



REALITY CHECK (/BLOGS/REALITY-CHECK)

The Reality Check blog, from John V. Lombardi, follows the endlessly fascinating parade of criticism and defense of the higher education business.

Coursera and the NCAA

June 2, 2013 - 5:09pm

By [John Lombardi](#)

The latest initiative in the large-scale online educational market, reported in all major media outlets, involves [the expansion of the Coursera online platform \(http://www.insidehighered.com/news/2013/05/30/state-systems-and-universities-nine-states-start-experimenting-coursera\)](http://www.insidehighered.com/news/2013/05/30/state-systems-and-universities-nine-states-start-experimenting-coursera) to encompass large public university systems. While much has been made of the opportunity this initiative provides for inexpensive undergraduate education delivered to large audiences, the [contract \(http://chronicle.com/article/Document-Courseras-Contract/139531/\)](http://chronicle.com/article/Document-Courseras-Contract/139531/) between Coursera and the University of Kentucky System offers an interesting conceptual parallel to the expansion of college sports made possible by the NCAA.

The NCAA, of course, is a franchising organization that takes a discrete university product, homogenizes its delivery, rules, and presentation, and then permits the university to brand the resulting uniform product and capture revenue by the large scale provision of standardized games to multiple and diverse audiences. The NCAA rule book focuses primarily on the issue of standardizing the quality and integrity of the product and its delivery platforms. This goal attempts to ensure that major college sports competitions such as football can be projected to large audiences, both live and through the media, in a standardized format that ensures the widest possible public and the largest achievable revenue.

The universities give up their authority over the rules and standards of operation of the sports programs, delegating this institutional authority to the overarching organization, the NCAA, and in return they receive the right to brand the resulting homogenized product as well as the obligation to produce sports products at their own expense that conform to the formats defined by the NCAA. When there are disputes about the quality and integrity of the institutional product, the issues is resolved by what amounts to a council of university personnel unaffiliated with the institutions involved. Their resolution is, then, final. In the NCAA franchising model the financial risk of participating belongs to the university.

The Coursera contract, developed in a much more business-like fashion than the original, endlessly collaborative town meeting style of the NCAA, creates a similar franchising system, although it does not pretend to be a not-for-profit enterprise but asserts its role as a revenue generating organization. The Coursera contract carefully delineates the obligations of the university to provide university generated courses to the Coursera platform that meet Coursera standards for presentation, operation, and pedagogy. As the university cedes its authority over course form and structure, it is allowed to keep its control over the specific content, although within strict guidelines that ensure certain standardized pedagogical mechanisms related to grading, feedback,

and student interaction. Coursera will remove university courses that do not meet the platform's requirements, and if there is a dispute, a council of academics will adjudicate a final resolution. The contract specifies a variety of mechanisms for sharing revenue and costs, but the primary financial risk of launching a course falls on the university. If the course is very successful, then Coursera generated revenue will be shared with the institution and institutionally generated revenue from Coursera products sold to university enrolled student will be shared with the company.

The key components of both the NCAA and Coursera franchises lie in the requirement that the university give up control over the presentation and delivery of its content. In sports, the university produces the games, recruits the athletes, hires the coaches, manages the enterprise, and delivers the product in the specified standardized format, reserving for itself the opportunity to brand the product, but always within franchise dictated standards in delivering the product to external audiences. The university controls some aspects of the success of the games. It can invest as much as it wants in producing high quality successful events, within the constraints of the rules. But it does not control the rules or the requirements for the operation of the university's branded athletic program, and it assumes all risk of failure.

In franchised academics, the university hires the faculty, guarantees the quality of the courses, provides the legitimacy and branding, but does not control the delivery mechanisms or the standards applied to the presentation of the course to the students or to the organization and structure of the courses delivered. In exchange for the loss of control over the courses (if not necessarily the exact academic content), the university anticipates gaining a large market for its products beyond its local consumption possibilities, and expects to use the Coursera franchised courses to supplement and replace many of its own expensive courses (perhaps only generic courses and not specialty offerings but that remains to be seen). The goal here is to get the revenue anticipated from large audiences and to respond to the public clamor for cheap degrees delivered quickly and online. As in sports, the risk of failure is borne primarily by the university that must invest in the creation of the course, guarantee its quality, award credit and degrees, and respond to problems that might emerge.

If Coursera and its university partners manage this franchise well, it may become as significant for higher education as the NCAA is for intercollegiate athletics. As anyone who has studied the development of college sports over the past century or so will recognize, franchised semi-pro college sports is a big enterprise, but it is not the primary sports experience for most students in large public universities. More students choose to participate in college intramural competitions and club sports than can be accommodated within the NCAA franchise (in part because meeting the franchise standards is expensive).

In the Coursera franchise, however, the split between what is useful locally and what is useful via the franchised product remains to be defined. Almost everyone expects that generic lower division courses will migrate into a Coursera-type franchise, delivered to the world and to locally enrolled students in much the same formats, even if the local students receive some modest institutional personal support. The specialty courses, majors, and science laboratory activities characteristic of the residential college will become the defining values for the place-specific institutions, and the coming of age experiences of residential education for 18-24 year olds will remain high value and high cost attributes of location-specific educational enterprises.

The key to success will be the Coursera franchise's ability to monetize its platform at scale. Nothing is clearer in the contract terms than the profit requirements of this enterprise, and the frankness and openness of this revenue-expense model is one of its great strengths compared to the NCAA franchise model with its commitment to not-for-profit status that has guaranteed financial losses to almost all colleges and universities that participate.

It is refreshing to see the clarity of purpose and profit outlined in the Coursera contract with the University of Kentucky System that highlights, among other things, the charmingly disingenuous belief of early adopters that this was a prestige enterprise to educate the masses with academic superstars for free.

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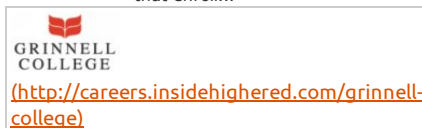
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