



#### **Who Should Read**

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President's Cabinet  
Online Education  
Taskforces  
Academic Deans  
Directors and Staff of  
Centers of Teaching  
and Learning

# Student Segment Guide: Online Graduate and Professional Students

Online and Hybrid Education Strategy, Part I

### **Three Ways to Use This Resource**

- Create infrastructure and policies to launch market-responsive programs
  - Communicate and clarify online learning strategy to faculty and external stakeholders
  - Develop targeted online and hybrid programs based on the latest market intelligence
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- › At the core of all we do
- › Peer-tested best practices research
- › Answers to the most pressing issues

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### Enrollment Management

Our **Enrollment Services** division provides data-driven undergraduate and graduate solutions that target qualified prospective students; build relationships throughout the search, application, and yield process; and optimize financial aid resources.

### Student Success

Members of the **Student Success Collaborative** use research, consulting, and an enterprise-wide student success management system to help students persist, graduate, and succeed.

### Growth and Academic Operations

Our **Academic Performance Solutions** group partners with university academic and business leaders to help make smart resource trade-offs, improve academic efficiency, and grow academic program revenues.

1.2B<sup>+</sup>

Student interactions annually

1M<sup>+</sup>

Individuals on our student success management system

1,200<sup>+</sup>

Institutions we are proud to serve

1

Goal: Make education smarter



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# Executive Summary



## Five Keys to Effectively Serve Graduate and Professional Students



### **Conduct student and employer demand validation before program launch**

Institutions must conduct rigorous labor market analysis, student demand validation and both an internal and external competitor analysis prior to launching a new program. This will allow institutions to better gauge the enrollment potential of new offerings while acknowledging any potential cannibalization from existing programs. These analyses should use multiple regional and national data sources to identify viable student markets, potential industry partnerships, and high-demand curricular strategies.



### **Segment the market based on prospects' career stage and goals**

Professional graduate students are not a homogenous group. Prospects often seek out graduate degrees in order to change or advance their careers. Institutions should tailor their offerings and marketing strategy to the segment of the market they aim to serve to remain competitive. For example, students wishing to advance their career may benefit more from learning specific new skills rather than a complete credential.



### **Use revenue-sharing policies to incent new program development**

To build a revenue-sharing model that accurately reflects strategic goals and priorities, institutions should consider how individual elements of their budget process can be leveraged to incentivize revenue growth and cost control, set performance targets, and fund strategic priorities. In this case, institutions should share online tuition revenue with academic departments to incentivize new program development.



### **Create efficient program launch policies to capture market opportunities**

Optimal program launch processes should take between 6-24 months to ensure that institutions conduct rigorous demand validation and develop targeted marketing campaigns while remaining market-responsive. To this end, institutions should allow program approval committees to meet as needed (as opposed to at monthly or quarterly intervals) and allow governance bodies to vote electronically or via email to effectively respond to student and employer demand in a timely manner.



### **Add capacity to student support services through self-service offerings**

Online students require the same kind of student support services as traditional on-campus students. However, the means of service delivery should match the modality of instruction. Institutions should develop easily accessible online support services and triage high-level concerns to the appropriate office to ensure that there is no gap in service.

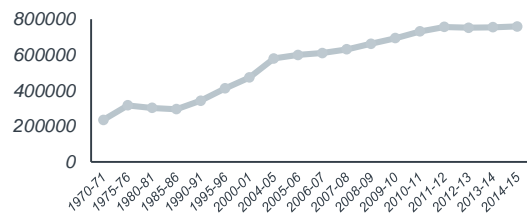
# More Challenging and Expensive to Reach

## Understanding the Market for Graduate and Professional Students

It is harder to sustain enrollment and revenue performance in graduate and professional education than even a decade ago. Master's degree conferrals are flattening. Competition is increasing in both traditional professional education fields like business and law, as well as "new" and niche fields like analytics. The increasing competition is perhaps most notable in the growing cost to recruit adult learners. One measure of this expense is the 226% increase in cost per click for graduate program search terms from 2009-2014.

### Conferrals Now Flat

Number of Master's Degrees Conferred by Year



### Increasingly Expensive to Recruit



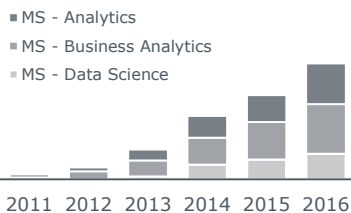
**226%**

Increase in **cost per click** for graduate programs from 2009-2014, as high as \$88 for "RN to BSN Online" and \$69 for "Online MBA"

### Competition Even in "New" Fields

Fast Growth in New Data Science and Analytics Degrees...

...And More on The Way



**57%**

Increase in COE<sup>1</sup> market research requests on data analytics opportunities, 2015-2016

### Favorable Climate for New Entrants

**126% vs. 57%**

Growth in post-bacc certificates awarded from 2001 to 2015, compared to master's degrees (conservative estimate)

Support for Alternative Short Format Providers



Moreover, student preferences are shifting in the post-recession market from degree programs to short-format post-baccalaureate credentials. Competitors include not only traditional higher education institution peers but also a range of non-traditional and alternative providers. Success in this market requires the ability to quickly launch flexible offerings that confer skills and knowledge aligned to emerging employer demand, robust marketing capabilities, and dedicated student support services that reflect the unique needs of this audience.

Source: U.S. Department of Education, National Center for Education Statistics, Higher Education General Information Survey (HEGIS), "Degrees and Other Formal Awards Conferred" surveys, 1970-71 through 1985-86; Integrated Postsecondary Education Data System (IPEDS), "Completions Survey" (IPEDS-C:91-99); and IPEDS Fall 2000 through Fall 2015, Completions component. NCES; "Master Degree Programs in Analytics and Data Science," Institute for Advanced Analytics: North Carolina State University, Oct. 27<sup>th</sup>, 2016; Keypath Education data; EAB interviews and analysis.

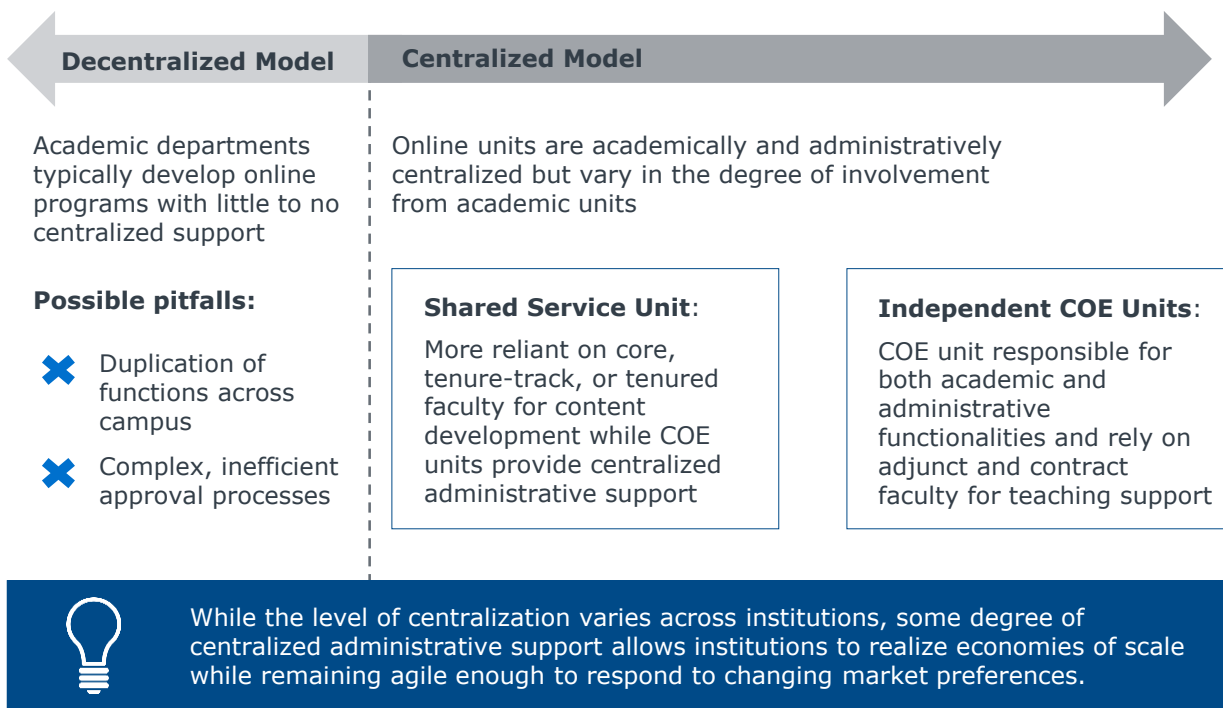
1) EAB's Continuing and Online Education Forum

# Leveraging Organizational Structure for Efficiency

## Achieve Economies of Scale with Centralized Administrative Support

The organizational structure and division of responsibility between continuing and online education (COE) units and academic departments is an important piece of the program launch puzzle. An institution's organization structure often lies on a spectrum ranging from complete departmental ownership of all program development components with little to no central support to completely independent COE units that are academically and administratively centralized. Within this spectrum it is preferable for institutions to opt for some degree of centralization.

### Realize Operational Efficiency by Delegating Administrative Tasks to COE Unit



In a completely decentralized model, academic departments develop online programs across the institution in an ad hoc manner, without considering the strategic needs of the institution more broadly. Each department replicates some of the core administrative functionalities such as marketing and instructional design support, which increase costs and inefficiencies. However, in centralized models institutions are able to break down the program launch process into its requisite components by creating a centralized hub for administrative support while, in the case of a shared service model, allowing faculty to dedicate their time to content development and market demand validation.

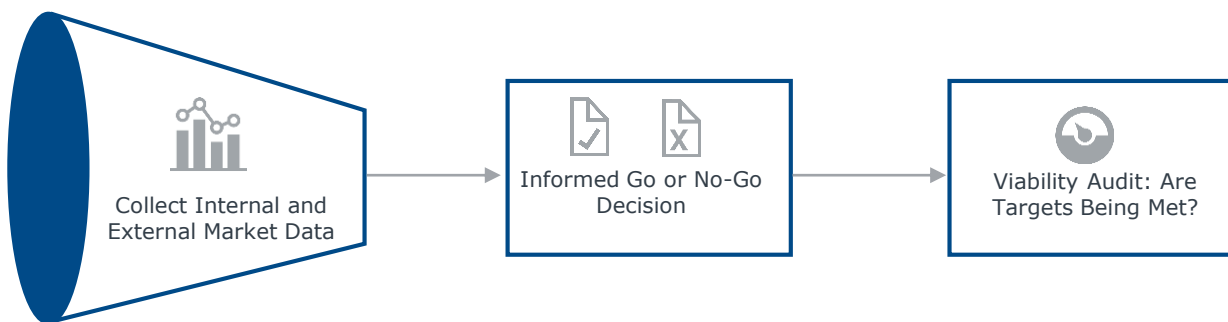


## If We Build It, Will They Come?

### Ensuring Sufficient Demand before Program Launch

More often than not, traditional program launch processes do not include relevant internal and external market analyses and rely extensively on anecdotal evidence and faculty desires rather than student and employer demand. A more rigorous program launch process includes a needs assessment and basic market research. To do this effectively, institutions should evaluate labor market demand, student demand, and conduct internal and external competitor analyses.

#### Require Data-Driven Market Analysis Before Launch



#### Internal Data

- Application and inquiry trends in comparable face-to-face programs

#### External Data

- Graduate figures, by field and by competitor (IPEDS)

#### Funding Allocation

Central seed funding based on initial needs and growth potential

#### Program Evaluation

Opportunity to reassess target market or curricular offerings

Sample tools available on the *Online Education Strategy Resource Center* on [eab.com](http://eab.com)



State Demand Profiles



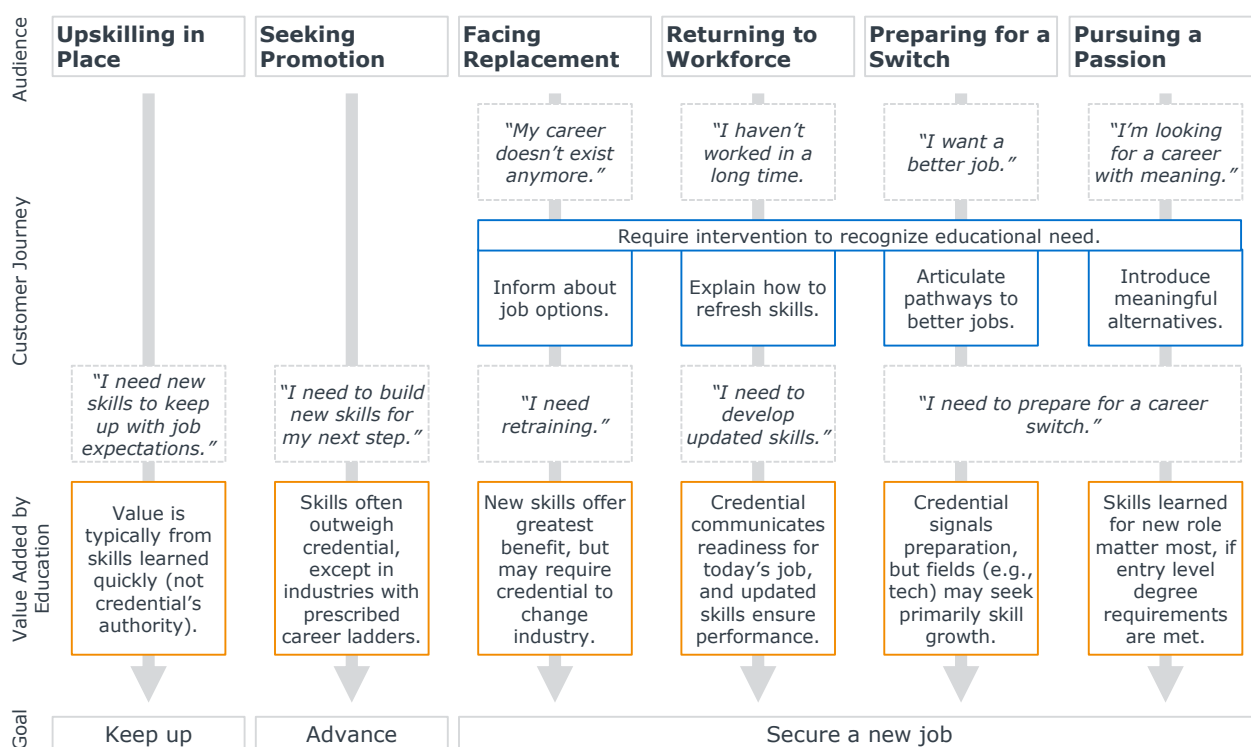
Student and Employer Demand Validation Check List

As part of the Online Education Strategy Resource Portal EAB has collated resources and tools designed to help faculty leaders and program heads develop and launch new online programs and revitalize existing academic programs. The Portal includes tools for every step of the process including how to analyze existing programs, conduct market demand validation, design new programs, estimate costs, and facilitate institutional change management.

# Getting Beyond “Working Professionals”

## Develop Targeted Programs across a Prospect’s Career Lifecycle

Launching and repositioning programs that can compete in a challenging market for online professional graduate students requires a nuanced understanding of what motivates students to enroll. However, more often than not, institutions treat these students as a homogenous segment without recognizing their diverse needs and motivations. A closer analysis reveals new opportunities for units to design programs that appeal to more precise micro-segments and develop targeted recruitment strategies accordingly.

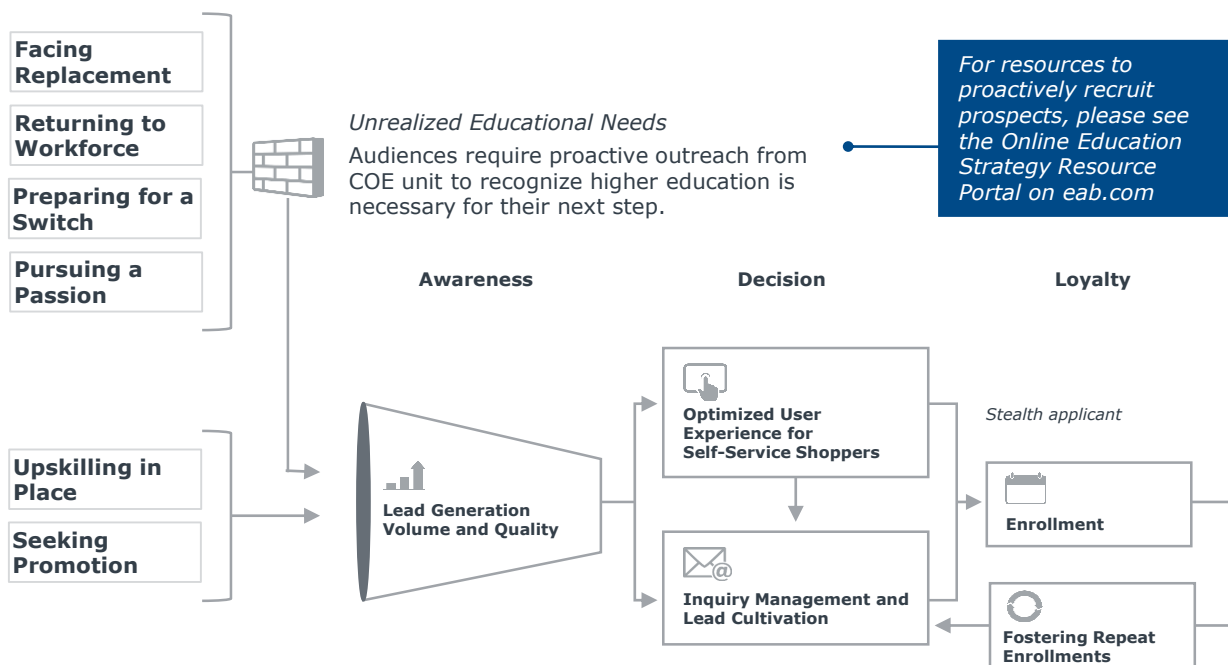


Institutions need to understand the educational needs and goals of the distinct segments of working professionals at different stages in their careers. Students wishing to upskill in place may benefit more from learning new skills quickly in a series of short courses rather than earning a credential. Similarly, for some segments such as workers returning to the workforce, prospects may not even realize that a new credential or skill is needed for their next step. This would require greater intervention on the part of academic institutions to explain how a new credential or skill may help prospective student meet their goals.

# Many Potential Students Don't Raise Their Hands

## Prospects Not Always Looking for Next Educational Step

For example, prospects that may be facing replacement in their current field recognize the need for new training but may not realize the signaling value of completing a new credential. In many cases, a new qualification demonstrates to potential employers that they are ready to change industries and may help them achieve their career goals. In this case, academic institutions need to actively inform prospects of potential job opportunities in their region and explain how a new credential is a necessary precursor for the job in question.



In order to effectively target each segment, institutions need to develop a tailored marketing strategy and develop targeted courses and credentials. To this end, EAB has created the Online Education Strategy Resource Portal to help institutions segment their prospective student market, identify opportunities for proactive outreach, and tailor marketing messages to the target audience.

## Align Revenue Share with Institutional Goals

### Use Budget Models to Incent New Program Development

Regardless of whether an institution has an incremental, hybrid, or responsibility center management budget model, they should consider how individual elements of their budget process can be redesigned to incentivize revenue growth and cost control, set performance targets, and fund strategic priorities. This is especially important when units lack incentives to launch low-revenue programs that align with institutional priorities.

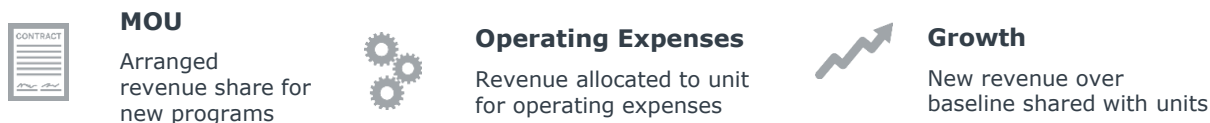
#### Four Reasons Institutions Launch New Programs

Reason	Description
Grow Revenues	Lucrative graduate and non-degree programs create profits that help offset the costs of programs with structural deficits
Respond to Local Needs	Programs in high-need fields advance institutional mission to serve state and local communities
Target New Student Segments	Programs targeted at online, off-site, or nontraditional learners offset demographic changes that limit the growth of traditional student enrollments
Enhance Market Competitiveness	High-demand programs attract students in target market and hedge against competition

Activity-based budgets incent units to launch lucrative new programs

Central intervention may need to spur unit investment in other strategic programs

#### Budget Allocation Approaches to Incent New Program Development



There are numerous allocation approaches institutions can take to incentivize new program development or new enrollment initiatives. These range from revenue-sharing divisions codified in memoranda of understanding between the central administration and academic units to distributing revenue based on credit hour production. By ensuring that budget allocation metrics are within the purview and control of academic units, institutions can leverage the budget model to reflect broader strategic goals.




## Incenting Targeted Program Launches

### GW Uses Revenue-Share Agreements to Spur New Off-Site and Online Programs

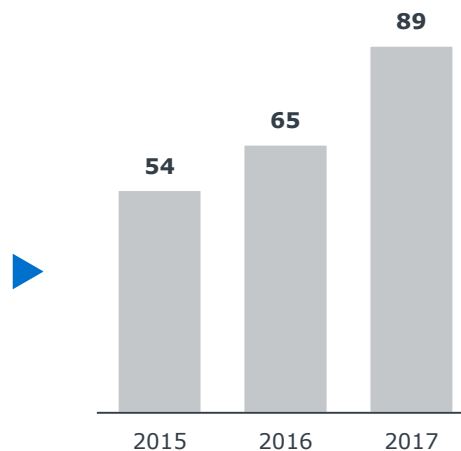
George Washington University (GW) uses budget model incentives to promote new program development. In addition to its space-constrained urban location, GW faces a city-mandated cap on its enrollment within Washington, D.C. This has led GW to pursue two alternative forms of growth—creating online programs and off-site programs at its Virginia campuses.



#### Spurring Strategic Growth Through Differential Revenue Allocations

Type of Graduate Program	Revenue Retained
 On-Campus	70%
 Off-Site	80%
 Online	85%

#### Marked Increase in Online Program Offerings<sup>1</sup>



To incent focus on these alternative programs, GW tweaked the budget model allocations so units retain a higher portion of revenue for off-site and online programs. While the allocation for on-campus programs is 70% of revenue, units receive 80% of revenue for off-site programs and 85% for online programs. Though the model is still new, early enrollment projections indicate that it has successfully incented units to focus on alternative program growth. An analysis of IPEDS data has shown that since 2015 there has been a 65% increase in the number of online programs offered by the institution.

1) Based on the number of completions in a given year

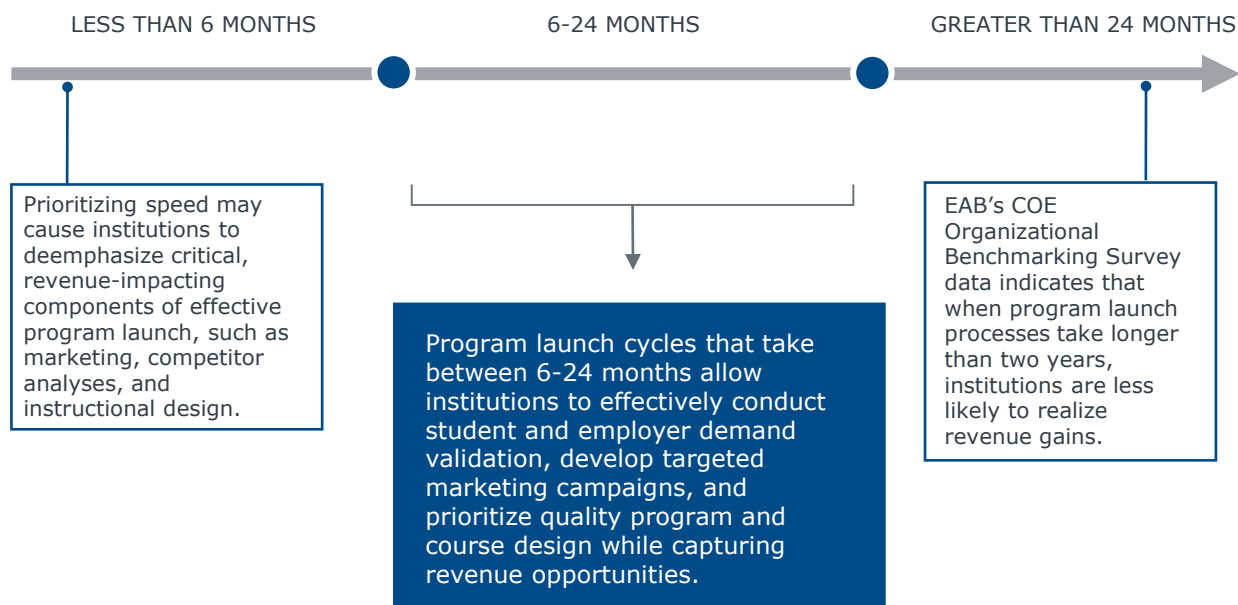
Source: EAB interviews and analysis; EAB analysis of IPEDS data.

## Finding the Right Fit Launch Cycle

### Speed-to-Launch Alone is Insufficient for Substantive Revenue Gains

One of the critical components of successful online programs, particularly in the graduate and professional student market, is the establishment of a rigorous yet expedient program launch process. When developing new online programs, institutions cannot just adapt traditional program launch policies to the online market. The online, professional, and continuing education market is more volatile than traditional face-to-face markets and institutions have to swiftly respond to changing student and employer demands while facing heightened competition from other providers.

#### Finding Balance Between Fast and Comprehensive Program Launch Processes



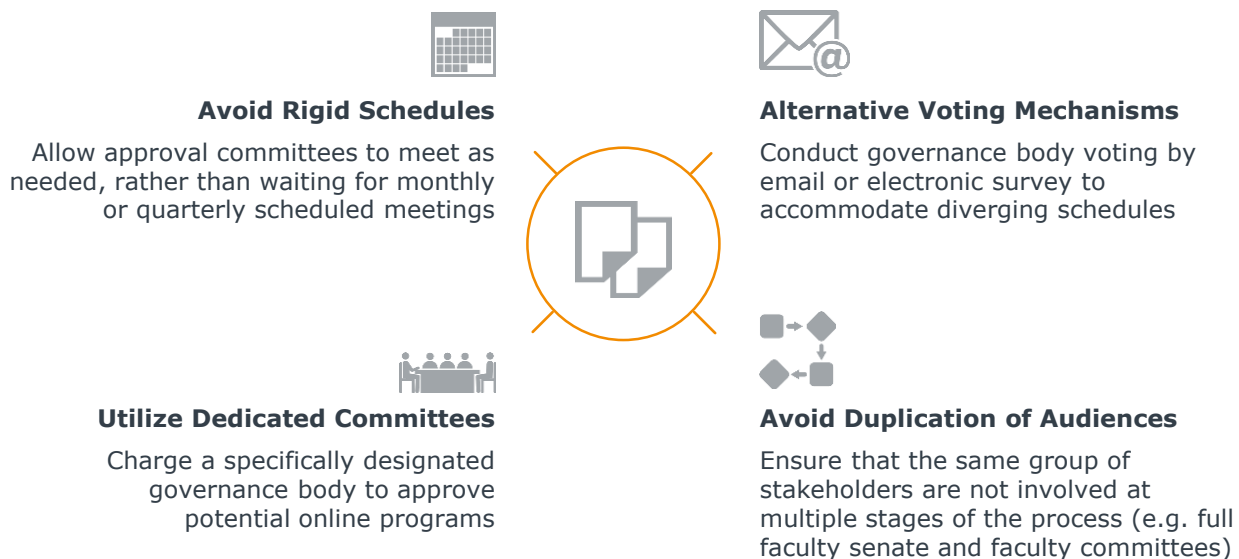
However, speedy launch cycles are not enough to ensure success in this market. Institutions that prioritize faster program launch processes may sacrifice critical components of program development such as market sizing and marketing which have long-term repercussions for enrollment and revenue generation. In contrast to this, data from EAB's Organizational Benchmarking Initiative have found that institutions that take longer than two years to launch new programs are less likely to capitalize on new and emerging markets which negatively impacts revenue. In general, optimal program launch cycles should take between 6-24 months to allow institutions to effectively size the market and develop targeted marketing campaigns while still remaining flexible and market-responsive.

## Streamline Program Approval Processes

### Efficient and Comprehensive Program Launch Policies Key to Success

In order to ensure that programs approval processes are rigorous yet agile, institutions should adapt traditional program launch policies to reflect the online market reality. Shifting away from in-person monthly or quarterly committee meetings to ad hoc meetings creates a more flexible approval process. In the event that an opportunity to launch a new online program arises, institutions will have the structure and processes in place to respond in a timely manner.

#### Activities Correlated with More Efficient Program Launch



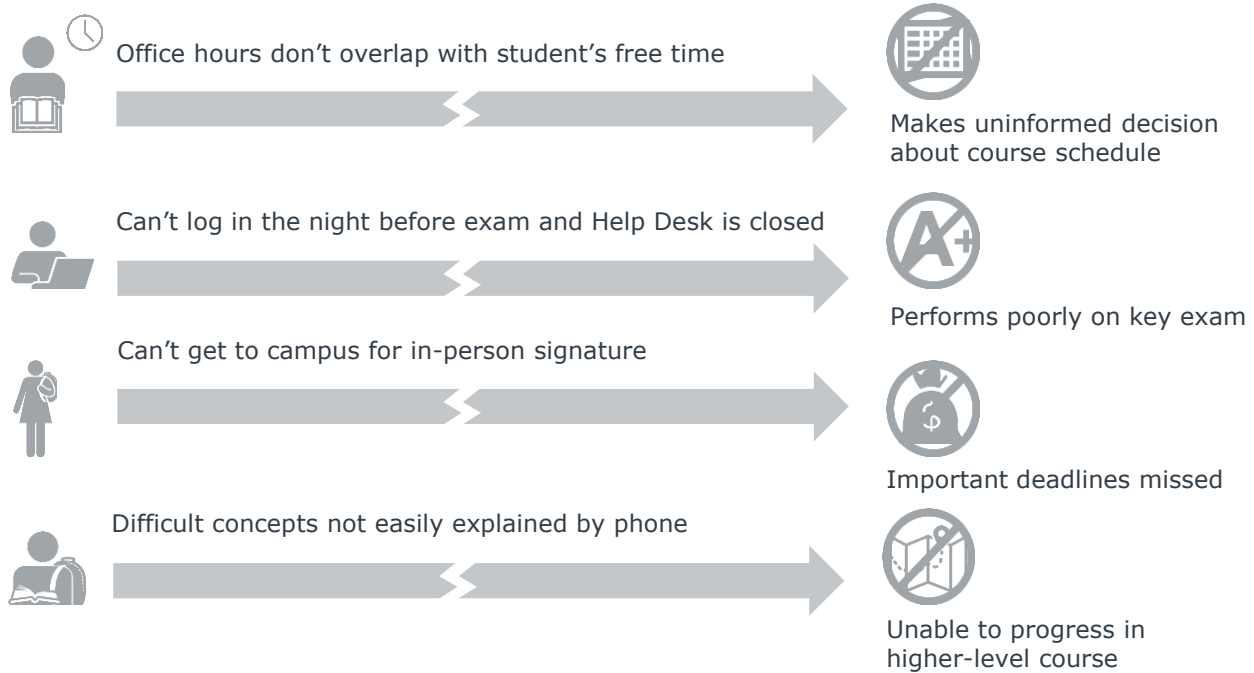
Similarly, it is more efficient and effective for institutions to create dedicated approval committees for online professional masters programs because traditional undergraduate degrees, doctoral programs, and professional programs all have different and unique characteristics. Institutions should also avoid duplicating audiences during the approval process. For example, instead of involving the entire faculty senate and faculty subcommittees, institutions should remove the faculty senate requirement. This allows faculty to play a role in shared governance without needlessly delaying the approval process. Moreover, conducting key votes via web or email, rather than requiring a physical quorum allow institutions to work around difficult schedules.

# Rethinking Student Support Delivery Formats

## Online Support Services Need to be Aligned With Student Schedules

Administrative and student support services are rarely structured to meet the unique needs of the online learner. Anecdotes abound of students who work during the day when campus units are open and struggle to secure support during evenings and weekends when they turn their attention to coursework. Even those units that have invested in 24/7 support systems find that university academic policies may not yet reflect the experience of the online learner.

### An Inflexible Service Portfolio Creates Pain Points for Online Learners



Students may be required to secure a signature to drop or add a course, or may need to make an in-person appointment with the financial aid office to review student loan paperwork. Increasing the persistence of adult and online learners requires a different approach.



# Getting Smarter, Not Bigger in Student Services

## Leverage Technology to Expand Quality Service Offerings

Institutions can better serve their online students by developing resources that allow students to help themselves. By creating a knowledge base of frequently asked questions, students will have a repository to consult for basic questions regardless of the operating hours of the student support offices. Similarly, incorporating live chat features allows for faster troubleshooting in the student's preferred method of communication.



### Routinizing the Basics

*Build knowledge base of FAQs for self-help*

- Either static content or allow customization by users



### Moving Beyond the Phone

*Use live chat and screen capture*

- Student-preferred method for speedier troubleshooting, which justifies platform cost



### Lowering Cost of 24/7

*Hire students to fill in service gaps*

- Employ students for late-night, off-site shifts using live chat



### Achieving Scale

*Build in-house capabilities or outsource*

- Utilize existing LMS partnerships to outsource staff or time-intensive service provision

Moreover, to lower the cost of extensive online support, institutions can hire on-campus student assistants to operate live chat services outside of regular work hours. Many institutions also partner with their learning management system (LMS) provider to create self-service options for online students and in some cases, even outsource some of the staff or time-intensive services to them. Through these tactics, institutions are better able to leverage new technology to translate their face-to-face support offerings into a format that is more useful for online students.

## Organizing Around How Your Student Thinks

### One-Stop Service Model Meets Both Campus and Online Needs

Institutions can also move towards a “one-stop shop” interface for their student-facing services portal. The University of Minnesota has developed such a website that collates the necessary information and services that students might need in one place. Key features include a comprehensive display of important resources and reminders of upcoming deadlines. The portal also links to important forms that students can access in multiple formats.

The screenshot shows the 'ONE STOP STUDENT SERVICES - TWIN CITIES' website. The navigation bar includes links for Academics, Finances, Personal information, Dates and deadlines, Forms, How-to guides, Contact us, and For faculty/staff. The main content area features a 'WELCOME TO ONE STOP' header and a sub-header: 'One Stop provides student information regarding registration, records, financial aid, billing, payment, and veterans benefits.' Below this, there are several key sections:

- IMPORTANT DATES:** A table listing dates from May 7 to May 11 with corresponding events like 'Final exams' and 'Third parties billed for spring 2018 and prior (due upon receipt)'. A callout box points to this section with the text: 'Upcoming deadlines'.
- Registration times**
- Class search resources**
- Summer term fees**
- Payment plans**
- Apply for financial aid: 2018-19 FAFSA available now**
- Find a study space on campus**

Additional callout boxes highlight other features:

- A box at the top left points to the 'Forms' link in the navigation bar: 'Important forms related to financial aid, registration, and academic status (including electronic versions)'.
- A box on the right points to the 'How-to guides' link: 'In-depth how-to guides related to registration, financial aid, and personal information'.
- A box on the right points to the 'Class search resources' button: 'Easily accessible key resources'.

The University of Minnesota logo and name are displayed in the top right corner of the screenshot.

The website also houses multiple comprehensive “how-to” guides that provide students (and their families) step-by-step instructions to complete important tasks related to enrollment, financial aid, and accessing or changing personal information and academic records. This model allows institutions to leverage existing resources to better support both on-campus and online students more effectively.

# Advisors to Our Work

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This resource drew on a ten year history of research on online education. EAB is grateful to the individuals and organizations that have shared their insights, analysis, and time with us over the years. We would especially like to recognize the following individuals for being particularly generous with their time and expertise during our recent updates.

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Cincinnati, Ohio

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