

Megatrends in e-Learning Provision

Initiatives that failed to reach targeted goals

The Open University of the United States

Introduction

The Open University of the United Kingdom is generally accepted to be the world's leading open university and the world's foremost provider of distance education. In the late 1990s the Open University, under the leadership of its Vice-Chancellor, Sir John Daniel, began planning for the Open University of the United States. This institution was started in 1998 and closed in 2002, four years later.

Historical context

In the late 1990s planning began at the Open University of the United Kingdom for an Open University of the United States.

The United States Open University started in 1998.

The first American staff for the new university were hired in late 1999.

The first courses were offered in spring 2000. In the year 2000 five courses were offered to 90 students.

In January 2001 Sir John Daniel retired as Vice-Chancellor of the Open University and as President of the United States Open University and moved to UNESCO in Paris.

In 2001 the United States Open University offered 30 courses to 660 students.

On 30 January 2002 the Open University decided to cease funding the American initiative.

In June 2002 the Open University of the United States was closed.

Technical issues

The *Megatrends in e-learning* project charts the migration of the Open University of the United Kingdom from being a world leading institution for multimedia distance education to being a megaprovider of electronic distance education, generally known as e-learning.

In 1998 when the United States Open University was founded and the design of the system was being worked out, the OUUK did not have this expertise in electronic distance education.

Therefore the design of a completely online institution was premature.

As Davies (1999) states the design of the United States Open University was based on the United Kingdom offerings on which the OUUK had built its reputation:

The Open University in the United Kingdom (UKOU) is well known for having pioneered the use of distance learning as a way to offer high quality higher education to many people. The Open University now offers its courses in many countries and so it was natural that, in 1998, it was decided to create a separate institution in the United States, the United States Open University (USOU). USOU is a sister organization to UKOU and will offer essentially the same type of education to residents of the United States that is currently offered in the UK. The long-term aim of the USOU is to establish a university based on teaching, research and scholarship, with both permanent US based Faculty and Associate Faculty.

Meyer (2006) presents the foundation of the United States Open University (USOU) thus, emphasising the explosive growth of online education in the United States:

In spring 1999, the Open University (OU) of the United Kingdom created the U.S. Open University (USOU) to coincide with the explosive growth of online education in the United States. The institution's first chancellor, Richard S. Jarvis (previously chancellor of the University and Community College System of Nevada), began hiring U.S. staff and opened an office near Denver, Colorado. News stories about the fledgling enterprise soon appeared in the *Chronicle of Higher Education*, *Change* magazine, and the *Business Wire*. It seemed an auspicious beginning to a new enterprise that targeted a growing field and brought with it the expertise and imprimatur of the U.K. Open University, which had enrolled three million distance students worldwide since 1971.

Online courses

Commentators on the demise of the United States OU have been critical of the university's choice of online courses. Arnone (2002) states that at the time of its closure most of the students were in two joint courses:

About two-thirds of students are in two joint programs: a master's-degree program in information systems with the University of Maryland-Baltimore County, and a bachelor's-degree program in business administration with Indiana State University.

Meyer (2006) adds:

The USOU depended entirely upon its parent for credibility with other institutions. "One advantage of the OU [reputation] was ... we never had a

question about content quality when dealing with other universities,” noted Jarvis, the former chief executive of the United States OU. On the other hand, the OU was a mature bureaucracy, with practices appropriate for operation in Britain. These practices did not always work well for a fledgling branch working in the different cultural and educational environment of the United States.

Because of its quality curriculum, the OU enrolled 200,000 students worldwide in 2003. As it happened, though, several aspects of the OU curriculum did not fit the U.S. market. Americans aren’t as interested in the “Greeks and Romans ... and some of the courses had a distinctly European slant on things,” explained Jarvis, or what he called the “queen and cricket problem.” “Course adaptation was expensive but a real need for adult students in the U.S.,” Jarvis said. The costs of redesigning courses added to the pressure on the USOU to raise revenues, however. The problems with adapting the OU curriculum were only one example of how the USOU may have misunderstood the U.S. marketplace, however. Student expectations were another, along with confidence in the dot-com boom that encouraged optimism about potential enrolments.

The present writer carried out research on distance education in the United States of America, many years ago in the late 1970s. A major visit was made to the University of Maryland at College Park, near Washington. The reasons for visiting this institution were that it was a major provider of distance education in the US and because it was known to be the largest user of Open University of the UK materials at the time. I was informed that the materials were causing great difficulties and the University of Maryland was spending much time and money adapting them. ‘The materials are too conceptually dense for American sophomores’ I was told. ‘The language used is too complex to be understood by American sophomores’. It appears that similar problems faced the Open University of the United States twenty years later.

Meyer (2006) concludes:

Like many companies established during the dot-com boom, the USOU expected many more enrollments than it got. As Jarvis put it, “The market was softer than we thought,” with a worsening economy prompting the dot-com bust. Furthermore, the OU curriculum is largely for undergraduates. By focusing on baccalaureate degree-seeking students as its primary market, the fledgling USOU had to compete with 3,885 U.S. institutions of higher education. These U.S. institutions had greater visibility and more experience in the U.S. marketplace and greater familiarity with American students. “The biggest mistake we made was getting started with undergraduate education,” noted Jarvis. “The OU MBA is one of the largest and most highly regarded in Europe.... We should have done an MBA or Americanized the OU MBA first.” As it turned out, the challenge of making inroads in the U.S. undergraduate market was one that USOU would not have enough time to solve.

The comments on starting with the Open University MBA are well made.

The Open University of the United States also ran into difficulty with the accreditation of its courses. It sought accreditation from two sources: the Distance Education and Training Council (DETC) in Washington DC and from the Middle States Association.

It won accreditation from the Distance Education and Training Council but this is only the organisation that provides accreditation for correspondence

schools and colleges in the US and was of no use for the accreditation of the OUUS courses at university level.

Accreditation at university level in the USA is granted by regional boards and the OUUS applied, therefore, to its local board the Middle States Association of Colleges and Schools for accreditation as a provider of university courses. At the time of its closure it still had not won this accreditation and therefore was not an attractive institution for students who wished to enrol for a university degree programme.

Arnone (2002) sums up:

The university suffered because it lacked both accreditation and name recognition among American students. Also, the university couldn't offer federal financial aid or employer reimbursement to its students, two important considerations to the part-time, working-adult population the university sought to serve. Nor could the university attract transfer students from other institutions.

Thus the Open University's courseware, of which it was so proud, proved to be a stumbling block for the enrolment of American students in part-time university degree programmes.

Management, strategy and attitudes

Meyer (2006) places a lot of the management failure on the departure of Sir John Daniel at the time when the American foundation was running into trouble:

John Daniel, vice chancellor of OU and President of USOU, "had a vision—a deep personal vision—of an American version of the OU." Daniel had "great passion for his vision ... [that] OU access in the U.S. would be a good thing even if it didn't turn a large profit." But in January 2001, this powerful advocate for the USOU left to serve as assistant director-general for education at UNESCO.

She comments: 'an influential advocate is important to an enterprise, but advocates sometimes leave. It is better to ensure wide support for the enterprise across the organization's leadership and sponsoring organizations'.

The financial implications of the American foundation were also considerable for the parent university in England:

Although the OU tempered its support of the USOU after Daniel departed, it spent \$27 to \$28 million on the venture while experiencing a downturn of its own. The worldwide economy was slowing, competition was increasing from other providers of distance education in the U.K., and funding had been cut by the British government. These factors increased financial pressure on the USOU, which was considered an experiment that had yet to meet its potential as a revenue generator.

The management structure of the American venture was also criticised by Meyer:

The USOU was owned, funded, and operated entirely by the OU, which did not seek independent capital investment. Whether foregoing outside investment was wise is hard to know, since demands imposed by the investment capital

market might have changed the nature of the educational enterprise. Evaluating the decision in hindsight is complicated by the poor economic performance of so many dot-com businesses having ample capital investment. Students felt the “price was too high” in the softening economy, indicating that the USOU needed to price services based on market research on what U.S. students were willing to pay. Clearly, USOU needed a different profit center than undergraduate tuition. Perhaps the mission was too broad and should have focused on fewer programs with a greater likelihood of short-term profitability, such as the OU MBA program.

Conclusion. Why did it fail?

Jarvis (2002) the President and Chief Executive Officer of the US Open University gives a series of reasons for the failure of the USOU:

Lesson #1: Community. Distance/distributed/online institutions need to build a community to grow the market (before competing for it), better understand the legalities, and help self-police each other.

Lesson #2: Quality Matters and Accreditation Works. DETC gave USOU sound business practices and a focus on the student experience. Regional accreditation emphasizes faculty and governance. A developing institution will benefit from both.

Lesson #3: It Takes More than Money. Having to continuously raise or defend funding drains time-on-task and loses focus. Start-up staff must be creative, flexible, and cut their ties to old ways.

Lesson #4: Partnerships. Most partnerships are high-maintenance, the rest are extremely high. If you can't explain to the partner what win-win is, you won't win. Both partners must understand what each means by “scale.”

Lesson #5: Going Global. World-class is high cost and most global markets are low-cash and low-tech. Adaptation of content is the least of the challenges in getting to and winning market share.

Meyer (2006) describes the story of the USOU as ‘a cautionary tale with five important lessons’:

First, an influential advocate is important to an enterprise, but advocates sometimes leave. It is better to ensure wide support for the enterprise across the organization's leadership and sponsoring organizations.

Second, new educational enterprises need a thorough understanding of their potential customers' needs, wants, and expectations. These factors should guide the development of appropriate curricula and services.

Third, an educational enterprise, like any other, needs a careful business plan that is continuously updated and revised as the organization learns more about its customers and market. An appropriate business plan should guide development and the choice of new projects. Sufficient funding is needed to help the organization survive bad economic times.

Fourth, accreditation must be in place early. Accreditation boosts an educational enterprise's reputation and ability to attract students and can mean the difference between success and failure.

Fifth, sometimes things happen that no institution can easily foresee: a softening economy, a sudden change in leadership, a budget cut for the institution and/or its partners. Any of these factors can cripple a new and vulnerable enterprise.

Tilson (2002) the former Director of Learning at the USOU concludes by asking a series of questions in a presentation titled *United States Open University: Great Expectations and Cold Realities*:

USOU: What Happened? Was it:

- How we operated?
- Our pricing structure?
- The lack of name recognition?
- Our accreditation status?
- Student expectations?
- OU expectations?

This study shows that all of these factors contributed to the demise of the United States Open University.

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