must manage to forge a successful new partnering relationship. We then discuss top factors contributing to partnering success and failure, to provide some general guidance on good partnering strategy.

Why Partnerships Fail

Several studies report that at least half of all mergers and acquisitions fail to meet expectations, or are outright failures. Higher education has seen its own share of partnership failures. Some fall short for technology reasons; others run aground due to the institutions' inability to align the interests of faculty, administrators, legislators, and other key stakeholders around a common set of goals.

When these and other failures are dissected, common characteristics emerge:

- *Loss of champions.* When a dynamic leader moves on, a partnership can be left floundering without vision or energy. Eventually, inertia gets the best of it. Higher education institutions need to have strong people in place who can assume the mantle of leadership should a champion move on.
- *Disagreement over the distribution of returns (or losses).* Assuming a distributed education partnership is successful, the allocation of assets that the partnership returns is a potential sticking point. Assets from these partnerships will include not only financial profits, but also intellectual property. Rights to returns need to be explicitly defined as the contract is negotiated.
- *Inadequate financial due diligence.* The U.S. economy began a notable downturn in 2000, mowing down countless high-flying dot.com darlings in its wake. Partners of these casualties often were left with nothing to show for their significant investments. Institutions need to scrutinize the viability of their potential partners or risk being left holding the bag if a partner goes out of business.
- *Clash of organizational cultures.* Failure results when organizations are not truthful about their tolerance of each other's differences. If partners cannot smooth over disagreements based on organizational style, real animosity can develop and eventually derail the whole partnership.

- *Clash of leadership vision and style.* When two distinctly different organizations are brought together on equal footing to work toward a common objective, clashes between the leaders of those organizations are bound to occur. Egos come into play, and the situation can be aggravated when the leaders have different styles. Particularly in a university culture, in which one dissenting voice may carry significant weight, a clash between individuals may spell doom for a partnership. Clarifying roles and responsibilities at the onset of a partnership will mitigate this risk.
- *Inadequate information technology infrastructure.* It is not clear which technology will emerge as the most successful solution for implementing distributed education, so

a number of organizations are avoiding reliance on any single technological solution. We recommend a flexible architecture built on current products. However, the real issue is how well information and services are integrated from the consumer's viewpoint, not the nature of the underlying technologies themselves. The ability to maintain programmatic coherence in the face of rapid technological development is essential.

- *Operational integration failures.* A distributed education partnership will comprise many elements contributed by different partners and suppliers. Failure to integrate these discrete components into a cohesive, seamless, and transparent operation will result in the initiative's failure.
- *Shift in strategic direction.* Changes in strategic intention or scope will derail all but the most nimble of partners. Because so much of a partnership's success depends on laying elaborate groundwork, sudden shifts in direction are unlikely to succeed.
- *Staff retention/morale.* The people who manage the day-to-day aspects of a partnership will, to a large extent, determine its success. These are the people who run the systems that keep the program operational, who design and teach the curriculum, and who provide student services. Ongoing communication about changes in the program and their impact on staff is crucial for ensuring that these key personnel not only remain at the institution, but also stay committed to its distributed education goals.

The Principles of Successful Partnering

The keys to any successful partnership can be boiled down to five essential principles:

- The partnership is a top priority for all entities involved in it.
- All partners recognize speed (in decision making, in action, and in market delivery) as a core value.
- The partnership agreement incorporates and memorializes elements that originate from the different partners. The agreement truly captures the consensus of the partners and serves as a touchstone for numerous downstream implementation decisions and actions.
- Personnel are well-prepared, and membership in the core project team is stable. Customer and employee impact drive decision making.
- Efforts to integrate operations, marketing, and processes are aligned with the broader partnership intentions, expectations, and motivations.

Cultural Due Diligence

The factor that ultimately determines partnership success is always the same: due diligence. Due diligence comprises a whole list of topics that need to be assessed and addressed before embarking on the partnership, but the key is legwork that uncovers critical areas that need to be monitored throughout the partnership's life.

The first aspect of due diligence is developing an understanding of the cultural differences between partners. For example, when a venture capital firm teams with a university in a distributed learning partnership, the partners need to ask themselves if they can accommodate a culture so truly different from their own. Cultural due diligence includes examining factors that are not always readily apparent, such as organizational decision-making processes, leadership compatibility, business direction, methods of assessing and rewarding performance, and so on. The compatibility of decision-making styles, preferences, and processes is probably foremost in importance and impact among these cultural issues.

Management Issues

Other factors that must be managed carefully to avoid potential stumbling blocks in a distributed education partnership are:

- *Alignment of vision, objectives, and expectations among all partners.* As indicated earlier, colleges and universities have a variety of motivations for investing in online distributed education endeavors. In distributed education partnerships, it is essential that potential partners clearly communicate their motivations to one another and work to align them. Overlooking this alignment is a top cause of partnership failure. Perhaps because discussions of vision and objectives can reveal so many sticky problems, potential partners tend to gloss over these important issues. After all, aligning visions, objectives, and expectations *within*
- an organization can be an incredibly challenging task; partnering organizations must face that challenge extended across *multiple* organizations. Yet, unspoken expectations, particularly about time-frames, can easily derail partnerships when they are not realized.
- *Ongoing management of expectations.* Once the partnership expectations have been established, they need to be revisited regularly to ensure that no partner has shifted expectations. This point is particularly salient in distributed education, because so many higher education institutions have culturally ingrained notions of partnerships based on corporate altruism. These institutions may need to monitor their expectations and check old habits. In particular, in partnerships with for-profit organizations, higher education institutions have been known to operate under the unspoken “we bring the institutional name, you bring the money” assumption. Again, a gulf in expectations of this kind is likely to place a partnership at early risk.
- *Risk tolerance.* Both partners should, at the very beginning of negotiations, acknowledge each other's respective tolerance for risk. A mismatch in risk acceptance or aversion will be an ongoing source of misunderstood friction throughout the life of a partnership.
- *Governance and role definition.* Who will be leading what aspects of the relationship? This point speaks to both roles and responsibilities. At the very beginning of a partnering relationship, all players need to clearly understand who will be seeing that certain key tasks are done, and where the blame will lie if these tasks are not accomplished. The question of governance can be complicated by individual egos, so this issue must be handled delicately and diplomatically. More fundamentally, colleges

and universities are organizations characterized by “problematic goals, unclear technology, and fluid participation” (Cohen and March, 1974), attributes that make governance and role definition difficult.

- *Ownership/intellectual property.* Any new venture is likely to create new ideas and new products. The lucrative potential of these new developments may be impossible to gauge at the beginning of a relationship; therefore, clear ownership of intellectual property must be established before any material is created. Who will have rights to repackage and redistribute this material? How will revenue be allocated, both between partners and within partnering organizations? The issue of how institutions apportion risk and gain from sales of intellectual property in courseware between the institution and individual faculty remains unresolved at many colleges and universities. In particular, traditional academic values regarding the open exchange of scholarly information are likely to clash with corporate values relating to the protection of proprietary content and processes.
- *Liability for errors and omissions.* As described above under “Governance,” all partners need to understand clearly who will be responsible for seeing that certain tasks are done. The potential damage from errors and omissions may be difficult to establish, yet some effort should be made to gauge this potential and establish the extent of liability for each partner in case of such errors.
- *Stakeholder management.* In business, the relationships are simple and the business drivers are relatively easy to understand. The corporate entity needs to satisfy shareholders, employees, analysts, the press, and, perhaps, a managing board. In higher education, stakeholder management is much more complex—boards, funding agencies, accreditation groups, senior administrators, faculty, students, parents, government agencies, and the press all take a keen interest in operations. Without managing the expectations of these groups from the beginning, and then continuing to manage them through ongoing communication, the undertaking can be bogged down and eventually brought to a halt by political infighting.
- *Leadership.* No partnership can be successful without clear and strong guidance from the top. The partnering initiative must have an executive sponsor or champion in each organization—someone with the ability to articulate a vision and then motivate others to subscribe to it. (See the third paper in this series, by John Hitt and Joel Hartman, for a thorough discussion of the leadership challenges posed by distributed education.)
- *Dependencies/conflicts of interest.* As the partnering relationship develops, both partners must be careful to retain a certain amount of independence. If the partnership becomes too overwhelming a force within either of the individual organizations, that organization risks dramatic and potentially severe consequences should the partnership be severed. The partnership should run in as lean a manner as possible. It should be able to scale up or down without causing trauma to either participant. At the same time, the goals and actions of the partnership must be monitored continually so that they are never found to be at odds with the organizational goals or activities of the individual partners. In particular, partners must be attentive to balancing capabilities and responsibilities among themselves. If one partner, for example, is ceded complete responsibility for the entire technical delivery system of the partnership, other partners may become hostages to this infrastructure, as their students come to identify that system closely with

the overall academic product or program. Checks and balances on potentially key dependencies are important.

- *Speed and scalability.* Given that most universities cannot move as rapidly as the corporate world, partnering organizations may need to rein in their goals and develop reasonable plans for incrementally launching and scaling the program. How quickly does each of the partnering entities expect the distributed learning program to grow? How realistic are the growth expectations, and are all the partners in agreement about the way this growth will be managed? Those in higher education may need to work with their partners and with key institutional stakeholders, including faculty and trustees, to determine these answers.
- *Partner viability.* Before initiating the partnership, higher education institutions should evaluate the stability of their potential partners. Are all partners able to live up to their commitments? What is their financial status? Institutions should look at their potential partners as investments. How would the potential partner be able to weather changes in the external economic environment? The answers to these questions will give keen insight into the long-term viability of the partnership.
- *Financial management.* Successful partnerships depend to a great extent on trust. However, it is wise to recall the adage, “In God we trust. All others pay cash.” The financial dimensions of a partnership must be crafted carefully and documented explicitly from the beginning. Participants must develop and communicate a system of financial reporting and accountability within the partnership. Further, they each must articulate their own financial goals and consistently measure and report progress against those goals.
- *Communication.* Ongoing, structured communication is the key to avoiding unpleasant surprises at any phase of the partnership. It

seems a simple enough task—after all, communication is a basic skill that we all possess. Yet it’s surprising how few partnerships manage this aspect well. Communication processes not only should be detailed within a partnering agreement, but they also should be supplemented by the informal back-and-forth among key players that helps any relationship grow strong.

- *Incentives.* How key players will be motivated to make the partnership (and by extension, the distributed learning program itself) a success will depend on what incentives are put in place to drive them. Partners should discuss potential motivators, as they may very well differ depending on organization type. Incentives should be appropriate to the partnering organizations.
- *Brand management.* When two organizations form a partnership, particularly one that forms a new entity, brand management issues inevitably rise to the surface. Each organization brings its name and reputation to the partnership and questions of identity for the new entity must be addressed. Will one name lead the partnership? Will both partners try to build the reputation of the new entity, or is the venture too risky to put prestigious names on the line? Perhaps the partners will agree to put some distance between themselves and the new identity. Organizational strategy, culture, and even egos come into play on this topic, and it is an issue that partners can’t afford to bury. It is better to address disagreements over branding strategy at the beginning, before either partner has become fully invested in the partnership.
- *Change management.* Organizations need to develop a comprehensive change management program prior to launching a distributed education initiative. The change program must encompass all levels of each

partnering organization, as internal backlash is one of the biggest obstacles any new program is likely to face. In general, top-down initiatives meet intense resistance unless the people who will be in charge of vital, day-to-day activities are sold on the idea at the very beginning. At the same time, bottom-up initiatives often do not work well because they can be out of step with larger organizational goals. What's needed is a combination of top-down, bottom-up, and middle-across support.

- *Contingency planning.* Most frequently, partnerships are situated in a broader relationship context. For example, the Universitas²¹ Global consortium brings together a great many institutions that have had and will have other partnerships with one another. It is of paramount importance to structure distributed education partner-

ships in ways that preserve or even enhance these broader relationships, whether or not the specific online education partnership endures. To this end, partners are advised to incorporate contractual language that governs the orderly dissolution of the partnership and the conditions under which such dissolution language is to be invoked. Such language would detail how a dissolution would be handled, including intellectual property rights, equipment, and payouts, to ensure that there are no surprises and that the other institutional relationships of the surviving partner(s) can continue to move forward.

Conclusions

Online distributed education presents a set of new and exciting opportunities for colleges and universities. Along with excitement and the opportunity to deliver new education and services to new audiences come risks. The past three years have witnessed the emergence and disappearance of a number of high-profile ventures of this kind. The demise of many early experiments such as Virtual Temple and NYU Online testifies to the inherent risks, the relative immaturity of our techniques and the marketplace, and the complexity of these ventures. Few institutions of higher learning have the comprehensive wherewithal or market presence to compete alone in this marketplace. Therefore, institutions contemplating significant initiatives in distributed education are encouraged to explore partnerships. This encouragement, though, comes with a caution: While partnering can reduce the complexity associated with managing distributed education programs, the act of partnering adds a different set of risks and requirements.

Institutions contemplating partnerships for the purposes of developing and delivering online distributed education programs are advised to catalog the skills that are needed to support the envisioned program or enterprise, and to inventory and assess their capabilities within this catalog. Such an analysis invariably will reveal gaps that can, along with other factors, form the basis for determining the nature of prospective partners. In addition, institutions planning to offer a highly idiosyncratic

program should evaluate whether or not such unique capabilities should be shared with outside partners. In particular, institutions must think carefully about attaching their name to such ventures.

Once the decision to partner has been made, partners must be open and clear about their vision, motivations, goals, and objectives, each of which can be academic, political, or financial in nature. Partners also must honestly assess their strengths and weaknesses, and clarify the performance expectations that will drive oversight of the partnership. Each partner must identify an active and engaged executive champion to ensure ongoing alignment of interests and behaviors among the partners.

Partners also must develop a set of protocols, practices, techniques, and communication pathways to ensure that expectations are managed in an ongoing fashion, that differences in risk tolerance are understood and acceptable, that program governance has been codified and organized, and that roles have been clearly defined, communicated, and accepted. As many partnerships fail, it is also essential to codify potential conflicts of interest or commitment, establish clear guidelines for the financial management and reporting obligations of the program or enterprise, and communicate how risks and gains are to be apportioned among the partners. Because new

programs like these are highly likely to encounter organizational resistance, partners are advised to confer and agree in advance on procedures and processes for ensuring effective change management in the course of the program's initial rollout and early phases.

Finally, just as good fences make good neighbors, good dissolution agreements make good partnerships. It is essential to recognize that partnerships are designed by nature to spread risk across multiple organizations. Experience indicates that many online distributed education ventures—partnered and not—failed. Would-be partners should accept this

knowledge and move to protect not only themselves, but also the important broader relationships that initially drew them to consider a partnership. Specific action agendas may fail, but the relationships among the partners should be managed with an assumption of durability. Clear language about the drivers, terms, and rights of each partner under an orderly partnership dissolution will go far in making it possible to live with risk in a broader context of relationship safety.

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