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The University of the Customer

A thought experiment



By Bill Sams



Educators often remind me that education is not like business. But what if it were? How would colleges and universities work? After a career of 25 years in Silicon Valley companies that lived under Moore's Law (you double the capability of your product's speed or storage size every two years, while lowering the price), I have been thinking about that question.

A lot of people who moan about cost cutting by colleges, about downsizing, and about how the university in its current form is in danger are missing the point. Maybe we need the fundamental change that a corporate model can provide.

I am a fan of the work of Clayton M. Christensen, a professor of business at Harvard University, who coined the term "disruptive innovation" for changes that improve products in unexpected ways. Industries are rarely destroyed from within, Christensen explains, but rather by competitors with new models. Google versus the newspaper industry, for example. So let me imagine a new disruptive innovation. Look ahead with me to 2020 and a vision of a different kind of higher-education organization. I hope it will remind you that how things are done today is not the only way to do them.

It was a little after 2010 when UTC, the University of the Customer, was started. That was back when the education industry had an organizational focus on cost cutting and revenue enhancement that put it on the slippery slope of continuous decline in the quality of its product. "Our goal is to optimize the personal capabilities of our customers on a lifelong basis and to match those capabilities with the needs of business and society in a mutually profitable relationship," the new university's mission statement read.

Now, in 2020, UTC has three major organizational groups: Customer Care, Customer Services, and Customer Results.

The Customer Care group provides the primary interaction with the customer. Its objective is to provide support for lifelong personal development in three areas: knowledge, emotional intelligence, and social intelligence. Back in 2010, most universities concentrated on

imparting knowledge, with emotional intelligence left to what were then called students to develop in their after-class experiences. Other than in the likes of Harvard's alumni network (where people read the work of the university's Howard Gardner on multiple intelligences), social intelligence and the ability to manage and interact with people were not given much attention.

When UTC customers join the Customer Care Group, they are given an extensive suite of tests that determine their learning styles and abilities, as well as their knowledge of content, their emotional profile, and their social-network linkages. The tests establish the customer's base point and identify areas of weakness for remediation. Unfortunately, as in the old days of higher education, that remains a very high-cost area, so it is driving UTC to work with local governments to extend its services all the way to pre-kindergarten, where the most cost-effective remediation can be provided. The previous concept of passing students forward before they achieved mastery of a subject compounded a problem that became increasingly expensive to fix, as well as frustrating for students who did not have the foundation for later subjects.

Once the base point is established, development programs provided by the Customer Services Group can be matched to customer needs. The objective of the group is to furnish a wide variety of learning systems in the most cost-effective manner. The buffet of instructional choices includes offerings like free, Web-based, interactive courses; peer-based communities of practice where customers in the same field work together (as trends have accelerated, the majority of UTC students are working adults or retirees, providing a wealth of experience); personal tutorials; and experiential learning in different occupational environments. Each level of content delivery has a separate pricing structure, ranging from zero to expensive, based on the transactional costs of the offerings.

The inefficient and ineffective 20th-century industrial model of batch processing (in which students accommodate themselves to classes that meet at specific times) has been totally replaced by individualized instructional programs that rely on computer technology originally designed in 2010 for games. These programs provide feedback whenever a student needs it, in an engaging environment that encourages exploration leading to personal discovery. The old education system of summative grading has been replaced by the requirement of mastery before moving on to another level.

That is because UTC takes a 21st-century business perspective on quality and values each failure as a learning opportunity for product improvement (in contrast to the old industrial model of education, where failed units were scrapped). By analyzing each failure, UTC can develop delivery techniques that not only eliminate one student's deficiency but also improve the entire system. The resulting increase in productivity allows the university to reduce both the cost and time to acquire each "knol" (unit of knowledge), which in turn allows it to significantly reduce prices every year. The old educational system had neither a concept of quality nor of productivity—leading to its unsustainable cost structure.

With the base point established by Customer Care and instruction provided by Customer Services, the objective of the Customer Results Group is assessment. The group provides continuing feedback to customers about their progress, including how their work compares with that of various peer and industry groups. From that, customers are aware on a daily basis how their value (their assets) is changing for them as individuals and in terms of the skills needed for their industry segment. Knowing how the customer develops gives feedback to the Customer Care Group, which can continue to work with customers as they regularly remake their careers. Under the old education system, people went for decades without knowing whether their skills were becoming outdated or if they were in a dead-end job.

Because the Customer Results Group is independent of the Customer Services Group, it is able to provide the latter with information on service areas that need improvement, as is common in industry quality programs. Improvements usually include reducing the time required to master a task and increasing the level of engagement in an activity by customizing studies to each individual's learning style, background, and maturity. That is in sharp contrast to the quaint model in the old education system of individual professors' developing, presenting, and assessing the quality of their own courses (which meant that students were the only ones who failed). The Customer Results Group has close relationships with industry and government that identify long-term strategic needs and correlate those to the developmental paths of its lifelong UTC customers, an important value-added link between the customer and the needs of business and

society. This focused, purpose-driven system has proved much more effective than the old education system, in which the customer tried to figure out what skills were needed for success in the future.

The initial financial backing for UTC came from foundations and individuals with names like Brin, Chambers, Ellison, Gates, Hewlett, Jobs, Page, and Zuckerberg. The development model was patterned on the highly successful Sematech research-and-development consortium sponsored by major semiconductor companies in the 1980s. Digital-media companies provided top-level talent one-year sabbaticals to help jump-start UTC.

A major paradigm shift came around 2015, when UTC separated care, content, and assessment through the establishment of the different groups. Customer Care was financed by user fees, kept low since UTC was always on the cutting edge of programs to manage customer relations. Customer Services was financed by advertising and sponsorships; Customer Results by fees on daily assessments.

The UTC model is expected to completely replace the old education system by 2030 as local, state, and national governments continue to exit the public higher-education market in order to finance the health-care industry. The UTC model recognizes that a great deal of education is an information industry that should see the same productivity improvements experienced by other information-technology businesses. The failure of the old education system to embrace productivity improvements (do more, better, with less) and new models (the difference between doing something *to* students and *for* customers) and instead follow the path of cost cutting (code for providing fewer services for the same price) and revenue enhancement (code for charging more for what was provided under the previous price, with tuition increases nearly double the rate of inflation) resulted in its painful demise.

My dream would be for one of the industry people listed above to call up the others and say, "Hey, what do you think of this idea? Let's give it a try." That would be a warning to higher education that it now operates under an implicit assumption that it has an innate right to exist. No organization—whether it is a business, government, religious group, or university—has such a right. The right of organizational existence is predicated on creating value for those the organization serves. For higher education, they are its customers.

Will UTC be the model in 2020? Who can say? Is it a possibility? Yes.

Bill Sams is an executive in residence at Ohio University.