
One University's Experience Partnering with an Online Program Management (OPM) Provider: A Case Study

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Abstract

University and college administrators frequently choose to develop and implement online programs with the help of for-profit companies known as online program management (OPM) providers that specialize in the development and implementation of online programs. This paper reports on the partnership of a private university in the Western United States and OPM provider in the implementation of an online MBA program. Using a qualitative case study approach, data was collected from 8 administrators and online faculty at the university that participated in the implementation. The findings from the study can be summarized in the following four themes related to the partnership between the university and the OPM provider: (a) Decision Making, (b) Aligning Expectations, (c), Collaboration, and (d) Accountability. This case study is particularly relevant for administrators at universities and colleges who are considering partnerships with OPM providers.

Introduction

Enrollment in higher education online programs continues to grow, even though overall enrollment at colleges and universities has dropped since the United States surfaced from the economic recession (Babson Survey Research Group, 2017). As online learning increases within the higher education system, university and college administrators are increasingly choosing to develop and implement online programs to keep up with the growing demand. With this comes a critical decision: How to develop and launch the online program. One option is to launch the program internally with existing resources and personnel; however, many administrators determine this route is unrealistic due to the substantial financial investment required (Hillman & Corkery, 2010).

Rather than launching the online program internally, some higher education administrators contract with third-party vendors that specialize in the development and implementation of online programs. Known as online program management (OPM) providers, these for-profit companies typically invest some or all of the necessary capital up front to create the infrastructure for an online program, and then provide various services related to online program management for the partnering college or university in exchange for a cut of the revenue generated from the program (Hillman & Corkery, 2010; Hoffman, 2012; Russell, 2010). More than 35 companies have emerged in the past two decades that offer these services (Straumsheim, 2015). Some of these OPM providers require as much as 60 percent of the generated tuition of the online programs they help develop with their partnering institutions (Levine, Bassett, & Garrett, 2012).

In a typical partnership, an OPM provider offers help in four core service areas: market/lead generation, enrollment management, student services, and course development and delivery (Levine et al., 2012). The OPM provider typically recruits students to the online program, provides training

and support to faculty and students, provides technological expertise, offers academic advising services to the students until graduation, and collaborates with the faculty from the university or college to convert on-campus courses to the online environment (Levine et al., 2012). The vendor may also develop marketing strategies to promote the growth of the online program and further the university's brand, and it may help secure regulatory approvals related to online education (Levine et al., 2012).

Literature Review

The results of this study must be understood in context of what has already been studied and written regarding online program implementation. Three main areas of literature relevant to this study include the following: (a) the role of outsourcing in higher education, (b) common barriers to online program implementation, and (c) decisions administrators must consider when implementing online programs.

A partnership between a university and an OPM provider is a form of higher education outsourcing. Outsourcing has become increasingly common in higher education in the past two decades in areas such as food services, vending, bookstore operations, and laundry services (Glickman, Holm, Keating, Pannait, & White, 2007; Quigley & Pereira, 2011). Other campus functions, primarily in the arena of student services, are also being increasingly outsourced. These functions include alumni services, counseling services, facilities management, health services, security, and legal services (Phipps & Merisotis, 2005). Although the majority of outsourcing occurs with student services, outsourcing does occur with academic programs and instruction (Moore, 2002; Phipps & Merisotis, 2005; Quigley & Pereira, 2011).

Outsourcing certain campus functions allows an institution to focus on those educational areas tied to the core mission of the institution (Gupta, Herath, & Mikouiza, 2005; Glickman et al., 2007) and can provide cost savings (Gupta et al., 2005). Potential disadvantages include conflicting cultures of an educational institution and a for-profit company, diminished faculty roles, a threat to job security, and the risk of the institution's mission being altered or misunderstood by the vendor (Russell, 2010).

Many empirical studies have identified the primary challenges and barriers of implementing online higher education courses, the second area of literature relevant to this study. These include faculty resistance (Wiesenberg & Stacey, 2005), effective course design (Kanuka, Rourke, & Laflamme, 2006), the lack of a sense of community amongst the online students (Wegmann & McCauley, 2009), and ongoing faculty training in online instruction (Mayne & Qiang, 2011). Other literature have looked at online program implementation from a broader view, focusing on the entire implementation process (i.e. Christofferson, Christensen, LeBlanc, & Bunch, 2012; Combe, 2005; McClure & Woolum, 2006).

Cost is a significant barrier to online program implementation. Expenses include technology infrastructure, marketing, recruitment, student advising, course development, ongoing technical support for students and faculty, and the hiring and training of faculty to teach online (Bartley & Golek, 2004; Hoffman, 2012; Moloney & Oakley, 2010; Neely & Tucker, 2010). Determining the cost effectiveness of an online program can prove challenging because it depends on a variety of factors, including the type of students the institution serves, the willingness of the faculty to teach online, course design, the institution's infrastructure to support online growth, and the university's vision for online education (Meyer, 2005).

A third area of relevant literature is that of decisions that must be made by higher education administrators who seek to launch online programs. These decisions include how online faculty will be compensated and recognized for their efforts in online course development and teaching (Shea, 2007; Moller, Foshay, & Huett, 2008; Hummer, Sims, Wooditch, & Salley 2010), how to create buy-

in with faculty (Betts & Sikorski, 2008; Styron, Wang, & Styron, 2009), how ownership of course material created by institutional faculty will be assessed (Blanchard, 2010), and the technical support and training on the learning management system (Wickersham & McElhany, 2010; Ginn & Hammond, 2012). Distance learning administrators must also determine how the program will be evaluated and how improvements will be implemented (Hughes, Bowers, Mitchell, Curtiss, & Ebata, 2012).

This study on the partnership between a university and an OPM provider adds to the literature on higher education outsourcing and online program implementation. This case study is particularly relevant for administrators at universities and colleges that are considering partnerships with OPM providers.

Theoretical Framework

The theoretical framework for this study was the resource-based theory of strategic alliances from Das and Teng (2000), a theory that expands upon the resource-based view of the firm (i.e. Barney, 1991; Miller & Shamsie, 1996; Peteraf, 1993) by explaining the role that an organization's resources play in the formation of a strategic alliance. The theory argues that two organizations combine their resources in a strategic alliance for the purpose of adding value to both partners. Defining a partnership between a university and an OPM provider as a *strategic alliance* is appropriate because strategic alliances are "voluntary cooperative inter-firm agreements aimed at achieving competitive advantage for the partners" (Das & Teng, 2000, p. 33).

The resource-based theory of strategic alliances covers four factors about an alliance: (a) Rationale, (b) Formation, (c) Structural Preference, and (d) Assessment (Das & Teng, 2000). (Das & Teng, 2000). The theory is applicable to this study because these four elements address the full spectrum of the partnership between a university and an OPM provider, from the initial discussions between the two organizations to the ongoing assessment of the partnership arrangement.

Methodology

The case study methodology was chosen for this study because the case study approach is particularly relevant when a researcher seeks to answer a "how" or "why" research questions and because online program implementation is a case that can be bounded with definable start and end dates (Yin, 2014). The start date for this case study was the planning stages of the online MBA program, including the initial conversations between university leadership and the leadership of the OPM provider with whom the university partnered. The end date for the case was the time of data collection. The study looked at the growth and progress of the online MBA program to date, especially as it related to the partnership with the OPM provider. This study served as an *instrumental* case study, one that investigated a particular case in order to understand the broader issue of how these partnerships between higher education institutions and OPM provider operate (Stake, 1995).

Research Site

The chosen research site was a private, doctoral-granting university in the Western United States. Founded in the early 20th century, West Campus University (pseudonym) has five schools and offers undergraduate and graduate degrees at its main campus and through several regional campuses. The university launched an online MBA program after years of teaching MBA courses in a traditional, face-to-face format. Prior to starting an online MBA program, West Campus offered some courses through a blended learning format (a mix of on-campus and online instruction) but did not offer any programs fully online. West Campus's online MBA program was chosen as the online program of analysis for this study because it was created through a partnership with an OPM provider, Learning Academy (pseudonym), one of the many such providers in the market.

The chronology of the design and launch of West Campus University's online MBA program included these milestones:

- Year 1: Conversations began within the School of Business & Management about starting an online MBA program. Initial projections and analysis were conducted.
- Year 2: Feedback and support was gathered from School of Business & Management faculty, staff, and alumni to start the online MBA. The decision was made to find an OPM provider that could assist with aspects of the launch process rather than launching the program internally. Visits were made to the university by representatives of several OPM providers.
- Year 3, January: The contract was signed with one OPM provider, Learning Academy (pseudonym), to offer marketing, recruitment, and course development for the online MBA program.
- Year 3: The first two courses of the online MBA program (Organizational Behavior and Accounting) were designed through the collaborative efforts of West Campus faculty and administrators and the Learning Academy instructional design team.
- Year 3, October: A full-time Director of Online Learning was hired at West Campus to oversee all online learning efforts within the School of Business & Management, including the online MBA program.
- Year 4, January: The online MBA program launched with two courses.
- Year 4, March: A full-time Assistant Director of Online Learning was hired at West Campus to help manage the day-to-day operation of the online MBA program and oversee the partnership with Learning Academy.
- Year 5, August: A full-time Director of eLearning was hired at West Campus to provide in-house course development expertise.
- Year 6: A major publication ranked West Campus's online MBA program as one of the best online MBA programs in the United States.

Participants

Eight individuals from the university agreed to be interviewed for this study. All participants had experience with the creation and launch of the online program and the establishment of the partnership with Learning Academy. Participants were assured their identities and the name of the institution would remain anonymous. Therefore, pseudonyms are used in this paper for all names. Incentives were not offered to participants.

The Dean of the School of Business & Management (Tom) and the Director of Online Programs (James) were the first participants to be interviewed. Additional participants for the study were chosen using a snowball sampling strategy, which identifies potential participants through the recommendations of those already interviewed (Miles & Huberman, 1994). These additional 6 participants included 4 Business School faculty who teach online courses (Andrew, Cynthia, Michelle, and William), the Assistant Director of Online Programs (Patrick), and the Director of eLearning (Kathryn).

Data Collection

The primary data source for this study were the semi-structured interviews with participants, in which the interviews moved at the pace the interviewees desired (Rubin & Rubin, 2012) and follow-up questions were asked, as needed, to encourage participants to elaborate on their answers and provide further descriptions (Yin, 2016). A list of possible questions was prepared in advance of the interviews in 7 general categories: (a) Participant Background, (b) Decision Making, (c) Financial Implications, (d) Course Design and Faculty, (e) Measures of Success, (f) Reflections, and (g) Future Considerations. The 8 participants were asked most, if not all, of the prepared questions, although some individuals declined to answer certain questions because they lacked historical perspective on the partnership with Learning Academy or knowledge about financial information about the partnership. All interviews were conducted by phone and recorded on two devices. The interviews ranged in length from 25 minutes to 95 minutes, with most lasting about an hour.

In addition to the interviews, data about Learning Academy's services and how West Campus's online MBA program was promoted and marketed to potential students was collected from websites and other marketing material from West Campus and Learning Academy, as well as news accounts of the launch of West Campus's online MBA. After transcribing the interviews, the data were coded using the Descriptive Coding method and then analyzed closely through second-coding methods (Saldaña, 2013).

An attempt was made to collect documents and records related to the partnership with Learning Academy that were proprietary to West Campus. These documents included the original contract signed by both organizations, the pro-forma documents that outlined enrollment and revenue projections, and emails, meeting notes, memoranda, budget records, enrollment records, and student demographic data that pertained to West Campus's online MBA. However, the request for access to these proprietary documents and records was denied by West Campus administrators on the advice of West Campus's legal counsel. Therefore, the accuracy of facts and figures from these proprietary documents could only be confirmed by the participants themselves in the interviews.

Findings and Discussion

The findings from the study can be summarized in the following four themes related to the partnership between West Campus University and Learning Academy: (a) Decision Making, (b) Aligning Expectations (between West Campus and Learning Academy), (c), Collaboration (among West Campus faculty and Learning Academy instructional designers), and (d) Accountability.

Theme 1: Decision Making

The creation, launch, and administration of West Campus's online MBA program required many decisions to be made by West Campus administrators and faculty as they partnered with Learning Academy staff. The first decision West Campus administrators had to make was whether to start an online MBA at all. Tom, the Dean of the School of Business & Management, stated that he and his colleagues "felt there was a certain inevitability for us be in the [online] space and we thought it might be better to get it a little bit earlier to develop some kind of niche market for us." The online MBA represented an additional revenue stream to the School of Business & Management. James, the Director of Online Programs, said the addition of the online MBA "was a way to tap into additional revenue streams that would not be available to us in the in-person classroom format."

Another key decision was to use the fully employed (on-campus) MBA at West Campus as a "benchmark" and build the online program with the "same cost, the same admission standards, and the same faculty" as the fully employed program, according to Tom. While the programs are essentially equal, slight differences do exist. One example is the choice of emphases for the MBA. Although West Campus online MBA students must complete the same number of credits for graduation as their on-campus counterparts, the fully employed program offers more than twice the number of concentration areas. Students begin West Campus's online MBA during three different points of the academic year, and the core courses in the program are offered three times per year.

The program has a maximum class size of 25 students.

Because the blueprint for the online MBA was the on-campus, fully employed MBA program, the logical instructors for the online MBA courses were the faculty members teaching in the fully employed program. Tom said he “really wanted us to create the best possible online MBA program” so he personally recruited the strongest group of initial faculty he could, especially those instructors “who were interested in technology and trying something different. And those who were a little entrepreneurial.” Some part-time instructors and adjuncts are used to teach overflow sections of courses, but James stated that “in 90% of the cases, it’s the exact same faculty who teach in the in-person program.” Of the 20 MBA faculty members who teach online, 16 hold terminal degrees, and 10 of the 20 are tenure-track or tenured. All of them teach in the on-ground, in person, campus-based MBA programs. Each MBA faculty member who agreed to teach online was paid \$15,000 to create the initial online course. Additional stipends were paid to teach overload sections, to maintain the course each trimester, and to supervise supporting faculty members teaching the course, if applicable.

Once the decision was made to launch the online MBA program at West Campus, the next question was to determine how to do it. West Campus administrators determined to partner with an OPM provider because the university was moving into the online learning space “blind” and needed the “knowledge and the resources” of an OPM provider to “come up to speed quickly,” Michelle said. After meeting with representatives from several OPM providers, West Campus chose Learning Academy as its partner because of its reputation in the industry, a shared vision for West Campus’s online MBA program, and because Learning Academy was willing to pay the expenses up front to launch the program. In fact, Learning Academy did not earn any revenue from the partnership until after the first cohort of students paid their tuition at the start of Year 3. This was about a year after the contract was signed, and after Learning Academy had incurred costs in recruitment, marketing, and course development.

The contract that West Campus and Learning Academy leaders settled on after much debate extended for 7 years, with an opt-out clause that allowed West Campus to exit the arrangement after 5 years if after the fourth year the online MBA failed to reach 251 active, enrolled students. Learning Academy agreed to supply the startup capital for marketing, recruitment, and course development, while West Campus would pay for faculty and technology support. In exchange for these services, West Campus agreed to pay 55% of the tuition paid by each online MBA student to Learning Academy, after the cost of the scholarships the university covers on behalf of the student was excluded. James stated that “to an outside person, [giving away 55%] may seem kind of crazy, but actually at that time it was quite good in terms of revenue sharing.”

West Campus’s online MBA courses are hosted on the Sakai LMS, but Sakai was not selected by the School of Business & Management for the online MBA because of its unique features. Rather, it was chosen by default because West Campus University had made a multiyear commitment to Sakai a few years prior for all programs that required an LMS. Tom stated that the School of Business & Management chose to use Sakai rather than use a different LMS in order to create “an element of uniformity” between the blended courses offered in the on-ground program and the new, fully online MBA program. This would also provide “an element of flexibility for our students,” he added. Also, it meant the School did not bear the financial costs of leasing and supporting a different platform. Learning Academy works with any LMS a university brings to a partnership, so Learning Academy did not influence this decision.

Theme 2: Aligning Expectations

The second theme that emerged in the study was the need to align expectations between Learning Academy and West Campus University in their partnership as they collaborated in the launch and administration of West Campus’s online MBA program. Among the expectations that the two

organizations worked to align for the online MBA were revenue and enrollment projections, marketing and branding strategies, the performance of the Learning Academy staff assigned to the West Campus account, and the schedule for the release of the courses. Several participants stated that success in the partnership largely depended on how well these expectations were identified and accepted. William typified these comments when he said that “roles and responsibilities really need to be carved out very, very clearly—as explicitly as possible—and have really strong agreement” in order for an OPM provider/university relationship to thrive.

The first expectation involved enrollment and revenue projections. West Campus administrators planned for about 300 online MBA students at full capacity, each paying around \$75,000 in tuition over the duration of the 2-year program. After the revenue share with Learning Academy, these estimates would equate to an expected 12 or 13 percent return for West Campus from the online MBA program. Learning Academy representatives spoke confidently about reaching these projections. According to James, “They said, ‘We can do this. We can bring in X number of students, and based on the number of credits the students will be taking, X number of dollars will be generated and your portion will be 45% of those dollars.’”

Learning Academy and West Campus differed in their perspectives of how the personnel at Learning Academy assigned to the West Campus account were performing. West Campus administrators and faculty described their institution’s educational approach as “high touch” and personable, and they believed Learning Academy failed to perform up to these standards. Andrew, an online faculty member, said Learning Academy assigned “lower-level-skilled people” as the point of contact for prospective students—employees who often could not address the questions the prospective students asked. James said some of Learning Academy’s recruiters were “ineffective, or worse, they did damage to the program” with their methods of communicating with potential West Campus students. West Campus’s experience with Learning Academy’s recruiters and student specialists differed from the claims Learning Academy makes in its own marketing material. The company claims its recruiters provide personalized attention to all online students in its online programs, including answering student queries and concerns.

West Campus and Learning Academy have differed in their expectations of how and when the online MBA courses should be released to the online MBA students. Even though a course release schedule was agreed upon by both organizations, Kathryn stated that Learning Academy would release courses before a term begins in a “clandestine” and “random” manner, sometimes releasing days or weeks early and sometimes at the last minute.

Another area of alignment were the marketing and branding strategies of the two institutions. Learning Academy leaders created a branding vision document for the West Campus online MBA program and Learning Academy staff also visited West Campus’s main campus. According to the Learning Academy website, these are typical steps Learning Academy takes to create marketing material that matches the vision and brand of a partnering institution. These steps did help to align the marketing and branding strategies, but Tom said that “when it came to implementation, there were challenges in terms of them straying from our brand.” West Campus administrators also felt compelled to review all marketing material created by Learning Academy because of errors and a perceived misalignment of external messaging.

The areas of conflict in marketing and branding between West Campus and Learning Academy can be traced to the business models of the two organizations, according to the participants. As Patrick stated, “The partnership is going to be successful when the business models and philosophies align.” Signs were apparent from the onset of the partnership that the business models and philosophies of both organizations were not in sync. Several participants called the Learning Academy business model “cookie cutter.” James said Learning Academy is “a business, so their focus is on efficiencies, standardization, and limiting resource allocation.” Learning Academy employs standardized approaches to course development, marketing, and student recruitment, and allows for minimal

innovation or flexibility. James commented that this is especially difficult for a university such as West Campus that places a high emphasis on the student experience. Andrew explained Learning Academy's model as one that uses "certain templates" and is "factory oriented." This approach enables multiple sections of one course to look and feel consistent to the students, regardless of who teaches them, but it also can also be "cumbersome," Andrew added. Patrick said he believes Learning Academy leaders took a "promise-the-moon" approach to win the contract with West Campus, assuming they would find a way later to reach the projections they had made. "It's a misleading strategy they are using. I just don't think that's a successful way to go into a partnership," he added.

Theme 3: Collaboration

Collaboration among West Campus faculty who taught the online MBA courses and Learning Academy instructional designers who helped convert the on-campus courses to the online environment was the third theme that emerged in the study.

The collaboration began months before any courses were developed with stages of planning and preparation. Prospective online faculty first underwent months of training in online pedagogy. Afterward, each lead faculty member from West Campus was assigned to work with an instructional designer from Learning Academy to help the faculty member translate his or her on-campus course into the online environment. William said these instructional designers became the "interface" the faculty members had with Learning Academy. This close collaboration took place the trimester before the students enrolled in the course, usually about 4 or 5 months in advance. The faculty members had a "blank slate" from which to work, Patrick said, but always used their on-campus course as the starting point and the foundation for conceptualizing the online counterpart. Andrew added, "Their idea was to show us how we could take the same subject matter and deliver it in a way that would take advantage of the technology."

Cynthia said the faculty member's task of building an online course was "daunting" because it involved "thinking about every minute of learning, and chunking the content back to ensure that I was communicating the content back in a means that proved to be interactive and dynamic." Put simply, the process required each faculty members to understand the capabilities of Learning Academy's instructional design staff and to determine the most effective design for each piece of content for the course. Cynthia stated that the process required "hundreds and hundreds of hours" for each faculty member. Part of the challenge for faculty members was realistically assessing the time commitment needed to incorporate certain technologies and tools such as rich media assets. As Cynthia said, "You don't really think that it would take 60 hours for you to write, rewrite, reedit, review, and do. And no one told you that in the beginning. It was a black hole."

Striking a work/home balance during the months of course development was very difficult. Cynthia observed that lead faculty members engaged in the process "were supposed to produce second work weeks. Or change the fact that there are 24 hours in a day and 7 days in a week." She called this time "some of the most challenging work days in developing course content that I've ever had" because "I was working 24/7 work weeks." Another challenge was mastering the logistics of teaching in the online modality. According to Andrew, "teaching an online course isn't a slam dunk." Rather, he said it is a big time commitment due to the steady receipt of emails and questions from students throughout the week.

The courses for the online MBA program were developed and designed in the order in which the students in the original cohort enrolled in them. This course design process is typical for a new online program. James explained that "you don't build every course from the beginning and have them ready. You build them the trimester in advance so when the next trimester comes up, those courses will be ready for those students moving through the program." The first courses designed were 4-credit courses in organizational behavior and accounting, along with a 1-credit leadership

development workshop. These were followed by a 4-credit quantitative analysis course and a 4-credit economics course, taught in the second trimester. The rest of the curriculum was designed and rolled out on the same schedule as the fully employed MBA, with the intent of students completing the program in 2 years.

Opinions from the participants about the process of collaborating with Learning Academy instructional designers varied. William reported that his on-campus course translated to the online space “reasonably well,” although he saw “things that you would likely do less of or more of in other ways to interface and support students.” Overall, however, he said he is “satisfied with the execution of the course and students basically walking away with the learning experience that they should have.” Cynthia said that Learning Academy’s infrastructure and experienced instructional design team was well suited for helping first-time online instructors convert their courses to the new learning environment because they taught the “best practices for accomplishing it.” William stated that the instructional designer assigned to him was “certainly well intentioned. He was very responsive. If I had a question, or a comment, or just a need, he would respond.” Michelle stated that Learning Academy’s plan for course development featured “a pretty good, solid timeline” and, “for the most part, they did deliver something when they said they would deliver it.” Michelle also praised Learning Academy’s ideas for interactive activities.

Other comments mentioned challenges and frustrations experienced by faculty and administrators. Patrick said that the courses aren’t as “cutting edge” as they could be because “we thought there would be more spectacular multimedia in the courses.” Efforts to increase the multimedia in the courses have resulted in push back from Learning Academy due to the development time required. “It’s been a disappointment,” Patrick commented. William desired greater assistance from Learning Academy in selecting technology tools to use in his online course, such as software for recording lectures and short videos. Learning Academy’s approach was to give 4 or 5 product options to faculty members but not to endorse any of them. This may work for some faculty who enjoy testing different software, William said, but “I would have preferred something a bit more prescriptive.”

Theme 4: Accountability

The fourth and final theme that emerged from the findings of the study was the need for accountability in the partnership. To hold Learning Academy accountable for performance in the partnership, West Campus administrators and faculty have used several metrics. The metrics correlate closely to the expectations West Campus administrators and faculty had going into the partnership. These metrics include the following: (a) total student enrollment, (b) the quality of the online students recruited by Learning Academy, (c) student retention, (d) student satisfaction, and (e) course development quality.

One of the most important metrics that School of Business & Management administrators employ to assess the performance of their OPM provider partner is that of enrollment and revenue projections. Learning Academy fell short of these projections from the beginning of the partnership. Learning Academy’s estimates had enrollment ramping up steadily to as many as 70 new students per term, but only about 50% of these original projections were met. Patrick said “there was one cohort in which they brought in only 9 students. And they were calling for 50 or so. So they were crashing and burning in the early stages.” And even though Learning Academy drew up revised projections several trimesters into the existence of the program, those numbers still were not met. James stated that “they kind of sold us a bill of goods, making it sound like pie in the sky and this kind of revenue will occur.” Patrick said West Campus administrators believed marketing was one of Learning Academy’s core competencies and that Learning Academy “could turn a knob and they could increase students when they wanted, but that hasn’t been the case.”

A major frustration with the revenue and enrollment numbers, according to James and Patrick, was that Learning Academy administrators made excuses for not hitting their numbers even though they

accepted the admission requirements and expected tuition increases when the partnership began. “They completely changed their tune when things weren’t working by saying, ‘Well, you’ve got this barrier and that barrier,’” James said.

Recognizing the seriousness of the enrollment situation, West Campus’s online MBA committee, on Tom’s request, proposed the elimination of the requirement that new applicants submit scores on the GMAT exam by instead offering alternatives to taking the GMAT. These GMAT changes were subsequently reviewed and adopted by the fully employed MBA committee as well, so both programs today have the same admission requirements. James stated, “The change in the GMAT options has made an 80-90% change in enrollments in the positive. It’s huge. It can’t be overemphasized how significant the GMAT alternatives have been on increasing enrollments across both programs.” Enrollment also increased when West Campus increased the availability of merit scholarships in the MBA programs. James said that had these GMAT and scholarship changes not been made by West Campus, “we would basically be dead in the water at this point.”

Tom offered several possible explanations of why Learning Academy failed to meet West Campus’s expectations in total student enrollment. First, he theorized that Learning Academy overestimated their potential to recruit new students “in order to make the numbers look more attractive.” Second, he said Learning Academy may have “underestimated the momentum of other OPM providers getting into the online space” around the time that West Campus’s online MBA launched. Third, Learning Academy may have overestimated West Campus’s brand beyond the state in which it is located, thus reducing its national appeal.

Despite falling short in total student enrollment, the quality of students that Learning Academy has recruited has been high. “I’ve been happy with the quality of students. This is one area that we don’t have complaints about,” Tom said. One contributing factor to satisfaction with the online student body may be the way in which online MBA students are accepted into the program. Although Learning Academy markets to and recruits potential online MBA students, the admission committee members act as gatekeepers and ultimately decide who is admitted and who is not. Expectations about student retention also have been achieved, with a retention rate of about 95%. Expectations have also been met in student satisfaction, as measured by a survey administered to West Campus’s online MBA students on behalf of the Office of Institutional Effectiveness. “The satisfaction levels are comparable to our fully employed program,” Tom said.

All participants in the study—administrators and faculty alike—commented on the poor quality control performed on the courses designed by Learning Academy. James stated that Learning Academy’s quality assurance practices “have failed with every launch of the new trimester,” from the first term in Year 4 to the most current term. When courses went live, they were full of broken links, missing documents, inaccurate information, and activities that did not work. James said faculty had to “review their courses with a fine-toothed comb and spend hours and hours on them” to correct the errors. “It was a disaster.”

Michelle experienced this first hand. The first trimester she taught her marketing course, she drafted a 30-page document to list the mistakes created by Learning Academy staff. “It appeared to me that there was no one doing quality control,” she said. The errors included typos, videos embedded into other videos, and a video that was not edited properly. “Their quality assurance was nonexistent,” she commented. Patrick said West Campus expected Learning Academy to find and fix typos and other errors rather than expecting West Campus faculty to perform this work. “We want our faculty to be researching and teaching. Not going over copy to find errors.” Patrick said he believes Learning Academy’s lack of quality control stems from a business model based on “quantity and efficiencies” and not on the “quality that a university has.”

Cynthia was not the only faculty member who used the term “black hole” to describe an aspect of the course development process. William called Learning Academy’s quality assurance a “black

hole” because the process was “really quite elusive, in terms of exactly what was going on.” William praised his experience collaborating with the Learning Academy instructional designer, “but ultimately what matters is execution. If the course is not set up to operate smoothly, that hamstring the faculty member and you’re basically stuck there of having to kind of put out fires.” What added to the frustration was that faculty members were caught off guard by the extra work they needed to perform. According to Michelle, “The expectation was not communicated to us as professors that we were required to do an intensive quality assurance. And if you’re not used to doing it, and you’re not detailed oriented, it gets you into a lot of trouble.” William acknowledged that Learning Academy’s task of developing the courses was difficult due to the dozens of files, presentations, and exercises that needed to be incorporated into each week’s online lesson. But “as a faculty member, we basically had the expectation that the design we put on paper would actually be executed once the course launched.”

Convincing Learning Academy to fix the mistakes would require considerable effort, as well. When James and Kathryn alerted Learning Academy of the errors they found, often they received the response that due to company policy, the error would be fixed at the next scheduled update for the course. “That’s totally unacceptable, in my mind. Their philosophy for course development is just so different than the way I would look at it,” Kathryn said. James told Learning Academy bluntly, “If there are mistakes in that course, you are going to go into it and fix them. Period. I don’t care what your policy is.”

Conclusion

At the time of data collection, West Campus administrators were considering options for exiting their contract with Learning Academy due to “our dissatisfaction and their inability to meet the contractual obligations,” as Tom stated. West Campus may consider managing some aspects of the online MBA program internally while outsourcing other aspects. However, if West Campus does outsource certain aspects of the program’s administration, Tom stated that “those people will work for us. It would not be a revenue share; it would be an agreement.”

James commented that he is confident that West Campus could successfully manage the online MBA program internally, partially or entirely, because of “we know what needs to happen to be able to take it on ourselves.” Patrick said of the three core competencies Learning Academy provides in the partnership—marketing, recruitment, and course development—the only one he believes West Campus may struggle in managing internally is marketing. However, this lack of expertise in marketing online programs is not impossible to overcome. “There might be some initial drops in enrollment but we’ll get it. There are smart people here. I think that hiring right would fix that issue,” Patrick added.

By hiring Kathryn in Year 5, West Campus significantly increased its internal capabilities in course development. Presumably, Kathryn and her team would take on much of the workload of designing and updating course sites if the online MBA program were managed internally. Kathryn said she believes her team is capable of this task “as long as we plan ahead and put the resources in place. It’s not like tomorrow we’ll be ready to take on a fully online MBA program, even with the courses being developed. There has to be a ramp-up period.”

However, all challenges aside, Tom said the decision to partner with Learning Academy was the right one at the time, “based on the information we had” at the launch of the program. “I think it would have been very hard to get the program off the ground without an OPM because it was our first foray, and we didn’t have the capability to do it ourselves, at that time.” Andrew shared similar views: “To me, the key thing was, will [West Campus] give us the money to do it internally? And the answer was, probably not. All things considered, we would probably do much the same.”

Future Research

One limitation to this study was its single research site. The experiences West Campus administrators and faculty had in its partnership with Learning Academy may not typify other university/OPM provider partnerships. Further research is needed on other university/OPM provider partnerships to give context to this study. Also, because interviews with individuals from Learning Academy fell outside the scope of this study, the perspectives of the OPM provider in the partnership are not included. A case study that reports on a university/OPM provider partnership from the perspective of the OPM provider may be another area of further research.

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