INNOVATION AND QUALITY ASSURANCE IN HIGHER EDUCATION

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INTRODUCTION

Higher education is in a time of transition. Colleges and universities are seeking—and sometimes struggling—to keep pace. The challenges come from a number of directions: the changing population of students, evolving demands of the workplace and society into which students will enter, new frontiers in pedagogy powered by new technologies and research on learning, existing business models that are at risk from a combination of stagnant or declining revenue and escalating costs, and competition from new forms of postsecondary education that often look nothing like a traditional college or university.

As a result, many colleges and universities are seeking to pursue new strategies that, in some cases, challenge the long-held tenets of the traditional college model. But innovation in higher education can be complicated—and not just because colleges and universities are complex places with many moving parts, constituencies, and purposes.

In most other sectors, when organizations see a new opportunity, they develop a plan to tackle it. They generally do not need the permission of an external party to chase the opportunity. Higher education is different. Depending on the nature of the innovation, a college or university must work closely with its accreditor to ensure that the new practice is consistent with the accreditor's quality standards. As a result, accreditation plays a major role in the innovation process for most colleges and universities.

Developed initially as a way for colleges to assure that high school graduates met acceptable standards for admission, accreditation has evolved over the last century.[1] The accreditation process currently gates access to Title IV federal funds and, for many institutions of higher education, essentially provides them with the ability to operate. Peer reviews for institutional accreditation are seen to focus more on the resources and processes of institutions than on student outcomes. Critics allege that this allows institutions with all the trappings of traditional higher education—but poor outcomes—to remain in existence.[2] They point to many case studies to bolster their claims.[3]

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These accreditation failures—letting fraudulent or low-quality institutions slip through the cracks—grab headlines. But the more insidious failure of accreditation is arguably not the low-quality institutions that continue to be accredited and the risks accreditors allow institutions to take. Quite the opposite. It is the stifling effect that accreditation has on innovation at existing institutions.

Institutional accreditation has moved to focus more on outcomes in recent years,[4] but it continues to be a quality-control mechanism focused on ensuring fixed inputs. As society begins to place more emphasis on the outcomes of college—both in terms of employment and learning—and as successful new models emerge with very different inputs from a traditional college, scrutiny of the accreditation model is building.

In this paper we first discuss the nature of higher education business models and how innovation can (or cannot) occur within those models. We then explore the stories of educational institutions as they have tried to launch innovative practices. We profile Bellevue University and Tiffin University, schools that tried to build innovative online programs only to find themselves having run afoul of their accreditor. We also explore the story of Southern New Hampshire University, which successfully built a program, College for America, that is quite similar in certain respects to what Bellevue and Tiffin attempted. We also discuss the experience of General Assembly, a bootcamp which is not accredited and does not have access to Title IV funding.

Together these stories illustrate that accreditation is not necessarily at odds with innovation. Accreditors can block innovation, but they can also facilitate it. Institutions, however, do not always know what their accreditor will allow them to do when they seek to innovate—or what resources they may have to expend to convince an accreditor that an innovation should be permissible. The seeming randomness casts a pall over innovation across the sector. It also stands in stark contrast to the ability of unaccredited educational institutions to innovate.

BUSINESS MODELS, INNOVATION & AUTONOMY

All colleges have business models that allow them to stay afloat and operate. An organization's business model is comprised of four interdependent elements: a value proposition, resources, processes, and a profit formula, or, in the case of a non-profit, revenue formula.[5] A college starts with a value proposition: a service that helps students or other key stakeholders make progress in their lives. To deliver on the value proposition, a college assembles a set of resources, such as faculty, staff, students, buildings, endowments, technologies, and reputations. As the college repeatedly uses its resources to deliver its value proposition, processes—habitual ways of accomplishing recurrent activities—coalesce.

Soon a revenue formula emerges as the company follows these processes to use its resources to deliver the value proposition. The revenue formula in essence determines what a college can and cannot prioritize—what sorts of dollars it must bring in to cover the cost of its resources, and so forth. It therefore in turn determines the kinds of value propositions that the business model can and cannot offer. As an organization operates, and particularly as an organization operates successfully, these four interdependent elements of the business model become quickly locked in place.

The inputs of an organization's business model define what it is capable of doing and, by extension, what it is incapable of doing. No successful organization can shapeshift effortlessly. The very factors that make an organization successful are the ones that prevent it from shifting to do something completely new. Focusing on inputs locks organizations into a set way of doing things and inhibits their ability to innovate. On the other hand, focusing on outcomes encourages continuous improvement toward an overall set of goals.

Innovations that conform to an organization's business model are adopted readily. But innovations that don't either get rejected or are co-opted, as the organization's business model modifies them to conform to the existing business model.[6]

Many of the innovations with the most promise to reduce the cost of college, improve completion, and expand access—in short, to improve outcomes—run counter to the existing business model inputs (resources, processes, and revenue formulas) of traditional colleges and universities. For example, a pure online program may have few significant facilities costs, but when it layers into a traditional

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university business model, it still has to take on a price point that can support the existing facilities.[7] Innovations aimed at redefining a college or university's value proposition must be insulated from its existing business model or else it will conform to the inputs of the existing business model rather than create a new one.

This lesson has been demonstrated time and again in a range of industries. One example is IBM, which was able to transition successfully into the personal computer market in the 1980s only by building an autonomous unit in Florida, far from its main headquarters in New York.[8] Companies that try to layer these innovations into their existing business models often fail. Consider the case of Nypro, a world-leader in injection molding of plastics. In the 1990s, Nypro recognized that customers were shifting away from the larger orders that its business depended on, with millions of units per order, and towards much smaller orders with faster required turnarounds. In response, Nypro introduced a radically disruptive molding machine called the "Novaplast." The Novaplast could be set up to mold new orders in minutes, rather than the hours of set up required by the old machines. But Nypro found that even with this technology, orders for smaller runs weren't coming in—and the innovative Novaplast machines weren't even being used. Nypro realized that even though new technology was in place, the business model had not changed. Salesmen were still incented to bring in big orders rather than small ones. Plant managers still wanted big orders in order to keep overhead costs down. Going after this new market would ultimately require not just new machines, but a new business model.[9]

Creating an autonomous unit is critical for a college to launch an innovation aimed at dramatically transforming its value proposition. This is important to understand because the desire to create an innovative autonomous unit figures prominently in each of the three university case studies profiled in this chapter. As for General Assembly, because it is a relatively new educational organization that is not a college, it has been able to create its educational model unencumbered by any legacy business model. In researching these case studies, we have drawn from publicly available information, correspondence and university documents, and interviews with involved parties. Details come from interviews unless otherwise indicated. As these stories show, the organizational changes required to scale innovative ideas can run directly counter to the standards and practices of accreditation.

BELLEVUE UNIVERSITY

For institutions seeking to build programs with processes and goals significantly different from their current practices, autonomous units are an indispensable organizational tool—but one that may confound an accreditation process that prioritizes keeping existing governance fixed. This was the case for Bellevue University. Founded in 1966 in Bellevue, Nebraska with a mission of serving working adults, Bellevue has long been a leader in online programs.

In the early part of this decade, Bellevue decided to take a different approach to a familiar trifecta of challenges facing higher education: students who weren't able to access brick and mortar classrooms, employers who were dissatisfied with the skillsets of college graduates, and a society that was groaning about the high price of college. Bellevue's President, Mary Hawkins, established an autonomous team to design a low-cost, mobile-first, competency-based educational program. The idea was to have the degree priced at $10,000.[10]

The program that emerged was called Flexxive, a competency-based, self-paced online program. Designed initially as an "all-you-can eat" model, students were charged per semester, but could take as many courses as they wanted during that time.

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In setting up Flexxive, Bellevue took pains to avoid running afoul of any existing rules or regulations. The leadership team flew to Chicago to meet with its accreditor, the Higher Learning Commission (HLC).[11] Specifically, the university wanted to see if it would need to pursue formal approval from HLC to be able to provide a program that was competency based.[12] Bellevue reviewed the program's elements with HLC, as well as the approach and process that had gone into constructing the program. After that meeting, and upon further review of Flexxive, HLC sent Bellevue a letter regarding its findings. In an interview, President Hawkins described that HLC had communicated that in spite of the competency-based spirit of the program, Flexxive actually fell outside of the technical definition of competency-based education from HLC's perspective. This meant that Bellevue did not require any additional review in order to launch and begin enrolling students. Flexxive was good to go.

Initial enrollment was small, but Flexxive showed promising signs of being able to reach exactly the sort of students Bellevue was targeting—those who were unable to attend classes online or in person on a preset schedule. For example, a cruise ship captain was among the first hundred or so students to enroll in the program. The constraints—or, depending on one's perspective, freedoms—of the captain's job meant that he was unable to pursue education through a traditional brick-and-mortar program. Even traditional online programs were a poor fit for his needs. But during his months off, the all-you can-eat, competency-based framework of Bellevue's online Flexxive program perfectly fit his situation. Flexxive allowed Bellevue to serve students it never could have reached before—students Bellevue felt it needed to pursue in order to meet its mission objectives.[13]

Bellevue envisioned that it could serve as a model to other institutions hoping to pursue a similar strategy. A glowing profile in Inside Higher Ed in May 2013 highlighted the competency-based nature of its new program, but also its focus on personalizing learning for students. It noted that, "An instructional team of four from Bellevue—including two faculty members, a student coach and a 'reader' who monitors and grades work—will help students as they work through course material, ensuring that they're making progress. The team will track students' performance on a daily basis… and will reach out to those who fall behind."[14] The article also focused on how deliberate Bellevue had been to ensure that it was coloring in the lines and had specifically designed the program to meet the requirements of its accreditors and qualifications for financial aid.

Bellevue found that the U.S. Department of Education read its good press in a different light, however. Shortly after the article came out, President Hawkins reports that the Department challenged the program on the grounds of "substantive interaction"—essentially claiming that the contact between students and professors in the Flexxive program was so limited that the courses would not qualify for financial aid. According to Bellevue, as part of its investigation, the Department sent a survey to students asking who had initiated contact more: students or professors. As one would expect of essentially any college course, Bellevue stated that students reported that students tended to initiate their interactions with their professors. Bellevue's understanding was that, on that basis, the Department moved to classify the program as a "correspondence" program, which disqualified it from receiving Federal financial aid.

Given that its accreditor, HLC, had reviewed the program's design before it ever enrolled any students, Bellevue expected that HLC would advocate on its behalf. Instead, HLC opened an investigation of its own.

When Bellevue sat down with its HLC reviewer, it found that the lines in which it had tried carefully to color had been redrawn entirely. According to Bellevue, HLC took issue with the Flexxive program from top to bottom—starting with the autonomous team that Bellevue had created to develop the program. According to Hawkins, the reviewer, an administrator for a for-profit institution, told her, "I know what you're trying to do. IBM does it, other corporations do it, but you can't set up autonomous

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units in higher ed." From Bellevue's perspective, the inquiry went far beyond the Flexxive program. It appeared that HLC would require that Bellevue restructure its processes so that all 90 programs were governed and managed in the same way and followed identical approval and reporting processes. Bellevue needed to shut down Flexxive, or it would put the accreditation of the entire university at risk.

The Flexxive program is essentially dead, despite the $1 million that Bellevue invested in it and its early success in reaching students that both traditional and online programs were not reaching. Bellevue is teaching out current students and sunsetting the program.[15] Even worse—and more to the point around accreditation's impact on innovation—HLC had apparently gone much further than the Department of Education and forbidden the very structures and processes that enabled the innovation in the first place. Autonomous units enable organizations to pursue programs that would never fit into their traditional way of doing business. In Flexxive's case, the program was competency, not time, based, the pricing structure was all-you-can-eat, and the self-paced design stood in contrast to the time-fixed structure of other Bellevue degree programs. Like other innovations that require very different processes from the core programs of the organization, Flexxive could only have thrived in an autonomous unit. But from Bellevue's perspective, that was the basis of HLC's rejection of the program.

Bellevue's leadership believed that other regional accreditors had approved similar governance arrangements and programs. But switching to a more favorable regional accreditor wasn't an option—regional accreditors cover fixed geographic areas. And, for Bellevue, moving to a national accreditor would represent a major downward shift and disadvantage the institution in a variety of ways. Bellevue was stuck with HLC, and how it makes decisions around innovative programs.

TIFFIN UNIVERSITY

Organizations seeking to engage in innovative programs sometimes find that they don't have the internal resources—including money but also expertise—to pursue the innovation successfully on their own. In these cases, partnering with outside organizations can help organizations fill in the gaps. Tiffin University, a small liberal arts college an hour's drive south of Toledo, attempted to do just that. Tiffin's 4,300 students and 400 professors constitute a sizable proportion of the residents of tiny Tiffin, Ohio. Tiffin was founded in 1888 as a "career college" and it has remained committed to developing programs that prepare students for the workforce. Tiffin also draws inspiration from its motto, "Sine Audacia Nullum Praemium," Latin for, "without risk, there is no gain." But despite Tiffin's willingness to experiment and its commitment to serving students, it has been fighting the demographic drain out of rural Ohio for some time. In an effort to sustain a robust business model with a shrinking population from which to draw students, Tiffin has looked outward. It has sought to partner with institutions abroad, bring in international students, and build online programs.

This bold spirit led Tiffin in 2008 to build an online college called Ivy Bridge with the vision of serving students online in a scalable, sustainable way.[16] Ivy Bridge was an autonomous unit from Tiffin, built in partnership with Altius, an edtech startup that education entrepreneur Paul Freedman[17] had founded. Tiffin managed Ivy Bridge's staffing and academic and curricular design, and Altius focused on enrollment, technology, and operations. Altius also made the capital investments necessary to launch Ivy Bridge, which Tiffin could not have afforded on its own. Given Altius's investment, it owned a majority of Ivy Bridge, but revenues were split 50-50 between the two organizations. Tiffin ultimately hoped to spin Ivy Bridge out into a standalone university.

When Ivy Bridge first opened its doors, regulators had not yet built rules and frameworks around online program management (OPM) partnerships. The only regulatory requirement was disclosure, as Tiffin already had approval to conduct online programs. Tiffin's accreditor was the same as Bellevue's—HLC. Tiffin sent HLC a letter in early 2008 describing its intentions with Ivy Bridge,[18] and as the project progressed, Tiffin sent another communication to HLC describing the details of Ivy Bridge, now that the project was more developed.[19] HLC didn't respond to either letter. Tiffin went through its ten-year review in 2010, and HLC's review team wrote that Ivy Bridge represented an important step forward for Tiffin, saying, "The concept of the Ivy Bridge partnership is an excellent strategic initiative. It addresses an underserved population through a strong curriculum, efficient and effective academic support, excellent instruction, and a very good portal for online delivery."[20] Indeed, the population Ivy Bridge was serving was unique: over 90% were eligible for Pell grants, more than two-thirds of them were low income, and three-quarters of students were over 25.[21] Innovation was allowing Tiffin to reach students it never could have reached before. Ivy Bridge looked poised for success—and it appeared ready to take its first steps toward becoming an independent accredited institution.

Given Altius's location in California, Altius and Tiffin intended to seek accreditation for Ivy Bridge through the Western Association of Schools and Colleges (WASC), which had experience with similar programs.[22] In December 2011, they notified HLC of the path down which they intended to proceed. But the political winds had shifted. Where regulators had previously been focused on increasing access to college, now they were looking through the lens of the subprime meltdown—and a fear that bad actors in the student loan and for-profit college markets could be planting the seeds of the next debt crisis.[23] The people at HLC had changed since Tiffin's positive ten-year review as well. And even though the new staff hadn't been directly involved, the fact remained that HLC had accredited many of the major for-profit players, including Bridgepoint, Grand Canyon, and the University of Phoenix, many of which Senator Tom Harkin's Health, Education, Labor, and Pensions (HELP) Committee was investigating and publicly excoriating. Ivy Bridge saw its standing with HLC shift 180 degrees.

HLC wrote back at the end of February 2012 and notified Tiffin that it viewed the action to seek independent accreditation for Ivy Bridge as a "change of control," which required additional procedures. It also said that in HLC's new, clarified view, despite prior review by HLC, the Ivy Bridge venture had never been properly accredited. HLC now believed that Ivy Bridge represented "a transfer of a substantial portion of the HLC accredited institution, Tiffin, to another entity, AU",[24] in reference to Altius. Tiffin tried to clarify the Ivy Bridge relationship to HLC. It emphasized that it had retained academic control over the online programs.[25] HLC responded again, this time providing Tiffin with a catch-22. It was concerned on the one hand that Ivy Bridge was an autonomous unit, meaning that Tiffin didn't have control. On the other hand, it was worried that Ivy Bridge was deeply embedded with Tiffin, and that if Ivy Bridge began to function as a standalone institution, Tiffin wouldn't be able to function without it.[26]

Tiffin and Altius had never expected such a reaction from HLC. During the ten-year review, HLC was positive about Ivy Bridge, and prior communications about Ivy Bridge hadn't even merited a response from HLC. Tiffin and Altius decided to delay their plans to seek independent accreditation. They instead focused on getting HLC's new leadership comfortable with Ivy Bridge. Their efforts were unsuccessful.

HLC conducted a new review of Ivy Bridge. The results were punishing.[27] HLC viewed the financial success of the endeavor as evidence that Tiffin had bartered its accreditation for financial gain.[28] Whereas HLC's ten-year review had found the Ivy Bridge academic program to be a "strong curriculum", the change of control review found that the quality of the courses was so poor they were "inappropriate for higher education."[29] HLC gave no explanation for the change in its findings.

HLC also took issue with student performance at Ivy Bridge. Retention was lower in the online program than on the main campus—as one might expect, given that the main campus students consisted of an economically diverse group of full-time, first-time freshmen, and the Ivy Bridge students were mainly adult learners living in poverty. The review team seemed to conclude that Tiffin's relationship with Ivy Bridge was rotten from top to bottom, and that Ivy Bridge couldn't be included in Tiffin's accreditation. Ivy Bridge would have to be shut down immediately.

Tiffin felt that it had no choice but to comply, as to disobey HLC would mean its own accreditation—and ability to operate—would be at risk. And it saw no way to appeal HLC's decision. Innovations often require new capabilities, and partnering with another organization to help build those capabilities can be a smart choice. But in this case, Tiffin was blocked from doing so. HLC's concerns about the business model ultimately outweighed its prior assessment of Ivy Bridge's strong outcomes.

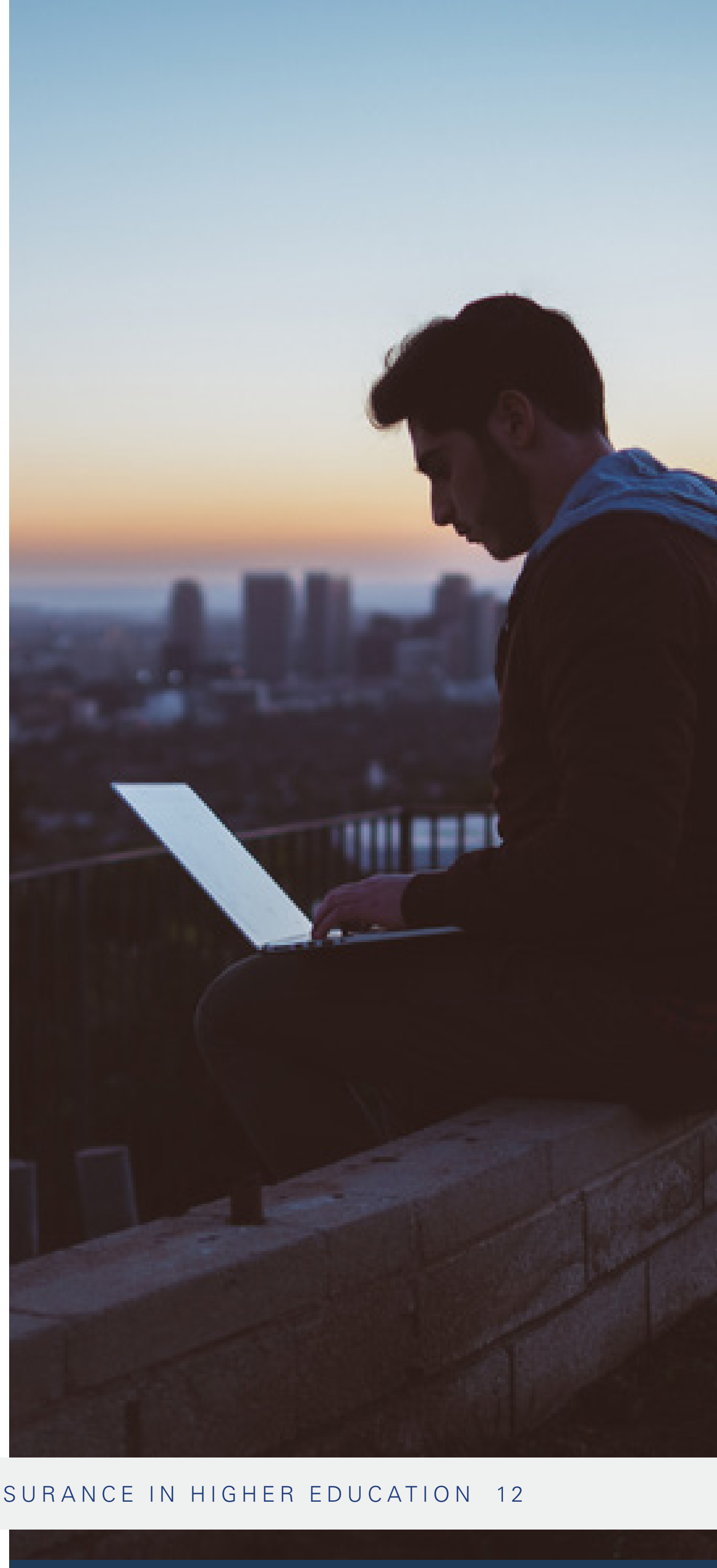
Where regulators had previously been focused on increasing access to college, now they were looking through the lens of the subprime meltdown—and a fear that bad actors in the student loan and for-profit college markets could be planting the seeds of the next debt crisis.

SOUTHERN NEW HAMPSHIRE UNIVERSITY'S COLLEGE FOR AMERICA

College for America (CfA), which Southern New Hampshire University (SNHU) launched, has emerged as a poster child for postsecondary competency-based education. CfA's students can earn Associate's or Bachelor's degrees in fields ranging from communications to healthcare management. Its programs are competency-based, self-paced, online, and all you can eat—at just $3,000 per year. If that sounds similar to Bellevue's Flexxive program, it is. But SNHU has enjoyed a very different experience with its accreditor.

SNHU is a private school. Its president, Paul LeBlanc, has overseen stunning growth during his tenure. Enrollment has skyrocketed from 2,500 students to over 80,000 today—most of whom learn online. SNHU's journey toward becoming one of the most significant players in online education began initially as a strategy to fight declining enrollment. LeBlanc has not only been a leader in innovation, he has also built strong relationships in the traditional structures of higher education. He has served on the accrediting commission for the New England Association of Schools & Colleges (NEASC); the National Advisory Committee on Institutional Quality and Integrity (NACIQI); and a three-month post at the Department of Education where he helped design the Educational Quality through Innovative Partnerships program (he also authored one of the chapters in this edited volume). This wealth of experience has helped LeBlanc shepherd innovative ideas through traditional regulatory and accreditation structures; SNHU was the first in the country to have an accredited competency-based program untethered to the credit hour and eligible for Title IV funding.

When SNHU set out to create CfA, it took a few important first steps. First, just as he had when he created Southern New Hampshire Online, LeBlanc created an autonomous unit to develop CfA—just as Bellevue had attempted with its Flexxive program and Tiffin had with Ivy Bridge. Second, SNHU brought its accreditor, NEASC, into the conversations about CfA early.[30] Barbara Brittingham, the president of NEASC's Commission on Institutions of Higher Education, came to campus and was able to meet with several of the staff members working on CfA. Although NEASC had not previously worked with any competency-based programs, these conversations allowed her to become familiar with CfA's mission and purpose. LeBlanc and Brittingham brainstormed on how to best design the program to address the regulatory requirements of the direct assessment approach in Title IV, and how to best present the program to the commission.



Typically, NEASC commission meetings involve thousands of pages of material—an incredible amount of information and detail for commissioners to digest. Creating a good proposal—one that is organized and addresses proactively the questions the commissioners are likely to have—can be critical.

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According to SNHU leadership & Brittingham, when the commission met to review SNHU's CfA proposal, it spent an afternoon session diving into both the concepts of competency-based education and the specifics behind what CfA would look like. The commission had several questions about CfA's approach. It wanted to know how the curriculum would work and how the program would compare to a more traditional approach. Fortunately, SNHU had included that information in its proposal. The commission also sought to understand more about the role of faculty, and who exactly was in charge of the new program. Again, CfA had answers; the commission was impressed with the staff that SNHU had brought in to lead the program, and the proposal more than adequately addressed faculty involvement in CfA. Lastly, as with any new program, the commission focused on its financial stability. Again, SNHU addressed its concerns, as it raised significant outside money to create capacity for CfA.[31] By all accounts, the CfA proposal was thoughtful, complete, and incredibly well written.[32]

As a result, the commissioners grew quickly comfortable with the program's financial profile. A month after its September 2012 meeting, NEASC approved SNHU's proposal to create CfA. SNHU then worked through the Department of Education process so that CfA could be eligible for Title IV Funds. It was approved in the spring of 2013—just months before Ivy Bridge was unceremoniously shut down. Three years later, CfA is growing quickly, has graduated over 700 students, and currently has 5,000 enrolled.[33] It continues to enjoy rave reviews—and, unlike Bellevue's Flexxive, has had no challenging interactions with its accreditor. It has been able to operate as an autonomous unit—and has been praised for how innovative it is and how shrewdly it has set up its organization to be capable of being so innovative.

Southern New Hampshire University employed the tools of innovation to great success with College for America. In partnership with NEASC, SNHU was able to build an autonomous unit to build College for America. SNHU also thought deeply about who CfA would serve and how it would do so, and designed a program with very different characteristics from SNHU's traditional offerings. CfA required that resources be deployed in new ways and accordingly carved out new roles for faculty and supporting staff. NEASC in turn was thoughtful about the needs of the new program and allowed SNHU to be flexible with the inputs required in CfA's design. NEASC gave SNHU's efforts significant scrutiny, but was analytical and outcomes-oriented in applying its standards to the CfA program.

GENERAL ASSEMBLY

Innovation in higher education is happening outside of traditional, accredited institutions as well. New York-based General Assembly is famed for its coding bootcamps—brief, intensive programs focused on skill development. The company describes itself as an education and employment company, and it has expanded to 25 campuses in six continents since its founding in 2011. General Assembly builds programs that offer students a high return on their investment in fields with strong demand for new workers. Often these areas are in emerging fields driven by new technologies or coding languages where explosive industry growth requires more workers more quickly than traditional institutions can produce. So far, 33,000 have graduated from General Assembly's programs.

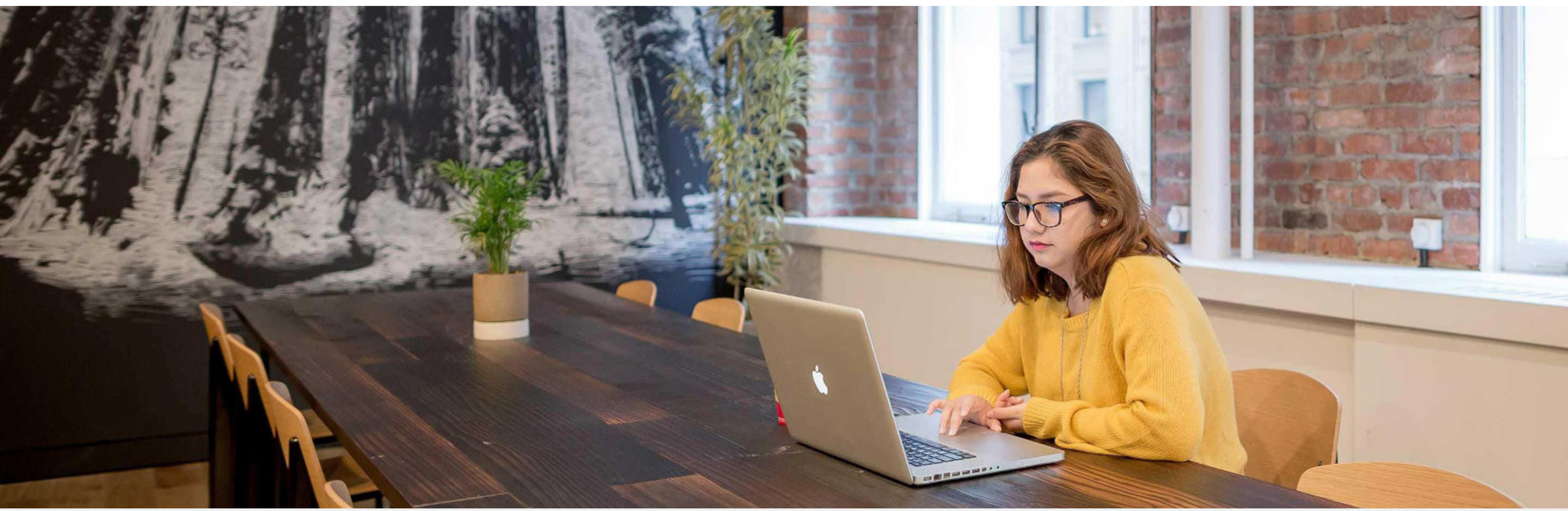
General Assembly, along with the rest of the bootcamp sector, has grown without pursuing traditional accreditation.

That doesn't mean that bootcamps are unregulated. General Assembly is licensed in the states in which it operates, for example, with California's Bureau for Private Postsecondary Education, or with Illinois' Board of Higher Education. These agencies typically require that it meet certain standards as an educational provider, such as the training and background of its teachers and, theoretically at least, other consumer protection clauses. As an unaccredited entity which doesn't provide traditional degrees, General Assembly isn't qualified for Title IV funds. But that hasn't stopped its growth. Nor has being unaccredited prevented it from demonstrating to students and employers that it is a high-quality, reputable provider. The company is involved in an open source project to help students and other stakeholders understand the value of different bootcamps programs and to differentiate between them. It also has staffers assigned to building relationships with employers and helping them understand the value and abilities of its graduates.[34] General Assembly's students need to be convinced that there will be a return on their tuition—generally in the form of a well-paying job—before they are willing to enroll.

In a way, operating outside of the traditional higher education system is part of what has made General Assembly successful. General Assembly relies heavily on partnerships with industry and industry practitioners to build out the curriculum for its programs and to define the learning objectives necessary for a worker to be successful. These industry practitioners often don't fit the definition of faculty that accreditors might require, but they are often the world experts in emerging fields of work.[35] And General Assembly needs to be able to create these programs rapidly to foster and maintain positive relationships with employers—so that their students will have access to good jobs—by keeping up with their evolving demands. Having to work with an accreditor every time it wanted to create a new, innovative program that deviated from its prior educational models with a risk that the accreditor might not approve the program would create delays—some of which would, arguably, be unacceptable for General Assembly's model. Additionally, not every program that any bootcamp launches is always successful from the get-go; innovation almost always involves iteration until an idea turns into a fully functioning reality. Spending resources on justifying an early-stage program before it has been in the marketplace and proved itself in reality—not in theory—may hamper the odds of success.

> For bootcamps, competition is an outcomes-focused game—and so is quality.

General Assembly's leadership team has been vocal that accreditation—with its bureaucracy and, in their opinion, attention to the wrong, input-driven details—would be a poor fit for the bootcamp provider.[36] Instead of having quality mandated by an external provider, competition forces General Assembly to be high quality. General Assembly can only be successful in the long term if its graduates are able to find jobs that compensate them for their investments in a General Assembly education. In turn, General Assembly graduates will only be able to find those jobs if General Assembly remains continually focused on aligning its programs and curriculum with the needs of employers. For bootcamps, competition is an outcomes-focused game—and so is quality.



TAKEAWAYS

Why were Southern New Hampshire University's efforts to build a competency-based program successful, whereas Bellevue's attempt to build a similar program was ultimately blocked? What are we to make of the fact that Tiffin's Ivy Bridge venture was initially supported by its accreditors, but ultimately struck down? How can institutions restructure their organizations to improve outcomes when common interpretations of accreditation standards require that inputs remain fixed? What could it look like if—in part because of the limits of accreditation—innovation in higher education happens outside of traditional institutions instead of within them?

Rules Inconsistently Applied

Accreditation as it currently stands is inconsistent, both between accreditors, and between the same accreditor at different points in time. Standards of accreditation vary between accreditors, but their interpretation varies to a larger degree—even between different accrediting teams looking at the same institution. This creates uncertainties for institutional leaders and creates untenable risks for many schools with limited resources that are considering whether to bring innovative programs forward. Many institutions don't feel they can afford the financial and reputational losses involved in being a Tiffin or a Bellevue, and institutions do not want to take the risk of having their accreditation revoked. Institutions that are able to innovate are those blessed by geography—a cooperative, forward-thinking regional accreditor—as well as finances. Innovation can be expensive, especially when it's shut down midstream. And those institutions that arguably need to innovate the most are often those that are not swimming in resources.

The story of CfA illustrates that innovation can thrive under traditional accreditation. But the fact that CfA could innovate whereas Bellevue could not—and Tiffin could but then all of a sudden could not—leaves a pause in arriving at that conclusion, and certainly should cause institutions considering innovating to pause as well. One could look at the stories in this chapter and conclude that accreditation is not at odds with innovation, rather, perhaps particular accreditors are. But a process that is so subject to individual interpretation and has a track record of inconsistently applying rules and standards cannot be a foundation for regulation supportive of innovation. As countless scholars have shown, investment in innovation does not thrive in climates of uncertainty.

Input-driven Standards Stifle Business Model Innovation

Accreditation has often been criticized for being "input driven." Institutional accreditors look at an institution's mission statement, planning practices, governance structure, academic oversight, student policies—all of which are inputs to education, not outcomes of it. Even standards like "educational effectiveness," which purport to focus on outcomes, actually only require institutions to study and consider whether the institution is effective; the institution is not held accountable for meeting any specific outcomes.

Even worse, the focus on inputs makes it challenging for institutions to change their business models. It is challenging, if not impossible, to innovate and create a healthier dinner without changing any of the ingredients. If accreditors have the ability to bar institutions from creating new, autonomous organizational structures with vastly different ingredients, then that will, by definition, inhibit innovation.

New Value Networks Emerging

In part because of the limitations of the accreditation model, much of the meaningful innovation in higher education is happening outside traditional institutions of higher learning. This pattern has played out in other industries; when regulation limits innovation, new players find ways to prove themselves outside the system. For example, Southwest Airlines was able to disrupt the airline industry in the 1970s by operating beyond the reach of the Civil Aeronautics Board (CAB), which had heavily regulated pricing and routes for interstate travel. By flying short routes within the state of Texas at very low prices, Southwest developed a new market by serving people who previously could not afford to travel by airline. It managed to keep prices low by operating outside of regulations; by 1978, however, it had become clear that the safety measures of discount airlines were just as good as higher-priced incumbents, and the CAB deregulated the airline industry.

As illustrated in the story of General Assembly, a new set of education providers is emerging, ranging from those offering online microcredentials to bootcamps that provide students with the skills they need at a fraction of the time and money. Because they are unaccredited, students seeking to pursue education from these providers are unable to access the federal financial aid system. But rather than halting innovation, this has led entrepreneurs to seek non-traditional sources of funding, to develop innovative business models, and to keep costs as low as possible and return on investment high. As these ventures proliferate, new entities are emerging to provide transparency and assessments of quality in that marketplace. As innovation takes place outside of traditional institutions, new value networks are developing, including new education providers, new sources of capital, and new value propositions for students and employers.

It's Not Just Accreditation

It is worth noting that accreditation is not the only structure limiting innovation at colleges and universities. As the Bellevue story illustrates, innovators in higher education also contend with an outdated Higher Education Act, Department of Education rules designed for a pre-Internet era, and a financial aid system that measures itself by time spent in a seat rather than what is learned. Accreditation practices are embedded in, and shaped by, a complex architecture of regulations that stymies innovation—and yet has also failed to consistently protect students, limit costs, or create industry transparency.

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CONCLUSION

The forces of disruption are pressing down on higher education, and many college and university leaders have the passion and drive to adapt to a changing environment. But innovation is never such a neat process; no idea ever pops out of someone's head fully formed or perfect. Allowing colleges to try something and then iterate is critical for innovation to flourish. But too often, they find their efforts to rethink outmoded practices and programs are stymied by the very entities that were originally designed to promote quality in higher education—even as new entrants to the market are able to innovate without the constraints of accreditation. Instead of promoting quality, accreditation is in some cases consigning institutions to merely preserve the status quo.

Instead, an accreditation system should be developed that is supportive of innovation, and which limits bad actors through a focus on outcomes. The fact that an external body has the ability to block an innovation—whether it be tried-and-tested or still half-baked—creates a barrier to innovation. Some might argue that it should bolster innovation because it forces institutions to be more thoughtful in advance of what they are trying to do and make their case to an empathetic but skeptical jury of peers. But many colleges likely never get to this step because of the specter of justifying what they are trying to do to an external entity.

The calculus of balancing the costs and benefits of the traditional accreditation model is shifting. Successful innovation requires that institutions rethink those four interrelated components of their business model, including their governance processes and organizational structures, in order to enable new ideas to flourish. The input-driven design of accreditation prioritizes keeping processes and structures fixed, ostensibly as a signal of institutional quality. But the costs of limiting innovation are rising, as pressures mount on the traditional business model. Simultaneously, the purported benefits of the current accreditation model—namely, that it will protect students and the federal government from poor ideas or bad actors in the postsecondary education ecosystem—have in many cases proven not to be true.

The calculus of balancing the costs and benefits of the traditional accreditation model is shifting.

NOTES

1 A summary of the changes that accreditation has gone through can be found in an issue paper for the Department of Education, written by Vickie Schray, which describes the historical evolution of accreditation through the lenses of accountability, pressure on higher education business models, and the development of new delivery technologies and modalities. See Vickie Schray, "Assuring Quality in Higher Education: Key Issues and Questions for Changing Accreditation in the United States," The Secretary of Education's Commission on the Future of Higher Education, accessed October 2, 2016, https://www2.ed.gov/about/bdscomm/list/hiedfuture/reports/schray.pdf.

2 In 2012, 454 colleges reported six-year graduation rates below 30 percent. All of them were accredited. See Kevin Carey, Testimony before Congress, the Committee on Education and the Workforce, Hearing on "Keeping College Within Reach: Discussing Program Quality through Accreditation," June 13, 2013, http://docplayer.net/11099322-Written-statement-of-kevin-carey-director-education-policy-program-new-america-foundation-before-the.html.

3 A Wall Street Journal analysis of colleges which have lost their accreditation noted "Nearly 350 out of more than 1,500 four-year colleges now accredited by one of six regional commissions have a lower graduation rate or higher student-loan default rate than the average among the colleges that were banished by the same accreditors since 2000." See Andrea Fuller and Douglas Belkin, "The Watchdogs of College Accreditation Rarely Bite," The Wall Street Journal, June 17, 2015, http://www.wsj.com/articles/the-watchdogs-of-college-education-rarely-bite-1434594602. Searchable analysis available at: http://graphics.wsj.com/accredit-2015/.

4 Schray writes on the pressure for evolution of accreditation standards, "Recently, federal and state policymakers have called for accreditation to require accredited higher education institutions and programs to report valid and reliable information on their performance to the general public." This public pressure to focus on outcomes has had some impact in the practices of accreditors. Schray notes: "The federal government and accreditation organizations have taken some steps to address many of these criticisms of higher education and the accreditation system. The federal government and accreditation organizations now make explicit reference to performance outcomes or measures of institutional effectiveness in their quality standards. Many accreditation organizations also make explicit reference to providing information on institutional effectiveness to the general public. Some accreditation organizations, especially those driven by professional licensure, have moved to "outcome-based accreditation." Other accreditation organizations have held forums and workshops on how to balance the emphasis on resources, processes, and outcomes in accreditation decisions and how to improve evidence of student learning." See Schray, "Assuring Quality in Higher Education."

5 Clayton M. Christensen, The Innovator's Solution: Creating and Sustaining Successful Growth (Boston, MA: Harvard Business Review Press, 2003), 178.

6 Ibid, p. 202. One of many historical examples discussed in The Innovator's Solution is that of Woolco. Woolco was the autonomous and independent discount department store arm of FW Woolworth. At first it did well at a lower average gross margins and higher turn of inventory per year. Then "Woolworth's corporate executives decided to integrate the management, buying, and logistics of Woolco back into the mainstream of Woolworth in order to leverage [the] fixed costs." The result was that the mainstream business forced the Woolco average margins up, which in turn drove down inventory turnover. This meant that Woolco mirrored the model of Woolworth, but having lost its niche in the marketplace, Woolco subsequently closed down.

7 Russell Poulin and Terri Taylor Straut, WCET Distance Education Price and Cost Report (Boulder, CO: WICHE Cooperative for Educational Technologies, 2017).

8 Christensen, *The Innovator's Solution*, 190.

9 Christensen, Horn & Johnson, Disrupting Class, 76-77.

10 Mary Hawkins (Bellevue University President) in discussion with the Michael Horn and Alana Dunagan, August 23, 2016.

11 Staff from the Higher Learning Commission declined to be interviewed for this chapter.

12 Mary Hawkins (Bellevue University President) in discussion with Michael Horn and Alana Dunagan, August 23, 2016.

13 Ibid.

14 Paul Fain, "Rise of Customized Learning," Inside Higher Education, March 15, 2013. https://www.insidehighered.com/news/2013/03/05/competency-based-education-continues-spread.

15 Mary Hawkins (Bellevue University President) in discussion with Michael Horn and Alana Dunagan, August 23, 2016.

16 Paul Freedman (former Altius CEO) in discussion with Michael Horn and Alana Dunagan, September 6, 2016.

17 Michael Horn, the co-author of this chapter, works with Paul Freedman, the former CEO of Altius, at a new venture, Entangled Ventures. Michael Horn had no business interest in or relationship with Altius.

18 Tiffin University President Paul Marion, letter to HLC Executive Director Steven Crowe, January 18, 2008.

19 Letter from Tiffin University President Paul Marion, letter to HLC VP for Accreditation Relations John Taylor, June 15, 2009.

20 "Ten-Year Review of Tiffin University," HLC, 2010, 28.

21 Data as of March 2013. From internal Tiffin University documents.

22 Tiffin University President Paul Marion, letter to HLC VP for Accreditation Relations John Taylor, December 2, 2011.

23 A 2010 article in Inside Higher Education ahead of Congressional hearings on for-profit colleges describes the political climate at the time: "Education Secretary Arne Duncan and other Obama administration officials have often sought to characterize their probing of the for-profit sector as aimed at identifying "bad actors" and as part of a search for new measures of "value" for postsecondary institutions of all types, be they public, independent or corporate. But the rhetoric and activity coming from Congress has thus far been harsher, suggesting skepticism among lawmakers in both chambers and on both sides of the aisle about the behavior of — and appropriate role in higher education for — private sector colleges. The intensity of the language and the assertions of systemic problems recall for some observers the last period of broad-based and aggressive scrutiny of for-profit higher education, a set of hearings that led to major revisions of the Higher Education Act in 1992." See Jennifer Epstein, "'Bad Apples' or Something More?," Inside Higher Ed, June 24, 2010, https://www.insidehighered.com/news/2010/06/24/forprofit.

24 HLC President Sylvia Manning, letter to Tiffin University President Paul Marion, February 27, 2012.

25 Tiffin University President Paul Marion, letter to HLC President Sylvia Manning, March 12, 2012.

26 HLC President Sylvia Manning, letter to Tiffin University President Paul Marion, June 1, 2012.

27 Additional publicly available information is available in Paul Fain's review of Ivy Bridge's closure in Inside Higher Ed. See Paul Fain, "Setting Limits for Outsourcing Online," Inside Higher Ed, August 5, 2013, https://www.insidehighered.com/news/2013/08/05/tiffin-u-drops-ivy-bridge-college-partnership-altius-over-accreditors-concerns.

28 "Staff Summary Report to the Board of Trustees for Change of Control, Structure, or Organization for Tiffin University," HLC, May 22, 2013, 3, 29.

29 "Staff Summary Report to the Board of Trustees for Change of Control, Structure, or Organization for Tiffin University," HLC, May 22, 2013, 4.

30 Paul LeBlanc (SNHU President) in discussion with Michael Horn and Alana Dunagan, September 9, 2016.

31 Details of the Commission's views from Barbara Brittingham (NEASC President) in discussion with Michael Horn and Alana Dunagan, October 4, 2016.

32 (1) Paul LeBlanc (SNHU President) in discussion with Michael Horn and Alana Dunagan, September 9, 2016. (2) Barbara Brittingham (NEASC President) in discussion with Michael Horn and Alana Dunagan, October 4, 2016.

33 Data from Sabrina Manville (CfA's Head of Marketing & Strategy) provided to Michael Horn and Alana Dunagan, October 6, 2016.

34 Liz Simon (General Assembly's VP of Legal & External Affairs) in discussion with Michael Horn and Alana Dunagan, September 16, 2016.

35 Ibid.

36 Ibid.

About the Institute

The Clayton Christensen Institute for Disruptive Innovation is a nonprofit, nonpartisan think tank dedicated to improving the world through Disruptive Innovation. Founded on the theories of Harvard professor Clayton M. Christensen, the Institute offers a unique framework for understanding many of society's most pressing problems. Its mission is ambitious but clear: work to shape and elevate the conversation surrounding these issues through rigorous research and public outreach.

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