

Meet the New Mega-University

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Can the fast-growing Southern New Hampshire U. transform higher education?

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Paul LeBlanc (second from left), president of Southern New Hampshire U., confers with colleagues in the Sandbox, where the university tests technologies and evaluates markets for its courses.

Spend a little time inside the sprawling former textile mill that houses the key business and academic arms of Southern New Hampshire University's online college, and one thing becomes abundantly clear: This is an enterprise built to grow.

The evidence is in the hanging computer screens that show how well the university's website is performing. It's in the hundreds of headset-wearing admissions reps and academic advisers encouraging students to enroll and continue in their courses of study.

And it's in the private university's trajectory over the past decade. During that time, enrollment has gone from 8,600 degree-seeking students in 2008 to more than 122,000 today. The president since 2003, Paul LeBlanc, will tell you that it's just getting started. The plan is for the university to nearly triple its enrollment over the next five years.

As audacious as that sounds — by one analyst's estimate, it means Southern New Hampshire would have to enroll one out of every two new online students in the United States over the next five years — LeBlanc believes it might take only three years to hit that mark.

To get there, he has laid out an aggressive agenda: More short courses that appeal to employers. Low-cost, competency-based degree programs to serve tens of thousands of refugees overseas, plus thousands more underemployed young people in the United States. Artificial intelligence and chatbots handling routine student interactions. A degree program at a price of \$100 a month? That's under exploration, too.

The plans are ambitious, creative, and, in many cases, unconventional. Will they come at a cost to quality? Already, by some metrics, student outcomes have suffered. Nonetheless, the university's moves may soon reverberate well beyond its own constituencies or even direct competitors. Southern New Hampshire isn't just refashioning itself into an institution that's bigger in size and broader in scope. It is also becoming one of the first of a new breed of nonprofit "mega-universities" now beginning to transform the higher-education landscape.

These new enterprises — the 100,000-student Western Governors University, which recently announced a goal of [serving a million students](#), is another — are not elite or richly endowed or renowned for their research prowess. Yet because of their size and market power — along with their ability to brand themselves as free of any for-profit taint — they stand to increasingly influence how other colleges develop their academic offerings; recruit, advise, and teach their students; and even determine their tuition prices.

Higher education's leadership has yet to reckon with the potential of these emerging mega-universities, or even to determine how to define them. (Does fast-growing Liberty University count? What about National University?) There's no formula for becoming one. For Southern New Hampshire, several strategies stand out. Among them: comfort with being better known for advising than for academic matters, a willingness to invest in its capacity to grow and innovate, and a reliance on corporate-style practices in activities as diverse as marketing, faculty oversight, and employee training.

It's still anyone's guess how the mega-university might change the market dynamics for colleges with smaller programs, established niches, or hopes of making innovations of their own. Already, however, it's clear that online institutions in the shadow of major players like Southern New Hampshire are struggling to compete.

Twenty years ago, Charter Oak State College, in Connecticut, was about the same size as Southern New Hampshire. With about 1,400 students, the degree-completion institution remains small today, and as acknowledged by its president, Ed Klonoski, it's not thriving. "You can't be a small online player," he says. LeBlanc built Southern New Hampshire for scale, Klonoski says, and then went ahead and scaled it. "I'm an admirer," he says. And now "he's killing me."

SNHU (it embraces the acronym, pronounced "snew") never set out to put the Charter Oaks of the sector out of business. But it has been consciously restructuring itself from the inside out over the past several years with the expectation that operating at a substantially larger scale will help it better weather the changes LeBlanc sees coming. In the future, he believes, "higher education will surrender its monopoly on credentials, transcripts, and delivery of education." In the new environment, colleges could find

themselves as much in the role as assessors of students' knowledge as education providers.

SNHU is preparing for that future by gobbling up market share — and exposing a new population of students to a new vision of higher education. Many experts believe the day is not far off when five or six such institutions, plus a few companies that manage online programs, will dominate the online-education landscape — and perhaps eventually other aspects of higher education as well. They also have little doubt that Southern New Hampshire will be among them.

As Klonoski puts it, "If they get large enough, they'll block the sun."

'Shape-Shifting' Structure

"Future-proofing:" That's one of the ways Paul LeBlanc describes the changes Southern New Hampshire has been undertaking. If that sounds like corporate lingo ... well, that's part of the point.

LeBlanc is not the least uncomfortable that some of the university's approaches might, in his words, "make traditional academics roll their eyes." One example: As a culture-building exercise, SNHU invites academic advisers, admissions representatives, and other employees to sign posters — one says "Our Vision," another "Our Brand Behaviors" — that adorn the walls of the converted mill that serves as headquarters of the online operation.

Under the president's watch, the university has made a point of hiring key personnel from outside academe's traditional pools. SNHU's senior vice president for technology and transformation ran IT for the Boston Consulting Group; the chief marketing officer was a top marketing executive at the American Lung Association and Verizon; the head of human resources came from a major insurance company. LeBlanc calls it "breaking out of the higher-ed echo chamber."



In the Millyard, once a textile mill, updates about SNHU's online operations are displayed via computer screen. "We're trying to create a consumer-grade experience," says a marketing official.

Under his leadership, SNHU has also transformed a hallmark of traditional higher-ed governance: the Board of Trustees, which in 2014 [reduced itself](#) from 26 to no more than 15 members. Having a smaller board could be seen as a power grab, but LeBlanc says it was designed to reduce the bland, "turn-taking" discussions that can be common on bigger boards. The change has allowed him to be more open both "when we wrestle with issues," he says, "and when we screw up." (LeBlanc takes board members on the road once a year for a "learning" meeting; this year's trip will be to the National Memorial for Peace and Justice, a monument to victims of lynching in Montgomery, Ala.)

Structural nimbleness, an ideal held more by companies than by universities, is something LeBlanc sees as a distinctive strength at SNHU. The latest addition to the campus symbolizes that. It's a \$55-million building under construction to house the new College of Engineering, Technology, and Aeronautics, disciplines that the university embraced after taking over the nearby for-profit Daniel Webster College, which was on the brink of closing after its parent company, ITT Educational Services, went bankrupt in 2016.

The story of that takeover — a decision that SNHU agreed to within an hour of being contacted by the U.S. Department of Education — looms large here. Officials cite it as an example of the "shape-shifting" organizational structure that the university has cultivated. The fall 2016 semester at Daniel Webster was already underway for about 600 students when SNHU agreed to handle the "teach-out" of its undergraduate and graduate programs. After accounting for students who had since transferred or graduated, and new enrollees, the school began this fall semester with 257.

A new building for such a small program is a big gamble, but LeBlanc says the project will help expand SNHU's capacity for STEM offerings, possibly including programs that are primarily online but incorporate a "low-residency" component.

Absorbing the accredited college allowed SNHU to hasten its entry into engineering programs. Saving the college from closing also earned it points with its accreditor. "It would have been loud and messy if they hadn't considered it," says Barbara Brittingham, president of the higher-education commission of the New England Association of Schools and Colleges.

Perhaps as important, LeBlanc says, it also showed the flexibility of an administrative structure that could get things done without sticking to hierarchies. That focus continues. In a push to get more personnel equipped to take on managerial responsibilities, the university has put 140 people through project-management training in the past year.

And in hiring a new chief financial officer, LeBlanc says, he made sure to find someone who would be comfortable sometimes taking orders from employees three rungs down on the organizational chart.

"I feel like I haven't been able to convey what a distinct competitive advantage that is," he says. "When you're siloed, you're brittle."

The competitive advantage has paid off in at least one metric. The money for SNHU's bricks-and-mortar expansions comes from the online operation, which at times has run with hefty profit margins: 40 to 50 percent. (It hit 50 percent in 2010. By comparison, Western Governors, which relies on a competency-based educational program, had a margin of about 4 percent in 2016, which officials there consider typical.)

LeBlanc declined to provide information on the online program's current profit margin, but he says it's quite healthy. "If the question is, Does online do well? Yes, it does."

'A Consumer-Grade Experience'

From her desk in the Millyard, headquarters of SNHU's College of Online and Continuing Education, Alana Burns looks out on a giant computer screen that flashes regular updates: traffic to the university's website, the number of new inquiries from prospective students, the speed at which web pages are loading. "Faster is better," explains Burns, chief marketing officer. "We're trying to create a consumer-grade experience."

The university's drive to create that experience has led it to invest heavily in technology and innovation. Its in-house consulting-and-research venture, called the [Sandbox Collaborative](#), operates from offices that could easily pass for one of those trendy co-working spaces now dotting cities and college towns. (Think sleek furniture and desktops that double as whiteboards.) Sandbox helps to vet technologies that the university might someday adopt, like game-based assessments; evaluates potential markets for the university's courses; and seeks out collaborations, like the [\\$1-million grant](#) it landed from Google in April to study ways to help unemployed youth.

In partnership with a venture-capital firm called Rethink, the university also created a \$15-million fund (with \$10 million from SNHU) to invest in start-up companies focused on education. So far the fund has [invested in 15 companies](#), including some working in virtual reality, tutoring, and one called CareAcademy, which trains and certifies home-

health-care workers. (SNHU hopes the acquisition will help it better understand the market for nonacademic credentials.) According to its tax documents, SNHU also put nearly \$11 million into a spinoff ed-tech company that it owns called Motivis Learning. That venture, which began as an in-house project at the university, helps knit together student data from various sources to make it more useful to institutions and students.



In its latest "start period" — there are six a year — Southern New Hampshire just notched a record: 11,400 new students, the most in its history. The university's plan is to nearly triple its current enrollment, to 300,000, in five years.

More quietly, over five years the university is putting about \$50 million in improvements into its own technology infrastructure. Learning-management systems and student-information systems aren't sexy, but SNHU considers them vital to the product it is providing to students — a "digital experience." With its new capabilities, the university can update its courses more quickly and give its 500-plus academic advisers better tools for real-time interactions with students.

The upgrades have better positioned SNHU to integrate its various operating systems with commercial products. It can update students' changes-of-address requests faster by using the same auto-fill technologies that Google Maps users encounter. Tom Dionisio, head of IT, calls touches like that a way of "bringing that consumer capability to higher ed."

The IT team is now exploring whether SNHU could use an artificial-intelligence tool to replace the high-school-equivalency test the university uses to vet its overseas refugee students for admission. If the tool passes muster, it could do in hours what now takes a week.

LeBlanc, who first bet big on technology and data-driven marketing when the university began expanding its national brand 10 years ago, says SNHU let itself fall behind in technology as it grew. He doesn't plan to repeat the mistake. For an institution like his, he says, up-to-date technology "changes the underlying economics."

'Like a Honda Accord'

Most colleges claim academic considerations, not administrative culture or consumer-driven technology, as their *raison d'être*. At Southern New Hampshire, the instructional program gets its fair share of attention. But it's not the selling point.

"We want an academic program that's like a Honda Accord," LeBlanc is fond of saying, nodding to the car's reputation for solid engineering and good value. "But we want to be the Nordstrom of student service and success."

To create its eight-week courses (10 weeks at the graduate level), the university follows a seven-month development process. It would be recognizable to anyone familiar with the mass-production model of course-development that began at for-profit colleges; it's now increasingly common at larger nonprofit ones, too. Subject-matter experts, learning-science specialists, and learning-resource specialists set course objectives and then map out weekly assignments that culminate in a final course project.

An in-house assessment team determines how course evaluations work. Much of the instructional material comes from publishers and courseware companies like Pearson, MindEdge, and Soomo Learning.

The adjunct faculty members who teach the courses aren't authorized to alter the content or the tests, but they can have some input by posting articles or questions on discussion boards or on the announcements page of the learning-management system. "Our job is to make that standardized content come to life," says Amy Farnum, an environmental-sciences professional who attended Southern New Hampshire's bricks-and-mortar campus in the 1990s and has worked as an adjunct since 2010.

About half of the 6,000 adjuncts in the teaching pool are people like Farnum, instructors who have full-time day jobs and teach at SNHU on the side. An additional 25 percent are part-timers by choice; the rest are professors who teach at SNHU and other colleges as their main source of employment. Pay for adjuncts begins at \$2,500 a course. For more-established instructors, the university has begun providing longer-term contracts. Professors on the main campus who teach online get \$4,000 per course under their union contract.

The university keeps a close eye on its instructors to ensure that they hew to its teaching standards. Supervisors known as "team leads" peek in at least once a week, confirming that instructors regularly engage with students in the discussion forums, grade assignments within seven days of submission, and provide individualized feedback to every student. (One metric: "How well did the instructor guide student interactions to promote a positive and forward-moving learning environment?")

At least once a year, those team leads also draft a full-fledged review, grading instructors as "exemplary," "proficient," or "needs improvement." Instructors who fall short are sometimes referred to the university's Center for Online Learning and Teaching for extra training.

For some, the oversight and rigidity chafes. On job-review sites like Glassdoor, current and former instructors complain anonymously about "demeaning" team leads who micromanage, and a grading practice that they say leads to grade inflation. The instructors don't determine the actual grades, but they do score students' assignments according to rubrics common to each course.

LeBlanc dismisses the criticisms. "For every one of those," he says, "I could give you 10 faculty who would describe just the opposite."

But even professors on the SNHU campus who teach online and enjoy it understand that it's not for everyone. "There are faculty at our school that don't want to have anything to do with that model," says Greg Randolph, a professor of economics who helped develop an online microeconomics course and has taught online for 10 years. "They're definitely checking in," he says of faculty overseers, but "the colleagues I talk to most about it don't have any issues with their team leads."

The university applies a similar level of oversight to its academic advisers — full-time employees who man a floor of the 240,000-square-foot Millyard (plus a location in California) from 8 a.m. to midnight. The advising operation, LeBlanc says, is the university's "most critical differentiator" — Southern New Hampshire's "special sauce."

With a typical caseload of 250 students and a computer-screen view into their academic progress, the advisers spend their days scanning for changes in attendance records or downward blips in their grades. At the first signs of trouble, they'll ping students with text messages or phone calls to help get them back on track. Sometimes they'll reach out to instructors to let them know if a student's personal situation has interfered with schoolwork. The advisers are trained to pay particular attention to students flagged by the university's data systems as being at a "soft" or "hard" risk of losing their federal financial aid because of poor grades.

They also spend a lot of time in university's course-planning software — what one adviser, Samantha Couture, calls "our bible" — to help students register for the following term. Many of SNHU's students have full-time jobs, children, military responsibilities, or other obligations, so the university expects its advisers to make sure the students don't get flummoxed by scheduling challenges. "We want to take that off their plate," Couture says.

Data-guided "intrusive advising" of this sort is now increasingly common at colleges, online and otherwise. How much of a difference does it make at SNHU? That can be hard to pin down.

The university doesn't report much publicly about outcomes for its online students, especially compared with institutions like Western Governors, which uses its [annual report](#) to highlight factors like a rising graduation rate and the employment and salary gains of its alumni.

As Southern New Hampshire's enrollment has taken off, its graduation rate for online students has actually fallen from the 50-percent range, where it was six years ago, to 40 percent, according to data it provided to *The Chronicle*. (LeBlanc says the rate "shoots back to 50 percent if you remove those who try just one semester and then don't continue" — but excluding a portion of the starting cohort isn't the way such rates are typically calculated.)

What's more, the rate of SNHU students defaulting on their federal student loans has increased from 9.1 percent to 12.4 percent over the past three years, according to the latest federal data. The university's default rate is now above the overall national average of 10.8 percent.

LeBlanc says the university has been taking steps to reduce loan defaults, adding programs like peer advising and better systems to alert advisers when students get in academic trouble. Those additions, he says, are likely to raise graduation rates, and improvements are starting to show up in the university's statistics on students who return from term to term and year to year. On the university's measure of student satisfaction using the commercial Net Promoter Score, it reached 95 out of 100, says LeBlanc. "We've been very clear about all the outcomes that we can get our arms around," he says.

Southern New Hampshire considers its advising approach the most vital piece of its academic program, so much so that it has refused to take part in some big employer-funded education programs that would have required it to let outside parties, like the company Guild Education, manage (and get paid for) the advising services. "There are certain things we never surrender," says LeBlanc.

The Path to 300,000

In 2013, SNHU drew national attention for a new competency-based program called College for America, a self-paced, project-based degree that it offered in conjunction with companies and other partners. College for America won a \$3.9-million "first in the world" grant from the Department of Education; SNHU later became the first competency-based, fully accredited higher-education provider to be approved for federal financial aid independent of the traditional credit-hour model.

Compared with SNHU's online program, which has charged just under \$10,000 a year in tuition since 2012, the \$5,000-a-year College for America program grew modestly in its first few years. It now enrolls about 6,800 students. Two years ago, the university parted ways with the academic leaders who had created it and overhauled the program to be less of a boutique operation and more part of the College of Online and Continuing Education. It shortened the term from six months to four — more deadlines are better motivators for students, the thinking went — and reshuffled the requirements for some of the competencies so they could more easily be "mixed and matched" with other courses as options for employers and other potential clients.

Today the program, internally dubbed CBE 2.0, is a key piece of SNHU's five-year sprint to 300,000 students. It's the academic program that SNHU expects to deploy more aggressively as it attempts to enroll more underemployed young people, more adults getting their tuition covered by their employers, and as many as 50,000 overseas refugees.

Before, says Scott Durand, senior vice president and executive director of SNHU's Workforce Partnerships division, companies were signing up, but they weren't sending many students. Now the university will develop a partnership only "if we're going to be more than a name on your page of options," he says. Durand cites a relationship with Walgreens, which has pledged to put 5,000 ex-military employees through educational programs at SNHU over the next five years, as an example of the new strategy in action.

Most of those students will be going through degree programs. But, in line with LeBlanc's predictions about higher-education's loss of its educational monopoly, Southern New Hampshire isn't betting its future on bachelor's and master's degrees alone. Durand says the university expects to offer what he calls "shorter targeted solutions" and educational options that result not necessarily in full degrees but in "microcredentials." Education that comes as stackable blocks is a win-win product, he says: It provides an immediate payoff both to employers who are willing to pay for courses and to employees who want to step toward a broader education that might help them in the future.

The Future of the Degree

Corporate partnerships are valuable to colleges because they [reduce the cost of student acquisition](#). Southern New Hampshire is far from the only institution to have realized that value. It can expect plenty of competition, from other colleges and companies like Guild Education.

Unlike most other colleges, however, SNHU is also looking beyond companies and traditional employers for its student pipelines. In cities like Austin, Boston, Los Angeles, and McAllen, Tex., it has established relationships with local organizations that help it recruit students, many of them younger than its typical adult student, to its competency-based programs. About 700 students now come to the university through those partners. Last month the university doubled down on its youth focus when it acquired a three-year-old educational organization called LRNG, which offers online-skills training to 50,000 young people through "playlists" of resources, games, or other experiences. LeBlanc has also made no secret of his interest in having SNHU acquire or otherwise build a direct tie with an online high-school program.

Even more out-of-the-box is the university's visible commitment to bring competency-based-education degrees to refugees in Africa and the Middle East. Working with local partners and funded by a \$10-million grant in 2017 from a group of anonymous donors, Southern New Hampshire had pledged to educate 50,000 refugees in 20 locations by 2022. It was already on the ground in Rwanda and has recently added programs in South Africa, Kenya, Malawi, and Lebanon, which together have served about 600 students so far.

Refugees have a few other options for free and low-cost education — MOOCs, for example, or free online institutions like the University of the People. But Southern New Hampshire is the only American university to have embraced refugee education in anything close to this big a way. Tujiza Uwituze, a graduate of the Rwanda program who is now attending Southern New Hampshire on a scholarship for a graduate degree in international business, says that for her and her classmates, the opportunity for an American degree represents a lifeline to opportunities they would never have had otherwise. It means a lot, she says, to have a degree "from a school that knows we exist."

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LeBlanc calls the refugee initiative a natural extension of his institution's mission as a nonprofit university. SNHU works with refugees, he says, for "the same reason we do DACA students and homeless kids in LA."

"It's kind of what we do," he says.

What SNHU does is pitch that mission to as broad an audience as possible. LeBlanc, 61, who was paid more than \$948,000 last year, is often the one making that pitch. He's a ubiquitous figure in higher education — a fixture on the conference circuit who sits on a federal advisory board on accreditation and has spent time in the Education Department, serving a three-month stint as an adviser to the under secretary for higher education in 2015.

The president is also a familiar figure to millions of television watchers who've never met him. They know him from a TV commercial, the one in which he stands at a podium in his academic regalia (he has a Ph.D. in rhetoric, composition, and technology from the University of Massachusetts at Amherst) and calls out to the assembled graduates — mothers, first-generation college students, military-affiliated — to stand up and be recognized as the crowd cheers.

The commercial, based on some impromptu riffing he did at a ceremony a few years ago, is the university's best-performing piece of advertising, "the one to beat" in the words of Alana Burns, the chief marketing officer. "It was real and it was raw and it really resonated with people because they saw themselves in it."

Southern New Hampshire fashions itself as a college for students for whom college was never a guarantee. (LeBlanc, whose father was a day laborer and mother a housekeeper, says he was once such a student himself.) Nearly half of the online students there receive Pell Grants. More than 15 percent have ties to the military. An ad like that resonates, says Burns, because it reaches "people who didn't think it was possible for them before."

It needs to. While TV commercials and internet ads are hardly the only thing positioning SNHU to meet its growth ambitions — it's also betting heavily on the business-to-business "work force" strategy aimed at big employers — consumer-focused marketing remains vital to university's growth. "We spend a fair bit on television," LeBlanc says, "because I don't know how else to build a national brand."

Most of SNHU's ads mention the university's nonprofit status, and they sometimes show images of its 300-acre campus, home to 3,000 traditional-aged undergraduates and 700 graduate students, the latter mostly from overseas. Even though the courses and faculty members of the online operation don't overlap much with those on the physical campus, LeBlanc says prospective and current students appreciate that it's there. It "confers credibility" on the online program, he says.

Clearly something's working. For its latest start period (there are six a year), SNHU just notched a record: 11,400 new students, the most in its history. If that's a triumph of marketing, it's also got a lot to do with the team of 275 admissions representatives and the technology-driven recruiting systems. Visit the SNHU website and express interest in an online program, and a chatbot window appears within 20 seconds. Fill in a form with your contact information, and an admissions representative will get back to you within 24 hours.

This is some of what it takes to become a mega-university in 2018, and LeBlanc hopes it will keep SNHU on a path to be a very different kind of institution by 2030. The university will soon convert some of the space in the Sandbox into a mock-up of a futuristic campus — a space he describes as "not a Tomorrowland version of a dorm that becomes

outdated in six months," but a laboratory where the university can bring in students and faculty members to test out new educational tools in realistic settings.

LeBlanc knows his vision will invite critics, especially as the university's profile gets even larger. "People will say that we couldn't be good-quality at this scale of growth," he says. But the university continues to invest in its courses and assessments, he says, and is using its technology to provide "highly personalized" service. "If there's a point where I feel we are slipping on that basis, then I know we've grown too big."

For now, the expansion continues. SNHU recently began construction on a facility next door to the Millyard to accommodate a wave of new hires. LeBlanc admits that the growth comes with a challenge: How to keep the culture of the institution from fraying?

But he's already won a key argument: SNHU's relentless growth means that his gospel of innovation and adaptation is one higher education must reckon with. After all, it's a vision that has already become a reality for thousands upon thousands of students.

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