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A Case Study of the Short Life of the US Open University: Perspectives of Administrators, Board Members, Associate Faculty and Staff

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A CASE STUDY OF THE SHORT LIFE OF THE US OPEN UNIVERSITY:
PERSPECTIVES OF ADMINISTRATORS, BOARD MEMBERS,
ASSOCIATE FACULTY AND STAFF

by

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Bachelor of Science, University of North Dakota, 1991
Master of Science, University of North Dakota, 1998

A Dissertation

Submitted to the Graduate Faculty

of the

University of North Dakota

In partial fulfillment of the requirements

for the degree of

Doctor of Philosophy

Grand Forks, North Dakota

May
2005

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19236

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This dissertation, submitted by Lynette Marie Krenelka in partial fulfillment of the requirements for the Degree of Doctor of Philosophy from the University of North Dakota, has been read by the Faculty Advisory Committee under whom the work has been done and is hereby approved.

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This dissertation meets the standards for appearance, conforms to the style and format requirements of the Graduate School of the University of North Dakota, and is hereby approved.

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April 21, 2005
Date

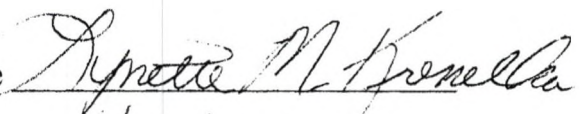
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ACKNOWLEDGEMENTS

I would first like to thank Dr. Katrina Meyer my advisor and committee chairperson. I could not have completed this study without her advice and support. She gave many hours of her time to this rewarding educational process. Her endless feedback greatly enhanced this research project. I am grateful for her “push” to keep going. I am also grateful to the other members of my advisory committee Dr. Kathleen Gershman, Dr. Ginny Guido, Dr. Angela Koppang, Dr. Richard Landry, and Dr. Jim Shaeffer of whom have provided constructive feedback and support throughout this process.

I would also like to thank the many individuals who gave up their time to be interviewed for this exciting research. I appreciate the support they provided through oral and written information.

I am grateful for my family; I could not have accomplished this research without their patience, love and support. My husband Brent, who cared for our children, Maddelyn and Carter, and continued with life’s chores while I continued my doctoral studies. He gave up many Sundays when I had class and many nights and weekends so that I could pursue my research. I am also grateful for my children’s understanding that mommy had to spend time at “the library” again and again. I also want to thank my mother and father who gave me the drive to pursue my education and when I had doubts, they were there to tell me “you can do it.” I also would like to thank my many sisters, brothers, and brothers-in-law who have put in endless hours of support throughout this

process with strong encouragement and caring for Madde and Carter. Without my whole family's love and support, I could not have completed my degree.

I am also thankful for my neighbors and friends who also helped me, Brent, Madde and Carter throughout this process. When I doubted myself, friends and neighbors were there to encourage, listen, and lend strong support. I am not going to include individuals' names as I do not want to leave anyone out.

I am thankful for the support I received within the Division of Continuing Education at the University of North Dakota. Without the support of the administration and staff, I could not have completed this research. The Distance Degree Program staff are a superb team and I thank them for their strong support. I want to thank Albertha Dawson who assisted me with transcribing and formatting and without her support, could not have finished this research.

I also want to thank the Educational Leadership cohort of students who have become a support system and will always cherish their friendship.

I would like to thank Dr. Karen Berthold who is the person that started me on my life-long learning path. Her mentorship and friendship throughout all of my education has proved very valuable.

To Brent, Maddelyn and Carter

ABSTRACT

This qualitative research study is a single case study on the US Open University (USOU) from the perspectives of administrators, board members, associate faculty and staff. The USOU was a sister institution to the UK Open University in Milton Keynes. This study was designed to answer the following research questions: 1) What were the expectations of the USOU and were they met? 2) What assumptions were made that led to the failure/closure of USOU or that led to positive aspects of the USOU model? 3) Why did the USOU close? 4) How, if at all, could the closure have been avoided?

The data were collected over a six-month period. Data were from multiple sources including 15 interviews (administrators, board members, associate faculty and staff), Distance Education and Training Council Self-Study Report completed by USOU administrators, associate faculty orientation manual, journal articles, and newsletters. The interview transcripts were coded with key words leading to frequently occurring concepts. The codes and data were grouped into main categories. Multiple categories were then used to develop the two themes that emerged from the data analysis.

Two themes became apparent through data analysis: factors leading to failure of the USOU and positive aspects of the USOU model. The overall conclusion of the research is that USOU is a mixed story of failure and positive aspects resulting from the USOU model. Some of the factors that led to failure/closure of USOU include: not meeting enrollment projections, business plan with unrealistic enrollment projections, lack of regional accreditation and financial aid, UK structure did not fit the US structure,

marketing campaign with two large goals (recruitment of students and brand recognition), start-up that was under capitalized, resignation of Sir John Daniel which resulted in lack of support for USOU from UKOU, and single-person liaison to the UKOU board.

Positive aspects of the USOU model include: enrollments were increasing, academic partnerships were strong, online support services were in place, the administration, staff and associate faculty were committed to USOU, course materials were of quality standard, the USOU board was effective, and students were satisfied (as noted from the perspectives of USOU staff and associate faculty).

CHAPTER I

INTRODUCTION

Purpose of the Study

This qualitative research studied one virtual university – the United States Open University (USOU) - that was in operation from 1998 to 2002. This research tells the story from the perspectives of administrators, board members, associate faculty and staff members who worked with the USOU. The purpose of the study was to answer four main research questions:

1. What were the expectations of the USOU and were they met?
2. What assumptions were made that affected the failure/closure or success of USOU?
3. Why did the USOU close?
4. How, if at all, could the closure have been avoided?

These questions were used as a starting point. If an interviewee brought up an area or topic that was not part of the original research questions or was not mentioned previously by other interviewees, additional open-ended questions were used to explore the topic more in-depth.

I chose to complete a qualitative study on the USOU because I have worked in distance education since 1992 and am very interested in virtual universities. I was not aware and have not found any studies on the life cycle of a virtual university (i.e., planning, operation and closing); therefore, I wanted to focus on one virtual university

that had closed and find out what happened. Also, my research background was primarily in quantitative research and I wanted to expand my research skills to include qualitative research. This study also increased my enthusiasm for qualitative research to the highest level, as the information that can be gleaned from qualitative research is so rich.

Background on the USOU

The USOU was established by the United Kingdom Open University (UKOU) in June of 1998 as a non-profit, independent, private higher education institution. The UKOU had never established a separate institution before and had only partnered with local institutions in the past to offer courses and degree programs. As a sister institution, USOU adopted the UKOU model of distance education through 'Supported Open Learning' which is described under the Glossary of Terms. USOU offered nine, degree-completion programs at the undergraduate level and two masters-level degree programs and had additional programs planned for the future. Some of these degrees were offered solely by the USOU and some were developed in partnership with local institutions.

Design of the Study

This research is a qualitative study of a single case, a virtual university that had a short life: the USOU. The case study is the method of choice for studying interventions or innovations (Lancy, 1993). The case study is the best fit for this study since the USOU was a new concept. Yin (1994) adds that "case studies are the preferred strategy when 'how' and 'why' questions are being posed, when the investigator has little control over the events, and when the focus is on the contemporary phenomenon within some real-life context" (p. 1).

Methods

Data were collected through (a) *documentation* including marketing pieces and newspaper and journal articles, (b) *archival records* including the Distance Education and Training Council Accreditation Commission Self-Study Report which included financial records, and (c) *open-ended interviews* asking for facts of a matter or for respondents' opinions. Fifteen administrators (including the founder), board members, associate faculty and staff of the USOU were interviewed. The individuals interviewed were USOU representatives based in the US, with the exception of Sir John Daniel who was the UKOU Vice Chancellor. Students could not be interviewed as there were no student records accessible to the researcher; all USOU records are filed with the UKOU in Milton Keynes, United Kingdom. The 15 interviews, in addition to the data collected through the written materials, tells the story of why the US Open University was started, how it operated including the challenges it encountered, and why it closed after being operational for only 4 years (only 2 years of those with USOU enrolled students), and what could have prevented it from closing.

Limitations of the Study

This research is a qualitative case study of the US Open University. It has seven limitations. First, because this is a single case study of one unique institution, it may not be generalizable to other situations or institutions. A second limitation is that two administrators who held major positions with the USOU were not interviewed. One administrator was deceased and the other chose not to be interviewed for personal reasons. Since they held two, top-level administrative positions, their perspectives are important. It is not known whether new information would be revealed. Third, the

majority of interviewees were based in the United States and only one UK representative was interviewed (Sir John Daniel, visionary of USOU). Extensive e-mails were sent to UK representatives that played a role in the USOU, but only two responses were received and the two that were received declined to be interviewed. Thus, this research could not incorporate perspectives for the UKOU. A fourth limitation resulted from the passage of time and interviewees had a difficult time remembering specific details since they have moved onto other jobs and it has been over two years since USOU closed. A fifth limitation is that this study does not include the perspective of USOU students, whose records were unavailable to the researcher. A sixth limitation is that the researcher could not access the materials housed in the UKOU office in Milton Keynes, United Kingdom; again, this may represent a perspective lost to the research which might alter some of the conclusions. It is hoped that someday a UK-based researcher could gain access to these materials and augment the findings of this study. The seventh limitation to point out is that there is always the possibility of the researcher's viewpoint that focuses the research. These viewpoints include: My interest and experience in distance education over the past 12 years provides a certain perspective in the belief that distance education is a different mode to deliver quality education to individuals off campus. A second viewpoint would be that multiple articles and a book chapter I read led to the conclusion that USOU was closed simply because it did not meet its enrollment projections. This research reveals that the story of USOU is much more complicated than closing it because it did not meet its enrollment projections. There were several factors that led to its closing which will be reviewed in Chapter IV. I have kept my beliefs in the forefront and have reflected on

how they could affect the results of the study. Every attempt has been made to minimize the effect of my viewpoints.

Significance of the Study

This study of the USOU is the first of its kind in that the single case study researches why a virtual university closed which is different from the other research on virtual universities. Previous research focused on the organizational models of virtual universities and why they have been successful. In addition, previous studies have primarily been quantitative in nature or surveys. The results of this study could assist administrators who are planning for a virtual university or may be applied to any new venture in higher education that requires planning, funding, and development of support structures (student services, faculty services) that may be different from on-campus support. The lessons learned as reported in Chapter V may be valuable to higher education policy makers, especially those that fund new initiatives. The researcher foresees several articles that may be written from the research results focusing on specific areas of the research (i.e., false assumptions throughout the planning for USOU is just one example).

Glossary of Terms

1. *Asynchronous Learning* – “Any learning event where interaction is delayed over time. This allows learners to participate according to their schedule, and be geographically separate from the instructor. This type of learning could be in the form of a correspondence course or e-learning. Interaction can take place with the use of various technologies like threaded discussion” (Distance Learning Glossary, n.d., para. 1).

2. *Accreditation* – “Accrediting agencies review a school's educational program for quality, and certify that the school meets a minimal set of standards such as student learning outcomes, student support services, number of faculty members, appropriate funding, financial aid for students, and others” (Glossary, n.d., para. 3).

3. *Associate Faculty* – “Serves as a mentor, teacher, facilitator for the USOU students. The Associate Faculty does not develop the course materials used for the course but works closely with the Instructor of Record (see definition below) to serve USOU students” (Male Associate Faculty Member, July 9, 2004).

4. *Chat* – “When two or more computer users can see and respond to messages as they are typed into a computer” (Glossary of Terms, n.d., para. 19).

5. *Correspondence Course* – “A course completed from a distance using written correspondence for interaction and to submit assignments. Correspondence classes became popular in the 1890's” (Distance Learning Glossary, n.d., para. 3)

6. *Distance Education* – “The formal process of distance learning” (Distance Learning Glossary, n.d., para. 4).

7. *Distance Learning* – “Learning where the instructor and the students are in physically separate locations. Can be either synchronous or asynchronous. Can include correspondence, video or satellite broadcasts, or e-learning” (Distance Learning Glossary, n.d., para. 5).

8. *Distance Training* – “A reference to distance learning for the corporate or professional levels” (Distance Learning Glossary, n.d., para. 6).

9. *E-learning* – “Any learning that utilizes a network (LAN, WAN or Internet) for delivery, interaction, or facilitation. This would include distributed learning , distance learning (other than pure correspondence), Computer Based Training delivered over a network, and Web Based Training . Can be synchronous, asynchronous, instructor-led or computer-based or a combination” (Distance Learning Glossary, n.d., para. 8).

10. *e-Learner* – “Any learner taking part in an e-Learning course or program” (Distance Learning Glossary, n.d., para. 9).

11. *Hybrid Course* – “A hybrid course is a blend of face-to-face instruction with online learning. In a hybrid course, a significant part of the course learning is online and as a result, the amount of classroom seat-time is reduced” (What is a Hybrid Course, n.d., para. 1)

12. *Instructor of Record (IoR)* – “Serves as the primary authority on the curriculum and delivery of a particular course. The IoR is the main academic support and point of contact for Associate Faculty (AF) and has the primary responsibility for monitoring the AF’s performance” (Distance Education & Training Council Accreditation Commission, 2001, Exhibit XIII).

13. *Learning Management System* – “A learning management system provides the platform for the institution’s online learning environment by enabling the management, delivery and tracking of blended learning (i.e., online and traditional classroom). A robust LMS should integrate with other departments, such as human resources, accounting and e-commerce, so administrative and supervisory tasks can be streamlined and automated and the overall cost and impact of education can be tracked and quantified. Furthermore, an LMS should support a collaborative learning community, offering multiple modes of

learning—from self-paced coursework (Web-based seminars and classes, downloadable, CD-ROM and video content) to scheduled classes (live instruction in classroom settings or online) to group learning (online forums and chats). In its ability to integrate, organize and standardize learning across broad organizational requirements, the LMS model has been compared favorably to enterprise resource planning (ERP) solutions, which convert a company’s back-office into a seamlessly functioning whole” (Hall, 2003, para. 2).

14. *One-Stop Shop* – “students can make one phone call to obtain all information necessary for distance education (toll free number is provided), or call one centralized office which serves as the liaison for the rest of the higher education institution (e.g., Division of Continuing Education)” (Distance Degree Programs, UND, n.d., page 1).

15. *Online Learning* – “e-Learning over the Internet (as opposed to a local or wide area network)” (Distance Learning Glossary, n.d., para. 11).

16. *Supported Open Learning* – “Is the teaching method pioneered by the UK Open University. It focuses on learning outcomes, personal support to students from Associate Faculty, high quality course materials based on good pedagogy and research, and well organized logistics. Students are encouraged to become independent learners” (Distance Education and Training Council Accreditation Commission, US Open University Self-Study Report, 2001).

17. *Synchronous Learning* – “Any learning event where interaction happens simultaneously in real-time. This requires that learners attend class at its scheduled time. Could be held in a traditional classroom, or delivered via distributed or e-Learning technologies” (Distance Learning Glossary, n.d., para. 13).

18. *Virtual Classroom* – “An online discussion forum where most of the conversations relating to the coursework take place (either synchronously or asynchronously). The virtual classroom is usually physically a folder in a conferencing system where students and the professor post their messages. It is a public forum in the sense that all participants can read and respond to any message posted to the virtual classroom” (Glossary of Terms, n.d., para. 20).

19. *Virtual Professor* – “The facilitator or instructor of an online course” (Glossary of Terms, n.d., para. 20).

20. *Virtual University* – “Academic degree granting institution with no campus” (Wolf & Johnstone, 1999).

The remainder of this research study is organized into four additional chapters. Chapter II contains the background of distance education and virtual universities that is pertinent to the research. Chapter III includes the rationale for the choice of research methodology and a description of the research process. Chapter IV presents the findings. Chapter V summarizes the findings, reviews lessons learned and makes recommendations for further study.

CHAPTER II

BACKGROUND

Chapter II provides the necessary background in understanding distance education and how and why virtual universities came to be and their significance to higher education. Chapter II is organized into five sections: definition, evolution and explosion of distance education, effectiveness of distance education, students in distance education, background of virtual universities, traditional versus virtual universities, virtual university successes and failures, UKOU background, and a review of two previous studies of virtual universities. First, the definition, evolution, and explosion of distance education are reviewed.

Definition, Evolution and Explosion of Distance Education

Distance education is “instruction delivered over a distance to one or more individuals located in one or more venues” (US Department of Education, 1999, p. 2). Phillips defines distance education as “any learning that takes place with the instructor and student geographically remote from each other. Distance learning may occur by surface mail, videotape, interactive TV, radio, satellite, or any number of Internet technologies such as message boards, chat rooms, and desktop computer conferencing” (n.d., para. 1). There are many media from which to choose and many faculty members use more than one medium for their off-campus courses. By using a multitude of media, the faculty member can meet the needs of more than one type of learning style (visual, auditory, kinesthetic/tactile).

There are also “hybrid” classes which are those that have at least 50 percent of the coursework online (Twigg, Veronikas, & Shaughnessy, 2004). In hybrid courses, there is a mix of online and face-to-face instruction, but the percentage of each will differ depending on the faculty member (how important is it to the faculty member to meet face-to-face for specific lessons), the topic of the course (some faculty members will not teach laboratories online but feel students get a better learning experience face-to-face), the students that are being served (are the students primarily adult learners who seek distance education opportunities rather than meeting face-to-face), and the cost of the course offering (there are many forms of cost including tuition/fees, direct travel costs, and time away from work or other responsibilities to meet face-to-face).

The history of distance education can be traced back as far as the 1830s with the beginning of correspondence courses (US Department of Education, 1999). The advent of advanced information technologies, in particular, the Internet, has altered the way distance education is delivered. Education can be offered anytime, anyplace with the Internet and it is a growing commodity in higher education.

Evidence suggests that distance education is becoming an increasingly visible feature of postsecondary education in this country. Two main factors have led to the explosion in distance learning: “the growing need for continual skills upgrading and retraining; and the technological advances that have made it possible to teach more and more subjects at a distance” (Daniel, 2002, Foreword). Stallings (2001) provides two additional reasons for the virtual education explosion which include continued government support and slowing economy causing more adults to return to school to upgrade their skills and credentials. Distance learning is one of the most rapidly growing

fields of education. In academic year 1994-95, higher education institutions offered an estimated 25,730 distance education courses with different catalog numbers (US Department of Education, 1995, p. 40). In 1997-98, an estimated 54,470 different distance education courses were offered with estimated enrollments of 1,661,100 students (US Department of Education, 1999, p. iv). Additional statistics from the 1999 US Department of Education report include that 8 percent of the 5,000 2-year and 4-year postsecondary institutions offered college-level degree or certificate programs that were designed to be completed totally through distance education (p.12). Other statistics are reported (Carnevale & Olsen, 2003) that show growth in online education:

Virginia Tech enrolled 1,054 students in for-credit online courses in the fall of 1998 and that number grew to 2,557 in 2002. Monroe Community College in Rochester, NY enrolled 277 students in distance education in 1998 and in 2002 had 1,723. Capella University, in its online-only degree programs, nearly doubled enrollments from 3,730 in 2001 to 6,578 in 2002 (p. A31).

Today, almost every institution of higher education has some form of distance education. How effective is distance education? As reported next, there are many answers to this question.

Effectiveness of Distance Education

There are hundreds of studies that have been documented about the effectiveness (or ineffectiveness) of distance education. The book entitled *The No Significant Difference Phenomenon* (Russell, 1999) provides a comparison of 355 research reports, summaries and papers on the use of technology for distance education and claims that the learning outcomes of distance education students are similar to the learning outcomes of traditional on-campus students. Therefore, there are no significant differences between distance education and on-campus education.

Research also exists claiming that there are significant differences between the learning outcomes of students receiving face-to-face instruction versus those students enrolled in distance education. There are researchers who claim that face-to-face instruction produces higher levels of learning and they feel that distance education is substandard (Brown & Liedholm, 2002; Hartzoulakis, 2002). There are other researchers who claim that online students or students enrolled in distance education score higher than students in the traditional classroom (Arle, 2002; Shachar, 2002). Gary Brown of Washington State University documents that distance education can make a difference. He documented, through the Flashlight Project, an improvement in freshman year GPA for enrolled students and “found evidence suggesting that technology use had helped implement superlative teaching and learning practices in the seminars, providing a plausible explanation for the improvement in grades” (Flashlight Program, n.d., para 7). An independent study on the achievement of off- and on-campus engineering students conducted by Krenelka (1998) showed that there were significant differences shown in the grades between the two groups. The off-campus engineering students received better grades overall versus the on-campus engineering students.

Other reviewers of distance education effectiveness are more critical and believe that additional studies are needed. For example, Phipps, Wellman and Merisotis of the US Department of Education argued that “there is not enough conclusive evidence to indicate that student learning outcomes are higher in distance education settings than in traditional on-campus settings” (1999, p. 6).

There are a wide variety of views and conclusions reached through extensive research on the effectiveness (or ineffectiveness) of distance education. In some cases,

distance education can be reported as producing no significant differences and in other cases as producing significant differences. The outcome depends on what is being measured (satisfaction of learners, attitudes of learners, performance which could be grades or achievement of learning outcomes, student retention rates, and others).

Students in Distance Education

Technology extends education to those individuals who cannot attend traditional university courses during the day by offering distance education. Institutions of higher education are finding that students enrolling in distance education courses or degree programs are working adults with extremely busy lives and they require access to courses and degree programs anytime and anyplace. The Epper and Garn (2003) study reported these distinctive characteristics of distance education students, "being older, having family responsibilities, and likely to be working full-time" (p. 24). They are mature, self-disciplined, organized, self-motivated, and possess a high degree of time management skills (Hanna, 1998; Illinois Online Network, 2003). Willis (1995) reported that distant students bring basic characteristics to their learning experience which influences their success in coursework. Distance education students:

- are voluntarily seeking further education,
- have post-secondary education goals with expectations for higher grades,
- are highly motivated and self-disciplined, and
- are older.

Institutions of higher learning are responding to working adults through the development of virtual education. Each institution must meet certain requirements to ensure that virtual students' needs are met. These requirements include:

- A high quality educational experience,
- Access to all services and resources available on the residential campus,

- A strong technological infrastructure that is available around the clock, along with technical support,
- A cost-effective program, and
- Learner-centered courses and programs.

Virtual students need access to the same services as provided to on-campus students. This includes advising, registration, financial aid, bookstore, library services, tutoring, and career counseling to name just a few. The more services that are similar for the off-campus student, the greater likelihood he/she will feel connected to the institution. In addition, Palloff and Pratt (2003) add that there should be “a student union where virtual students can socialize, there should be an announcements/news area where important information can be posted, and student service personnel are assigned to meet the virtual students’ needs” (p. 61). Again, the virtual student needs all the services that are provided to the residential student.

Other Issues in Distance Education

There are other issues that warrant mentioning in this Chapter to provide a better understanding of distance education in general. Topics to be covered include accreditation of distance education and faculty roles within distance education.

Accreditation of Distance Education

The United States does not have a Federal Ministry of Education or other centralized authority exercising single national control over postsecondary educational institutions. “The States assume varying degrees of control over education, but, in general, institutions of higher education are permitted to operate with considerable independence and autonomy” (Office of Intergovernmental and Interagency Affairs, n.d., para. 1). In order to ensure a basic level of quality, the practice of accreditation arose in the United States to conduct non-governmental, peer evaluation of educational

institutions and programs. Accreditation is the “independent review of educational programs for the purpose of helping to establish that the learning offered is of a uniform and sound quality” (Distance Learning, Accreditation, and Online College Degrees, n.d., para. 2). There are regional accrediting agencies and national accrediting agencies. Six regional accreditation boards of schools and colleges cover different geographic areas (Middle States, Northwest, North Central, New England, Southern, and Western). Regional accreditation for post-secondary schools and colleges is considered the highest accreditation an institution can receive.

Regional accreditation is important if a student seeks to have a public record of his/her learning that will be widely accepted by employers, professional associations, and other colleges and universities. The most widely recognized form of university accreditation comes from the regional accreditation boards (Distance Learning, Accreditation and Online College Degrees, n.d.). A major benefit of attending a regionally accredited college is that:

credits or degrees earned at one regionally accredited institution are generally accepted in transfer by other regionally accredited colleges. Credits and degrees earned at non-regionally accredited universities are not commonly accepted in transfer by regionally accredited institutions (Distance Learning, Accreditation, and Online College Degrees, n.d., para. 10).

Two national accrediting organizations include Distance Education and Training Council (DETC) and Accrediting Council for Independent Colleges and Schools (ACICS). Although it may not be the gold standard of regional accreditation, the Distance Education and Training Council (DETC) Accrediting Commission has been the standard-setting agency for correspondence study and distance education institutions since it was established in 1955. The Commission's mission is “to promote, by means of

standard-setting, evaluation, and consultation processes, the development and maintenance of high educational and ethical standards in education and training programs delivered through distance learning” (Distance Education and Training Council, n.d., para. 1). The Accrediting Commission is recognized by the U.S. Department of Education and the Council for Higher Education Accreditation (CHEA).

The Accrediting Council for Independent Colleges and Schools (ACICS) is defined as accreditation of “private postsecondary institutions offering programs that are designed to train and educate persons for careers or professions where business applications or doctrines, supervisory or management techniques, professional or paraprofessional applications, and other business-related applications support or constitute the career” (Accrediting Council for Independent Colleges and Schools, n.d., para. 1).

Distance education has brought challenges to the accrediting bodies. One challenge is the large number of distance learning programs and the time it takes for the accreditation review process. Another challenging question for the accreditation officials is should the distance education programs use the same accreditation standards as traditional college curricula? In 1999, Olsen reported that accreditation experts had more questions than answers and David A. Longanecker, former Assistant Secretary for postsecondary education at the U.S. Department of Education noted, “it [distance education] is leading us to a very different concept of quality assurance than we have traditionally had—but I am not sure what that is” (Olsen, 1999, p. 1).

The Western Cooperative for Educational Telecommunications (WCET) is a leader in distance education policy and best practices. WCET, in conjunction with the

Council of Regional Accrediting Commissions, developed a statement of commitment for the evaluation of electronically offered degree and certificate programs. The set of commitments are aimed at ensuring high quality in distance education. These include commitment to those traditions, principles, and values which have guided the Regional Accrediting Commission's approach to educational innovation; commitment to cooperation among the regional commissions directed toward a consistent approach to the evaluation of distance education informed through collaboration with others; and commitment to supporting good practice among institutions" (Western Cooperative for Educational Telecommunications, n.d.). The regional accrediting commissions developed "best practices" for electronically offered degree and certificate programs (Western Cooperative for Educational Telecommunications, n.d. para. 4). The best practices are not new evaluation criteria, "rather, they explicate how the well-established essentials of institutional quality found in regional accreditation standards are applicable to the emergent forms of learning" (Western Cooperative for Educational Telecommunications, n.d. para. 1).

Faculty Roles in Distance Education

Part-time professors are in demand for filling many distance-education teaching positions. "Online adjuncts are in high demand, as colleges increasingly turn to part-time faculty members to help expand their distance-education programs" (Carnevale, 2004, A31). Using part-time adjuncts saves money for colleges that are challenged with tight budgets. In addition, the college does not have to deal with full-time faculty who may be reluctant to modify their teaching from the familiar lecture hall setting to the virtual classroom.

Distance education promotes a learner-focused, self-directed approach to education and is “based on the core belief that we cannot teach but can only facilitate the acquisition of knowledge” (Palloff & Pratt, 2003, p. xv). Is this core belief based on the type of student that distance education attracts—one that is self-motivated, older than average, and has multiple responsibilities (work, home, and other)? Or, is this the philosophy that all education (including on-campus education) should be adopting? Palloff and Pratt (2003) noted several key characteristics that enable an instructor to be successful in an online classroom: flexibility, a willingness to learn from one’s students and others, a willingness to give up control to the learners in both course design and the learning process, a willingness to collaborate and a willingness to move away from the traditional faculty role (p. xv).

Other researchers have other views about faculty roles. Hanna (1998) reported that:

all universities will require full-time faculty and staff dedicated to engaging a diversity of learners who will increasingly bring more complex needs to universities. For-profit and online universities will especially discover the necessity of having this core team of professional faculty and staff, whether physically located together or across distances, whose members can perform the many complicated tasks necessary to build any new organization focused upon building quality learning experiences for students (Section IV-E).

The requirement of full-time faculty, as Hanna reported, in online education may never be witnessed since more and more adjunct faculty (part-time appointments) are being used even in traditional college settings. Further study is needed in this area.

The shift to online learning poses enormous challenges to instructors and their institutions. Many faculty believe that the cyberspace classroom is no different from the face-to-face classroom. Others believe they are successful if they “convert” the course

materials to the Web. Palloff and Pratt (2003) believed that it was imperative for faculty to pay attention to several issues that are taken for granted in the face-to-face classroom; these issues include:

ensuring access to and familiarity with the technology in use, establishing guidelines and procedures that are relatively loose and free-flowing and generated with significant input from participants, striving to achieve maximum participation and “buy-in” from the participants, promoting collaborative learning, and creating a triple loop in the learning process to enable participants to reflect on their learning, themselves as learners, and the learning process. All of these practices significantly contribute to the development of an online learning community, a powerful tool for enhancing the learning experience (p. 26).

The key for success in virtual education is the development of an online learning community which encourages interactivity, active learning, and the expectation that the instructor will be present and involved. The following Principles of Good Practice in Undergraduate Education are offered by Phipps and Merisotis (1999, p. 32):

- Encourage contact between students and faculty,
- Develop reciprocity and cooperation among students,
- Use active learning techniques,
- Give prompt feedback,
- Emphasize time-on-task,
- Communicate high expectations, and
- Respect diverse talents and ways of learning.

Institutions of higher education are increasingly offering virtual education, online courses, or E-learning. There are many reasons for this focus of virtual delivery of higher education. Reasons cited by Carchidi and Peterson include “predicted enrollment increases, rising tuition costs, reductions in state funding for higher education, an emphasis on the knowledge-intensive economy, and the demand for flexible degree programs” (2000, p. 1). Hanna adds these reasons for the changing environment for higher education to a more global offering: “growing demand among learners for

improved accessibility and convenience, lower costs, and direct application of content to work settings” (1998, p. 2). Through strategic planning for the future, institutions have added virtual education as a way to capture the many learners that are seeking a convenient, accessible way to learn—through online courses or the establishment of full virtual universities.

Background of Virtual Universities

“Technology in general, and distance learning in particular, seemed to hold great promise in solving a number of problems in higher education” (Epper & Garn, 2003, p. 5). Two of these problems for higher education include: increasing the economic impact and expanding access to education. Virtual universities can add enrollments to a state; therefore, the economy is enhanced. Virtual universities also provide lifelong learning opportunities to the adult population that cannot participate in traditional college experiences; therefore, access to education is increased.

Virtual colleges and universities in the US were primarily created in the 1990s. The Western Governors University was created in 1995 and distinguishes itself from other online universities in the following manner: it was created specifically to help adult learners fit college into their already busy lives, it is the only university that is regionally accredited by four regional accrediting commissions, and it is the first virtual university that is competency-based which focuses on demonstrating competence to advance in a program, not sitting in a classroom (About Western Governor’s University, n.d., para. 1). Another virtual university, known as “Virtual University” with a mailing address of Nipomo, California, pioneered the first virtual campus on the World Wide Web in 1995. The Virtual University has “produced and hosted more than 350 courses on a diverse mix

of subjects...more than one million people from 128 countries have attended classes on our global village campus” (Virtual Student Handbook, 2004, p. 10).

There have been other virtual universities outside of the United States that have been created. It is unclear which was the first “virtual university” since some institutions began offering off-campus or online courses and then moved into offering full degree programs. The Jones International University, founded in 1993, claims to be “the world’s first fully online university” (History of Jones International University, n.d., para. 1). Athabasca University, founded in 1970, is Canada’s leading distance education and online university serving a local population of 30,000 and enrolling 200,000 students. The institution has offered an alternative to residential study since its creation. “It strives to remove barriers to higher education participation – time (individualized study allow a student to learn at their own pace), space (courses can be taken anywhere through individualized-study packages), previous educational experience (any person 16 years or older is eligible for admission) and level of income (AU's method of learning allows you to pursue part-time studies and a full-time career)” (About Athabasca University, n.d., para. 1). The UKOU was the first visible distance teaching university. UKOU was created in the 1960s and was founded on the “belief that communications technology could bring high quality degree-level learning to people who had not had the opportunity to attend campus universities” (History of The Open University, n.d., para. 1). More information will be shared on the UKOU later in this chapter since the USOU was created as a sister institution of the UKOU.

Traditional colleges and universities are attempting to enhance economic development and increase access to education through the development of virtual

universities. In doing so, they are adapting missions and structures. Before online education was available, the mission of the institution was to meet the needs of the residential students. As more and more universities are offering distance education through online courses and programs, missions are expanding to fulfill a more global perspective. Structures are being modified to meet the off-campus students' needs such as online advising, admission, registration and payment. The same support services that are offered to on-campus students must now be offered in an online format to off-campus students.

A virtual university may refer to the virtual delivery of education found in technology-mediated distance education, which frees the teacher and learner from the constraints of time and place. The Western Governors University, a virtual university offers this description:

The 'virtual' in virtual university comes from 'virtual reality' -- computer-world lingo that refers to something that appears to be real in a physical sense, but is not. A virtual university is a new kind of higher education institution that does not have a classroom building or location in the physical sense. A virtual university uses technology to reach students wherever they are, it is not constrained by geography. It has no campus in the traditional sense. A virtual university breaks with traditional notions of what a higher education institution is by reaching across distances to give students an opportunity to learn wherever they are (Western Governors University, n.d., para 1).

Wolf and Johnstone (1999) clarify the definition of a virtual university/college as "academic degree granting with no campus" (p. 2). Much of the literature refers to virtual learning as "any time, any place" (Carchidi & Peterson, 2000; Hanna, 1998; Illinois Online Network, 2003; Stein, 1997).

Delivery methods vary from virtual university to virtual university. Some virtual universities use CD-Rom, audiotape, videotape, video conferencing or a combination of

the Web with other delivery methods and others use a full online delivery format for courses or programs. For example, the UKOU uses a combination of CD-Rom, audiotape, videotape, and textbooks. University of Phoenix Online uses the Internet for all of its courses (University of Phoenix Online, n.d., para. 1).

There are many types of virtual universities or similar collectives. There are single institutions, state virtual universities, regional virtual universities, and virtual universities organized as a consortium of universities. There are non-profit and for-profit virtual universities. Table 1 provides a summary of the type, characteristics and examples of the various definitions tied to virtual universities or virtual education. As shown in Table 1, there are many ways to organize virtual education with some institutions granting degrees and others organizing consortia to better promote the members' offerings or to offer student services as a one-stop shop (e.g., toll free number to the campus, centralized student services through a continuing education unit). Each individual type possesses strengths and weaknesses, but what is important is that each virtual university has been developed with very specific goals in mind. Some of the reasons for developing the virtual universities or stated goals that have been documented on various institutions' web pages include: "to produce highly competent graduates and to use flexible distance education techniques to expand access" (About Western Governors University, n.d., para. 2), "the UKOU offers students a chance to study with one of the most prestigious centres of learning in the UK without sacrificing work or family commitments" (About the Open University, n.d., para. 1), "to develop, support and promote distance education programs and courses to further the institutions' goals of providing more access to higher education for the residents of Texas and beyond" (About

Table 1

Types, Characteristics and Examples of Virtual Universities

Types	Characteristics	Examples
Virtual University	Degree granting, no physical campus	National Technological University, Jones International University, Western Governors University, UK Open University
Virtual University Consortium	No degree granted, but accredited academic institutions linked online, and supplying centralized or coordinated services to students with mutual articulation among members	Washington Online, Michigan Community College Virtual Learning Collaborative
Academic Services Consortium	No degree granted, but accredited academic institutions linked online, and centralized services to students, no articulation	Kentucky Virtual University
University Information Consortium	No degree, no coordinated services to students, accredited academic institutions linked electronically	Southern Regional Electronic Campus, Oregon Network for Education (ONE), North Dakota University System Online
Virtual Program	Degree granted from unit within accredited academic institution	University of Phoenix Online, Open College of University of Maryland College
Virtual Commercial Certification Institution	Certification granted; no academic credit	Novell certification
Traditional Academic Accredited Institution with some Electronic Courses	Credit is awarded, no coherence among electronically offered courses	Individual faculty members offer online courses

Source: Wolf and Johnstone (1999), p. 37

University of Texas TeleCampus, n.d., para. 1), and “provide high-quality, convenient, and cost-effective education and training to Michigan's current and future workforce” (What is the Michigan Virtual University, n.d., para. 6).

One of the more popular organizational models of virtual universities is that of the statewide virtual university. Young (2002) offers several reasons for developing statewide virtual universities including: 1) centralized services providing a one-stop shop, 2) development of new offerings from multiple institutions, and 3) pooled resources offering financial benefits. Examples of statewide initiatives include the North Dakota University System Online, South Dakota Electronic University Consortium, Tennessee Virtual University, Arizona Regents University, Ohio Learning Network, and Online College of Oklahoma. The North Dakota University System Online is a repository of all online offerings of the 11 public institutions of higher education within the state. The South Dakota Electronic University Consortium started with \$119,000 from the state to provide services (central Web site listing all distance education offerings, and call center providing technical support for students) for the state’s six public universities. The Tennessee Virtual University provides a one-stop shop where a student can enroll and get the needed student services as well (Young, 2000, p. A51). Sally Johnstone director of the Western Cooperative for Educational Telecommunications, stated that “she knows of very few states who don’t have some kind of planning in the works” when it comes to virtual universities or plans for institutions to work together (Young, 2000, p. A51). This is becoming a standard for public virtual education—institutions working together to accomplish a similar goal.

There are differences between traditional universities and virtual universities. The similarities and differences among traditional and virtual universities is explored next.

Traditional Universities vs. Virtual Universities

Traditional universities which educate students on a campus setting are not going away. The brick-and-mortar institutions will continue to be a significant part of the higher education environment (Toya, 1996). But there is a new institution that was formed--the virtual university--which has only been in existence in the United States since the 1990s. To better understand the characteristics of the traditional and virtual university, Table 2 defines characteristics of each type.

As Table 2 outlines, the virtual university changes the practice of admission, use of faculty and productivity measures (for example). The overall philosophy is different between the two institutions (traditional university and virtual university). One example is the traditional university serves students that go to campus and the virtual university brings the campus to the non-traditional, working student.

There are aspects of virtual universities that make some more successful than others; not all virtual universities have been successful. Next, the successes and failures of virtual universities are explored.

Table 2

Characteristics of a Traditional University vs. a Virtual University

Input	Traditional University	Virtual University
Philosophy	Students go to campus	Campus goes to student
Mission	Mission defined by level of instruction	Externally focused, degree completion and workforce development
Funding	\$ subsidy per full-time student	Reduce cost of access to higher education
Curricula	Relatively fixed and comprehensive curriculum	More flexible curriculum – content for workforce competence and development
Instruction	Most courses are lecture based	Emphasizes student independent learning and initiative
Faculty	Primarily full-time faculty; academic preparation and credentials	Some use of full-time faculty but with greater use of adjuncts with professional experience
Library	Volumes in library	Access to specific documents and resources appropriate to program
Students	Selectivity at admission	Life and work experience is greater factor in admission
Learning Technology	Enhance lecture-oriented instruction	Access to information about courses/programs provided using technology—technology important in providing the access to learning resources

Table 2. Cont.

Input	Traditional University	Virtual University
Physical Facilities	Extensive physical plant	No physical plant—students are geographically separated from each other and the instructor
Productivity Outcomes	Student credit hours and degrees	Student assessments, competencies acquired, degrees awarded
Governance	Board of Trustees	Varies, from administrative board to consortial representative board
Accreditation	Institutional by region; individual programs or disciplines are also accredited	Institutional by region usually, although Western Governors University was granted accreditation from four regional accreditation agencies in one process
Admission Criteria	Specific criteria established which may include minimum test score, GPA, etc.	May have an open admission policy that does not require a minimum GPA or test scores but offers a more open policy to capture more individuals that may not meet traditional university admission standards.

Source: Hanna, (1998, p. 4).

Virtual University Successes and Failures

Virtual University Successes

The most successful virtual university is the for-profit University of Phoenix Online. In 2002, enrollments in the University of Phoenix Online were at 49,400, which was a growth of 70 percent over the previous year (Olsen, 2002, p. A29). Over 7,000

faculty members, mostly part-time faculty members who have full-time jobs elsewhere, teach online classes. The online university has a staff of 1,700 online admission advisers, academic counselors, faculty recruiters, instructional specialists, software developers, and technicians. A. Frank Mayadas, director of the Alfred P. Sloan Foundation, described Phoenix Online as “incredibly smart as business people ... very legitimate programs ... they don’t take on too much, and they deliver on what they say they are going to do” (Olsen, 2002, p. A29). Phoenix Online understands its market to be the adult, working student who is in need of convenience and fast, easy access to degree programs. Brian Mueller describes the Phoenix Online philosophy as being student-centered, instead of tenured-faculty centered (Olsen, 2002, p. A29). Classes are taught in a compressed schedule with an undergraduate course offered in a six-week timeframe and a graduate course offered in a seven-week timeframe. They minimize the use of expensive bells and whistles and multimedia gimmicks and instead use text-formatted Word documents for lectures, faculty-led online discussions, and small-group projects.

Epper and Garn (2003) surveyed 61 virtual colleges or universities (51 responded). One of the questions was “What are the most common successes or unexpected outcomes of virtual colleges or universities?” Responses clustered around seven areas: “significant enrollment increases for campuses, rapid growth in demand for courses, cooperation from unexpected places, faculty development initiatives, student and faculty satisfaction, creation of course development resources, and quality assurance processes” (p. 48).

In addition to factors of success, there are many benefits from virtual universities and the education they provide. Leonard (2001) provided a list of the following benefits:

1. leverage – many students can learn from a single professor,
2. cost savings – virtual university/program administration/delivery costs are 80% less,
3. quality – students can learn from the best instructors and experts in the field,
4. accessibility – students from over 100 countries can be in the same virtual classroom and learn from each other,
5. convenience – students and faculty alike can learn and teach from home or from a different site; learning is not place bound,
6. flexibility – students can learn in the teaching format that best fits their learning style,
7. efficiency – students can learn just-in-time, as they need it promoting learning as a lifelong process,
8. competition/free market – the best teachers will reign supreme, not the school's reputation,
9. professor's income increased – professors with a solid reputation can increase their income through tuitions, program fees, consulting and book sales, and
10. administration automated – web-based student services such as registration and program administration lowers costs (p. 1).

Next, virtual university failures and the barriers they face are discussed.

Virtual University Failures or Barriers

Many institutions creating virtual universities thought that if you build it, they (the students) would come. This is not always the case. Meyer (2003) identified three false assumptions that may explain what went wrong for the dot-coms and virtual universities: 1) the cost of product development, 2) the number and behavior of potential customers, and 3) the value of traditional higher education institutions (p. 4). In explaining the first assumption, Meyer (2003) adds that many of the virtual universities opted for “flashy, high-concept (and high-cost) online courses, while traditional institutions began with low-concept courses, developed by faculty with minimal, though growing, skills” (p. 5). The most successful courses do not adopt the most expensive, high-cost, high-technology requirements. For the second assumption, Meyer (2003) points out three additional facts that affect the enrollment numbers of virtual universities or the number of customers in the dot-coms. The facts are the size of the market was not

as large as first anticipated (which may mean that enrollments were set too high and could never have been achieved), the behavior of customers change slowly and finding the adults that prefer online education is difficult (marketing national online programs is difficult –what is the best way to reach the adult learners who are interested in online learning?), and it is important to not place too much emphasis on convenience and forget about the rigor of learning. In further explaining the third assumption, Meyer (2003) found that traditional universities with good reputations had a competitive edge when competing with new, unknown providers. This may explain why there were so many dot-com failures in the late 1990s and throughout 2000 while the E-learning ventures of established universities grew.

Epper and Garn (2003) point out the most common barriers to success faced by virtual colleges or universities. These barriers include: inadequate funding, inadequate staffing, lack of collaboration among institutions, fear of competition among institutions, and lack of understanding of the virtual college or university by leaders at high levels in the institutions or states (p. 48).

Carnevale (2004) reported several reasons for virtual university failures, including: 1) low enrollments, 2) minimal funding secured to support the new venture, 3) large initial investment, 4) using traditional college faculty with little experience in teaching in an online setting, 5) poor business plan, and 6) large investment in infrastructure/platform which may not have been needed (p. A35). The article focuses on the dismantling of the virtual university called UKeUniversities Worldwide or UKeU. UKeU was established in 2001 as a primarily government-funded organization to develop online courses offered through professors at established British universities. The

institution had a goal of enrolling 5,600 students in its first year and had only attracted 900 students from 38 countries. Individuals interviewed about the UKeU explain its demise:

One of the reasons it hasn't achieved its aims is because it hasn't received the private funding we expected; the project was supposed to raise funds through public-private partnerships, but UKeU leaders had trouble finding businesses who would invest or make contributions, although, Sun Microsystems invested \$10 million; UKeU had worked mostly with traditional professors who did not have much experience with online education; the British Government spent \$62.8 million of an allocated \$111.2 million on UKeU; they spent far too much money on infrastructure and developing the platform when there were solutions available in the market; bad management, bad implementation, a flawed business plan, and not listening to experts in the field were reasons for the dismantling of UKeU (Carnevale, 2004, p. A35).

Another virtual university that closed in 1999 after only a year of operation is the California Virtual University (CVU). The initial investment in the CVU was \$250,000 from the Alfred P. Sloan Foundation, and five \$75,000 corporate sponsorships had been spent in part on developing the Web site. CVU was a joint project of the University of California, the California State University, the California Community Colleges, and the Association of Independent California Colleges and Universities. It was an Internet-based catalog of course offerings from California's accredited colleges and universities. The CVU intended to give people who could not take advantage of on-campus classes access to higher education. More than 70 accredited California colleges and universities signed on, making 500-plus courses available. The University of California, the California State University, the California Community Colleges and the Association of Independent California Colleges and Universities were to support the California Virtual University's operating expenses at \$1 million a year for three years. The colleges decided not to support CVU's operating expenses. Blumenstyk (1999) reported that Stanley A.

Chodorow, Chief Executive Officer of the California Virtual University said “we just did not have enough fuel to get up to takeoff speed” (p. A30). The institution lacked the appropriate amount of funding to effectively operate.

In an early article on the closing of the US Open University (USOU), Arnone (2002) claimed that insufficient revenues and inadequate enrollments due to lack of regional accreditation were the main reasons given. Enrollments just about doubled every semester and in the fall of 2001, the university had 660 course registrations in more than 30 courses but it had projected that it would have around 800 students enrolled by that time (Arnone, 2002). The UK Open University invested approximately \$25 million in the US Open University. Reasons quoted by Richard Jarvis, Chancellor of the US Open University for the closing of the institution included:

it lacked both accreditation and name recognition among American students; due to its lack of regional accreditation, some employers would not reimburse their employees for tuition; also, the university could not offer federal financial aid to its students which is an important consideration to the part-time, working-adult population; the university could not attract transfer students from other institutions; and, finally, partnerships with American institutions didn't occur quick enough to overcome the recognition gap (Arnone, 2002, p. A34).

Since the USOU was based on the UK Open University, background on the UKOU is provided next.

UK Open University Background

The UKOU provided open admissions for students who would not have been able to enroll in traditional British universities because of stringent admission criteria. The history of UKOU includes:

The Open University in the United Kingdom (UK) was the world's first successful distance teaching university. Born in the 1960s, the Open University was founded on the belief that communications technology

could bring high quality degree-level learning to people who had not had the opportunity to attend campus universities. The Open University was the first to break the insidious link between exclusivity and excellence. It is a University founded on an ideal and, like all revolutionary ideas, attracted hostility and criticism. In 1969, when the idea of The Open University was announced, it was described as 'blithering nonsense' by Iain Macleod MP (History of The Open University, n.d., para. 1).

More than 30 years later, UKOU's graduates are recognized as having graduated with a quality degree. "In 2003, The Sunday Times Universities Guide placed The Open University above Oxford for teaching quality" (History of the Open University, n.d., p. 3). The UKOU has a worldwide reputation as it has partnerships in numerous geographic locations through its UKOU Worldwide initiative: Arab, Austria, Belgium, Brazil, Bulgaria, Canada, Cyprus, Czech Republic, Denmark, Ethiopia, Finland, France, Germany, Greece, Hong Kong, Hungary, India, Ireland, Italy, Luxembourg, Netherlands, New Zealand, Portugal, Romania, Russia, Singapore, Slovak Republic, South Africa, Spain, Sweden, Switzerland, and United Kingdom (Open University Worldwide, n.d., para. 1).

Since UKOU had not developed an initiative in the United States through UKOU Worldwide, the UKOU felt that it could expand its offerings and enter the US market. Sir John Daniel, Vice Chancellor of The Open University and UKOU Worldwide representatives felt that the UKOU quality course materials could be used throughout the United States and bring additional resources to the UKOU. In 1996, UKOU Worldwide representatives sought a local partner within the United States, as this was the procedure that had been used in other countries. Throughout the two-year planning period that included only UK representatives, no US-based, state-funded, public institution (which is the type of partnership UKOU Worldwide was seeking) was willing to enter into a

partnership. Sir John Daniel and UKOU Worldwide representatives decided in 1998 to open a sister institution in the United States, known as the US Open University, as a non-profit, private institution, solely funded by the UKOU.

Previous Virtual University Research

Due to the newness of the virtual university, there is little research in this area. Two studies (Epper & Garn, 2003; McCoy & Sorenson, 2003) focus on varying aspects of virtual university development and operation and provide valuable lessons learned along with tips for best practices. Epper and Garn (2003) analyzed 51 statewide virtual university consortia. McCoy and Sorenson (2003) studied policy perspectives within six public virtual universities. Each study is described and the authors' findings and recommendations discussed.

Study on Statewide Virtual University Consortia

Epper and Garn (2003) undertook a national study to examine the goals, functions, challenges, and outcomes of statewide virtual universities across the United States. Fifty-one institutions responded to the Epper and Garn survey and the 51 virtual universities were classified into four categories: Type 1 – degree granting which had zero responses, Type 2 – centralized student services and academic articulation which had 27 responses, Type 3 – limited services which had six responses, and Type 4 – distributed which had 18 responses (p. 18). The delivery mode of the statewide universities was also reported: 51 used online delivery, 29 used ITV (compressed video), 17 utilized satellite, 22 used cable, 18 used correspondence, 8 used classroom instruction, and 6 used a traveling teacher (Epper & Garn, 2003, p. 23).

Four goals were achieved through the study: a) identify and describe the types of virtual colleges and universities (VCU) organizational and financial models in use by states, b) understand the statewide goals for which VCUs were created, whether the goals are changing and how well VCU leaders perceive they have met their goals, c) discover and describe the policies, programs and student participation in virtual universities, and d) develop implications from the study that provide direction for policymakers (Epper & Garn, 2003, p. 1).

Epper and Garn (2003) reported six findings which include:

1. The VCUs appear to gravitate toward two distinctly different service models: one that is centralized – providing services to students, both administrative and academic; the other being a distributed service model – where the VCU hosts an online catalog, but institutions provide most of the services. There is also emerging evidence that some VCUs engage in business practices leading to sustainability and a perceived higher level of goal achievement (p. 13).
2. Most VCUs are expanding access to geographically underserved populations. Over half (52%) VCUs reported that the majority of their students were physically at a distance from a campus. On the other hand, 42% of VCUs identified campus-based students as their primary users. While serving campus-based students has often been viewed as an unintended side effect of the VCU, it also represents a broadening of the definition of access (p. 21).
3. Most VCUs were initiated with direct or indirect state appropriations, and continue to rely heavily on this funding source for operations. However, there is emerging evidence that some VCUs are building sustainable revenue streams as reliance on direct and indirect allocations decreased slightly and the role of tuition and service fees increased slightly since founding (p. 29).
4. Out of 20 goals, current goals appear more attuned to increasing state/system higher education efficiency and meeting state workforce needs. While still among the highest priorities, providing access and serving the underserved (the traditional goals of distance education) have declined slightly in importance (p. 35).
5. The majority of VCUs (63%) are expected to play a role in system or state level policy change related to distance learning (p. 39).

6. In general, the higher a VCU's funding level, the higher it perceived its overall goals had been met. Further, the more highly funded and more centralized it was, the greater the impact on policy change (tuition policy, duplication, articulation and transfer) a VCU was likely to report (p. 43).

Epper and Garn (2003) concluded that the VCUs that implemented business practices (e.g., collaborative program development, quality assurance, standardization, and scalability) were more likely to report success and achievement of goals than those that did not. In addition, Epper and Garn (2003) report that "dollars drive decisions... it is difficult to make any decision without appreciating its affect on the bottom line" (p.56).

Epper and Garn (2003) defined virtual college/university as distance learning consortia that comprise membership of the public higher education institutions (two year and/or four year) within a single system or state. This research study (single case study on the USOU) studied one virtual university which was funded solely by the UKOU. There are great differences in the two research studies. Epper and Garn (2003) studied public consortia and this research on the USOU studied a single institution. The majority of the findings cannot be compared between the two studies because the models of the virtual universities are so different. There are some general conclusions for both studies such as all of the virtual universities expanded access to education and the virtual universities relied heavily on the initial funding source for operations (state funding in the public consortia and UKOU funding for the USOU). The implications for policy makers stated by Epper and Garn (2003, p. 2) are important for all policy makers of any type of virtual university. The implications include:

- Set clear expectations for the virtual university. It should also be noted that the expectations should be realistic.
- Define virtual university enrollments and users. Ensure that all affected parties are involved in the definition of enrollments and users (including students).

- Encourage sustainable business practices. All successful virtual universities engage in good business practices. Epper and Garn (2003) report that the lower-funded virtual university consortia did not meet their goals as much as the higher-funded virtual universities.

Next, McCoy and Sorenson's study on policy perspectives within public virtual universities is reviewed.

Study on Policy Perspectives within Public Virtual Universities

McCoy and Sorenson (2003) studied policy perspectives within six public virtual universities. Initially the authors reviewed 19 virtual universities, and using Wolf and Johnstone's (1999) taxonomy of organizational arrangements used to deliver electronic offerings (see Table 1 for a complete description of the taxonomy), the number was cut back to six public virtual universities that fit into two classifications of the taxonomy – virtual university consortium or the academic services consortium. The six virtual universities studied include: California Virtual University, Florida Virtual Campus, Kentucky Commonwealth Virtual University, Minnesota Virtual University, SUNY Learning Network, and the University of Texas Telecampus.

In McCoy and Sorenson's (2003) study, a policy analysis framework was used to determine the impact on the public virtual university. The categories investigated were: academic, access to education, funding/fiscal, governance/administration, private industry, and student services. What follows is a summary of their major findings in each policy category.

Academic. Under the academic framework, "three of the institutions included in the study developed and provided faculty development, faculty training opportunities, and faculty resources. These three public virtual universities also reported high levels of

enrollments. Therefore, this finding may suggest a relationship between the availability of faculty resources and increased annual enrollments” (McCoy & Sorenson, 2003, p. 95).

Access to Education. In the access to education category, “five of the six virtual universities had data that supported a central theme of providing access to education (the California Virtual University lacked this foundation). This finding suggested a potential relationship between virtual universities that contained a central theme of providing increased access to education and surviving virtual universities” (McCoy & Sorenson, 2003, p. 95).

Funding/Fiscal Policy. McCoy and Sorenson (2003) reported that in the funding/fiscal policy category, annual support varied with a range of \$350,000 to \$4.1 million. “The three virtual universities included in this study that reported the highest levels of institutional and/or alternative funding are also the three institutions that reported the highest levels of annual enrollments” (p. 97). The study also reported that the state funding for the California Virtual University (CVU) was discontinued in year two of its operation. “California Virtual University was reliant upon corporate sources of funding and grants from foundations and was told to operate as a nonprofit institution without state funds” (p. 97). There were also “requirements or constraints connected to the alternative funding that the California Virtual University received from the corporations and foundations” (p. 97). “The dissolution [of CVU] was not due to the lack of financial support but perhaps due to the lack of state commitment. The difference between hard money (state revenue supported) and soft money (corporate and foundation

supported) may have provided unique challenges to the California Virtual University” (p. 97).

Governance/Administration Policy. McCoy and Sorenson (2003) reported significant findings in this category: “five of the six public virtual universities utilized some form of strategic planning process during the development phase of the virtual university, and completed similar steps during the development phase” (p. 98). Also, “each of the five public virtual universities utilized some sort of planning committee to develop a strategic or master plan” (p. 98). A third finding by McCoy and Sorenson (2003) “pointed to the importance of a mission statement or an institutional goal statement” (p. 98).

Private Industry Policy. McCoy and Sorenson (2003) revealed that

five of the six public virtual universities did not rely on developing or maintaining relationships that they had developed with vendors who provided the technological means for the delivery of courses and services. It may also be a useful finding that only the non-surviving public virtual university, the California Virtual University, developed dynamic partnerships with private industry that had been designed to provide revenue models for the corporate sponsors and partners (p. 99).

Rosevear (1999) argued that virtual universities need to develop strong partnerships with private corporations and foundations in order to be successful.

So how important are these partnerships to the success of virtual universities?

Additional research may be needed in this area to identify the impact partnerships have on the success of virtual universities.

Student Services. McCoy and Sorenson (2003) reported that “the number of references to student services that emerged from the California Virtual University policy documents was significantly smaller than those from the documents of the other five

virtual universities” (p. 100). The findings suggest that a one-stop-shop for student services is critical to the success of virtual education. When comparing the California Virtual University to the other five public virtual universities, “it was evident that the California Virtual University had a less clear focus on the development of comprehensive student services; in fact, the California Virtual University student services were not yet operational at the time of the dissolution” (p. 100). Strong student services are extremely important to the success of education and especially important for virtual education where the students are not on the physical campus and need easy access to services via online (e.g., web, e-mail), telephone, fax, etc.

McCoy and Sorenson (2003) concluded that there are three essential themes that must be present for a virtual university to survive. These three key themes include: a) a central focus on access to education, b) a commitment to providing integrated faculty resources, and c) a need to maintain comprehensive student services.

McCoy and Sorenson’s study concentrated on public virtual universities that were also state consortia virtual university (similar to Epper and Garn). The USOU that was studied within this research study does not fit the consortia model; therefore, comparisons for each framework used by McCoy and Sorenson cannot easily be made. There are some central themes that are similar to the statewide consortia and USOU. These include: the virtual universities were initiated to provide access to education, faculty development is crucial, and sufficient student services are essential to the success of the virtual university. A similarity between the McCoy and Sorenson (2003) and Epper and Garn (2003) study is that the virtual universities that had the largest budgets experienced

the largest enrollments or met their institutional goals at a much higher level than those institutions that had smaller budgets.

These two studies (Epper & Garn, 2003; McCoy & Sorenson, 2003) provided valuable background information on virtual university policies, practices, perceived goal achievement, funding levels, student services, and organizational models. The two studies included public virtual university consortia or state-wide virtual universities (which really define the same type of institutions). This research study (single case study) included the USOU, an independent, private virtual university that was a sister institution of the UKOU. There are no research studies specific to private virtual universities, therefore, this research on USOU provides a foundation for further research that is needed on private virtual universities. In addition, the Epper and Garn and McCoy and Sorenson studies focus primarily on what worked (successes) within the virtual universities. This research study on USOU focused on the lessons learned from a failed or closed virtual university. This research study will add to the previous research on virtual universities by providing an understanding of what the expectations were of USOU and were they met, why did USOU close/fail, and could the closure have been prevented. Chapter III presents the research design and methods of this study.

CHAPTER III

METHODOLOGY

Discovery has been used since the dawn of the Renaissance. But how those discoveries are made have varied with the nature of materials being studied and the times. Qualitative researchers use discovery to understand persons, groups and collectives, acting and interacting alone and together (Strauss & Corbin, 1990, p. 15).

This study focused on discovery through the use of qualitative research methods, specifically the case study and grounded theory methods. Chapter III is divided into several sections including purpose of the study, rationale for choice of methodology, research design, preparation, entry point for research, participants, the role of the researcher, interview protocol, validity and reliability, data analysis, the process, codes categories and themes, and ends with the paradigm model for USOU and a concept map.

Purpose of the Study

There have been two closings of virtual universities within the last five years: the California Virtual University and the USOU. No research literature was found or studies reported that tells specifically why these virtual universities closed. This qualitative research project focused on the USOU and asked if the expectations of the USOU were met, what assumptions were made that affected the closing or contributed to positive aspects of USOU, why the USOU had such a short life and could its closing have been prevented. This single case study relies on interviews with Sir John Daniel (the visionary for USOU), top-level administrators, board members, middle managers, associate faculty and staff employed by the USOU. In addition, printed materials were obtained from

administrators and associate faculty members which helped provide details that the individuals interviewed could not remember because the USOU closed in January 2002.

Rationale for Choice of Methodology

Qualitative research is “any kind of research that produces findings not arrived by means of statistical procedures or other means of quantification” (Strauss & Corbin, 1990, p. 17). According to Merriam (1998), qualitative research is “an umbrella concept covering several forms of inquiry that help us understand and explain the meaning of social phenomena” (p. 5).

Lancy (1993) adds characteristics of qualitative research. They include: 1) the investigator has chosen a topic or issue to study, 2) the sites or individuals chosen for the study are governed by the topic, the sites or individuals are relatively few in number, 3) the investigator is the principal instrument for data collection, 4) the investigator is aware of his/her own biases and strives to capture the subjective reality of participants, 5) the study lasts some months, and, 6) the report utilizes a narrative format, similar to a story with episodes. This study design complies with all of these qualities in the following way: the topic of study is the USOU, the participants in the study were employed by the USOU, the researcher collected the data through interviews and written materials, the researcher acknowledged biases and reported them, the study has been ongoing for the past seven months and this research document uses a narrative format telling the story of USOU.

Rubin and Rubin (1995) state that the purpose of qualitative interviewing is “to obtain rich data to build theories that describe a setting or explain a phenomenon” (p. 56). Qualitative researchers build theory step by step from the examples and experiences

collected during the interviews (Burgess, 1985). This study was designed to provide enough time and interviews to appropriately explain, from the perspectives of select participants, why the US Open University had such a short life. Burgess (1985) added that it is important to “allow time for the interviewee to develop and reflect on the ideas offered, enable the interviewee to take some responsibility for establishing the agenda for the discussion, and would give space for potentially significant areas of experience to be recognized and explored” (p. 113). Ways to accomplish these important actions within the interviews were: 1) to develop rapport with the interviewee within the first interview, 2) allow the interviewee to “tell his/her story” or detail the experiences within the US Open University, 3) to take the needed time to “listen” to the interviewee and not rush through the interview, and 4) follow-up with the interviewee to ensure accuracy of the experience.

The case study is one of several ways of accomplishing social science research. In general, “case studies are the preferred strategy when ‘how’ and ‘why’ questions are being posed, when the investigator has little control over the events, and when the focus is on the contemporary phenomenon within some real-life context” (Yin, 1994, p. 1). “The essence of a case study or the central tendency among all types of case studies, is that it tries to illuminate a decision or set of decisions; why they were taken, how they were implemented, and with what result (Yin, 1994, p. 12). The case study is the method of choice for studying interventions or innovations (Lancy, 1993). Virtual universities can be categorized as innovations since the majority of virtual universities were developed in the 1990s and early 2000s; they were a new type of institution meeting the needs of special populations (e.g. higher education virtual universities primarily target the

adult working population who cannot attend traditional college courses). The exact number of virtual universities is difficult to determine since there are multiple definitions of virtual universities. When doing a search on *The Chronicle of Higher Education* website on October 23, 2004 using "virtual university," a total of 875 articles were found.

Qualitative case studies can be characterized as being particularistic, descriptive, and heuristic (Merriam, 1998) and each of these characteristics will be described in more detail.

Particularistic means that case studies focus on a particular situation, event, program or phenomenon. The case itself is important for what it reveals about the phenomenon and for what it might represent (p. 29).

Descriptive means that the end product of a case study is a rich, 'thick' description of the phenomenon under study. Thick description is a term from anthropology and means the complete, literal description of the incident or entity being investigated (p. 29-30).

Heuristic means that case studies illuminate the reader's understanding of the phenomenon under study. They can bring about the discovery of new meaning, extend the reader's experience, or confirm what is known (p. 30).

This case study of USOU includes all three characteristics in that it focused on the closing of one virtual university (particularistic), it provided a detailed rich description of why the virtual university failed or closed (descriptive), and it provided a better understanding of why and how the virtual university closed (heuristic).

There are three main types of case studies as reported by Merriam (1998): descriptive, interpretive, and evaluative. This study can be classified as descriptive since there are no theories developed on the closings of virtual universities as no research has been found specific to virtual university closings. There are research studies on traditional school closings, business and industry closings, and high tech, dot-com closings. The question is should this research study be compared to school, business or

dot-com closings. The majority of research found on school closings relate to public school closings due to declining enrollment in a specific geographic area or the closing of a specific department at the university setting. In business, research has addressed organizational effectiveness and business failures but none that match USOU's complex structure and tie to the UKOU. In the research on the high tech, dot-com companies; USOU seems much more complex than any of the dot-coms that were started in the late 1990s. The complexity of USOU is tied to the culture of the UKOU and how the UKOU tried to use some of its structures and services (paper student support services rather than online, UKOU British-based courses that were 16 credit courses rather than 3 or 4 credit courses, technology that did not fit US needs such as the Learning Management System) for the start up of the USOU. For this research study, the researcher developed a theory to explain the USOU's closing through means of a single case study.

Merriam (1998) defines the descriptive case study in education as:

one that presents a detailed account of the phenomenon under study...it is entirely descriptive and moves in a theoretical vacuum; they are neither guided by established or hypothesized generalizations nor motivated by a desire to formulate general hypotheses. They are useful, though, in presenting basic information about areas of education where little research has been conducted (p. 38).

As a descriptive case study, this research project tells the story of the USOU which began in 1998, started enrolling USOU students in 1999 and closed in January 2002.

Research Design

This study used a case study and according to Yin (1994), case studies have three components that are necessary in defining what data are to be collected: question(s), proposition(s), and unit(s) of analysis (p. 20-26). Each of these is defined below and how the component relates to this study is described.

1. Question(s) – the case study strategy is most likely to be appropriate for how and why questions, so the initial task is to clarify precisely the nature of the study questions.

The study of the USOU answered four main research questions:

- a) what were the expectations of the USOU and were they met,
 - b) what assumptions were made that affected the failure/closing or success of USOU,
 - c) why did the USOU close, and
 - d) how, if at all could the closure have been avoided)?
2. Proposition(s) – stated propositions will force a move in the right direction by identifying what the researcher should study, reflecting on an important theoretical issue and also telling the researcher where to look for relevant evidence. Not all case studies will have propositions.

No propositions were made as part of this research as no initial theories are being tested.

3. Unit(s) of analysis – define the “case” which could be an individual, event, program, service, etc.

In this study, the units of analysis will be the US Open University and the 15 interviewees who participated in the case study research.

Preparation

In preparation for this study, I completed an advanced course in qualitative research where I completed multiple interviews. The purpose of taking the advanced qualitative course was to learn more about qualitative research in general and to learn more about case study research. The course also provided an opportunity to refine interviewing skills (especially listening to the interviewee's responses) and learn more about data analysis and documenting the findings.

Entry Point for Research

For this study, individuals who had a part in the USOU start up or operation were possible interviewees. Since no contact information was available for anyone but the USOU Chancellor, he was the point of entry to begin the study of USOU. His interview was face-to-face in his office in Portland, Oregon; all other interviews were done by telephone since interviewees were located in over 10 states and Canada. The initial portion of each interview was used to explain the case study and develop rapport with the interviewee. In the interview with the USOU Chancellor, four names of other individuals that were instrumental in the start up or operation of USOU were provided. Each time another interview was completed, the interviewee identified additional names for possible interviews. Interviews continued until no new information was forthcoming by the interviewees.

Participants

The subjects of the research study were 15 individuals who worked for the USOU between 1998 and 2002. The individuals interviewed are categorized into administrators, board members, associate faculty members, and staff. Five administrators were

interviewed and included: 1. Sir John Daniel (permission was received to use his name in this study since he is tied to many articles on USOU) who was the UKOU Vice Chancellor and President of USOU and the Board of Governance, 2. the USOU Chancellor, 3. Vice Chancellor and Controller, 4. Director of Learning, and 5. Director of Recruitment and Marketing. Two Board Chairpersons and two Board Members were interviewed, as well as two Associate Faculty Members. Four staff interviews were conducted with the Office Manager, Assistant to the Chancellor, Corporate Relations Manager, and Student Services Assistant. Many interviewees requested that their real names not be used in this study. Special permission was received to use Sir John Daniel's name. Additional faculty were sought to be interviewed but very few names of associate faculty members were available as earlier interviewees could not remember faculty names and faculty records are now in the UKOU office in Milton Keynes. All of the 15 interviewees are US-based personnel with the exception of Sir John Daniel who played a major role in the start up and operation of USOU. The following description is provided for each of the 15 interviewees:

Sir John Daniel, Vice Chancellor of UKOU. President of USOU and Board of Governance. Sir John Daniel is currently the President and CEO of the Commonwealth of Learning (COL) in Vancouver, British Columbia, Canada. Prior to joining COL in June 2004, Sir John was the Assistant Director-General for Education of the United Nations Educational, Scientific and Cultural Organization (UNESCO). He was knighted by Queen Elizabeth for services to higher education in 1994 recognizing his leading role in the development of distance learning in universities over the past three decades.

Chancellor of USOU (Male). The Chancellor of USOU was the Chancellor of the Oregon University System in Portland, Oregon. Prior to his position in Oregon, he worked as Chancellor of the University and Community College System of Nevada. In addition, he held administrative and faculty positions within the State University of New York System.

Vice Chancellor and Controller (Female). This person is the Executive Vice President of Council for Adult and Experiential Learning in Chicago, Illinois. She also worked in the University and College System of Nevada for a number of years.

Director of Learning (Male). The person who held the Director of Learning position is a consultant in technology-based instruction and training. In this capacity, he draws on over fifteen years' experience as a teacher and administrator in distance and distributed instruction in higher education. He also currently serves as a part-time adjunct instructor in History for Red Rocks Community College. Prior to his position within USOU as Director of Learning, he was the Director of Distance Learning at Front Range Community College in Colorado for 10 years. He also has served as a Program Officer in the Media Program, Division of General Programs, at the National Endowment for the Humanities. He has also been a part-time lecturer in American History and Western Civilization. He has served as a consultant-adviser for the North Central Association of Colleges and Universities, a regional higher education accreditation agency. He has been active in several statewide and regional associations. He holds a BA in History from Berea College and an MA in History from Virginia Tech.

Director of Recruitment and Marketing (Female). Prior to working as the Director of Recruitment and Marketing for USOU, this individual provided marketing expertise for several organizations. She also served as the contact for the University of the Arts London for the United States when she was located in Greenwood Village, Colorado.

Board Chairperson (Female). This Board Chairperson was a former U.S. Assistant Secretary of Education and former Senior Vice-President for Education for the Corporation of Public Broadcasting. At the Department of Education, she directed a staff of 1,250 federal employees and 10 regional offices concerned with the Department's role in post-secondary education. Before that, she was Vice-Chancellor for Academic Affairs at the City University of New York, where she was recognized by the New York Times for her outstanding achievement in redesigning teacher education programs. She directed a national program in humanities for the National Endowment for the Humanities and has held academic positions at a number of universities, including Bowie State College, Maryland, where she was the Acting President. She received her Ph.D. in English and American Literature from the George Washington University and has been a Rockefeller scholar, a Ford Fellow, a John Hay Whitney alternate, and a Fulbright lecturer.

Board Chairperson (Male). Limited background information was provided to the researcher on this board chairperson. He resides in Bethesda, Maryland and has extensive experience as board members.

Board Member (Female). This board member is the founding director of the Western Cooperative for Educational Telecommunications (WCET) in Boulder, Colorado. Her areas of expertise include: the effects of the integration of technology on higher education institutions and system organizations, quality assurance issues, project development and evaluation, the international community and generally supporting WCET members in the planning for and implementation of distance learning. She has served on numerous boards including the American Association of Higher Education. She wrote a monthly column for *Syllabus* magazine on distance learning and served as consulting editor for *Change* magazine.

Board Member (Male). He is a Research Professor of Educational Leadership and Policy Studies at Arizona State University. He has held several board positions and has consulted on many issues within education. He participates in the Texas Collaborative for Excellence in Teacher Preparation program which is a National Science Foundation funded program. He has also served as Vice Chancellor for Student and Educational Development of Maricopa County Community College District.

Associate Faculty Member (Male). He is a professor in the English Department of Passaic County Community College where he teaches literature, writing, and acting. In addition, he works as a professional playwright and actor with Arrowhead Theater Company in New York City. He lives in Passaic, New Jersey.

Associate Faculty Member (Male). This faculty member is a lecturer in Computer Science at California Polytechnic State University in San Luis Obispo, California. He earned his B.S. and M.S. in Computer Science at Cal Poly and a Ph.D. in Science and Math Education from U.C. Berkeley. He enjoys teaching Fundamentals of Computer Science and Software Engineering courses. His interests in computer science education are focused on self-directed learning. He is the author of several papers on this topic, as well as the developer of an introductory curriculum model called The Software Engineering Apprentice. He is also very concerned about social and ethical impacts of computing, particularly in the areas of software quality and software risks. He offers a 5-day workshop to professional software developers called Personal Software Quality.

Office Manager (Female). The person who held the Office Manager position still lives in Wilmington, Delaware where the USOU office was. After working with USOU within a number of positions (receptionist, development and marketing, admissions and advisement). When USOU closed, she was hired by University of Maryland at Baltimore County which is one of the partnership schools of USOU.

Assistant to the Chancellor (Female). This person now works with Capella University in student services. Her past positions have been in the student services area.

Corporate Relations Manager (Female). This person resides in Baltimore, Maryland. No additional background information is available on this person.

Student Services Assistant (Female). This person has several years of student services experience. No additional information is available.

Two administrators who played major roles within USOU were not interviewed.

The Vice Chancellor of Academic Affairs is deceased and the Vice Chancellor of Educational Services (in charge of the Wilmington, Delaware office) chose not to be interviewed for personal reasons. Additional interviews were sought from UKOU representatives including the interim Vice Chancellor who took over when the UKOU Vice Chancellor resigned the position during the operation of the USOU, the current Vice Chancellor who replaced the UKOU Vice Chancellor, UKOU faculty members who actually worked with adapting UKOU course materials to meet US specifications, UKOU board members, and the UKOU finance officer. A total of over 15 e-mails were sent from June 10, 2004 through August 30, 2004 requesting interviews. If a response was not received within 2 weeks, the e-mail address was checked with US representatives or web sites and a second e-mail was sent. No e-mails were returned for "delivery failure;" therefore, the researcher is assuming the e-mails were received by the UK representatives. No responses were received from the seven individuals contacted from the UK. The current Vice Chancellor declined an interview stating that the others I had e-mailed could provide the information on USOU. In addition, students were not included as part of this research project as all of the student records are filed at the UKOU and the researcher did not have access to the records. Other considerations for not including students was the Family Educational Rights and Privacy Act (FERPA) which protects student information.

The Role of the Researcher

Opinions of a researcher are inherent in one's research. According to Creswell (1994), "qualitative research is interpretive research" (p. 147). Creswell adds that points of view, values and judgments of the researcher come out in the research report. A researcher's past experience should be considered. My interest and experience in distance education over the past 12 years provides a belief that distance education is a different mode of delivering quality education to individuals. A second viewpoint is that multiple articles and a book chapter that I read led to the conclusion that USOU was closed because it did not meet its enrollment projections. While USOU closed and it did not meet its enrollment projections, there is more to the story than just not meeting enrollment projections. It is important for the researcher to be aware of any strong viewpoints that may affect the study results and I have kept these opinions in the forefront and have reflected on how a researcher's viewpoint could affect the results of the study. Chapter V depicts how these viewpoints were considered in the analysis.

Interview Protocol

This research was approved by the University of North Dakota Institutional Review Board and a copy of the consent form is included in Appendix A. Interviews were done with 15 individuals. It is important to listen to the individual being interviewed and concentrate on what comes out of the interview. Seidman (1991) advised to use the interview guide cautiously and not get bogged down with the interview questions. The main research questions were used only as initial guides. For the purpose of this study, the researcher attempted to ask open-ended questions with subsequent

questions to follow up and clarify information provided. All interviews were taped and transcribed.

The USOU Chancellor was the first person to be interviewed which was a face-to-face interview in his office in Portland, Oregon on June 18, 2004. Since the Chancellor was the first person hired to work for USOU, he provided a wealth of background information on USOU. The other 14 individuals were interviewed by telephone from June 2004 through August 2004. Telephone interviews were necessary since these individuals are located in over 10 states and in Canada.

After the initial interview with each interviewee, reflective notes were written and follow-up questions or questions for clarification were prepared. Follow-up or clarification questions were answered through additional telephone calls or through e-mail.

Validity and Reliability

“Validity is concerned with the accuracy of scientific findings. Establishing validity requires 1) determining the extent to which conclusions effectively represent empirical reality and 2) assessing whether constructs devised by researchers represent or measure the categories of human experience that occur” (Goetz & LeCompte, 1984, p. 210). Actions that can assist in reaching validity within qualitative research include: “talk little and listen a lot, record accurately, begin writing early, let readers “see” for themselves, report fully, be candid, seek feedback, try to achieve balance and write accurately” (Wolcott, 1990, p. 127). According to Yin (1994), “construct validity can be reached by using multiple sources of evidence, establishing a chain of evidence, and having key informants review draft of the case study report” (p. 33).

Since reliability in the traditional sense does not apply to qualitative research, Lincoln and Guba (1985) suggest thinking about the “dependability” or “consistency” of the results obtained from the data. Rather than demanding that outsiders get the same results, the researcher would argue that given the data collected, the results make sense—that they are dependable and consistent.

The most important advantage of using multiple sources of evidence (organizational materials, accreditation records, and interviews) is the development of converging lines of inquiry, a process of triangulation (Yin, 1994, p. 92). In the convergence of multiple sources of evidence, documents, records and open-ended or focused interviews all lead to the same answers in the research study on the short life of the US Open University.

Triangulation was used to assist the researcher in uncovering the whole picture and to cross-check the information gathered (Merriam, 1998). According to Yin (1994), three sources are needed for triangulation and they include documentation, archival records, and open-ended interviews. The data collected in this research study included administrative documents such as an associate faculty orientation booklet, articles appearing in journals, and information on Web sites; archival records included the USOU accreditation self-report which held financial records, several marketing pieces of USOU, examples of faculty contracts, and the USOU mission statement; plus the 15 open-ended interviews which asked for information and for respondents’ opinions.

Data Analysis

“Data collection and analysis is a simultaneous activity in qualitative research”

(Merriam, 1998, p. 151). Analysis begins with the first interview. Merriam (1998) stated, “emerging insights, hunches, and tentative hypotheses direct the next phase of data collection, which in turn leads to the refinement or reformulation of questions” (p. 151).

Data analysis involves organizing what you have seen, heard and read so that you can make sense of what you have learned. Working with the data, you create explanations, pose hypotheses, develop theories, and link your story to other stories. To do so, you must categorize, synthesize, search for patterns, and interpret the data you have collected (Glesne & Peshkin, 1992, p. 127).

The Process

Data analysis begins with the discovery process through data collection and reflecting on the information shared by the interviewees. All interviews were recorded and all tapes were transcribed as close to verbatim as possible. I listened to the tapes after the transcription was complete and re-read the transcripts several times. The notes and reflections, interview transcripts, and follow-up e-mail or transcribed conversations were reviewed to look for recurring experiences, thoughts and evolving categories or themes. The first step used to reduce the text was to read through the interviews and mark the passages that were interesting; the information that was important in each transcript was highlighted. I began writing words next to the highlighted areas that described what was happening. After completing one transcript in this fashion, a computer program was used to assist with this process.

Codes, Categories and Themes

Strauss & Corbin (1990) use open coding to begin the coding process. Open coding is the process of developing categories of concepts. The process of open coding or line-by-line analysis was used throughout the typed transcript of each interview. Open

coding allows “close examination, phrase by phrase, and even sometimes of single words” (Strauss & Corbin, 1990, p. 72). Initially, an entire typed page of code words (80+ words) emerged from the data. As the interview transcripts, reflective notes and written materials were read multiple times and a computerized printout of code words was reviewed several times, code words were grouped into categories where similarities existed. A total of 36 code words emerged from the data.

Axial coding was also used which is “a set of procedures whereby data are put back together in new ways after open coding, by making connections between categories; this is done by utilizing a coding paradigm involving conditions, context, action/ interactional strategies and consequences” (Strauss & Corbin, 1990, p. 96). Strauss and Corbin (1990) add that many codes will exist in the beginning of the data analysis. Initial codes were grouped (selective coding) and narrowed to create categories.

Through axial coding and the use of grounded theory techniques, a model can be constructed. The “use of this model will enable the researcher to think systematically about data and to relate them in very complex ways” (Strauss & Corbin, 1990, p. 99). There are several features to the model.

Causal Conditions - events, incidents happenings that lead to the occurrence or development of a phenomenon. In the case of this study, one of the main causal conditions was that the UKOU wanted to replicate their model (e.g., Supported Open Learning model, support services, courses, semester, etc.) for USOU. The UKOU was successful in offering quality distance education in the UK so they felt they could easily replicate the model in the US. Another causal condition is that the UKOU developed

USOU as a sister institution providing sole funding for the start-up initiative. As a sister institution, the UKOU had control over the USOU's actions and finances.

Phenomenon - central idea, event, happening, incident about which a set of actions or interactions are directed and managing, handling, or to which the set of actions is related. The central phenomenon that every interviewee discussed was that timing was a critical factor in the existence of USOU. It took longer for course adaptation than anticipated. It took time to adopt new technology for course management purposes. It took time to develop online support services. USOU was closed before regional accreditation was finalized; lack of regional accreditation greatly affected enrollment.

Context - specific set of properties that pertain to a phenomenon; that is, the locations of events or incidents pertaining to a phenomenon along a dimensional range. Context represents the particular set of conditions within which the action/interactional strategies are taken. Interviewees noted that USOU was under capitalized as a start-up institution. Another condition was that USOU had no name brand recognition and did not have a large enough budget to market the programs and also conduct a brand name recognition campaign. A third context was that the sole visionary, Sir John Daniel, resigned from his position within the UKOU and following his resignation, overall support for USOU was reduced.

Intervening Conditions - structural conditions bearing on action/interactional strategies that pertain to a phenomenon. They facilitate or constrain the strategies taken within a specific context. Traditional colleges may not offer convenient, accessible education for those individuals who work full time or have responsibilities that prevent them from attending college during the day. Therefore, adults are looking for quality

education that they can easily access. USOU catered to the needs of the non-traditional student with accessible, quality education.

Action/Interaction – strategies devised to manage, handle, carry out, respond to a phenomenon under a specific set of perceived conditions. One strategy for USOU was to develop online support services which took time to develop. Another strategy that USOU used was that toward the end of its existence, administrators tried to obtain external funding sources or find financial partners to assist with funding USOU. A third strategy was that USOU attempted to seek regional accreditation which did not occur since USOU was closed only after 2 years of registering USOU students.

Consequences – outcomes or results of action and interaction. The consequence of USOU is that the institution closed. Initially, the consequence was thought to be that USOU did not meet projected enrollment. Although USOU did not ever meet its projected enrollment, there are many factors affecting why enrollment was not met. See Figure 1 for the USOU Paradigm Model.

The 36 code words were grouped with defined similarities. See Figure 2 to view the code words. The first group reflects the planning for USOU and the development of the business plan. The second group identifies the false assumptions that were made in the early stages of USOU. The third group combines codes related to Sir John Daniel who was the visionary leader for USOU (and the only liaison to the UKOU board). The resignation of Sir John affected the support of USOU from the UKOU. The next group

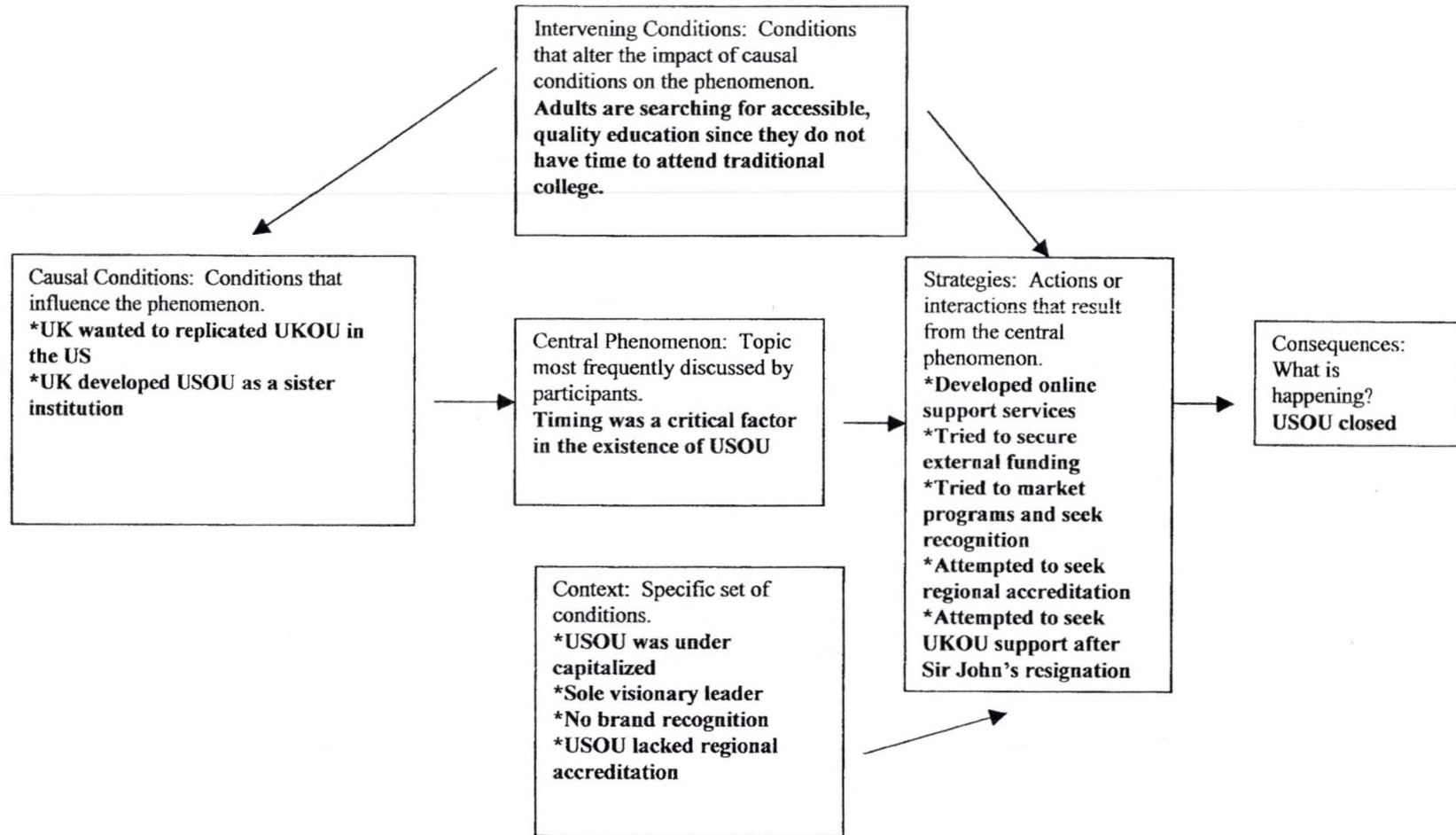


Figure 1. Paradigm Model for USOU.

identifies issues related to enrollment increases. The next grouping of codes includes all of the personnel that had a part in the USOU – staff, administration, leadership and associate faculty. Descriptive words are included for staff since the administrators and staff revealed many feelings about their experience with USOU. The final group of code words relates to the quality of course materials adopted from the UKOU and offered by USOU.

Next, excerpts from the transcripts were organized into categories. Categories arose out of the passages that had been marked as interesting or important. Data were analyzed for themes that were repeated across multiple interviews. The themes were not clear immediately. Initially the data was categorized using three phases including 1. planning, 2. operation, and 3. closing.

After trying to develop the concept around these three themes, something was just not right; some of the data overlapped into more than one phase and the data were difficult to organize. What I had not realized was that my data analysis was not done. I re-read transcripts again and made a separate page of main categories for each person that was interviewed. Then, I went back and began looking for the themes and two major themes evolved. Overall themes were grouped as to how the US Open University's story unfolded with factors leading to failure and positive aspects of the USOU model.

After categories have been worked out in terms of their properties and dimensions, relationships emerged between major categories and/or subcategories. These relationships assisted in answering the question "what are the findings." "The researcher then searches for connecting threads and patterns among the excerpts within those categories and for connections between the various categories that might be called

themes” (Seidman, 1998, p. 107). Finally, conclusions were drawn that tie back to the themes. A concept map is shown in Figure 2 including codes, categories, themes, and conclusions of the research on the short life of the USOU.

Chapter III explained the research methodology. Chapter IV reports the research findings.

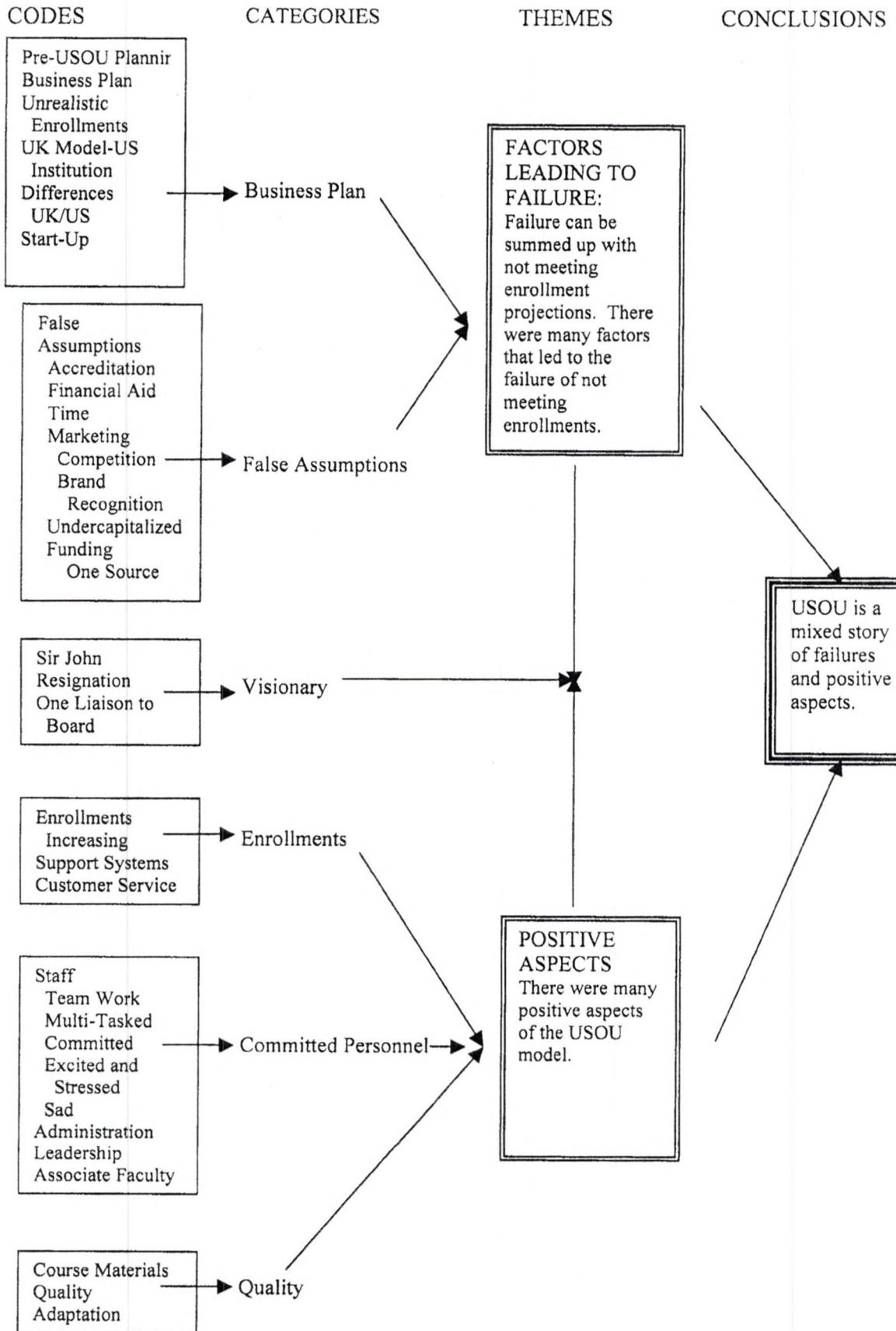


Figure 2. Concept Map

CHAPTER IV

PRESENTATION OF FINDINGS

The purpose of this chapter is to present the findings from the 15 interviews of those individuals who worked with the United States Open University (USOU), in addition to providing confirmation or triangulation of data through written materials obtained from associate faculty members or administrators.

The research questions for the study were:

1. What were the expectations of the US Open and were the expectations met?
2. What assumptions were made that affected the closing/failure or success of USOU?
3. Why did the US Open University Close?
4. How, if at all, could the closure have been avoided?

Chapter IV is divided into four sections. The first section is background, planning and organizational structure of USOU and includes: definition of the United Kingdom Open University (UKOU), history of the UKOU, vision and motivation for the USOU, planning for the USOU, organizational structure and office locations of USOU, and timeline of USOU. Two additional sections address factors leading to the failure/closure of USOU and positive aspects of the USOU model. In the section on factors leading to the failure/closure of USOU is information on the business plan with unrealistic enrollment projections, lack of regional accreditation and federal financial aid, fitting UK structures into US structures, marketing challenges, issues with funding (short

term, under capitalized and no external funding allowed), resignation of Sir John Daniel, limited contact and relationship building with the UKOU board. The section on positive aspects of the USOU model include: increasing enrollments, strong academic partners, quality online support services, committed USOU personnel, effective USOU board, satisfied students (from the perspective of the USOU staff and associate faculty), quality course materials, and committed associate faculty members. The final section covers expanded themes and conclusions of the research on USOU.

Background, Planning and Organizational Structure of USOU

Definition of the UK Open University

Since the USOU was started as a “sister institution” of the UKOU located in Milton Keynes, UK, a definition and background of the UKOU will assist in understanding the vision and planning that occurred to prepare for USOU. Although definitions exist in literature on the open university, when one administrator was asked to provide the definition of an open university, he responded, “An open university is one that teaches exclusively or primarily at a distance. They don’t usually have any substantial on-campus operation.” When the UKOU began, it did not require any academic pre-requisites for entry. It was based on the theory that any student could come in and then if the student fails to progress through the courses, the student will not progress – but the student is not stopped at entry into UKOU. This is the same ideological stance that the USOU took when it opened in 1998. The same open admissions standards were used initially in the USOU. As described next, there were individuals who did not believe that the open admission standards would work when the UKOU opened its doors in 1969.

History of the UK Open University

The open admission model was not highly received when the UKOU opened its doors. One administrator said,

the UKOU turned the British system on its head at the time it was created in the late 60's. By and large, you could say British universities were hard to get into and quite easy to get out of. It was ferociously competitive to get into Oxford, but once you got into Oxford, you were very unlikely not to emerge with a degree. The UK Open University turned that around and said, anyone can come in.

At first there was a minimum age limit of 21, and then that was decreased to 18 years of age. The UKOU was instrumental in bringing increased access to British higher education for the masses.

Another unique aspect of the UKOU was the model of learning that was incorporated into the curriculum and was termed "supported open learning." Supported Open Learning focuses on learning outcomes, personal support to students from faculty, high quality course materials based on good pedagogy and research, and well organized logistics. Students are encouraged to become independent learners. One administrator described it as

students take initial foundation courses and participate in local face-to-face tutorial groups (located in every village) with other distance learners once a month for the first year. What you have achieved at the end of the first year is a sophisticated independent learner that has accumulated a lot of credits and will now go on and obtain their degree.

This practice contributed to the success of the UKOU model which created high retention and graduation rates among students. Supported Open Learning was an academic foundation of USOU and adopted throughout the curriculum.

The UK Open University had always had very strong enrollments. In 1989 when the Berlin Wall came down, various countries in Eastern Europe were looking at ways to encompass the training and educational activities necessary to get their countries ready for the new world. During 1990-1993, six Central European countries partnered with the UK Open University (through UK's OU Worldwide initiative) to translate business certificates and diploma courses into their local languages and offer them in a partnership arrangement. This initiative grew to about 10,000 students. UKOU also had a partnership in Singapore which brought approximately 4,000 students. The UKOU developed partnerships in various parts of the world where after a period of time, the local institution would be able to offer the programs with little support from the UKOU. The UKOU was in a mode of expansion. UKOU had indications that there would be students in the United States who would be interested in taking UKOU courses. Today, OU Worldwide has 28,381 overseas students (Open University Worldwide, n.d., para. 3).

Vision and Motivation for the US Open University

Sir John Daniel served as the Vice Chancellor of the UKOU and had a vision for the US Open University. He stated his vision was for "an institution that was open as to people, open as to places, open as to methods, and open as to ideas." This was the same vision he had for the UKOU. An administrator working with USOU stated Sir John's vision for USOU as "providing a second chance for people, for whatever reason, who had not been able to continue on to higher education in the traditional sense." Sir John was the primary advocate for the USOU and sold his idea of beginning an open university in the United States to OU Worldwide and the UKOU Board. He really felt that the UKOU would be successful (e.g., enrolling large numbers of students) in the United States since

he reported “the UKOU had been successful with large enrollments in many other countries where OU Worldwide had established programs.” Specific enrollment numbers were not provided in the interview.

Although the community college system in the United States offers open admission (which is one of the founding principles of UKOU), the motivation for opening USOU was stated as “the lack of an open university in the United States.” It was felt that the US was fertile ground for the UKOU model and that it could be successful and generate revenue through large enrollments. In addition, one administrator mentioned that an American degree is very valuable and that having a sister institution in the US was important for the UKOU. The USOU was seen as an institution that would advance both the UKOU’s mission of “supported open learning” and generate a share of the U.S. higher education market. USOU would open a new market for their products that they had developed in the UK and help defray the large development costs of the UKOU course material.

The USOU would be different from the traditional UKOU model in one way. The main difference was that USOU would offer full, online courses. At the time, UKOU was not offering full, online courses. In fact, UKOU offered correspondence-type courses with textbooks, video tapes, audio tapes, and other media. As stated by one of the administrators interviewed, “we had a mandate to move towards delivering more of the instruction online and providing all services online and from day one, that was a differentiator between USOU and UKOU.” The administrator went on to say, “on my first visit to the UKOU, I remember going into the registrar’s office and just being dumbfounded—they were serving over 100,000 students at the time and everything was

paper-based.” It was stated by at least two USOU administrators and staff that Sir John was hoping to apply “lessons learned” from the US experience with online education and bring that back to the UKOU to move the UKOU into an online system. It is unclear whether any of the lessons learned from USOU were passed along to the UKOU. In fact, it may be argued that some of the same factors that led to the failure/closing of USOU may be similar to the factors that led to the closing of UKeU in 2002. Garrett (2004) reports the problems for UKeU were timing, focus, branding, platform investment, impatience (for results) and short-term funding. These same factors, with the exception of focus led to the failure of USOU.

Planning for the US Open University

The organizational model that had been working for the UKOU was partnering with established institutions of higher education in a target or host country and that was the model the UKOU felt would work best for the United States since it proved to work in all other countries. The UKOU felt the obvious partners in the US would be large, state, public universities rather than private universities. So in keeping with tradition, UKOU began discussions with possible partners.

The most intensive discussions were held with Florida State University and California State University campuses in 1996 or 1997. There was a program actually developed with the California State University which was an adaptation of the UK Open University approach to training teachers part-time and this program continues to operate today as a California project. The Florida State University partnership did not happen as the faculty members of the institution were not interested in partnering with the UKOU. Sir John stated that one reason which diluted the formula for success in the Florida State

University/UKOU partnership was, “There were two large institutions of higher education who thought they were the best and each came across as being arrogant.” The Florida State University administration saw a partnership with the UKOU as a way of giving themselves credibility as they moved forward in the distance learning venue. When the President of Florida State University brought the idea to the faculty members, faculty were not willing to partner with UKOU. It was primarily the “not invented here” syndrome that prevented the faculty from buying into the UKOU. The faculty felt that if they had to utilize UKOU course material that they had not developed, the educational experience would not be successful. Another partnership that was discussed was with the Western Governors University which at that time was struggling. The seeking of US partnerships with other institutions of higher education went on for a while (exact timeframe unknown) before UKOU decided to move forward and enter the US market without a major local partner. Entering a new market and country without a strong partner was a major change in the UKOU approach which had always included developing local higher education partnerships in the new country first. A British-based planning team of representatives from the UKOU Worldwide was then organized to plan for the opening of USOU, a sister institution of UKOU. One administrator interviewed described the planning team as “all Brits—very poor decision.” This may have been a poor decision because, as is discussed in Chapter V, many assumptions of the British proved to be inaccurate or false. Two assumptions covered in more detail include: the USOU would be able to enroll a large number of students (which is what was happening at the UKOU); and, the UKOU course materials would be able to be adopted for use in the United States with little adaptation or limited time involved. The administrator felt it

would have been beneficial to have included US representatives in the planning for USOU at the beginning to add a US-based perspective rather than having an all-British perspective.

The USOU was established by the UKOU in June 1998 as an independent, private higher education institution with not-for-profit status.

As a sister institution, it adopted (and extended) the mission of the UKOU, as well as the distance teaching system pioneered by the UKOU, 'supported open learning.' It licensed the majority of its initial courses from the UKOU. Partnership is therefore fundamental to its very existence and philosophy, and means that USOU, while a new university, is not a greenfield site (Distance Education & Training Council Accreditation Commission Self Study Report, 2001, Exhibit I.4).

The goal was to offer the last two years of an undergraduate degree (degree completion only) and master's degrees through USOU. The USOU institutional mission had the same principles as the UKOU mission and they included:

Open as to People – providing open-entry higher education for a large and diverse student body, and playing a leading role in meeting lifelong learning needs.

Open as to Place – bringing learning opportunities to adults, at home and in the workplace, irrespective of whether they remain in one location or if they are mobile in their study.

Open as to Methods – using and developing distance teaching methods, including the use of new technology, to improve learning effectiveness and efficiency and to reach students irrespective of location.

Open as to Ideas – a vibrant academic community dedicated to the expansion, advancement and sharing of knowledge.

Open as to Time and Place – by providing asynchronous learning opportunities that free students from constraints of a fixed and inflexible schedule.

Open as to the World – developing and opening up an international academic community to students and faculty (Distance Education and Training Council Accreditation Commission Self Study Report, 2001, p. 14-15).

Initial market research was conducted to determine what “online education” should be for USOU. A marketing firm was hired in the planning stage of USOU to do focus groups with potential students in the Northeast Region who might be interested in online education. Questions asked included “what would be compelling to people in terms of curriculum? How did you feel about online study and what did this mean to you? How do you think online education should work? What aspects of online learning would be attractive to you? What aspects of online learning would not be attractive to you?” The groups were very concerned about isolation and loneliness. The goal of conducting the focus groups was to assist in defining what online means and what it should look like from a student’s perspective. The interviewees mentioned the focus groups but did not mention if the information provided in the focus group report was helpful as market research. One administrator said, “When you look at the focus group information, the results are just not there.” It is unknown why the results were not helpful. Were the right questions asked or was there a disconnect in what the administration felt the outcome of the focus group should provide in terms of market research. When the researcher asked for a copy of the focus group results, no copies were available from the individuals interviewed. The report is held at the UKOU where the rest of the USOU files are stored. Other consultants were hired to assist with market research and advertising. Additional marketing information can be found under the subheading *Marketing Challenges* later in this chapter.

Organizational Structure and Office Locations of USOU

The USOU, sister institution of the UKOU, was tied closely to the UKOU in many ways. One way was that Sir John Daniel, Vice Chancellor of the UKOU, served as

President of USOU's Board of Governance and provided the vision for starting USOU. Sir John also served as the sole liaison to the UKOU Board, which provided the funding for USOU. An organizational chart is shown in Figure 3 to assist in following who reported to whom within the USOU. There are a couple of empty boxes where names have been removed and there were no titles listed for those individuals (leaving an empty box). In addition, there were representatives from the UK that had responsibilities for the USOU including course adaptation, curriculum development, working with the associate faculty, and other roles. These individuals are not included in Figure 3.

There were two US-based offices for the USOU, one in Denver, Colorado and one in Wilmington, Delaware. Denver, Colorado was selected because the Chancellor of the USOU (living in Nevada at the time) did not want to move any farther east than Colorado; the Denver office would be close to the Western Cooperative for Educational Telecommunications (WCET) office in Boulder, Colorado; and, Denver was a large metropolitan area. The Wilmington, Delaware site was chosen because the state of Delaware is one of the best states in which to incorporate; it was a large metropolitan area; and, it is close to Washington, DC. The Denver, Colorado office housed the higher-level administration such as the Chancellor, Vice Chancellor and Controller, Vice Chancellor of Academic Affairs, Director of Learning, Director of Recruitment and Marketing, and the web support staff. The Wilmington, Delaware office housed the Vice Chancellor of Educational Services and all of the student support services staff.

When asked how effective were the two offices and was there sufficient communication, the overall feeling among the interviewees was that it may have been easier for everyone to have one office, but overall, the two offices communicated quite

USOU Organizational Chart
(January 1, 2001)

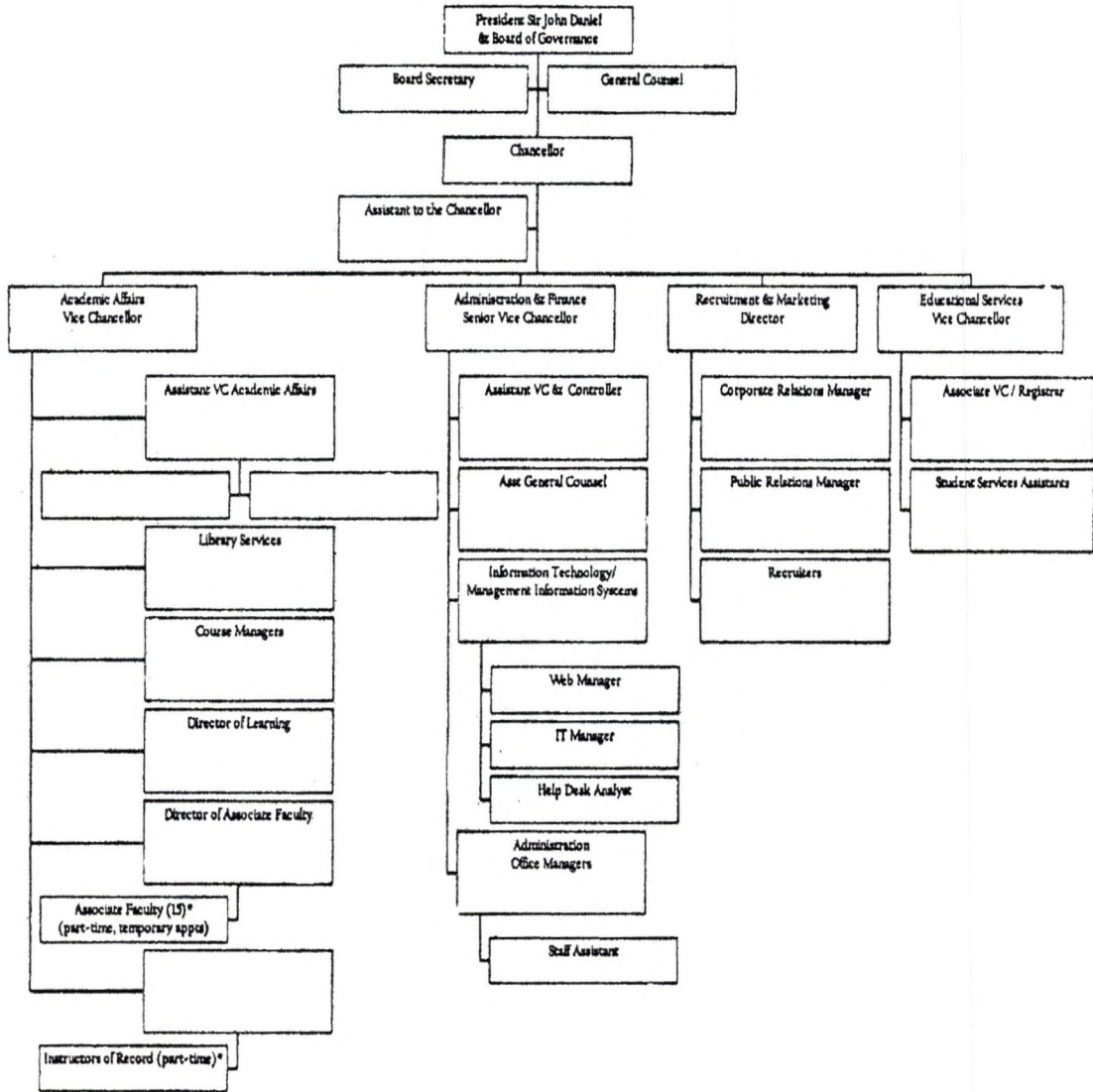


Figure 3. Organizational Chart of USOU.

well. There were weekly conference calls between the two offices which included UKOU representatives. The agenda would be established by the Office Manager in Wilmington who also served as the Assistant to the Chancellor. If anyone had an issue to discuss, he/she would provide the agenda item to the Office Manager and it was then discussed at the next weekly conference call.

Timeline of USOU

A timeline of events was established using two sources: the Distance Education and Training Council Accreditation Commission Self-Study Report (2001) and information from interviewees. The timeline (1998-2002) shows that, initially, UKOU courses were offered in the United States as pilot courses. The first USOU course was not offered until February 2000.

Major Activities in 1998.

June 11, 1998, the UKOU incorporated the USOU as a Delaware membership corporation.

June 11, 1998, the first Chairperson of the Board was named.

June 1998, Middle States Association of Colleges and Schools invited USOU to apply for accreditation candidacy status.

November 1998, visiting team from the Middle States Association of Colleges and Schools visited the UKOU.

December 1998, the Board of Education of the State of Delaware granted USOU a license to operate as a University and to award degrees.

Major Activities in 1999.

January 1999, Interim Chancellor was appointed.

February 1999, Middle States Association granted USOU Candidacy for Accreditation status.

May 1999, an office space was leased in Wilmington, Delaware.

May 1999, initial group of students from two corporations was admitted and enrolled in a UKOU developed business course (first enrollments for USOU).

August 1999, State of Colorado Board of Education gave USOU a license to operate.

September 1999, Chancellor of USOU was hired.

October 1999, Senior Vice Chancellor of Administration and Finance was hired.

November 1999, second group of corporate students was enrolled in pilot UKOU developed business course.

Major Activities in 2000.

February 2000, first US-based pilot semester started with 7 courses, 89 students and 9 associate faculty.

February 2000, Director of Recruitment and Marketing was hired.

Spring 2000, Vice Chancellor of Academic Affairs and Vice Chancellor for Educational Services were hired.

April 2000, all groups of initial pilot courses completed their courses.

June 2000, spring semester concluded.

Summer 2000, three student services staff were hired (this job was previously done by a Director of Enrollment Services between October 1999-June 2000).

August 2000, fall semester started.

Fall 2000, student help desk service was implemented.

November 2000, group of students started studying entry-level courses for MBA (paralleling timetable of UKOU).

November 2000, USOU applied for DETC accreditation.

December 2000, fall semester concluded.

Major Activities in 2001.

January 2001, MS in Information Systems was launched with University of Maryland, Baltimore County.

January-December 2001, major marketing and partnership development (articulation with community colleges) activities took place.

June 2001, Sir John Daniel, UKOU Vice Chancellor and President of the USOU Board resigned.

Fall 2001, Resource issues were apparent in the UKOU.

Major Activities in 2002.

January 2002, one day before the board meeting, USOU administration found out that the UKOU was closing USOU.

January 2002, USOU was closed and representatives from the UKOU arrived and released USOU administrators and staff except for two staff positions who were mandated to stay through April 2002 to assist with student services. Severance packages (average of one year's salary) were in place for all USOU employees.

The analysis of data shows that there were many factors that led to the failure or closing of USOU. In contrast, there were many positive aspects of the USOU model. Some researchers may say that USOU cannot be categorized as having any positive aspects since it closed and, therefore, failed as an institution of higher education; however, I would disagree and will explain this in greater detail later in the chapter. But, first, factors that led to the failure/closing of USOU will be reported.

Factors Leading to the Failure/Closing of USOU

Initially, the reason for failure was thought to be not meeting enrollment projections. But as additional analysis was completed, the reason for failure goes deeper than just not meeting enrollment projections. This section reveals factors that prevented USOU from meeting the established enrollment projections. The factors include: a

business plan with unrealistic enrollment projections, lack of regional accreditation and federal financial aid, fitting the UK structure into the US structure (two different structures), marketing challenges including no brand recognition and strong competition, a project whose funding was cut short (with only one funding source and no external funding allowed), resignation of Sir John Daniel, and limited contact and relationship building with the UKOU board.

Business Plan with Unrealistic Enrollment Projections

There were several challenges with the USOU business plan that the UKOU representatives initially developed. The USOU business plan was based on the UKOU experiences which had resulted in very large course enrollments as a result of no competition for distance education in the UK. Since the business plan was based on UKOU experiences, enrollment projections for USOU were set high (i.e., 2,000 enrollments for the first year). Another challenge resulting from this problem was that USOU administrators felt they spent too much time reworking the flawed business plan since USOU did not ever meet the projected enrollment.

All administrators and board members interviewed discussed the multiple times the business plan had to be revised. One administrator put it this way, "I felt that the UKOU was imposing far too many requirements, to be constantly updating the business plan was actually distracting the administrators and taking away energy from more productive things like student recruitment and curriculum development and so on." Initially, the USOU business plan was put together by the UKOU Board and representatives from UKOU Worldwide. Words such as "unrealistic," "weak," "working document," "enrollment based" were used by interviewees to describe the business plan.

Although a business plan should be a working document that takes into consideration contextual changes occurring in the environment and within the organization, the interviewees' descriptions of the time and energy that they spent on the business plan was consistent and could be described as overwhelming.

The interviewees who discussed the business plan said that the initial business plan was unrealistic because it called for 2,000 enrollments the first year. One board member said, "The business plan was based on enrollment numbers and was prepared by the British who had never been involved in launching a new effort in the United States."

A second board member added,

The business model came out of the business office of the UK and the USOU Board said, OK. We will stay on top of this and watch it as it goes. The big error was in assuming that you could go from really nothing to a fully self-funded program in three years or less with minor capital that they had allocated.

The board member also discussed the assumption that the support structures that the UKOU had in place would also support the USOU operation and this did not work. The Learning Management System (which provides the support for the online courses; examples include Blackboard, Desire 2 Learn) that the UK was using was too slow and a new online student support services system was needed for USOU since the UK was operating on a paper basis for student support. Another administrator added that the business plan "had too many assumptions made about the initial business model, and I have no idea what the basis for those assumptions were. They were projecting 2,000 enrollments the first year and 6,000 the second year." Another administrator said, "There was no basis for the estimates, the estimates were always too high, we were always

failing. That really saps it out of you. You just get beat up.” Another administrator added,

In the first year of operation, we used the business plan that had been put together by the UKOU, even though there were those of us in the institution that knew it was unrealistic. The enrollment numbers that they were projecting were unrealistic given where we were. They basically had put together a model from the UK where they thought they would bring in students in the fall of 1999 before they even had an infrastructure in place. There were no student services, there was nothing.

Administration and staff of USOU continued to work very hard in trying to meet enrollment projections. An administrator went on to say that Sir John Daniel would tell those in the USOU “just go forward, do your best work, we know this is particularly unrealistic at this time, do not worry about it, you have my support and the support of the council, we will work it out as we go along.” In looking back, the administrator said that the initial business plan should have been revised to reflect a more workable enrollment structure and realistic timeline. Toward the end of USOU, one administrator reported, “We were just trying to come up a with revision of enrollment projections, a new set of programs, a new set of initiatives that would somehow generate the enrollment so that they would give us another year’s worth of money.”

One administrator reflected that,

USOU needed to become a business first for a little while and then spin off into a university. We were a university that thought, oh later we will spin off a business and make money for the OU. We should have started out as a business, become profitable so the UKOU could then relieve itself of the worries that this would be a loss center and then once we were profitable, spin off into a university.

The administrator further explained that the first two years of a business is about cash flow; it has nothing to do with academics. Since the business plan was heavily based on enrollment numbers and breaking even, focusing on programs that would be

profitable immediately would have been beneficial. Three administrators said, “we tried to do too much. If we had focused on one or two programs instead of undergraduate completion programs and masters programs, we would have been more successful.” One administrator questioned the undergraduate offering altogether. The administrator said, “late into the operation of USOU, I began meeting with proprietary school presidents and they would say, ‘undergraduate, you cannot make any money on undergraduate programs, are you crazy?’” At this time, the administrator confirmed his feelings that USOU should have focused on masters degrees only or should have had a smaller focus than providing both undergraduate and graduate degrees. He felt USOU was trying to offer too much. There were other interviewees who felt that the programmatic focus was just right for USOU.

When an institution is brand new, one of the biggest challenge is what programs should be offered. One academic area that was thought to be a “cash cow” was an undergraduate degree in information technology (IT). A few IT experts were hired to assess the IT market and USOU administrators found out that the IT market had moved into industry certifications; full degree programs were not what the market wanted. In this case, USOU put a lot of resources into this program area that would not pay back the institution with enrollments of students. The technology field is constantly changing and sometimes it is difficult to keep up with what is needed by employers.

A board member commented on the business plan:

the business plan changed and evolved and that is what it should do. We as board members tried to be instrumental with the UKOU in saying you need to think about this differently. You cannot just say this is what you think will happen. You learn from where you are and modify your ideas based on reality. This sounds indecisive but it is an intelligent way to work.

This board member felt that the changes to business plan were part of the ongoing operation of a new institution. A business plan should be a working document, especially in a new organization. There also needs to be a balance between time spent on reengineering the business plan versus other necessary administrative and academic activities of the organization. Some USOU representatives would argue that there was too much time spent on the business plan and not enough on other important marketing, recruiting students, adaptation of courses, and other activities.

Lack of Regional Accreditation and Federal Financial Aid

The USOU completed a self-study for national accreditation through the Distance Education and Training Council (DETC) in February 2001 and was granted accreditation mid-2001. DETC's accreditation did open some doors for the USOU. One administrator pointed out that:

The Department of Education recognizes DETC accreditation; therefore, some businesses and industries will support their employees through tuition assistance programs for institutions that have DETC accreditation. In addition, national accreditation opened the door to military personnel as being an approved Servicemen's Opportunity College.

Another administrator pointed out a strength with the DETC accreditation process:

"DETC was really good at making you realize this is a business, the students are the customers. That is a good lesson for USOU." Although this national accreditation was a beginning point and occurred very quickly, it did not have the prestige of regional accreditation. As one administrator said, "regional accreditation was the gold standard, the Good Housekeeping seal of approval and without it, you are not even considered."

Another factor that affected the enrollment of students in the USOU was that part-time students were not fully eligible for federal financial aid; federal financial aid was

available to full-time students enrolled in at least 12 semester credit hours. One administrator said, "part-time students, which were the student population in distance programs, were not particularly eligible for federal financial aid." This was affirmed by a second administrator who added, "you cannot get any financial aid to the part-time students. But, there is a higher education reauthorization act that is all about supporting this kind of school [part-time]." This is the 50-percent rule that the administrator was discussing. The 50-percent rule "prevents institutions that enroll more than half of their students at a distance, or offer more than half of their courses via distance education, from participating in federal financial-aid programs" (Carnevale, 2003, p. A29). Even though many of the students participated in company tuition reimbursement programs, students needing federal financial aid and could not get it did not enroll in USOU. Staff that were interviewed stated that the students would call and inquire and, when they found out they were not eligible for financial aid, they did not enroll.

Without regional accreditation, support from company tuition assistance programs was limited. Many companies require regional accreditation for their employee tuition assistance program. It was felt that these two factors--lack of regional accreditation and lack of federal financial aid--affected the number of students who could enroll. One staff member said, "students would call in and be ready to enroll and then they found out they couldn't get financial aid and the next thing you heard them say was I'm really sorry, but I cannot afford it." Companies were also leery about supporting academic programs that were not regionally accredited. One staff member said, "this company expressed interest but their only hold-up was they were not going to pay tuition for any of their employees to enroll in a non-accredited institution." Students were also afraid to spend money and

enroll in the USOU without knowing for certain that their degree was being granted from an accredited institution. When the interviewees were asked “tell me why the USOU closed,” all 15 individuals reported that one of the major factors for not meeting enrollment numbers was lack of regional accreditation.

UKOU representatives began the process for seeking candidacy from Middle States Association of Colleges and Schools in June 1998; so gaining accreditation was an important step in the planning process. It just took too long to obtain. One board member reported, “we all underestimated the importance of the regional accreditation. We never came to grips as to how serious an obstacle a lack of accreditation [regional] was going to be at the beginning.” Since regional accreditation was not granted in the life span of USOU, it continued to be a problem and affected enrollments throughout all of the years of operation.

Most individuals interviewed reported that the final site visit for the Middle States Association of Colleges and Schools was only a few weeks or a month away from the closing date of USOU in 2002 and they felt that accreditation would have been granted. One board member said, “having served in one point in my career as a commissioner of the Middle States Association of Colleges and Schools, I believe, if we had remained open, we would have achieved regional accreditation.” The majority of interviewees felt that if they had been allowed to stay open, USOU would have achieved regional accreditation and would have been successful in reaching its established enrollment goal. Also, one board member reported “one of the consultants that we hired said once USOU was regionally accredited, it would not only prosper but dramatically expand.” USOU was drastically hampered in its goal of meeting enrollment projections set forth in the

business plan with lack of regional accreditation. If USOU had been allowed to operate for two or three more years, it could have had the potential of meeting its enrollment because it would have achieved regional accreditation.

The efforts to seek candidacy for Middle States Association of Colleges and Schools for USOU were not lost as one of the administrators and one of the board members noted that the UKOU had successfully obtained regional accreditation for its degree programs through Middle States Association of Colleges and Schools after USOU closed. The relationship that was developed by USOU could have benefited the UKOU's application for regional accreditation.

Fitting the UK Structure into US Structures

There were many challenges when UKOU tried to copy structures that they had built and incorporate those structures in the US for the USOU. In addition, many assumptions affected the success of USOU and led to the failure of meeting enrollment projections as it took too much time to reinvent structures and move past the inherent assumptions.

UK representatives felt there were support structures (technology such as the Learning Management System, paper registration system) that they were using in the UKOU distance education programs could be implemented in the USOU and potentially save time and money. Some of the structure challenges included: Incompatible technology, traditional correspondence education vs. online education, length and depth of courses, linguistic differences and support services.

Incompatible Technology. The UKOU was using a Learning Management System (LMS is used to house the online courses) that was extremely slow and was not

adequately supported by the UK. Therefore, the USOU Board and administration decided to move forward with finding a new LMS that would be based in the US and would provide tools for chat and discussion groups for the online environment. Again, it took time to research the many LMS systems available and determine the most effective system.

Traditional Correspondence Education vs. Online Education. The UKOU model had been based on traditional, high-quality correspondence courses and the USOU was moving into online course delivery. Online education was not widely used in the UK due to the quality of telephone service in place in the UK at the time USOU was started.

Length and Depth of Courses. The British courses were 16-credit courses that are offered over an entire year. US courses are normally three to five credits offered over a 16-week semester. UK students have fewer courses to take to obtain a degree, although the UK courses are more multidisciplinary and broad in nature. Since the US courses are much shorter in length, the courses are much more focused. The initial pilot of business courses was offered in the traditional UK structure. After the US-based administrators and staff were hired, the process to change the UK courses to the traditional 16-week US semester began.

Linguistic Differences. The USOU representatives talked about having to remove the “queen and cricket” out of USOU course material. The constant time needed for extensive course adaptation was not foreseen or planned for by the planning council, as they felt that the USOU would be enrolling students in the fall of 1999 and, in fact, the first USOU students were not enrolled until February 2000.

Support Services. All of the UKOU student support services were paper-based (e.g., admission, registration, and payment). It was the intent of USOU to develop online student services which included online admission, online registration, online payment, and a “24 x 7” help desk for technical support. The online support services took time and resources to develop. One of the support services that was not modified was the shipping of textbooks. USOU course materials were shipped from the UKOU warehouse so when a student registered through USOU, the materials were shipped from the UK. Two of the USOU staff shared their frustration with this process as “the students waited way too long to receive their course materials. It would take weeks to get the materials to the students since they were being shipped from the UK.” The staff felt that it would have been more efficient to have the course materials shipped from the US, although the amount of space that would have been required to house the course materials would have been extensive.

Marketing Challenges

Marketing USOU was not an easy task. One administrator said, “we were forever hiring Web consultants and advertising consultants and one firm’s conclusion was the equivalent of pop up ads on the Web and then six months later when that wasn’t working, the strategy was switched to e-mail marketing direct to consumers.” Many USOU personnel provided input into marketing including board members, administration, and staff. What was the right strategy for marketing the USOU?

Some of the initial decisions about the marketing plan were based on UK market research with distance education. The two models of higher education are very different; therefore, the markets are different. The US model was described by one administrator as a “distance mediated market” where the students have become hunter-gatherers of

credits. They get a module here and a module there and piece their degree together. The UKOU model has less transfer of students because the UKOU offers foundation classes creating independent, successful learners and offers larger credit courses so the students have less registration points throughout their degree. The UKOU distance education market research was used to develop the initial marketing plan for the USOU. One administrator defined this strategy as “we reviewed the profile of the students in the UK and then extrapolated that information into what it may mean in the US and this lead to initial audience definition.” Was this effective? It is difficult to answer that question with so many other factors affecting the failure/success of USOU. One administrator felt that the “decisions made [in relation to marketing] were well grounded and well founded, but upon entering the market, plans would be refined based on what was learned in the US.”

Also, the type of degree programs or courses that should be offered were decided by using current market research. For example, one administrator talked about a course entitled “You, Your Computer and the Web.” When the UKOU released the course in Spring 1998, 18,000 students enrolled. It was very profitable. So, the course was adapted and offered through USOU. No one registered. The reason was the course had a very short shelf life and by the year 2000, “every high school, every community college, everybody was offering a course on computers. The market just disintegrated.”

A Director of Marketing was hired in early 2000 and the responsibilities included positioning, advertising, public relations, student recruitment and reaching out to students initially. Once a student was interested, the director would perform “the conversion strategies” (sending specific program materials). The USOU was marketing to students

who had “the kinds of lifestyles where an online education would be compelling in that it was not time or place bound” as was stated by one administrator. The students were adult students working full-time jobs or had obligations where they could not attend college at a specified time or place.

One administrator described the process of thinking about and defining target markets as

Unlike the UK, the United States already had an open admissions education system, the community colleges, and those institutions provided the first two years of an undergraduate degree, so we very quickly moved to say that our target market should be upper division and that we should partner with community colleges [so the USOU would] deliver the last two years of a baccalaureate degree to an adult population and in many cases, place-bound students or those who could not attend a traditional institution for whatever reason.

Geographic target markets were established where USOU administrators had pre-existing established networks such as the Northeast Region, Texas, Arizona, Denver, and Los Angeles. In addition to geographic areas, a specific household income was targeted. An administrator described the initial strategy: “we asked ourselves how could we segment the market in such a way that we could reach a discreet audience based on a set of assumptions that we assumed to be relevant to the people that we were trying to reach.” The administrator also stated that this process was constantly evolving as the staff would review research studies and review USOU students and inquiries and refine the assumptions for recruiting students.

Initially we thought the audience would be evenly split by gender and later we realized as we reviewed specific degree programs or courses and found that some degree programs had at least 90% male which was the case in the Masters in Information Systems from University of Maryland Baltimore County so we modified the marketing of this program.

The publicity materials focused on the UKOU style of learning and that it was not available through any other institution in the US. All of the administrators interviewed mentioned that marketing for online education in the United States is very difficult. One administrator put it this way, “there is an enormous population out there whose yield would be very quick if you can just reach them.” Another administrator stated,

When the UKOU launched its courses, it was very innovative and very new and higher education was not available to a lot of people. Launching the USOU in the United States is a very different climate. America is much bigger geographically. There are no national media vehicles to use for marketing such as national broadcasts in the UK or national newspapers. There are far more segmented audiences.

Providing national exposure was not part of the budget for USOU. There was not enough money to spread throughout the different media needed for national exposure; therefore, regional and targeted local marketing was the focus.

Competitors in the online education sector and the traditional education sector were reviewed to determine the tuition structure. University of Phoenix Online, Rio Salado Community College, University of Arizona, and University of Maryland at Baltimore County were a few of the schools that were assessed. The USOU board and administration determined USOU would charge a single rate that would include tuition, access fee, and course materials. None of the interviewees could remember the exact amount charged for tuition for USOU courses. However, the Distance Education and Training Council Accreditation Commission Self-Study Report (2001, Exhibit VIII.2) included this information. Undergraduate tuition was \$210 per credit (which included \$145 tuition and \$65 course material, licensing, and handling fees) and graduate tuition was \$315 per credit (which included \$250 tuition and \$65 course material, licensing, and handling fees).

The competition for the USOU was online programs that had already started enrolling students and the largest one was University of Phoenix Online. "People are willing to pay for University of Phoenix Online because they get a guaranteed, reliable product. In a short amount of time, they are done. It matches their needs." One of the reasons for University of Phoenix Online's success is the amount of dollars they spent on marketing efforts. One administrator reported that "University of Phoenix Online was spending about \$25 million a year on marketing alone and the UKOU was trying to get the whole USOU operation done with about \$25 million over a number of years for all operating expenses, so there was an imbalance." USOU's marketing budget was about 20 percent of the operating budget of the institution, reported by one administrator who said "it was very modest." Twenty-percent sounds like a lot but even if it was 20 percent of all operating expenses, that would only be approximately \$2.5 million per year compared to University of Phoenix Online's budget of \$25 million a year. One staff member stated that "USOU's marketing budget was comparable to an already established university." Since USOU was a new initiative, not an established university, the marketing budget was too low.

Several marketing strategies were used such as large circulation newspapers, radio, e-mail, banner ads on Web sites, journal ads, billboards in major cities, participating in company education fairs, community college newspapers where there were articulation agreements, recruiting call centers, and direct mail. Some of every form of media was used, but there just was not enough money in the budget for marketing. A tag line was developed for USOU which was "virtual learning, virtually anywhere." The tag line was followed with a description of what virtual learning meant, because everyone

had a different idea of the definition of virtual learning or online learning. The following brand concept statement was developed and adopted for USOU and all advertising copy was evaluated by the Director of Recruitment and Marketing to ensure a consistent core message across all audiences:

United States Open University provides world-class educational choices to self-motivated students who want a personal, accessible and flexible learning experience. USOU's proven Supported Open Learning method combines high-quality multi-media learning materials, personalized faculty support and peer interaction, with online technologies that enable students to study when and where their schedules permit (Distance Education & Training Council Accreditation Commission Self Study Report, 2001, p. 144).

When asked what were the most effective media, one administrator said, "radio and e-mail were the most effective in terms of student recruitment and print media was the most effective in reassuring the board members that USOU was a tangible institution and print media lent credibility to it." An example of target marketing for a Shakespeare course included sending fliers throughout the Washington, DC area to tie in with Folgers Theater. The Theater provided their membership list to USOU and course information was sent to the list of approximately 8,500 members. USOU anticipated a 9 percent enrollment from the list and approximately 20 to 25 students enrolled. This was not an effective targeted marketing activity. Was the Folgers Theater population not interested in the Shakespeare course for credit? Or would additional or different promotional pieces about the course be more effective? It is difficult to say what the outcome could have been.

Another major issue was how does one advertise in a completely open market such as the US with online learning. One administrator answered,

I don't think you can. At least not without some vast television advertising budget. You have to go in through some partnerships with

existing institutions where you have a core body of students from whom you recruit to the online programs. We figured that out a year and a half into USOU. We continued to expend an enormous amount of energy and money on attempts to recruit on open advertising markets which was not working.

Another administrator stated, "Recruiting in the e-world remains a tough nut to crack. I still do not know of anybody who does it really well without an alumni base." That in essence was what the USOU was trying to do—market without an alumni base—and it was not working.

In addition to a sparsely-funded marketing budget, another major issue was the lack of name recognition for the "Open University" in the United States. Because of this, there were two major focal points to the marketing plan, one to create brand recognition for the USOU and second to recruit students to the USOU. One administrator described it as:

We were trying to do two very big things with the same campaign. If we had more resources and more time, it would have made more sense to have a branding campaign ahead of any student recruitment goals. But, we were running as fast as we could to do both of these goals in parallel and you just don't do that in advertising. You have to have a singular focus.

One administrator summed up the marketing challenges with, "we were trying to achieve so much with so little in a country that is very diverse and its media is extraordinarily fragmented and it is a very competitive environment." The costs of marketing in the US were "alarming" to the UKOU board as reported by one administrator. There was a disconnect between what the UKOU thought the USOU could achieve with the marketing dollars and the amount of funding USOU used for marketing. Since there was no brand recognition for USOU, the marketing needed to accomplish two goals—establishing

brand recognition and recruiting students. The budget should have been much larger than planned to accomplish these two goals.

Short-Term Funding, Under Capitalized and Restricted Source of Funding

Funding for the USOU emanated from only one source: the UKOU since it was developing its sister institution. As one administrator reported, "We [USOU] were ultimately owned by, operated by, and completely controlled by the UKOU and that also meant that the UKOU board members were very concerned about risk." USOU was looked upon as a subsidiary of the UKOU. "Ultimately we depended on Sir John Daniel to go to his board and tell them, we need X million dollars of the non-state funds which was the profit on their state funds ("state funds" in this case are dollars from the UK government) to operate USOU," stated one administrator. The funding from the UKOU was established using this process. Each year, USOU administrators would put together a budget (which was based on what would it take to break even). Some of the break-even factors included number of courses that will be offered in the fall and spring semesters, number of enrollment for each course, cost of tuition, expenses per course, annual administration costs, marketing costs. Funding for USOU was never loaned in one large lump sum, quarterly reports were provided to UKOU of what was needed to operate for the quarter and the bills were paid. The program deficit grew larger and quicker than the income did. This is not out of the ordinary for a start-up. It takes time (minimum of 5 years as reported in Chapter V) for a start-up institution to see a return on investment. Fourteen of the 15 interviewees discussed the short timeframe that USOU had to operate and with three more years of operation, it would have reached the break-even point. The arrangement with UKOU was that when USOU reached the break-even point, money would be re-paid to the UKOU.

Due to the time lapse since USOU closed, interviewees had a difficult time remembering exact budget numbers. In addition, I had no access to USOU's business plans, therefore, the exact funding amount from UKOU to USOU is not known. The amount referenced by two administrators was approximately \$25 million over its operation. Another administrator thought that the debt could have reached as high as \$30 million as the last few months of operation were very large exit costs (i.e., staff severance pay and teach-out expenses). An exact number is not known.

Limited financial information is provided, although the years included are only 1999 and 2000. No other financial information is available. Tuition brought in for 1999 was \$32,000 and in 2000 it was \$75,303. The cash advance from the UKOU totaled \$450,000 for 1999 and \$5,087,796 for 2000. Table 3 provides a summary of the operating expenses for 1999 and 2000.

Table 3

Operating Expenses for USOU for 1999-2000

	1999	2000
Compensation and Employee Benefits	\$ 432,571	\$1,074,126
Course Development – UKOU	435,703	765,869
Advertising	295,801	1,114,635
Travel and Entertainment	242,649	583,030
Legal Expense	51,212	107,539
Technology Expense	47,203	335,170
Rent	30,027	93,704
Telephone Expense	0	32,773
Course Material and Related Expense	21,426	64,414
Other Operating Expense	221,821	299,207
Interest Expense	0	126,406
TOTAL	\$1,778,413	\$4,596,873

Source: Distance Education and Training Council Accreditation Commission Self Study Report, 2001, Exhibit IX.1

Three individuals (two board members and Sir John Daniel) felt USOU's demise would have occurred even if Sir John Daniel had not resigned. One board member said, "It would have been better for Sir John to have stayed, but to be honest with you, I believe he could not have done anything to forestall the inevitable closure of the institution. It may have just come faster with his departure." The board member continued to say that the "timing was wrong and that has nothing to do with leadership." What the board member was referring to was the financial crunch in the UK. A second board member reported, "When Sir John left, we became even more vulnerable at a time when the UK was experiencing a budget crunch. When John was here, we had a certain relationship that would protect us to some extent or at least give us a heads up so that we could deal with whatever situations we needed to confront." The board member added,

I think the way the events turned in the UK were so dramatic and so critical for all institutions of higher learning in the UK; the UKOU was not the only victim of the budget cut, so I am not sure it would have been possible to continue funding USOU. The UK board members were very mindful and very good stewards of their responsibilities and they couldn't see continuing to pour money into this institution when it meant they were depriving something else on the other side of the Atlantic and that is not hard to grasp.

One board member discussed the history of funding and said,

When the USOU was started, the UKOU had tremendous cash reserves. Over the next two or three year period of time some things happened such as Scotland gained control over its education money and that meant within the UKOU, they didn't have a constant base of students in Scotland. There was the ability for Scottish people to get what they needed from other places; they had more choices. The UKOU was now in a competitive environment which they had never faced before.

Also, the board member discussed other UKOU financial commitments and there was one specific project (it was thought to be a library project) which was over budget; therefore,

funding had to be found to cover the added expenses. Another factor mentioned by a board member was:

the funding for the UKOU comes through the UK funding council (similar to a chancellor's office but at the national level). The UK funding council covers England, Wales, Northern Scotland, and Northern Ireland. The funding council made decisions on where the money is to be spent. A new person came on board as the head of the funding council that did not support the UKOU.

As one board member summed it up, "The main issue was cash flow." Sir John Daniel suspected that the outcome would have been the same for USOU even if he had stayed on in the position. He stated, "the financial imperative was getting clearer and clearer. And, I think that my persuasive powers would have run out with the UKOU council somewhere in the 2002 timeframe."

There was discussion among the administrators and Sir John Daniel regarding other ways to financially support the USOU. One board member stated,

We began exploring possible avenues of other funding sources to support the activity and we had some very reasonable conversations that I thought were quite positive with a number of potential funding partners. At that point, I think the UKOU became a little reluctant to move in that direction because with it of course, they would have shared the financial burden and would have lost some of the overall control.

The board member added

The kinds of organizations we were talking to included foundations, international organizations, publishing companies, organizations to support project capital, and educational institutions. We had several irons in the fire and did not feel that any single one was going to produce the results, but perhaps a consortium of funding partners might be the way to go.

One administrator felt strongly that there would have been a single funding source that would have been interested in financing USOU. Specific names of possible sources were not shared in the interviews since agreements had never been reached. Overall, interviewees

felt that USOU would have continued its operation and would have reached the break-even point if more time would have been granted (and USOU had not been closed) and within that additional operational time, additional funding sources would have been secured. The timing was difficult, because the USOU administration did not find out about USOU closing until the decision was announced so they did not have any time to react or finalize funding partners. If USOU had been forewarned, USOU administrators reported they would have worked very hard to find additional funding. USOU was too important to shut down in the eyes of USOU representatives, but they lost and USOU was closed in January 2002.

Resignation of Sir John Daniel

The resignation of Sir John Daniel in the Spring of 2001 was mentioned by all 15 interviewees. Sir John Daniel had led the UKOU for over 6 years. A board member said, “Sir John was a very strong, visionary leader and when he left, obviously that was a very, very negative for the USOU.” When the interviewees were asked a follow-up question “what would have happened if Sir John had not resigned,” 12 of the 15 interviewees answered that the USOU would have continued operating. One administrator responded, “Sir John Daniel was a huge champion for us in the UK. Obviously when he left, we lost some of that. Continuity would have helped. Without the visionary, we got lost in the shuffle a little bit and it was clearly his vision that started USOU. When you lose that kind of passion and vision, there is a void of leadership.” One administrator said, “When you go work for a visionary, make sure the visionary is going to be there—for the duration—because they are irreplaceable.” Another administrator said, “Sir John’s leaving sort of caught the USOU by surprise. The interim leadership was overwhelmed with running an institution like the UKOU itself and the USOU went from a top priority

down several notches on the priority list.” One administrator commented, “There were early signs of resource issues in the UK. Sir John Daniel was willing to consider bringing in outside investors. It is difficult to speculate if additional funding sources would have allowed USOU to remain open long enough for it to reach a break-even point.

Limited Contact and Relationship Building with the UKOU Board

The limited contact and relationship with the UKOU board was mentioned by administrators and board members. No one from the USOU had worked directly with the UKOU board in building support for the USOU in its existence. USOU representatives only began developing relationships with the UKOU board after Sir John Daniel resigned. Sir John Daniel had been the only liaison between the UKOU board and the USOU board members and USOU personnel. Sir John strongly supported USOU and USOU representatives were comfortable with him playing the sole liaison role. As board members and administrators reflected on the decision not to be involved in developing a relationship with the UKOU board immediately, they now know that this was not the right decision. One administrator reported, “We should have built a wider base of support in the UK. Sir John Daniel was very much the key contact in our connection and when he left the UKOU, the mission and the will to continue this project was not widely shared by others.” This same scenario was echoed by another administrator who said, “I didn’t pay a lot of attention to building a support base in Britain because I had Sir John Daniel who did that.” The administrator felt that he should have worked on building a stronger relationship with the UKOU representatives and not rely solely on Sir John Daniel.

Positive Aspects of the USOU Model

Enrollments Were Increasing

Although it was reported that enrollments were never met, USOU board members, administrators and staff all reported that enrollments were increasing. There were no specific numbers reported through the interviews or written materials, and at least eight of the interviewees commented that the enrollments were increasing. If given more time, coupled with the granting of regional accreditation and added funding, USOU enrollments would have continued to increase and USOU would have likely been successful as a virtual university.

Strong Academic Partnerships

A few partnerships were successful throughout the operation of the USOU. One advantage of partnerships noted by a board member was that they kept costs down and USOU could draw from the student base at that institution. Another advantage mentioned by a board member in establishing partnerships with educational institutions was “they gave the USOU visibility and respectability across the educational spectrum in the US since the educational community by and large in the US was totally unaware of who we were and what we were doing.” The perfect educational partner as described by one administrator would be “Hungry want-to-be’s that are top of the 2nd tier institutions that are aggressive and want to get things done.”

The University of Maryland Baltimore County (UMBC) partnered with USOU in offering a Masters of Information Systems. UMBC had a very strong program on campus respected for its quality, but it was not online. One staff member reported that

the President or Chancellor of the Maryland System had set forth in the late 90’s a goal that every single institution in the system would have an

online program. UMBC was the last institution to comply so they may have gotten some pressure to move fast. UMBC took their most popular program and moved it online with the help of USOU.

UMBC was excited to partner with USOU as the USOU helped them shift their course material online. UMBC faculty and UKOU faculty worked together to take course material and format it for online delivery while keeping the supported open learning trademark of the UKOU in mind. The program was very successful and it brought the largest number of student enrollments to the USOU, although exact numbers could not be reported by interviewees.

A second partnership was with the Indiana State University which offered a Bachelors of Science in Business Administration (BSBA). This degree program was not offered through the UKOU. It was felt that an undergraduate business degree was important for USOU and, therefore, a partner was sought for this purpose. It is difficult to tell how successful the BSBA would have been as it had just started when the USOU was closed. One may assume that the partnership would have been successful since the USOU was drawing on the students within Indiana State University.

There were additional partnerships that were in development when USOU closed, including articulation agreements with community colleges. One partnership that had been negotiated but did not have the chance to start was a baccalaureate completion program in teacher education with Maricopa Community College and Rio Salado Community College in Arizona. Another partnership was with the League for Innovation in the Community College which was described as “the most attractive articulation model that existed in the United States.” An additional partnership that was in development at the time of closure was with Central Texas College (CTC) to establish a baccalaureate

completion program (no specific discipline was provided in the partnership). CTC is one of the largest community colleges serving military personnel, one administrator reported. USOU partnered with the community colleges that were members of the League for Innovation in the Community College (LICCC). LICCC has “more than 750 institutions from 14 different countries that are members. In addition, the League partners with more than 100 leading corporations and works with a host of other organizations, foundations, and government agencies to bring ground-breaking ideas to all of the League Alliance members” (League for Innovation in the Community College, n.d., para. 1). Partnerships were very important to USOU as they provided a way for increased brand recognition.

Other partnerships existed with professional organizations and business and industry. The American Society of Engineering Education and Lucent Technologies were putting links on their web sites to USOU. Tuition discounts were provided to those organizations or companies who would provide their mailing lists, send e-mails to members, or highlight USOU information in newsletters or publications. The Virginia Community College system had a large number of community colleges that were signing a system articulation agreement with USOU.

One administrator reflected and said, “There was a moment in the first year when we might of established a partnership with the University of Phoenix. That would have been the turning point for the organization.” The University of Phoenix had a strong student base with adult learners seeking accessible courses and degree programs with excellent online student services and the UKOU had a quality product to offer. Each partner would have contributed a positive strength to the partnership. One administrator

said about partnerships, “I still believe a partnership model is a great model and has a lot of potential if you think through where you can add value to organizations and educational institutions that are already successful.”

One challenge in developing partnerships was the admission process. The USOU had a much more open admission policy than any other institution in the United States. The biggest difference was in the GPA required. One example provided in one of the interviews was that the USOU’s GPA requirement was around 2.5 and UMBC required a 3.0 GPA for admission. The USOU staff worked with admission personnel from UMBC to grant provisional status for students not meeting the minimum admission requirements. Provision status worked for those students who succeeded in the program. Students who could not raise their GPA to meet the admission standards of UMBC were forced to drop from the program and switch to a different USOU degree program with less stringent admission requirements or drop out of USOU. No exact data were reported on the number of students who changed to a different degree program or dropped out of USOU due to not meeting the UMBC admission criteria.

Quality Online Support Services

One of the successes was the implementation of excellent online support services. USOU staff who were interviewed took pride in the level of online support services for USOU faculty and students. A new learning management system provided the necessary tools for faculty to post course syllabus, post student grades, track homework assignments, engage in chats or online discussions with students. Students were able to get admitted, register, and pay online. One staff member said, “it took time to establish

the online support structure, but it was worth the effort.” The staff member added, “and, the students would demand it.”

Committed USOU Personnel

The administrators, board members, associate faculty, and staff of the USOU were extremely dedicated. The passion that these individuals felt for the USOU came out in all 15 interviews. In fact, in every category of interviewee, words such as “committed,” “dedicated,” and “team spirit” were used to describe each other and themselves. One staff member said, “we had 100% of our hearts and energy into USOU.” One board member noted, “it was a great pleasure to be associated with it [USOU] because I still think it was a bold and wonderful venture.” A staff member added, “it was such a fabulous experience, I wouldn’t trade it for the world.” An administrator said, “people devoted their lives to USOU.” An associate faculty member said “I was really committed to the effort.” The level of dedication was strong across all professionals that were interviewed. One administrator added,

when in your life are you going to get the chance to start a new institution and try to be part of a major change innovation in higher education? It was a once in a lifetime opportunity and whether it succeeded or failed mattered less to me than the opportunity to be part of a mission that I believed in.

The staff in the Wilmington, Delaware office provided quality student services. Two words that were used more than once throughout the interviews to describe the Wilmington student services staff were “pro student”. The Wilmington staff provided excellent customer service in answering questions, admitting the students, registering the students, taking payment from the students, communicating information to the students. Examples of the superb customer service were provided by three staff members in the

Wilmington office and confirmed with reports by the Chancellor, Sir John Daniel, and the Vice Chancellor and Controller.

Administrators and staff felt an enormous amount of stress. As one interviewee put it, "everybody should be involved in a start-up once in their lives to teach them the meaning of stress. It really was, on the one hand, very exciting, and on the other hand, very stressful." One interviewee summed up a lot of the feelings shared by others:

I think it was an enormous challenge and I would guess that you've heard that universally from everyone that you've spoken to. We were a very small staff with really enormous business goals. We had very few support resources. It was very challenging. It was a start-up. It was a high-tech start-up in lots of respects, where everyone worked extraordinarily long hours. We all took on a lot more than our job descriptions. And there was great camaraderie. There was a kind of pioneering attitude of whatever it took to get this done, we're going to do it. It was a real exciting, challenging environment to be in. It was very intoxicating. It was an addictive high all of the time. It was also extraordinarily stressful, but I don't think a lot of us realized that until much, much later.

As noted above, many of the administrators and staff adapted to the needed work; therefore, job descriptions were dynamic. Many of the administrators and staff interviewed were hired to do a particular job and then found themselves changing responsibilities midstream or adding new responsibilities where help was needed. One of the interviewees stated, "when you start a new initiative, you wear a lot of hats" and a second respondent said "everybody was cross-trained." Another comment was, "it was all hands on deck." The USOU Chancellor commented, "you have to hire generalists where everyone has to be willing to wrestle in and do whatever needs to be done."

One administrator felt that "everybody was spread too thin" and that they just did not have enough people to complete the necessary tasks. The administrator was concerned that, as the USOU was developing partnerships, that there was not enough staff to send someone out to the community colleges to meet and work with the students.

Another interviewee reported that the USOU accomplished a lot “with a very small staff.” Another administrator also mentioned the number of tasks individuals were being asked to do and said the following about another administrator, “he really was being challenged to do an unreasonable number of things at once.”

When USOU closed, the USOU personnel felt very sad, some still felt angry, and others expressed disappointment as they had “poured their heart and soul” into USOU. “That was very frustrating” was how one staff member put it. The Wilmington, Delaware staff and a few of the administrators continue to stay in close contact and are gathering to attend a staff member’s wedding in November. One administrator added, “The hardest thing for me was that this was an institution that I had been part of from day one of its birth. But I know I am a better education professional for having been part of this institution.”

Effective USOU Board

As outlined in Exhibit 2 of the Distance Education and Training Council Accreditation Commission, Self-Study Report (2001), the USOU Board had 15 members and three ex-officio members. Of the 15 board members, 11 were US representatives and four were UK representatives. The three ex-officio members were Sir John Daniel (President of USOU/Vice Chancellor UKOU), the Vice Chair of UKOU, and Chancellor of USOU. Respondents had a difficult time remembering how many USOU Board members there were and how many representatives were from the United States and how many were from the UK. US board members’ backgrounds were diverse and included: president of major university, former chancellor of university system, president and CEO of major corporation, chairman of large bank, vice chancellor of community college,

former assistant secretary of US Department of Education, author of international best seller, director of professional distance education organization, former counselor in US Embassy in overseas location, head of technology at national banking organization, and former director of education programs at private foundation, and the four UK board members were professors in various disciplines of the UKOU and a former president and CEO of an international telecommunications business (Distance Education & Training Council Accreditation Commission Self Study Report, 2001, Exhibit 2). Terms for the board members varied from three to six years and the first individuals appointed in 1998.

Four interviewees who either served as a board member or chairperson of the board had all previously served on other boards (this was not their first board role). When asked about the effectiveness of the USOU Board as compared to other boards on which they had served, one Board Chair said,

It is hard to make a comparison because the USOU institution was rather special in a sense... particularly in the beginning because we were trying to sort of plot our own way a little bit and we had no previous records in terms of where we ought to be or how we ought to be moving, at what pace or that sort of thing. I would say the board was responsive and supportive, appropriately questioning and generally, I give it pretty good marks.

The roles and responsibilities of the board were not different from most other boards. Two board members and board chairpersons reported that the role of the board was to give overall guidance, to counsel the staff, and to assist the UK representatives in understanding issues in the United States.

There were several major decisions that the board dealt with in the beginning or formative stage of the US Open University. One board member stated that they wanted to ensure that the board was hiring a president or vice chancellor for the USOU "who could create a different, legal organization in the US that could provide a strong US

education and someone who had strong links to the Open University in Milton Keynes, UK.” Another key discussion point for the board was adapting the UKOU courses to a USOU course which would be less credit hours (average was 3 credits) than the UK course (average was 16 credits), based on a 16- week semester which is shorter than the UK course model based on an academic year. Another decision the board discussed in detail was changing the delivery method from traditional correspondence used in the UKOU to moving into full online instruction. Although the intent was to shift courses to online delivery, USOU had very few full online courses or degree programs (UMBC was an online program) at the time of closure. A final decision point for the USOU board was how to market the USOU in a nation where there was already a lot of competition for distance education. There is no one good answer to this question and the board, the administration, and staff struggled with this question of how to market USOU’s courses and degree programs.

Satisfied Students

Students were not included in the interviews due to the difficulty of obtaining student names because these records were shipped to the UKOU in Milton Keynes and were not accessible. Thus this section draws upon interviewees’ impressions of USOU students. One board member described the students as “citizens who want to pursue a higher education but who don’t have the flexibility to go to night school or go to day school.” Words such as “adult learner,” “working full time,” “having family responsibility,” and “able to afford it” were used to describe the students. A staff member described the majority of students as “working already, trying to get to the next level in their job so many of them were going back to school.” The motivation for the average

USOU student was career improvement as stated by an administrator. This was also mentioned by an associate faculty member who said, “the students are trying to advance their skills, retrain, or change careers.” Although the majority of students were adult learners, working full time or in the military seeking a flexible higher education opportunity, one associate faculty member described the students in his course with “everything from the student right out of high school who wants to learn on his own to people who are professionals and who have been working in industry for a very long time and are now going back to school.” The number of students enrolling in the USOU was lower than anticipated. As previously noted, one of the main reasons was the lack of regional accreditation. Therefore, there was a segment of students who were “life-long learners. They had multiple degrees and just wanted to continue learning.” They were not necessarily worried about the lack of regional accreditation.

The students were from locations dispersed all over the United States. There were larger numbers of students on the East Coast, Denver, and Los Angeles as reported by one of the staff members. Some of the larger enrollment areas had to do with where the UMBC students were located, and where specific regional target marketing had taken place including those communities close to the two main USOU office locations (Denver and Wilmington).

The satisfaction rate of the students was high as noted by the comments shared by the student services staff. Staff reported that “student comments were positive.” An associate faculty member also noted that “most of the students that I talked with were pretty happy. They felt that they had learned a lot.” Although no surveys or statistics are available to substantiate these statements, another factor that indicates student satisfaction

is the number of students who took more than one class. One staff member commented that “on the whole, students took repeat courses. Once they started with USOU, they came back. We really got to know them.” Another staff member added, “one of our strongest assets was the relationships we had with our students.” The strong customer service provided to the students came out in interviews with administrators, board members, associate faculty and staff. Overall, it was reported by the interviewees, that the students were satisfied with the USOU experience (results are not based on student evaluations).

Quality Course Materials

Although the USOU was starting to offer online courses, no course (except those that were developed through the partnership with UMBC) that was developed and adapted through the UKOU was offered fully online. The majority of courses offered through USOU continued to be more correspondence type of courses (i.e., textbook, video, audio, and other media). The online portion for all courses was used for communication between the associate faculty member and the student and among the students. One associate faculty member felt the online communication worked well: “No one can tell me that you cannot create relationships online because I did. I never saw these people, but there was something there—a real connection there. Online doesn’t have to be distant.”

The associate faculty reported that the course materials were “well done,” and were of the “highest quality.” An associate faculty described the course materials as “the best instruction that I have ever seen anywhere in 30 years. It is just really, really high quality course materials. It is very well thought out, very comprehensive and very detailed. I was very impressed.” Another associate faculty member said this about the

course materials: “the instructional materials were much more theoretical in nature than at the institution where I teach. This was really great instruction.” One of the associate faculty mentioned he was glad that the USOU was not going to be strictly “online learning which is fraught with many difficulties.” He looked forward to teaching USOU courses with the comprehensive course materials (textbook, video tape, and cassette tape).

Course material in the UKOU took one to two years to develop and would cost millions of dollars. That is why large enrollments were needed to recoup development costs as was stated by an interviewee. Therefore, interviewees mentioned that in order to pay for development costs quicker, UKOU course material would be used in the USOU. The UKOU also felt their courses were of the highest quality, so why not use them within the USOU?

Committed Associate Faculty Members

The USOU board held discussions on what to call the faculty member who would serve as mentors or facilitators to the students. “Adjunct faculty” was discussed but not selected as the board members and faculty involved in the discussions felt that the term adjunct held negative connotations: an adjunct faculty member is not seen as a true part of the institution of higher education. After discussions were held, the term “associate faculty member” was chosen as it “suggested more of a connection and more of a commitment to the institution.” One administrator was pleasantly surprised that it was not difficult to find associate faculty who were willing to teach for USOU. He stated, “frankly, I was very concerned that we would be able to find a lot of good qualified American faculty who would be comfortable working in a situation like that. I was

surprised to find that in most areas, that was not a huge problem.” Of course, faculty in some academic disciplines were more difficult to locate than others such as computer science. “Individuals who are qualified to teach computer science can make a lot more money working in the private sector,” an associate faculty member stated. Overall, the recruitment of associate faculty was not an issue of USOU administrators.

The associate faculty members’ backgrounds were mixed. Some had full-time teaching positions at other universities (tenure track), others were lecturers (not tenure track) who were amassing teaching jobs to obtain full-time employment, some were administrators in higher education, and some were retired from full-time teaching. The majority of associate faculty held doctoral degrees although a doctoral degree was not required in all disciplines. The majority were from the US; very few were British. An administrator reported “Academics had a fairly good sense of the UKOU and the USOU benefited from it in recruiting faculty. Faculty would say that one of the things that made them regard the USOU in a positive way was that it was connected to the UKOU.”

Faculty were paid \$500/credit hour as reported by one administrator. The administrator added, “we were in the process of implementing a gradual increase for faculty who had more experience: they would get more money.”

Faculty support was sufficient as described by the two associate faculty members interviewed. The associate faculty would e-mail the UK faculty who had developed the course if he/she had questions. Also, the associate faculty could e-mail or call administration or staff if issues arose with course enrollment. One associate faculty stated, “it was great to have quick and direct access and they [UK faculty and staff] were always

very responsive.” The USOU staff described the associate faculty as “wonderful,” “very student focused,” “flexible,” and “very forward thinking.”

Course materials were developed by the UKOU and the role of the US associate faculty was that of mentor or facilitator. The roles were described quite well by an associate faculty member:

There was a team. You had people who designed and developed curriculum (UKOU faculty) – they were a vital part of the team; their contribution is obviously critical. But you also have the other team member who is the person [associate faculty] that interacts with the students, who takes the curriculum and course material and leads students through it. That contribution is also vital and critical. You have to have both in order to have absolute maximum effectiveness, to have the best possible learning experience for the students.

One associate faculty member described it as being “similar to a teaching assistant at the graduate level in an American university presenting problems and answering questions to provide more personalized instruction.” Another faculty member added, “we were there as guides and consultants and assistants to support the students as they were working through the course materials.” The role of associate faculty was well defined by the UKOU faculty and as one associate faculty reported, “they provided me with a very clear picture about what my role would be and what their expectation of me would be.”

The role of the associate faculty member was first defined through a comprehensive, two-day orientation process. The associate faculty members were brought together in Denver, Colorado to create a sense of community among the faculty and to provide them with the needed information to be successful in their new teaching endeavor. Items such as the history of the UKOU, vision of the USOU, course material development and delivery, roles of the UK faculty member, and roles of the US associate

faculty member were clearly outlined. A full day was set aside for the UK faculty curriculum developer to meet with the US associate faculty in reviewing the course material, grading schemes, and assessment tools that were specific to the course. The associate faculty also spent time in a computer lab learning the technology and Learning Management System that they and the students would be using.

One associate faculty member forwarded a part of the orientation booklet to the researcher that reviewed the role of the associate faculty. The first page following the cover sheet reviewed “Harsh Facts” and included:

As an AF (Associate Faculty) you have apparently

- No control over the learning materials and systems.
- No control over the continuous assessment questions.
- No control over the marking scheme for the continuous assessment.
- No control over the examination (you do not even know what is in the exam).
- No control over the study calendar.

So what do we expect you to do for ‘Supported Open Learning’? (USOU Associate Faculty Orientation Booklet, 2000).

Expectations of the associate faculty members were well known. If an associate faculty member was being interviewed and did not agree with the role of the USOU associate faculty member, he/she was not hired. Additional information was provided on who is a USOU student, recommendations on using the student group conference, the use of and examples for regular electronic ‘mini-tutorials or weekend study sessions,’ the importance of interaction between the student and associate faculty, recommendations for initial contact with individual students, guidelines for grading and teaching through assignments, and information on being monitored and mentored. The monitoring and mentoring section included the following:

You will be monitored (both in your assignments and in your conferencing) by your Instructor of Record (UKOU faculty):

- To ensure grades given by different AFs are consistent with each other and with the aims and objectives of the course and program;
- To ensure that each AF's teaching is appropriate both in quality and quantity and shows an understanding of the course and programs aims and contents and of the students' needs;
- To share good practice;
- To enable the Instructor of Record to see the way in which the course and its assessment has been received by students and AFs.

The Instructor of Record (IoR) is also your mentor; you should expect and seek help and support both in the academic content and in the pedagogy and delivery of Supported Open Learning (USOU Associate Faculty Orientation Booklet, 2000). The IoR serves as the primary authority on the curriculum and delivery of a particular course. The IoR is the main academic support and point of contact for Associate Faculty and has the primary responsibility for monitoring their performance (Distance Education & Training Council Accreditation Commission Self-Study Report, 2001, Exhibit XIII).

The orientation materials specifically laid out the role of the associate faculty and how the associate faculty was to interact with the students and what was expected of them in working with the Instructor of Record from the UK.

USOU administration began to develop a faculty handbook. Originally it was nothing more than handouts and PowerPoint slides that were going to be addressed at orientation. Then a section on the Learning Management System was ready to be included. It was a work in progress, constantly being revised. An administrator stated, "it was constantly evolving and we were consciously creating a policy framework – on an operational level. We were putting out fires, answering questions and responding to crises. Someone would say, what do we do about this, and I would respond, I don't know, we better make a policy." The faculty handbook was put together quickly and it was a working document like many other aspects of the USOU (i.e., business plan and marketing plan). It was evolving into a document that included the appropriate materials

the administrators and associate faculty felt should be included. The associate faculty member would get a list of students that were enrolled in the course, he/she would forward a welcome message to each student, provide an orientation to the course and how to proceed, and then the students would be mailed a large box of instructional materials that may include textbooks, video, audio and other media.

The associate faculty members used the Learning Management System to post the syllabus, incorporate online chat sessions, and develop groups for project work. One associate faculty member was worried that he would miss out on the face-to-face interaction with students but went on to say that he felt that he got to know the students even in an online environment.

The associate faculty member graded assignments, but not tests. The associate faculty member was not responsible for test development or grading the students' tests. The grading was done by the UK faculty member. A major challenge was the time it took to mail the test to the UK, grade the test, and mail the grade back to the student.

One idea that had not yet been implemented was a faculty chat or list serve. One associate faculty member coined it "an intellectual, online medium or online coffee room" where faculty could gather virtually and discuss issues or challenges that were occurring. Also an annual faculty conference was discussed to bring faculty together face-to-face and provide an opportunity for them to get together and discuss what was working and what they were doing in the course that they were teaching. Funding for professional development was also brought up by an administrator in that there had been discussions of sending faculty to a technology conference. Other discussions among administrators and board members related to faculty were "How do we create faculty

governance (faculty senate) with all part-time faculty?” “Should we think about hiring full-time faculty?” and “what issues related to tenure should be considered?”

USOU was adding degree programs throughout its years of operation. The following degree programs were announced in 2000 (although it is not known whether all of these actually enrolled students):

BS	Computing
MS	Computing
BS	Business Administration
BA	English
BA	European Studies
BA	International Studies
BS	Information Technology
BA	Humanities
BA	Liberal Arts
BA	Social Sciences
M	Business Administration

In 2001, an MS in Information Systems with UMBC was added. In addition, a partnership was formed toward the last few months of the USOU with Indiana State University to offer the BS in Business Administration.

No enrollment figures were available for each degree program. At the time USOU was closed in January 2002, approximately 500 students were enrolled—a figure that was reported by at least three individuals interviewed (one administrator and two staff). Other interviewees had a difficult time remembering the exact number of enrollments and what the break-even point was at the time of closing, although all interviewees reported that the break-even point had never been reached.

To summarize the factors that lead to the failure/closure of USOU and positive aspects of the USOU model, Figure 4 outlines the themes and conclusion (in an expanded format). This figure provides concise points of what happened within the life of USOU.

EXPANDED THEMES

FACTORS LEADING TO FAILURE:

The business plan was based on breaking even (meeting enrollment projections). USOU enrollment projections were never met. There were many factors that led to the failure of not meeting enrollments:

- business plan established with unrealistic enrollment projections
- lack of accreditation/financial aid
- UK structure did not fit US structure
- marketing challenges (no brand recognition and competition)
- under capitalized (single funding source, no external funding allowed)
- Sir John Daniel resigned
- limited contact and relationship building with UKOU board

POSITIVE ASPECTS OF USOU MODEL:

There were many positive aspects of the USOU model:

- enrollments were increasing
- academic partnerships were working
- online support services were in place
- committed USOU personnel
- effective board
- quality course materials
- committed associate faculty members
- satisfied students (from perspective of USOU staff and associate faculty)

EXPANDED CONCLUSION

USOU is a mixed story of failures and positive aspects. USOU ran out of time—it failed since it did not meet enrollment projections, was not able to obtain regional accreditation, and experienced short-term funding. USOU was working and experienced positive aspects in many ways. Timing was a critical factor in the existence of USOU.

Figure 4. Expanded Themes and Conclusions of USOU

Chapter V summarizes the research study, provides conclusions of results (answering the research questions), lessons learned, advice to others who would like to start a virtual university, reflections as a researcher, and recommendations for further research.

CHAPTER V

CONCLUSIONS, RECOMMENDATIONS AND REFLECTIONS

This chapter is divided into three main sections that present an overview of this research study. The three sections include: conclusions, recommendations and reflections. Five subsections are included within conclusions: expectations, assumptions, positive aspects, lessons learned, and advice to others who may want to start a virtual university. The second section gives recommendations for further research. The final section provides reflections as a researcher and the impact qualitative research has had on expanding my research capabilities.

The USOU was established in 1998 by the UKOU as an independent, private higher education institution with non-profit status. USOU was considered a sister institution of the UKOU, whereby it was to adopt and extend the mission of the UK, as well as the distance teaching system pioneered by the UKOU. Its only start-up funding source was the UKOU and it added tuition/fees to its revenue stream as students began registering in UKOU courses taught through USOU in 1999. The first USOU-initiated courses were offered in 2000. This case study of the USOU shares perspectives of administrators, board members, associate faculty and staff that played a role within the USOU. Fourteen of the 15 people interviewed were based in the United States and one interviewee that had been an employee of the UKOU, and was now based in Canada. Individuals from the UK declined to be interviewed or chose not to respond to invitations for an interview; therefore, this case study represents primarily the perspectives of USOU personnel.

Two major themes unfolded through data analysis. One theme was based on several factors that led to the failure or closing of USOU. Failure can be summed up with not meeting enrollment projections and several factors led to this failure. The factors included:

- The business plan was established with unrealistic enrollment projections.
- Lack of regional accreditation and federal financial aid affected enrollments.
- The UK structure (e.g., semester length, number of course credits, student services – paper based vs. online, technology to support online courses) did not fit the US structure.
- Marketing challenges, including no brand recognition and strong competition were not anticipated.
- USOU's funding was short-term, USOU was under-capitalized and no additional funding sources were allowed.
- Sir John Daniel, who was the visionary for USOU, resigned. Sir John was the sole liaison to the UKOU Board who provided the funding.
- The USOU administrators, board members, and staff had limited contact and time for relationship building with the UKOU board.

The second theme included several positive aspects of the USOU model. These factors included:

- USOU enrollments were increasing.
- Several strong academic partners were in place which led to increased enrollment.
- Quality online support services effectively assisted students, associate faculty, administrators and staff.
- USOU administrators and staff were very committed.
- The USOU Board was effective.
- USOU students were satisfied customers (as reported by USOU administrators, associate faculty and staff).
- Course materials were of the highest quality.
- Associate faculty members were committed to USOU and its students.

Two areas of the researcher's viewpoints were identified in Chapter III. I have an extensive background in distance education and a belief that distance education is quality education that uses a different delivery method than face-to-face, on-campus delivery. As I approached the interviews and data analysis, the viewpoint that distance education is as a quality delivery format was kept in the forefront. I asked, "Am I finding positive aspects in USOU because I believe distance education can be successful?" To ensure I

was not letting my own view enter into the analysis of the data, I read through transcripts again and made sure that the positive aspects were being reported by the majority of the interviewees and found that they were. If I had not listened carefully to the themes voiced by the interviewees and had accepted the conclusion that USOU closed because it did not meet enrollment projections, the data analysis and entire study would have been flawed. The researcher read and re-read through all 15 transcripts and documented the main categories and themes from each interview to determine the conclusion of the study. The conclusion is not as simple as "USOU did not meet enrollment projections," because there are multiple factors that affected the enrollment projections.

Conclusions

At one point when thinking about the conclusions that can be drawn from the data, the thought of trying to tie the analysis to "organizational effectiveness" was considered, since one of the research questions asked about expectations for the organization and whether or not those expectations were met. As the analysis continued, it was found that there are not enough specific data available to adequately answer the question of whether the organization was effective in all perspectives.

First, many models define organizational effectiveness such as those outlined by Cameron and Whetten (1983), including "goal model, system resource model, internal processes model, strategic constituencies model, legitimacy model" (p. 8). In order to evaluate organizational effectiveness, an organization needs to establish criteria as legitimate indicators of effectiveness. It is unknown whether USOU had formally developed indicators of effectiveness for the institution.

How long does it take a new institution or business to cover its expenses with sufficient revenue? Most of the interviewees said that the USOU had many positive aspects and would have reached a break-even point if two or three more years had been granted to the institution. This would have allowed a total of approximately five years with USOU students enrolling in the institution. In an article related to business start-ups, Husni states, "It is highly unlikely that revenue will be sufficient to cover costs in the first two or three years" (2004, para. 10). USOU had only been operating with enrollments for just over two years. The additional two or three years' time would have allowed for regional accreditation and allowed for additional funding sources to be secured.

There were many expectations identified by various administrators, board members, associate faculty and staff. These expectations are discussed below.

Expectations

Overall, the interviewees expected that USOU would continue its operation and they were very surprised when the institution was closed. They expressed feelings of sadness when USOU closed. Administrators and staff were highly committed to the start-up university; they "poured their hearts and souls" into USOU. The strong support for USOU emerged in the interviewees' comments about their strong level of commitment, in the number of hours they put into their work with USOU, and the level of customer service that they strived to provide to USOU students. At least three of the individuals interviewed thanked the researcher for the opportunity to talk about USOU as they referred to the interview process as "therapy." In fact, one interviewee said, "I should be paying you for this session [interview]."

One of the questions asked of the interviewees was, “what expectations did you or others have for USOU?” The researcher documented expectations through interviewees or documents in the Distance and Training Council Accreditation Commission Self Study Report (2001). Expectations of USOU were met in many cases and in others, expectations were not met. A summary of the expectations and data to support whether they were met or not met follows.

1. *To model the ‘Supported Open Learning’ method of distance education that was developed in the UK Open University.*

The UKOU coined the term ‘Supported Open Learning’ and it continues to be the basis for all teaching and learning delivered through the UKOU. The USOU, being a sister institution, was to adopt and expand the ‘Supported Open Learning’ model which focuses on learning outcomes, personal support to students from associate faculty, high quality course material based on good pedagogy and research, and well organized logistics. Students were encouraged to become independent learners (Distance Education & Training Council Accreditation Commission Self Study Report, 2001).

Data that support the expectation that ‘Supported Open Learning’ was modeled by the USOU include a number of sources. One source is the concept statement developed by USOU:

United States Open University provides a world-class educational choice to self-motivated students who want a personal, accessible and flexible learning experience. USOU’s proven Supported Open Learning method combines high-quality multi-media learning materials, personalized faculty support and peer interaction, with online technologies that enable students to study when and where their schedules permit (Distance Education & Training Council Accreditation Commission, 2001, p. 144).

One of the administrators reported that all activities USOU engaged in were matched with the concept statement to ensure the mission of USOU was evident.

The essential characteristics of Supported Open Learning include: course content, support for students, induction (orientation), structured assessment by the associate faculty, customized orientation for associate faculty, and monitoring and evaluation of associate faculty performance by the instructor of record within the UKOU. Overall, the characteristics were successfully implemented within USOU and the first expectation can be considered as met.

To further review how each characteristic was met, the following documentation is provided:

Course Content - The course content was very high quality.

Support for Students - Strong support was evident for students through the associate faculty members and online chats and discussion boards.

Induction/Orientation - Induction was successful for online teaching through faculty orientation and for learning through student tutorials and help desk coverage.

Structured Assessment - Structured assessment by the associate faculty was strong as they provided students with grades and served well in their role as facilitator.

Customized Orientation - Customized orientation for associate faculty was appreciated by the associate faculty members.

Monitoring and Evaluation - Monitoring and evaluation of associate faculty performance by the instructors of record were completed as the associate faculty members discussed their feedback they received as being positive.

2. *UKOU was expanding worldwide through its OU Worldwide initiative. The next market would be the United States.*

This was an expectation of representatives of the UKOU. Kirp (2003) reported in a 1999 interview with the director of the UKOU Worldwide about the UKOU entering

the US market that it made good sense to enter the US market. The Director of UKOU Worldwide said that “it has the opportunity to be a global player. The question is, does it have the will? My answer is yes, it should, and we should get on with it” (p. 197). Many administrators and board members also stated this point of view in the interviews. One administrator said, “This was something that would be valuable and important in North America. There was a functioning open university model in Canada, but not in the United States.” The administrator felt that there was fertile ground in the US for establishing an institution that would adopt the British Open University model. The Open University (UK) had developed partnerships in many countries and the United States was next.

The UKOU did start an open university in the United States; therefore, UKOU did expand its worldwide initiative and, therefore, met this expectation. Some researchers would argue that the initiative did not last; therefore, the expansion should not be counted. I would argue that expansion did occur, USOU did have enrollments and they were increasing, though not at an adequate rate to sustain the vision.

3. *Enrollment projections of 2,000 in the first year would be met and enrollment would at least double in the following years.*

Enrollment projections were never met. Many individuals who were interviewed felt these projections were unrealistic. Data that support these projections include comments from one administrator who said, “They were projecting 2,000 enrollments in the first year and 6,000 the second year. There was no basis for the estimates, the estimates were always too high, and we were always failing.” A second administrator added, “We used the business plan that had been put together by the UKOU, even though

there were those of us in the institution that knew it was unrealistic. The enrollment numbers that they were projecting were unrealistic given where we were.”

Several reasons for not meeting the enrollment projections were captured in the data. Reasons included lack of regional accreditation and the fact that enrollment projections were based on the UK enrollments. Several of the administrators pointed out that USOU was a start-up initiative—a new virtual university in the United States—and there were challenges that slowed progress (implementing online student services, implementing the Learning Management System and course adaptation time). The expectation of meeting the set enrollment projections (e.g., 2,000 in the first year and 6,000 in the second year) were not met. In fact, the business plan had to be modified each year when enrollment projections were not met. The administrators announced that this was “frustrating.”

4. Middle States Association of Colleges and Schools accreditation would have been granted to the USOU and would have helped to meet the enrollment projections.

Although work on seeking candidacy from the Middle States Association of Colleges and Schools was started immediately following the opening of USOU, the timeline for accreditation was longer than the lifetime of USOU. The regional accreditation process takes several years to complete. All individuals agreed that if regional accreditation would have been granted, the enrollment projections could have been met. Lack of regional accreditation greatly affected enrollment. Many companies were not willing to support their employees through tuition assistance programs to obtain credit from a non-accredited institution. Students were worried they would not be able to

transfer the credit to other institutions since USOU was not regionally accredited. However, the interviewees were very clear that this expectation could have been met if USOU had been allowed to stay open. Some individuals reported that regional accreditation was only two weeks away and others reported it was one or two months away. The UKOU has since received regional accreditation through Middle States Association of Colleges and Schools; therefore, it can be assumed that the initial work that was done for the accreditation process of USOU was beneficial for the UKOU.

Next, assumptions will be reported and data documented to support each of them.

Assumptions

There were many assumptions made that proved to be challenges within USOU. There are many assumptions that can be classified as false assumptions since the assumptions added time for USOU to become operational. The false assumptions include:

1. *The UKOU Learning Management System (LMS) would also be used for the USOU.*

This assumption proved to be wrong. The UKOU LMS was piloted in the United States. It did not provide the level of support that was requested by USOU administrators, board members, associate faculty, and staff. Therefore, a new LMS was sought and an upgrade was made to a new service that provided chat sessions, discussion groups, tracking of student grades, etc.

2. *The UKOU academic semester which was a year long, could be used in the USOU.*

This assumption was false. There were a few pilot courses that utilized the standard UKOU 16-credit course, year-long study of multidisciplinary course work. Once the US-based administrators and staff were hired for USOU, they recommended that the USOU follow the 16-week US semester and the courses be broken down to three to five credit hours each.

3. *UKOU courses would need little adaptation.*

This assumption for the majority of courses was false. As stated in #2, the UKOU courses were much broader and were offered as 16 credit courses. Course adaptation included: a) shortening the courses into a more focused module, and b) taking out the “queen and cricket” from the course which is how many of the interviewees referred to the language barrier. There were some courses (i.e., accounting) that were not adaptable because the two countries use two different accounting principles.

4. *UKOU support services (paper-based) could be incorporated into USOU.*

The UKOU used paper-based student support services at the time USOU was started. USOU administrators and staff felt very strongly that online, student support services (online admissions, registration, and payment) were needed to adequately support the online initiative. These activities took time to implement which may not have been planned for by the UK representatives.

5. *UKOU was adequately funded and USOU was given enough time to break-even.*

USOU was under-funded for a start-up initiative. All sectors of interviewees mentioned this except for associate faculty members. This is not surprising since the associate faculty were not part of the fiscal conversations. The overall view of the interviewees was that if USOU had not closed so quickly and three more years of operation

had been allowed, USOU would have met its break-even point. This assumption ties into #9 which covers the unrealistic business plan. Enrollment numbers were unrealistic and could not have been achieved. Administrators also reported that if additional funding partners would have been allowed, USOU would have remained open longer and would have achieved break-even.

The Center for Visionary Leadership's Best Practices Project addresses "best practices" of social welfare programs can be applied to other types of programs Under the category of sustainability, it states, "Programs with only one funding source are at constant risk of 'running out of steam,' especially if the money is used to cover all program costs. Leveraging resources from a variety of governmental, foundation, business and nonprofit groups is the key to continuity" (Center for Visionary Leadership, 2004, para. 1). This can certainly be said for institutions of higher education where one funding source could not possibly work. Though the USOU generated tuition and fees in addition to the funding they received from the UKOU, the financial support from UKOU was the sole funding source that covered all operational costs.

6. *Sir John Daniel, visionary of USOU, would continue in his role as Vice Chancellor of UKOU and President of USOU Board.*

Did the resignation of the visionary who started the USOU affect the continued success of the virtual university? The majority (12 out of 15 interviewees) felt that if Sir John Daniel had not resigned, the USOU would have continued operating. The other three individuals interviewed felt that even if Sir John Daniel had not resigned, the fate of the USOU would have been the same due to the financial crunch in the UK. No one can say for sure, because Sir John resigned and USOU was closed. Certainly, there were other factors

that must be taken into consideration, in addition to his resignation and that is the financial status of the UKOU and the lack of support from the UKOU board. When Daniel Robins, founder of Gentoo Linux, resigned, an official statement was released saying “Gentoo Linux is far bigger than any one person” (Robbins, 2004). It is difficult to know whether the outcome for USOU could have been different if Sir John Daniel had not resigned.

7. *The liaison structure between USOU and the UKOU board was sufficient (Sir John Daniel served as the sole liaison to the UKOU Board).*

The lack of relationship building for USOU administrators and board members with the UKOU Board was a major weakness mentioned by at least four interviewees (two administrators and two board members). It was felt that if the relationship with the UK Board had been broadened to include USOU administrators and board members instead of relying on the sole liaison of Sir John Daniel, the fate of the USOU might have been different. USOU associate faculty and staff did not mention the lack of relationship building as a challenge.

8. *UKOU felt that it would be easy to capture the US Market.*

There were two main functions of marketing for the USOU. One was to create brand recognition and the other was to target specific markets for specific programs. Since there was a lack of brand recognition for the USOU in general, this was a full-time campaign in itself. The Director of Marketing said that it was not feasible to run two large campaigns at the same time. If you separate them out and first create brand recognition and then target markets, the plan works better. There was not enough time to accomplish these two goals separately; therefore, they were done simultaneously and with a very small budget. USOU marketing was not very effective. There was not

sufficient funding to develop a national marketing plan. The marketing that was done was primarily regional marketing or targeted for specific programs. Another factor was that the USOU already had competition with the University of Phoenix Online, which spent millions of dollars on advertising and reached the same audience--learners seeking flexible learning opportunities. In addition, traditional universities had entered the online market and were witnessing increased enrollment for their institution. So traditional universities were another area of competition.

9. *Enrollment numbers were based on UKOU success and were initially set by UKOU representatives—set too high (management spent a lot of time and energy constantly revising the business plan and adjusting enrollment numbers.*

As covered extensively in Chapter IV, the initial enrollment numbers were never realistic. They were re-negotiated each time the projections were not met and this was a tiring process. As one administrator reported, “we always had unrealistic enrollment targets, failed to meet them and constantly went back to the board with another round of excuses why we had not hit our enrollment.” All administrators, board members and staff felt the enrollments were set too high from the beginning. Associate faculty members were not involved in this process and did not have anything to report about enrollments other than the number of students they had in their classes which was an average of 15 for one class and 10 for the other class.

10. *Lack of regional accreditation would not affect enrollment.*

Interviewees mentioned how important regional accreditation was to USOU and they also mentioned that they were “surprised” how much the lack of regional accreditation affected enrollment. The interviewees reported that if regional accreditation

had been granted, enrollment projections would have been met. In fact, all of the interviewees also mentioned that regional accreditation was only a few weeks to a month away. The process for seeking candidacy for regional accreditation began immediately after USOU was started, but the accreditation process took longer than anticipated. One of the factors may have been that the regional accreditation agency requires that students have graduated from the institution before full accreditation can be granted. It is not clear from the interviews when the first individuals of a full USOU degree would have graduated.

11. *USOU had all the time they needed to break even.*

USOU administration and board members did not mention a timeline that UKOU had set in which USOU needed to break even. Therefore, it may be assumed that the administrators were operating on a false assumption that they had time to break even, but in fact, they did not. The UKOU shut the USOU operations down before a break even point could be reached.

Positive Aspects of USOU Model

Many of the factors leading to USOU's failure or closing were covered under assumptions. There were many positive aspects of USOU as well. Overall, the individuals who played a role in USOU were extremely proud of what USOU accomplished and felt what they had done developing USOU as a virtual university providing accessible, quality education to individuals who could not attend place-bound college courses during the day was extremely valuable. One associate faculty member stated it this way, "USOU would have worked [given more time]." Other comments such as "it was happening," "we were

getting there,” were mentioned by administrators and staff. Although USOU did not reach their enrollment projections, positive aspects were reported by the interviewees.

1. *The course materials were of a high quality, and the students were satisfied (as reported by USOU associate faculty and staff), and enrollments were increasing.*

Comments from the associate faculty included “I was extremely impressed with the course material,” and “the instructional materials were really, really good.” Associate faculty said that USOU had an intellectual status and they had an intellectual respect that University of Phoenix Online and places like that do not get and will never get. “There was a style and sophistication that was injected into our system of education that we needed desperately here.” The associate faculty also enjoyed their role as facilitators within USOU. For the associate faculty interviewed, it was almost a relief not to have to pick out a textbook and other course material. That was all provided through the UKOU.

The satisfaction rate of the students was high as noted by the comments shared by the student services staff. Staff reported that “student comments were positive.” An associate faculty member also noted that “most of the students that I talked with were pretty happy. They felt that they had learned a lot.” Many of the students returned to USOU and took multiple courses supporting the assumption that the students’ experiences with USOU were at least satisfactory. Student evaluation data were not available for review, therefore, perceptions of the interviewees were used when reporting student satisfaction.

Although the enrollment projections were not met (unrealistically set), course enrollments were increasing. The programs where the highest enrollment increases were in the partnership programs (UMBC). There were no exact numbers available from

interviewees on how much enrollments had increased from year-to-year, comments from administrators and staff were that enrollments, overall, were increasing.

2. *The USOU board provided the needed guidance to USOU and carried out its duties as assigned (as reported by the board members and administrators).*

Although only US-based board members were interviewed, when asked about the effectiveness of the board, these individuals felt the board provided the needed guidance and asked appropriate questions related to board governance. Comments from the board members included: “the board was quite effective,” and “up until the very end, it was a very active and engaged board,” and “it was a very interesting board with a lot of talent and expertise.” The representatives on the board were from the UK and the US, which one board member stated, “provided credibility to the board.” The board was not responsible for the liaison with the UKOU Board, the liaison was left to Sir John Daniel. The board did not recognize the weakness of having Sir John Daniel serve as the sole liaison to the UKOU board. In fact, no one recognized this during the operation of USOU. Overall, the USOU board provided the overall support and guidance that USOU needed with the duties they were assigned.

3. *USOU personnel were committed and student services were a great asset to USOU (perspectives of USOU administrators and staff).*

Staff members were extremely proud of the level of service provided to students. Comments from staff included, “One of our strongest aspects was the relationships we had with our students.” Another staff said, “The comments we received from the students were positive. The staff would bend over backwards to help a student.” Administrators shared this perspective as well and provided supporting comments of the

high level of customer service provided by USOU staff. The USOU personnel were very committed to USOU. The strong commitment was noted in all of the interviewees' comments when describing their responsibilities for USOU. They worked long hours and were flexible with job duties (taking on extra tasks if a deadline arose).

4. *The administration of USOU was very involved and committed and a team spirit was created that provided a strong foundation for the dedicated staff who were extremely excited about what they were doing.*

A very strong positive outcome that was evident through the interviews was the cohesiveness of many of the USOU administration and staff. Some researchers may argue that this closeness can happen in any new organization, but the level with which the USOU administrators and staff worked together to accomplish the mission of USOU was so strong and evident, it merits reporting. The unique aspect of USOU is that they had employees in two different locations, Colorado and Delaware which would seem to make it more difficult to develop strong relationships. The separation of staff did not seem to decrease the support provided to each other.

There were two leaders that played a major role in the start-up institution and that laid the foundation for a great team. They modeled participatory leadership in that there were weekly conference calls between administrators and staff with the two offices in the United States and a weekly conference call with the UK representatives. One administrator was responsible for hiring all other administrators and staff. Individuals were carefully selected for their positions. Comments about the administration included: "The people that went to work for USOU went to work for Sir John Daniel...he was one of the most positive, encouraging people I have ever met." And, "he was a great guy." Although Sir

John should have mentored other USOU representatives to assist with the liaison role with the UKOU board, his leadership of USOU was reported by all interviewees as being excellent. Other comments about administrators included “she was great to work with,” “it was a great team.” Comments from staff made about their colleagues included, “she was so pro-student.”

The excitement of the new USOU was felt by all individuals interviewed. One administrator commented, “You knew you were starting something brand new and extraordinary; it was great.” Another administrator added, “When else in your life are you going to get the chance to start a new institution and to try to be part of a major change innovation in American higher education. To me, it was a once in a lifetime opportunity to be part of a mission I believed in.” Staff members’ remarks were similar in that they were committed to USOU and even though they lost their jobs in the end, they would not hesitate to do it again. And, although it was exciting, the innovation was also very stressful on administrators and staff. Some individuals commented on the fact that they did not realize how stressful the job they held was until now that they are reflecting on it. One said, “It did not seem stressful at the time, but now that I look back on it, it was very stressful.” The employees were working in extremely long hours to get the job done. “There was just too much to do,” was what one administrator reported.

5. *The associate faculty worked well with the students in guiding them through their coursework (as reported by associate faculty and staff).*

Comments from the staff were very supportive of the associate faculty members, their roles and how they carried out their role with the students. One staff member stated, “The associate faculty were wonderful, very student focused and very forward thinking.”

Another staff member added, "The faculty were very flexible and they needed to be since they were not at a traditional bricks and mortar institution catering to 19-20 year olds."

An administrator reported, "I remember reading some of the student evaluations and at the time thinking that they were incredibly positive and how innovative the instructor had been in facilitating the group project. And what a great experience it was."

The associate faculty also enjoyed their experience. The one aspect that should be added is that the associate faculty experienced a detailed hiring process, which included an interview over the phone and then an invitation to a two-day orientation for the USOU, which was considered part of the formal interview process. If, after the two-day orientation, the associate faculty accepted the role of mentor and facilitator, the person was hired as an associate faculty member for USOU. If the UK faculty and the person being interviewed felt that it would be difficult teaching without any input into the development of course materials or syllabus or not being able to grade the students' tests, the individual was not hired.

Lessons Learned

Lessons learned from establishing a new virtual university may be valuable to those involved in similar initiatives and to others in the education field. The many lessons learned in the life of USOU will assist state leaders, administrators, faculty members, and others involved in starting a virtual university or new institution of higher learning.

An important lesson learned is *involve others in the advocacy role with the organization that is providing the funding; do not rely on one person to advocate for the virtual university*. If there is one person playing the role of advocate for the virtual

university and that person leaves the institution, support for the virtual university may be lost. If a group of individuals serves as advocates for the virtual university and if one player leaves, the committee or group of individuals should continue to have a strong relationship with the various organizations that are important to the success of the virtual university (especially the organization that is providing the funding).

A second lesson learned is *start a virtual university with multiple funding sources*. There is an advantage to having more than one funding source in a new initiative. The main advantage of having multiple funding sources is that if the sole funding source is diminished or reduced to zero, there are other funding sources that can support the virtual university. A single funding source is too risky as was the case with USOU. It takes time and energy to sell a new institution to possible funding sources. This process should be started early. It is unknown whether USOU would have been successful in securing additional funding sources with an unrealistic business plan.

A third lesson learned is *develop the business plan with input from those who have the expertise*. In the case of the USOU, the business plan was developed by the UKOU including enrollment expectations before the USOU administrators were hired. The enrollment projections were based on UKOU experiences which proved to not be true in the United States. After the enrollment projections were set by the UKOU, the administration of the USOU felt as if they could not reduce the numbers since they were already established, although they felt the expectations were too high and very unrealistic. Each year, USOU did not meet the high enrollment projections and this put a damper on the successes USOU was having (increasing enrollments, but not meeting the projections).

A fourth lesson learned is *partner with academic institutions that need assistance in delivering quality programs through distance education*. Partnering with established, credible institutions of higher education can provide access to the student base of the partner institution. Partnering with academic institutions also strengthens marketing of the programs as the students have heard of the partner institution but may not have heard of the new virtual university. One issue to consider in establishing partnerships is admission standards and whether the admission requirements should be the same for the virtual university and the partner institution(s).

A fifth lesson learned is *it is very difficult to market a national program in the United States without a large marketing budget*. Marketing of a national program is very expensive if a virtual university incorporates all of the media (e.g., television; radio; print such as newspaper, journals, newsletters and others; web-based advertising; and others). The USOU did not have enough funding to market the USOU as an institution and to market the degree programs.

A sixth lesson learned is *allow enough time (at least five years) for a start-up initiative to break even*. It usually takes longer than anticipated to get an institution to be successful or get to the break-even point. Three years is not enough time for a new virtual university to be implemented and begin to be profitable. This was the amount of time that was allowed for USOU before it was closed.

A seventh lesson learned is *regional accreditation is imperative to the success of a virtual university*. Without regional accreditation, students will not register as they are concerned about whether they will graduate with a degree from an accredited institution. Also, companies set standards that they will only provide tuition reimbursement to those

employees enrolled in regionally accredited institutions. Without regional accreditation, company representatives may not support degrees from the virtual university that is not regionally accredited. Also, without regional accreditation, financial aid becomes problematic. Regionally non-accredited institutions are not currently eligible for federal financial aid.

An eighth lesson learned is *hire the right people and great things will happen*. The concept of “getting the right people on the bus” is summarized in *Good to Great: Why Some Companies Make the Leap and Others Don't* by Jim Collins (2001, p. 47). It is important to hire the right people when you are starting a virtual university. The administrators and staff of USOU were motivated and driven to see USOU succeed, they were flexible and did what was required even if it was not written in their job description. They communicated regularly to keep individuals up-to-date on USOU activities, and they believed in USOU and were committed to its success.

A ninth lesson learned is *start small by offering a few degree programs and once those are successful, then expand with more offerings*. If a virtual university tries to be all things to all people, it may not be successful because it has too many offerings to market, too many degree programs to administer and may not have enough resources to cover all activities. USOU offered undergraduate completion programs and masters degrees. As administrators reflected on the offerings, many felt that they should have focused on a few masters-level programs initially.

A tenth lesson learned is *if a virtual university is closed, handle the closing with care*. If a virtual university is closed, students need to be redirected and provided with options for their continued learning; administrators and staff need to be given time to

contact students; and if possible, all parties involved need to be compensated appropriately. When USOU closed, interviewees reported that the administrators were notified one night before the board was to meet that USOU was closing and the next day staff were met in the office by a UKOU representative who told them that all USOU employees had to leave immediately (with the exception of two staff members who were mandated to stay to take care of the students' needs). All interviewees mentioned that the closing of USOU should have been handled much more professionally and allow people time to take care of the things they felt were important such as contacting all students to let them know about the closing and providing options. The next section ties in with lessons learned from the researcher and presents advice that interviewees would give to others (administrators, faculty members, state boards, etc.) who may be thinking about starting a virtual university.

Advice to Others Who May Want to Start a Virtual University

One of the research questions was "What advice would you give to others who may be thinking of starting a virtual university?" Respondents' answers have been categorized into several areas.

Make Sure Initial Assumptions Are Correct. This statement was mentioned by at least one-half of the respondents due to the fact that many assumptions were made for the USOU that proved to not be accurate (e.g., people in the United States would know about the UKOU and that there would be several hundred students registered immediately when the USOU opened for business). A few respondents also said "be realistic in enrollment projections" which many respondents felt were set unrealistically high for the USOU. Another respondent said, "Make sure there is a demand for what you are going to offer

and then be sure to market yourself in a way that distinguishes yourself from others and matches what the market needs.”

Use Technology that Meets the Needs of Students, Faculty, and Administrators.

The UKOU technology was to be used by USOU students, faculty and administrators. Initially, the Learning Management System (LMS) that was in place at the UKOU was going to be used for the USOU. It rapidly became apparent that the system was too slow and unusable for the USOU to operate effectively. It then took time to research the appropriate LMS for the USOU. One respondent put it this way, “the course material is the easy part. You have to pay attention to what really makes a difference and that is in your support services and your ability to connect students and create a learning community [online]. And that is the hard part, the tricky part and that is the part that the USOU started getting right.” It just came too late.

Develop Partnerships. Many respondents felt that the partnerships that were developed within the USOU with other educational institutions brought the most enrollments and were therefore seen as a strength throughout the USOU’s existence. One respondent said “a virtual university doesn’t have to start from scratch. You can have partnerships and linkages with existing entities which will keep your costs down.” Another respondent added, “a partnership model is a great model... You can actually use some of your current student base who will find the online courses more compatible with their schedules and their lifestyles and then pick up some additional students along the way.” And yet another respondent added, “think through where you can add value to organizations and educational institution that are already up and running.” Two respondents felt that a stand-alone virtual university should be a private-sector venture,

not a non-profit venture. One went on to say, “a for-profit partner would have prevented the USOU from closing... We had to go in with someone else.” Another respondent pointed out that the UKOU had never started offering courses in a different country other than Britain without developing a partnership, so this was out of the ordinary for the UKOU. If a strong partnership had been developed with an institution in the United States in the beginning, the outcome for USOU could have been different.

Have a Sound Business Plan and Sufficient Funding. In order to be successful, there should be a working plan. One respondent put it this way:

the planning process should be a) here is where we are at now, b) here is where we want to be, c) look at the difference of where you are and where you want to be, d) how are you going to get there and e) what are the reasonable timelines to get there. There is no one piece of advice one could give because it is all in the context and a function of the goals and starting point of any project.

All interviewees (except associate faculty members) mentioned that sufficient funding is imperative and that additional funding was needed in order for the USOU to be successful. As one respondent said, “if you don’t have a realistic financial plan, nothing will work.” Another respondent said, “If you think you are going to launch a new program, as I think many institutions have done, and use it as a cash cow to underwrite other things, you are sorely mistaken. It is not that easy. It takes a lot of money for this type of start up.” Another respondent added, “be hypercritical and subject yourself to incredible scrutiny on how you are actually going to enroll and retain a student.” Even though the USOU had a business plan, the enrollment projections were unrealistic and this was never changed. This was probably one of the aspects of the business plan that should have been corrected right in the beginning since everyone knew the enrollments were unrealistic.

Academic Rigor is Important. Many respondents mentioned the importance of upholding the academic quality and rigor with distance education. “There are too many fly-by-night operations that don’t possess the academic rigor” was how one respondent put it. Another respondent said “take online learning seriously.” A part of academic rigor is having good faculty members to teach the course or guide the students through the course work. One associate faculty of the USOU said that the training and the faculty orientation process are critical and must be taken seriously in order for the virtual university to be successful.

Give the New Institution Time. Many individuals said that a minimum of five years was needed for the USOU to fully become operational. The USOU was only in operation for 2-3 years (depending on when you start counting its operation) when operations ceased.

Review Lessons Learned From Others. There are always lessons learned from those who are successful and from those who have not been as successful. “Review what the competition is doing” is how one individual responded. Chapter II contains two studies on virtual universities, and Chapter IV and Chapter V provide lessons learned about the USOU that should be reviewed before starting a virtual university.

Recommendations for Future Research

There are several recommendations for future research that evolve from this case study. One study would be to interview students who were enrolled in the USOU. Student records are now kept with the UKOU and were not available for this research. I am not sure how easy it would be to locate the students since the USOU closed more than two years ago and students may have different addresses, new jobs, and e-mail addresses.

A second recommendation would be to interview additional representatives from the United Kingdom since this study interviewed only US-based individuals except for one UK individual. Individuals such as the interim Vice Chancellor who took over when the Vice Chancellor of UKOU resigned, the current Vice Chancellor, faculty who developed the course materials and instructors of record who worked with the US associate faculty, UK board members who also served on the USOU board, the UK finance officer who was on the UK board, and others that played a role in USOU should be interviewed. Some of the main questions that should be asked that may have a different answer or point of view from the USOU personnel may be:

1. Why were additional funding sources not allowed when there were plausible sources reported to be available to fund USOU? Would there have been any acceptable funding sources that the UKOU would have approved?
2. What were the expectations of USOU and were those expectations met?
3. How did the UKOU develop the break-even enrollment projections?
4. Describe the relationship between the developers of the course (UK faculty), UKOU instructor of record and USOU associate faculty.
5. Why did USOU close?
6. Was there anything that could have prevented USOU from closing?
7. What were the main successes and main challenges of USOU?
8. What is the future for the Open University Worldwide initiative in the United States?

9. What would you, as a UKOU representative, do differently (lessons learned) if USOU could start over?

It would be beneficial for a researcher to travel to Milton Keynes in the United Kingdom or to have the research done by a UK researcher. In addition, the trip to the UKOU office would be beneficial since all of the USOU records are stored in that location, therefore, triangulation of data would be made easier.

Another study would be to research the roles of USOU leadership, USOU board members, UKOU board members and how effective each worked independently and how the three worked together.

Another study would be to research other closings of virtual universities. There have been other virtual university closings (California Virtual University is one) and determine if there are similarities or differences to the USOU. Categories of interest may be: funding structure, accreditation, partnerships, board, administrators, faculty, staff, policies established, and process used for the closing (notification, other educational opportunities for students).

Another study would be to research the development of partnerships with academic institutions versus not developing partnerships with academic institutions and the success of each. Would the research show that those virtual universities that developed academic partnerships to offer degree programs experience higher enrollment versus virtual universities that did not partner with institutions of higher education?

Another study is to research successful, private virtual universities such as the University of Phoenix Online to determine what makes them so successful. Also,

research successful, public virtual universities and identify if there are similar factors of success reported across private and public virtual universities.

Reflections

This qualitative study provided me an opportunity to greatly expand my research skills. In the initial conversations I held about this project, I planned to study the USOU closing and why it failed. As the interviews were completed, transcription started and data analysis began, I realized that the USOU, even though it closed after a very short time, had not failed at all. There were many successes documented and lessons learned throughout the short life of the USOU. It was an extremely valuable research project and it has whetted my appetite for additional qualitative research.

Establishing a virtual university as a start-up is a difficult task which cannot be accomplished in just a few years. It takes time for the support structure to become operational; it takes time for marketing of programs to be done effectively. And, it takes time before the results of a lot of hard work can be translated into enrollment numbers. USOU closed; therefore, some would say that it failed. Overall, I feel it did not fail because there were positive aspects from the USOU model.

Although I have not ever taken a UKOU course, through the definitions provided by the interviewees, I feel that the UKOU course would be of the highest quality for distance education. The course material includes textbook, video, audio, and then an interactive format for students so there is time built in for reflection which is important for an in-depth learning process.

USOU provided many lessons learned which were highlighted earlier in Chapter V. There were a lot of assumptions that proved to be false: USOU would meet the high

enrollment projections, people would register for USOU courses based on the recognition of the UKOU quality, it would be easy to be successful in the American distance education market, and if we build it, they will come. One weakness of USOU is that they did not realize the impact that lack of regional accreditation would have on enrollments. Although there were many flaws in the USOU model (starting with an unrealistic business plan), if I had been asked to work with USOU, I would have jumped at the chance. The new experiences of starting a virtual university would have outweighed any level of risk.

APPENDIX A
COPY OF CONSENT FORM

Consent Form for Participants
Lynette M. Krenelka, M.S., Student Researcher
Dr. Katrina Meyer, Committee Chair/Advisor

You are invited to participate in a research study being conducted by Lynette M. Krenelka who is a doctoral student within the Educational Leadership Department of the University of North Dakota. Data gathered from this study will assist in answering the question "what factors led to the closing/failure of a virtual university?" Since there is not a lot of research specific to the closings of virtual universities, the data gathered will be extremely valuable.

You will be asked to participate in at least three interviews lasting no more than 60 minutes each. There will be one face-to-face interview with one top-level administrator; all other first interviews will be by telephone. The additional, follow-up interviews will either be through telephone or e-mail. Interviews will be taped, transcribed without your name or any identification that could identify you or your organization and archived on CD Rom. CD Roms will be kept in a locked and secure area in the investigator's home and will be destroyed the summer of 2007. The signed consent forms will be filed separate from the transcribed notes. Once the notes are transcribed and verified, all tapes will be destroyed. Only the investigator and IRB auditors will have access to the files.

Your decision to take part in this research study is entirely voluntary. You may decline to be interviewed or decline to answer any specific questions. There is minimal risk that could result from this study. Strict safeguards will be followed to ensure that full confidentiality is maintained.

If a question is asked that makes you feel uncomfortable or if you have questions about the research, please contact Lynette M. Krenelka at (701) 746-7292 or Dr. Katrina Meyer at (701) 777-4255. If you have any other questions or concerns, please contact the Office of Research and Program Development at (701) 777-4279.

I have read all of the information above and understand the research study. I have been informed of the risks and benefits involved, and all of my questions have been answered to my satisfaction. Furthermore, I have been assured that any future questions I may have will also be answered by Ms. Krenelka, Dr. Meyer or the Office of Research and Program Development. I voluntarily agree to take part in this study. I will retain a copy of this consent form for my records.

Signature

Date

Printed Name

University of North Dakota
Institutional Review Board

Approved on JUN 3 2004

Expires on JUN 1 2005

APPENDIX B

QUESTIONS TO BEGIN INTERVIEWS

1. Tell me about your role in the US Open University (title, responsibilities). Do you continue to have a role in the US Open University?
2. What was the motivation for creating the US Open University?
3. How closely tied was the US Open University to the Open University in Great Britain?
4. There must have been hundreds of small and large decisions that you made as you began the US Open University. Please list 5-10 major decisions you made early in the creation or development of the US Open University.
5. At the very beginning of the US Open University, what did you assume to be true about distance learning in the U.S.? Let's also focus on some of the assumptions you made about the following:
 - a. The viability of the U.K. model for the US
 - b. The number of students
 - c. The number of staff needed
 - d. The cost of operations
 - e. Partnerships
 - f. Funding
 - g. The US market for higher education
 - h. Other assumptions?
6. Overall, what were your expectations of the US Open University?
7. Who took part in the US Open University? What is a typical student? Demographics (age, location,)?
8. Describe the faculty that taught for the US Open University (part-time, expertise in distance learning, etc.).
9. What, if anything, could have been done to prevent the virtual university from closing?
10. What would you tell others or what advice would you give to others who may be thinking about starting a virtual university?
11. Is there anything that I haven't asked you about the virtual university that would add to my understanding of why it closed or didn't continue its operation?
12. Would you be willing to participate in follow-up phone conversations or e-mail? Will I be able reach you at the current phone number and e-mail address?

13. Do you have suggestions for others I should interview (staff, faculty, students)?
What about accessing archived records of the US Open University (annual reports, etc.)?

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