Brand Building in Career Colleges

by Robert Lockwood and Gerald Hadd

Across a wide variety of media sources, for-profit schools proclaim the easy availability of postsecondary education. Given the number of schools competing in the same market space, and the similarity of marketing messages, there is a great deal of "me-too" branding among for-profit schools. America has hundreds of for-profit schools that offer certificates and/or degrees in allied heath, information technology, business, and education, to name only a few of the many programs being advertised.

Compared to "traditional" colleges and universities, three main brand promises that distinguish for-profit schools are:

- Students can finish certificate or degree programs in much less time.

- Non-traditional students fit better in for-profit schools.

- The student experience is more intimate and personalized in for-profit schools.

The word "traditional" is in quotation marks because, as part of their branding strategy, so-called traditional non-profit colleges and universities are launching online degree channels that have essentially the same business model and compete directly with for-profit schools. That clutters the marketplace even more. As each new program is introduced, there is less and less differentiation of for-profit educational brands.

One of the most elementary principles of branding is that all brands make promises, and over time attributes like brand image, brand equity and reputational capital are all rooted in whether or not the brand delivers reliably on its promises. Furthermore, the ability to differentiate one's brand is vitally important for ongoing viability and success. For-profit educational brands are no different from any others in that regard.

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In recent years, headlines and articles have been written regarding controversies in for-profit higher education. The brands and exact issues vary; however, a common theme across many of the alleged controversies is failure to deliver

on brand promises. Moreover, alleged controversies aside, there is now widespread demand for increased transparency and accountability in higher education, including for-profit schools. There, too, delivery on brand promises is a common theme.

For example, a position paper from the National Leadership Council for Liberal Education and America's Promise (LEAP) calls for postsecondary schools to provide solid evidence that, "...students who have placed their hopes for the future in higher education are actually achieving the kind of learning they need for life, work, and citizenship."[1]

On a more basic level, for-profit schools compete not only with each other, but also with traditional non-profit public and private schools, as well as for-profit style programs offered by non-profit schools. At this point, there are so many program offerings that unless an educational brand is differentiated, the ongoing viability of the brand becomes more diluted, and therefore, questionable.

As globalization evolves, technology advances and baby boomers in the U.S. retire, for-profit institutions need progressive growth strategies. For-profit schools seeking to differentiate their brands need to more effectively manage their external brand image through the efficient use of their people.

Why through their people?

Dr. Bill McEwen observed that, "Marketing 101 reduces the main determinants of customer loyalty to the familiar Four Ps: Product, Place, Promotion and Price. These are all critical factors, but marketing orthodoxy is myopic ... The result is that a fifth P is typically left out of the reckoning: People."[2] People are the key to delivering on brand promises and achieving brand differentiation. Students in higher education get services and instruction from people. Everything else about for-profit schools can be readily duplicated, including products, places, promotions and prices. People who uniquely differentiate a higher education brand are much harder to duplicate.

The Gallup Organization has been researching human psychology in the workplace for nearly 40 years. A common response to Gallup's research regarding strategic human resource management and organization effectiveness is "we're different." Upon hearing Gallup's research findings about human psychology in the workplace, many people quickly assert that the research couldn't apply to them because their operating environment or other circumstances make them different from other organizations, cultures or countries. Actually, Gallup's research indicates that people are a common denominator across all of these boundaries.

Examples of Gallup research findings include:

- More than 70 percent of American workers are not engaged in their jobs.

- Less than one-half of American workers say that they know what is expected of them at work.

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[1] *College Learning for the New Global Century,* Position paper from the National Leadership Council for Liberal Education and America's Promise (LEAP), Association of American Colleges and Universities, 2007, p.1.

[2] "The Power of the Fifth P," *Gallup Management Journal,* March 15, 2001.

- Compared to their disengaged counterparts, engaged employees are more productive, more satisfied, healthier and less likely to leave their jobs.

- More than 70 percent of American employees who leave their jobs voluntarily cite a bad relationship with a manager.

- Only one-third of the workers in America say that they get to do what they do best every day.

- Mission-driven workgroups in America have 30 percent lower turnover than workgroups that don't have specific, hard-to-attain objectives.

- There are as many institutional environments and cultures as there are managers.

Understanding the key drivers of human dynamics across multitudes of industries unleashes some of the key answers to significantly enhancing organizational performance in today's highly competitive marketplace, including for-profit higher education.

Why is it important for career schools to increase organizational performance? Because they are for-profit entities, many of which involve shares that are publicly traded and investments upon which investors expect a return. As the descriptor suggests, for-profit schools all depend on profit margins in order to remain in business and grow.

In order to remain competitive and grow, businesses throughout the world need to eliminate waste and become more efficient. In part, that is true because opportunities for top-line growth are finite, particularly in mature markets. Bottom-line improvements, upon which ongoing investment and business success often rely, have to be enhanced by operational improvement in order to be maximized. Owners and administrators of for-profit schools, already feeling squeezed by tight budgets, might be inclined to believe that they cannot afford to focus on and invest in organizational and operational improvements. In order to remain competitive, they cannot afford to overlook this untapped potential.

For example, regardless of what factors underlie the phenomenon, it's wasteful for students to be admitted to a class and not complete the class. Beyond a point it's wasteful for schools to have constant turnover that requires constant training and acclimation of new instructors and other personnel. It's also wasteful to have administrators, staff or instructors who are not fully engaged, because those roles all impact the student experience, which is otherwise known in business as the customer experience.

Reputational capital—essentially the market value of an institution's reputation—is a function of both internal factors like the student experience, along with perceptions among outside observers.

In order to achieve increased efficiency from organizational improvement, for-profit schools need to focus on their people. What does it mean to "focus on their people"? One example is to create a stronger sense of belonging among students, faculty, staff and administrators. A sense of belonging requires each constituent group to feel as though they are active contributors in a community to which they feel psychologically and emotionally connected. Belonging carries along with it the feeling that students, faculty, staff, and administration are unified, all working to achieve common goals

and moving in the same direction—operationalizing the mission and vision of the institution. For-profit school students are customers, while faculty, staff and administrators need to understand that interactions with their customers create the student experience. The student experience is central to the success of the institution, because it directly impacts outcomes including student retention, graduation rates, and ultimately, profit margins.

What does creating a sense of belonging have to do with an institution's brand image? An institution's brand image is, in part, formed by the reputation the institution has in the marketplace. The graphic below illustrates how an institution's brand image is driven by perception of the institution in the marketplace. Reputational capital—essentially the market value of an institution's reputation—is a function of both internal factors like the student experience, along with perceptions among outside observers. Career schools need to more effectively manage these factors.

As outlined in the graphic, an academic community is a series of interconnected relationships that contributes to the intellectual and emotional health of an educational institution. Each of these constituency groups contributes to the overall viability of an academic institution. For example, postsecondary schools have students, who have parents and families; employers are keenly interested in whether graduating students have been prepared for the jobs they are hired to fill; government funding, grants and loans are all typically involved in higher education, making governments an important constituency; faculty, staff and administrators are all important constituencies as well.

Marketplace Diagram

GALLUP CONSULTING
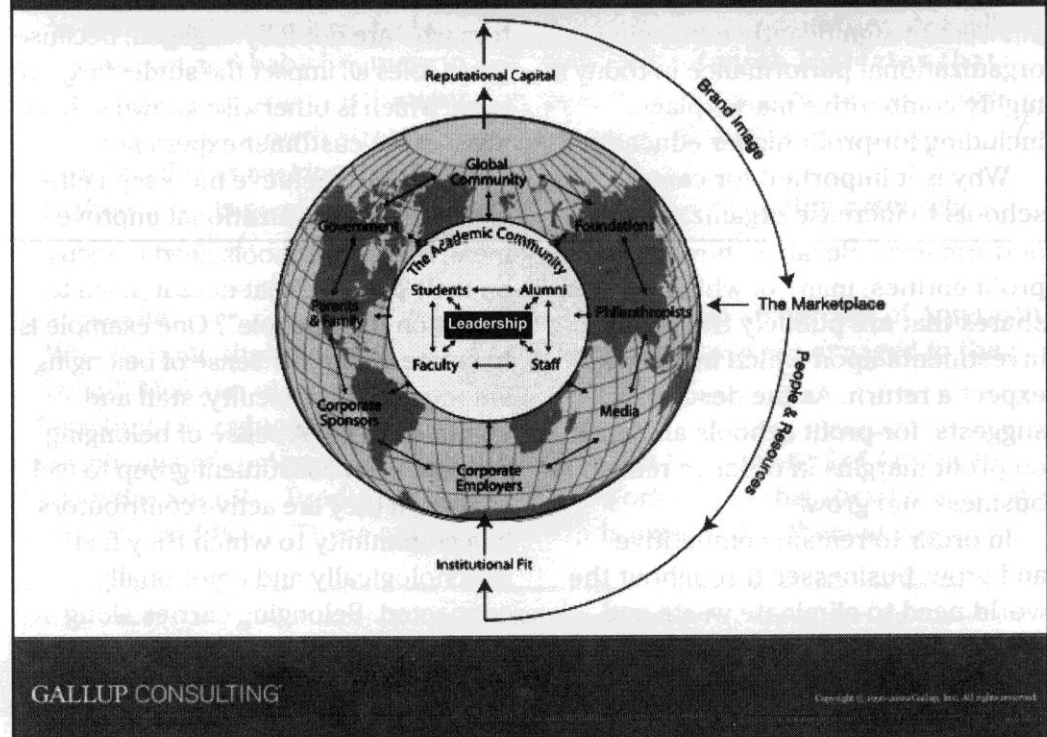
Much like business leaders, postsecondary education leaders are concerned about their schools' perceived image and value equation in the marketplace. Even so, in many cases, educational brand strategy is limited to a marketing and advertising campaign. The challenge of an effective educational brand management strategy is that it can only be maximized to the degree that every member of the academic community plays a role in fulfilling the brand promise. Ironically, for-profit schools often teach classes in branding and brand management, yet many haven't made cohesive brand management strategy a core function of senior leadership. The large number of relatively undifferentiated for-profit educational brands in the marketplace provides evidence of this.

Student Experience

The quality of the student experience is one internal factor that institutions need to manage. For-profit schools typically promise a more personalized student experience than other schools. The actual experience delivered either supports or detracts from this promise and gets reflected in each school's reputation, and ultimately, its brand image. Furthermore, with past allegations of brand promise failures hanging over for-profit higher education collectively, it is even more important for career schools to do the right things right when it comes to delivering a demonstrably personalized student experience.

Market Positioning

As noted above, the way in which an institution is perceived in the marketplace both influences and is influenced by reputation. Reputational capital can be managed internally, and is driven by how one institution's

reputation compares to others. There are some very practical reasons why for-profit schools need to pay close attention to reputational capital and market positioning.

For example, it is widely noted that for-profit higher education programs typically cost less than the most prestigious private schools, but more than public higher education programs. That means for-profit schools are charging a premium, at least in relation to public schools. From the standpoint of reputational capital and brand promises, the question is what for-profit schools deliver that makes their product worth more than public higher education programs. Unless there is something clearly different and better about what they deliver, for-profit schools' brand image and reputational capital could be living on borrowed time.

The challenge of an effective educational brand management strategy is that it can only be maximized to the degree that every member of the academic community plays a role in fulfilling the brand promise.

Answers to several questions can reveal how a for-profit school is truly positioned:

- How is the school aligned with competing community colleges, four-year schools and other for-profit schools?

- Where does the school fall on a perceptual map of the higher education marketplace? Which are the school's main competitors?

- Compared to competing schools, how is the school perceived, in general, by students, staff, faculty, administrators and the marketplace?

- How much reputational capital does the school have, compared

to competing schools? What is the main source of that capital?

• Does the school lead or lag the marketplace in terms of student experience, student retention, student achievement, graduation rates, placement rates, satisfaction among employers who hire graduates, or other indicators of success?

Unless a for-profit school has answers to those kinds of questions,

whatever is done to manage the school's brand has the risk of being insufficiently targeted to make any real difference.

Institutional Fit

In addition to maintaining and managing reputational capital, positioning for-profit schools in the marketplace is a matter of finding institutional fit for students, faculty, staff and administrators. To the extent that it is clear what the school stands

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THE GALLUP ORGANIZATION
Princeton, New Jersey
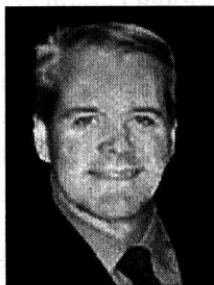
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Lockwood works closely with the senior leadership of colleges and universities to enhance institutional performance through utilizing objective data for prudent decision-making purposes. More specifically, Lockwood's areas of expertise include campus engagement, brand strategy, diversity, talent-based selection, and leadership development. In addition, Lockwood applies his vast corporate and entrepreneurial experience to help educational institutions dramatically enhance their performance.

Prior to transitioning into higher education, Lockwood consulted with corporate clients such as Campbell Soup Company, Johnson & Johnson and Sovereign Bank. Prior to joining Gallup, Lockwood founded, built and sold the largest special events company in the Philadelphia region.

Lockwood has been a guest speaker at several universities including Harvard University, Duke University, Temple University, Nova Southeastern University, Pennsylvania State University, and Drexel University. In addition, he's been a guest speaker for corporate conferences, including The Vanguard Group, NovaCare, Sovereign Bancorp, and York International. He has also been a guest speaker on CN8 "Money Matters Today."

In 2007, Lockwood's speaking engagements include the Association of Governing Board's National Conference on Trusteeship (March

2007), the Thurgood Marshall College Fund's national Pinnacle of Progress conference (March 2007), the Accrediting Council for Independent Colleges and Schools (ACICS) Annual Meeting (June 2007), and *The Chronicle of Higher Education's* President's Forum (June 2007).

Lockwood received a bachelor's degree in finance from Pennsylvania State University. He received a master's degree in business administration with a specialization in leadership development from the University of Nebraska–Lincoln (UNL).

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Prior to joining Gallup, Dr. Hadd was director of consumer research for MPSI, and a senior research consultant at NCS. In addition to his work as a researcher, Dr. Hadd is also the author of a marriage enrichment curriculum and books on family stress and family councils. Dr. Hadd taught for 6 years at the University of Minnesota, as well as in the St. Paul Community Education Program. He has delivered keynote addresses or made presentations for several professional and trade groups, including the American Marketing Association, the Accrediting Council of Independent Colleges and Schools, the National Council on Family Relations, and the Gallup World Conference.

Hadd earned a bachelor's degree in child development and family relationships from Brigham Young University, along with master's and Ph.D. degrees in family social science from the University of Minnesota.

for, how it compares to other schools, and what makes it unique, finding the right institutional fit is much more feasible with all of those constituencies. Increasing institutional fit is important both to reduce waste and to increase the degree to which all of the constituencies feel like they belong.

Another perspective of institutional fit involves a talent-based hiring approach, which is grounded in rigorous research into the relationships between talent and job performance. The objective is to have organizations experience increased productivity, reduced turnover, increased customer and employee engagement, and improved financial performance. The only way to understand and replicate top performance is to study top performance. Top performers in all jobs think, talk, and act differently than average and poor performers. Understanding the talents that contribute to outstanding performance is key to developing an effective talent-based hiring strategy.

Strengthening the Academic Community

Strengthening an academic community often involves dramatic institutional change, which is typically a major undertaking. An important lesson can be borrowed from the mechanics of launching spaceships into orbit. Every time a spaceship is launched, the vast majority of energy required is to get it off the ground and escape gravitational forces that have the effect of pulling it back toward the earth's surface. Once the ship is in space, maintaining its momentum and steering it requires much less energy.

Dramatic institutional change can occur only by capturing the hearts, minds, and souls of all those individuals who comprise the academic community.

Engagement, ownership, trust, confidence, integrity, passion and well-being are some of the key ingredients to fostering an interconnected, collaborative, and efficient institution.

The tone of institutional change must be established and supported by the senior leadership team. Clear communication and empowerment strategies are critical to effectively disseminate and embrace the need for change throughout the institution. By creating a sense of engagement, ownership and passion, it is possible to bring the institution's vision and mission to life.

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Gallup research on change management and organizational process design has shown that sustained, successful change can be modeled and repeated, but only if the change strategy reaches deep into the institution, and touches every individual in a meaningful way. Many of the change improvement methodologies in use today are not based on this crucial concept. For lack of engaging key individuals throughout the organization, such approaches usually have limited success. In contrast, greater success is achieved by using a holistic approach to strengthening academic communities that is specifically designed to overcome this barrier. Gallup's research methodology involves the concurrent measurement and analyses of the primary constituencies that have the greatest impact on the vibrancy of the institution. More specifically, the students, faculty, staff, administration, alumni, and board members are assessed based on their "perceptions of" and "interactions with" the institution. Objective local-

level data are provided throughout an institution to foster incremental cultural change.

Brand Building in For-Profit Schools

Part of for-profit schools' reality is that many of the objectives and challenges leaders face are brand-related, including student recruiting and admissions, community relations, faculty engagement, staff culture, and overall student experience.

Progressive leaders will view their institutions through a different lens— more effectively managing their brand through their people. As with businesses in general, the level of ongoing success achieved by for-profit schools depends on how effective they are in adopting a people-oriented approach to driving bottom-line performance.

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