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Selecting Models and External Partners for E-Learning Initiatives

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Overview

E-learning across organizations is an emerging area, and it is too early either to evaluate the efficacy of emerging partnerships or to predict the business and partnership models that will be successful. The press and capital markets are paying increasing attention to the risks inherent in these ventures. The regular announcement of new online learning ventures and partnerships in 1999 and 2000 has been replaced by equally frequent announcements in 2001 and 2002 of dissolutions, divestitures, and bankruptcies. Sustainable e-learning partnerships evidently are neither well understood nor easy to create.

Partnerships to support shared academic goals among traditional higher education institutions are not new. For the purpose of this Research Bulletin, the term “partnership” is used loosely to refer to any relationship between independent organizations created to achieve some mutually beneficial e-learning goals and objectives. 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. In general, successful partnership arrangements are closely aligned with the partnering institutions’ goals and with the business model of the e-learning program. With an undertaking as complex and fraught with challenges as developing a sustainable, externally focused e-learning program, partnerships can allow institutions to share risk and take positive advantage of each other’s expertise. Aside from mitigating risk, partnerships offer a chance to pool resources, share ideas, and spark creativity. Effective partnerships allow partners to leverage each other’s strengths, with all parties becoming stronger in the process.

Although partnerships for e-learning hold great potential—and may in fact be preferable to unilateral initiatives—that potential can only be realized if partnerships are organized and managed for success at the outset. When implementing a collaborative e-learning program, each institution will need to consider the mix of objectives and actions that best fits its unique mission, history, culture, and values. The partnership models to accomplish that mix of objectives and actions will vary from institution to institution. This bulletin is written 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 e-learning partnerships. This work builds on and derives from the author’s work published as *Partnerships in Distributed Education*.¹

Highlights of Partnership Issues

E-learning partnerships can be motivated by a number of different factors. Whatever the reasons for pursuing such a partnership, institutions should address attendant risks and consider the pros and cons of relevant models.

Partnership Motivations

There are many compelling reasons to consider a partnership as a strategy for supporting an institution's externally focused e-learning 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.
- **Balancing financial risk.** The large initial outlay for content development, technical infrastructure, and marketing is more easily borne when shared by a number of parties. By partnering, the capital for a distributed education venture can be gathered much more quickly, and the work of building the program can begin sooner.
- **Acquiring resources for a new venture.** Besides providing additional sources of capital, corporate partners often have access through a network of alliances to new business and technology innovations that can provide a competitive advantage for an e-learning program.

Partnership Risks

As loosely coupled organizations, colleges and universities find it difficult to achieve internal alignment around a shared vision and goals. Because aligning organizations with differing visions and goals is a difficult task, many partnerships fail to achieve their intended results.² At the same time, e-learning is establishing itself as a mainstream activity at traditional colleges and universities and as a profitable and growth-oriented opportunity in certain contexts, such as the University of Phoenix Online.

Issues related to the effective management of complex partnerships in the context of an already risky educational and business strategy only complicate and exacerbate 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 the Western Governor's 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 and ultimate closure of Fathom testify to the compounding risks of new business ventures and new partners.

Partnerships with for-profit organizations are particularly challenging. Colleges and universities are rarely chartered, nor culturally predisposed, to organize around a profit motive. Our 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 quarterly basis. Private firms are likely to alter strategies and business plans quickly as conditions change or new opportunities present themselves. Perhaps most importantly, 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 the consensus-seeking, skepticism, collegiality, incentives, and long-term perspective characteristic of higher education institutions.

Partnership Models

The key to any successful partnership is meeting the clearly defined objectives of all the partnering organizations. The institution must understand what is impelling it to enter into distributed education and, from this understanding, develop its vision, mission, and goals. Institutions that are unclear on their motivations and primary objectives are not likely to make these discoveries in the course of a distributed education partnership. More importantly, those who are unclear about their goals and priorities run the risk of being carried along by those of their partners.

To a great extent this determination is difficult for leaders in higher education, who tend to “discover preferences through action more often than [they] act on the basis of preference.”³ This bulletin’s first recommendation is for college and university leaders to understand and articulate clearly their academic purpose, business objectives, and the business model(s) associated with a proposed distributed education program. These objectives might include renewal, expansion, or alteration of the cost structure of an institution’s core academic programs for existing students (program quality and/or cost reduction); extension of current offerings to additional students (access); or creation of new academic programs to serve new students (growth).

E-Learning Partnership Models

E-learning arrangements can be classified based on two dominant issues: institutional control and economic motivation. While the lines of distinction within this framework are not completely precise, it seems reasonable to suggest that e-learning programs offered by single institutions or systems (unified)—whether for-profit or not—differ significantly from those delivered by two partners or a consortium. Economic motivations and governance complexity, among many variables, are two key factors to watch. Table 1 identifies several examples of partnership models by economic motivation and institutional control.

Table 1. Taxonomy for Assessing E-Learning Partnership Models

	Unified Governance	Multilateral Governance
For Profit	University of Phoenix Corporate universities	UNext (Cardean University) Universitas21 Global Army University Access Online
Not-for-Profit	Penn State World Campus University of Texas Telecampus Kentucky Commonwealth University of Central Florida Santa Barbara Community College	Western Governor’s University Southern Regional Education Board MIT-Cambridge

Within this context, a number of e-learning models can be described.

- **Single institution programs**, which often use e-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.
- **Not-for-profit content syndications**, which create virtual course catalogs that describe courses from a state's or region's universities, colleges, and/or corporate training programs. These entities often are funded by government entities to address educational access, equity, adult learning, and workforce-development needs.
- **Multi-institution programs**, in which institutions use technology to jointly deliver content, 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 gaps in the curriculum and to relieve one another's infrastructure costs.
- **For-profit/nonprofit partnerships**, which typically involve the licensing of academic course content from not-for-profit institutions to develop degree- or credential-granting branded curricula for corporate training programs and/or global dissemination.
- **For-profit institutions**, which typically focus on an instructional mission and are capitalized through private markets or public offerings.
- **Corporate universities**, which include corporate training programs marketed to organizations and others including the eArmyU initiative. These arrangements can vary in partnering "intensity" from relatively straightforward, buyer-supplier relationships to full partnerships designed to optimize the comparative advantages of each partner in various aspects of program design, development, and delivery.
- **Digital divide initiatives**, which are often public-policy-driven initiatives designed to address the needs of remote or disadvantaged learners.

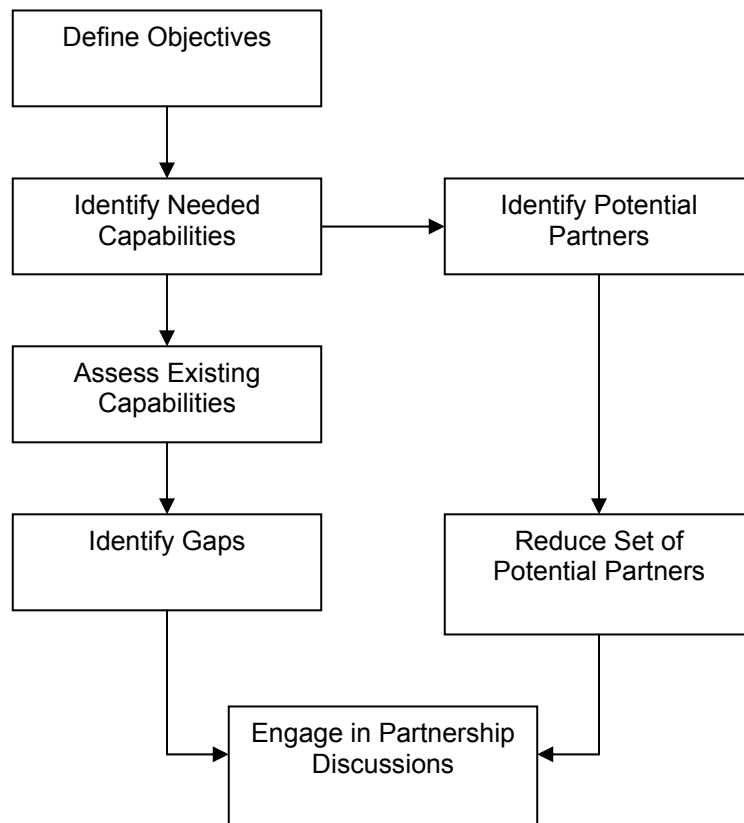
Under each type of partnership, participants must agree on purpose(s), financial arrangements, intellectual property ownership, and intended audience(s), among other issues. Another important consideration is the record of success and failure of any given model. An institution needs to determine where it wants to enter the market: as a breakthrough leader, a wait-and-see follower, or somewhere in between. No point of entry is inherently more desirable than any other, and the individual objectives of each institution should determine how it positions itself.

An E-Learning Partnership Selection Roadmap

Effective partnerships depend on (1) a successful selection and courtship process; (2) a set of agreements or vows that will define the partnership; (3) processes to nurture the partnership; and (4) agreed-on procedures for terminating the partnership. The selection process is generally considered to be of paramount importance. Because most effective partnerships are anchored in trust, poor selection can rarely be overcome by strong contracts and downstream interventions.

Successful partner selection can be formal or informal. Many effective e-learning partnerships evolve from durable and multifaceted relationships that often exist among higher education institutions and, less frequently, between these institutions and private firms. On the more formal level, prospective partners might follow the roadmap outlined in Figure 1.

Figure 1. Process for Planning a Successful E-Learning Partnership



Identifying Needed Capabilities

Once primary objectives have been clearly defined, higher education institutions need to identify and assess their existing capabilities for delivering e-learning. One method is to evaluate e-learning as a chain of value-creating activities, using what Michael Porter defines as a value chain.⁴ Figure 2 presents an example of an e-learning value chain.

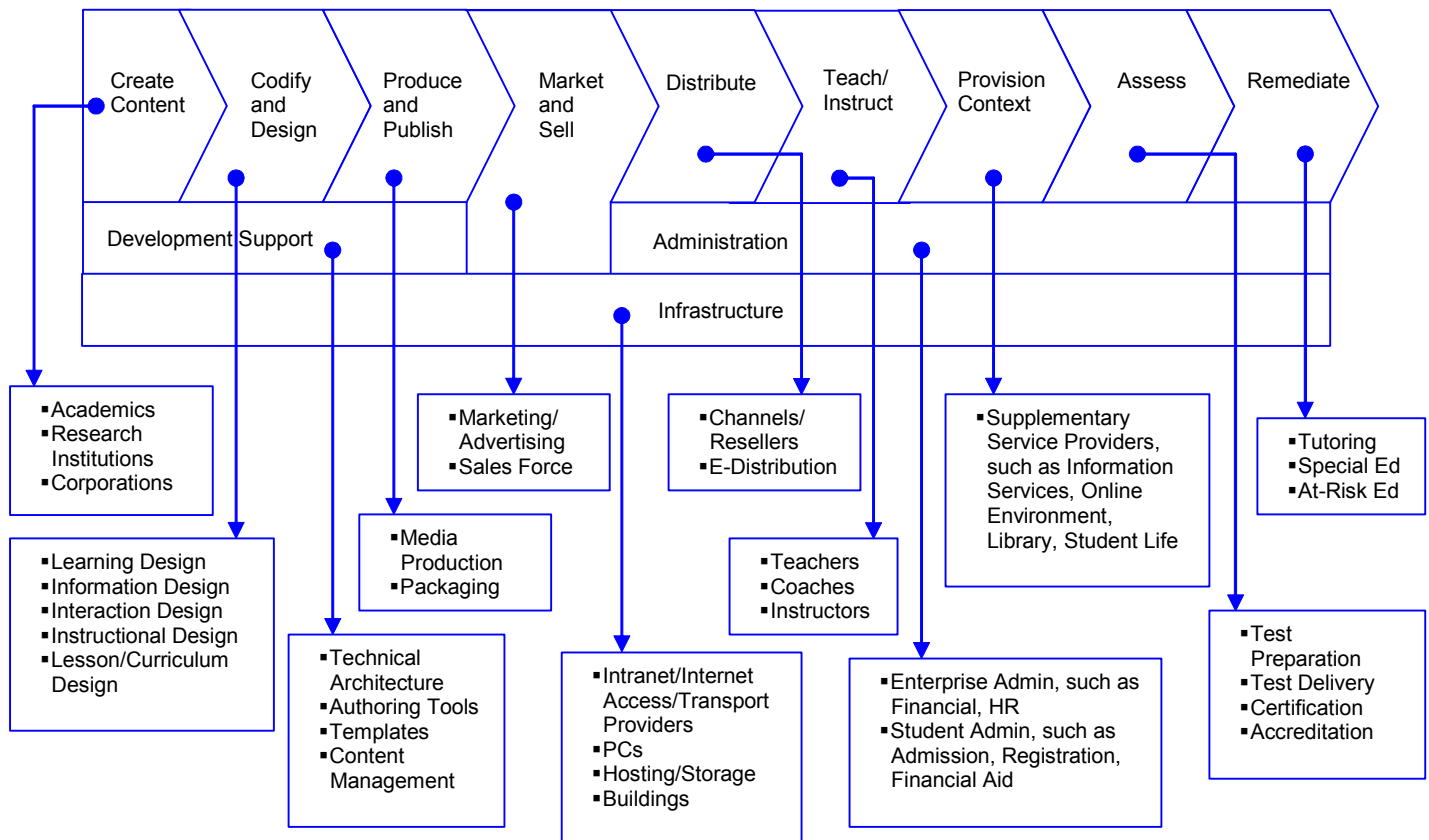


Figure 2. An E-Learning Value Chain⁵

Developing a value chain or some other framework for viewing e-learning as a process that involves content creation, inbound logistics, quality controls, marketing, sales, distribution, and support is essential. Most e-learning initiatives—partnered or not—fail because institutions either overlooked or failed to organize for critical sub-activities embedded within the value chain.

Analysis of the value chain makes it possible for an organization to assess its ability to engage in e-education activities, analyze any gaps it needs to fill before entering this arena, and determine its existing strengths and resource needs. From that point, the institution can choose a business model to fit its organizational objectives and redress any resource gaps. The gap analysis should be thorough. Illustrative elements of the value chain to assess strengths and gaps might include

- **Lesson and curriculum design (create content/codify and design).** While curricula and courses are products, curriculum development, organization, and delivery are processes. In the online context, scale economies suggest great benefit for those who design and standardize course modules once and then use and adapt them many times. Within this frame, content mastery, pedagogical skills, instructional design, and other skills must reside somewhere in the partnership skill set.
- **Reputation and brand (market and sell).** The issue of branding embodies reputation, perceived durability, and capabilities related to marketing and development of market and product.
- **Customer support (provision context).** Online instruction can be unfriendly. Partners must maintain a robust roster of academic support services for nontraditional and often peripatetic students, such as call centers on a 24 x 7 basis.
- **Library (provision context).** The library remains a central social and learning resource on the physical 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 privacy and access.
- **Test preparation and delivery (assess).** Does the institution or its partner(s) have the ability to provide credible and secure online testing capabilities? Online testing, measurement, and placement are complex activities requiring agreement on quality standards and on a supporting infrastructure.
- **Credentialing (assess).** 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 sought? Which partner's imprimatur has the greatest cachet and market appeal among applicants and employers? Will a new imprimatur be created, and, if so, are credits issued recognized among all partners?
- **Accreditation (assess).** To the extent that a new online venture requires new accreditation, which partner is most effective in organizing the resources required for success in this critical arena?
- **Academic counseling and tutoring (remediate).** The entire area of online mentoring is nascent. Early studies suggest that robust capabilities and offerings in this arena have a positive impact on student retention and performance in the online context.
- **Learning portfolios (administration).** When students' academic objectives lie in skill development or in the achievement of professional credentials, they are likely to satisfy these objectives in academic environments. Standards and approaches for managing the student record in this new cyber-context will add

new challenges, particularly in light of FERPA, and new information security and privacy concerns.

- **Intranet/Internet (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 instrumental for success. Partners are likely to be matched unequally in this sphere of activity.

Identifying Potential Partners and Models

The gap analysis makes it possible for an organization to begin to identify the kinds of partnership models and partners that might be beneficial, and will help an institution's leadership understand where investments need to be made. An institution might choose to invest in developing its own capacity to fill whatever gaps exist. Alternatively, the institution can explore partnership alternatives as a means of closing uncovered gaps. University of California at Berkeley economist Oliver Williamson pioneered the field of transaction cost economics as a means of providing guidance on making appropriate choices to outsource or partner.⁶ According to Williamson, if an activity depends on unique talents and assets, and if the organization performs the activity frequently, it should build the resource in-house. Conversely, if it is a common service and the institution uses it occasionally, it should outsource the activity. Partnerships make the most sense when an activity is recurring and requires a mix of specialized and non-specialized skills and knowledge.

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 becoming a Cisco Academy and offering industry-recognized certifications, institutions can access new student markets in the IT workforce.

Williamson's essential message is to evaluate when or whether to undertake a partnership as a function of the frequency with which an endeavor is to occur, paying attention to how institutionally specific knowledge of the candidate service is. Activities that occur rarely (commencement) or that are unique to an institution (academic peer review) would make poor candidates for contracting out or partnering. On the other hand, introduction to calculus is offered frequently at a great many institutions and is rarely delivered in an institutionally specific manner. Such an offering might therefore lend itself either to acquisition from another or to joint production and sale online through an academic partnership arrangement. Using this framework, decision makers can begin to answer the question, Is this activity one that we should really perform ourselves, or should we consider different ways of performing it, including partnering?

What It Means to Higher Education

The application of information technologies and networking to postsecondary instruction has far-reaching and even revolutionary potential. Institutions, corporations, and governments have been quick to seize upon this revolutionary concept. During the frenzied time of the dot-coms, many moved quickly—unilaterally and in partnerships—to explore the new educational terrain. Many of these early explorations have failed. Reasons for these failures are complex and varied. The complexity of the e-learning endeavor suggests that over time, many, if not most, successful e-learning ventures will involve partnerships. Higher education is therefore advised to codify and develop the skills needed to select, evaluate, manage, and dissolve partnerships effectively. Partnerships are difficult to establish and difficult to maintain, particularly in highly risky and volatile areas of activity such as e-learning. Colleges and universities are encouraged to explore IT-enabled extensions, modifications, and enhancements to their academic programs; clarify their e-learning objectives; map the competencies that will be required to fuel a successful e-learning venture; and only then begin to evaluate potential partners whose skills and objectives complement and reinforce their own.

Key Questions to Ask

Colleges and universities are ready to evaluate potential partners and to structure partnership arrangements if they have answered the following key questions:

- What are our e-learning objectives, priorities, and risks?
- What are the needed capabilities for an e-learning initiative? What are our strengths and weaknesses (gaps) across this range of capabilities?
- What does our institution offer a potential partner? What does our institution want from a partner?
- Do we have a plan for filling the gaps unilaterally or for acquiring needed capabilities through partnership? What roles might partners play in our decision to pursue distributed education?
- Who are potential partners? What partnership models are appropriate?

Where to Learn More

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- James E. Austin, *The Collaboration Challenge: How Nonprofits and Businesses Succeed through Strategic Alliances* (San Francisco: Jossey-Bass, 2000).

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- Dennis McGrath, *Creating and Benefiting from Institutional Collaboration: Models for Success: New Directions for Community Colleges* (San Francisco: Jossey-Bass, 1998).
- Diana Oblinger, Carole Barone, and Brian Hawkins, *Distributed Education and Its Challenges: An Overview* (Washington, D.C.: American Council on Education, 2001), <<http://www.acenet.edu/bookstore/index.cfm?pubID=228>>.
- Michael Winer and Karen Ray, *Collaboration Handbook: Creating, Sustaining, and Enjoying the Journey* (St. Paul, Minn.: Amherst H. Wilder Foundation, 1994).
- Peter F. Drucker Foundation for Nonprofit Management, *Meeting the Collaboration Challenge Workbook* (San Francisco: Jossey-Bass, 2002).

Endnotes

1. Richard N. Katz, *Partnerships in Distributed Education* (Washington, D.C.: American Council on Education, 2002), <<http://www.acenet.edu/bookstore/index.cfm?pubID=279>>.
2. The year 2002 witnessed the demise of many distributed education programs, such as Virtual Temple, University of Maryland University College Online, and NYUonline. The demise of many initiatives begun as sole proprietorships sends a clear signal about the risks associated with e-learning designed to expand an institution's instructional franchise and revenues.
3. Michael D. Cohen and James G. March, *Leadership and Ambiguity: The American College President* (New York: McGraw-Hill, 1974), p. 3.
4. Michael E. Porter, *Competitive Advantage: Creating and Sustaining Superior Performance* (New York: The Free Press, 1985), republished with a new introduction in 1998. See also Michael E. Porter, *Competitive Strategy: Techniques for Analyzing Industries and Competitors* (New York: The Free Press, 1980), republished with a new introduction in 1998.
5. Developed in concert with Elizabeth Ferrara, Accenture.
6. Oliver Williamson, "Transaction Costs Economics: The Governance of Contractual Relations," *Journal of Law and Economics*, Vol. 22, 1979, pp. 233–261.

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