

AN INTERVIEW: John Sperling

John G. Sperling founded the Institute of Professional Development—in the burgeoning field of for-profit higher education—in 1973, while teaching at San Jose State. He later began what became the University of Phoenix, which was accredited in 1978 by the North Central Association of Colleges and Schools. In five years ending last December, the University of Phoenix added 42 learning centers to 23 already in place. With more than 40,000 students, it is the largest accredited private university in the nation. This interview was conducted by National CrossTalk correspondent Carl Irving.

Carl Irving: Your new approaches to higher education have clearly appealed to older, working, more focused students. Does that mean you have exposed some fundamental flaws in traditional nonprofit colleges and universities?

John Sperling: We started this in 1972-73. I had to create a model to address needs in ways that simply were not traditional. This offended traditionalists, some of whom were bitterly opposed to what I had created. They did everything they could to say [my approach] was illegitimate.

To oppose a measure we had introduced to deal with this issue, they argued that if restrictions weren't maintained, diploma mills would come into California. By implication we were a diploma mill. Stories were planted in the newspapers to that regard.

That gives you some idea of the vehemence and fear these people saw in this new model. I had been an academic for 20 years and therefore could understand how they felt. It isn't that I sympathized with them, but I certainly could understand their feelings. It just boiled down to: Are you going to serve this population, is it a legitimate population to serve, and if it is, do you have to have a model that allows you to serve it?

CI: How do you define this population?

JS: Working adults who haven't finished their bachelor's degrees, or who want a master's degree. They're working full time and, as one of our students said, they've got kids, they've got dogs, they've got lives, and you've got to fit the education into these complex lives.

People commute to Silicon Valley all the way from Santa Cruz. They have a three-hour commute every day. They have to worry about all sorts of things. They are adults leading complicated—or if not complicated, certainly time-constrained—lives.

CI: Why didn't traditional institutions become aware of this?

JS: They might have become aware of this, but you've got to understand that institutions of higher education have been operated for the benefit of the faculty. The faculty, I suppose those at any college or university worthy of the name, thought

of themselves as creators of new knowledge, and to do that you had to do research and writing, teaching being secondary.

For instance, when I was at Berkeley as a graduate student, the professor came in and he gave three lectures a week and maybe a seminar. That was it, and all the teaching was by myself and this army of my fellow teaching assistants.

I knew something about the subject matter, but I didn't know a thing about teaching. But I'm not so sure the professor knew any more about teaching than I did, because that was not the way he defined his professional life.

So why should they bother about this other population? For instance, they would have to teach at night. Well, they want to go home to study and write and don't want to be bothered with students.

CI: Did you find this to be true later, when you were a professor at San Jose State?

JS: San Jose State College moved from a normal school to a state university, and everyone wanted to write, to be published, to be recognized in his or her profession.

CI: But aren't researchers the best teachers?

JS: Knowledge now is so universally available that you would have to be creating some very esoteric new knowledge to be in a position where the students would be the ones to be the primary beneficiaries.

CI: Could you say that your faculty are out there every day learning on the job and thus are more proficient in what they teach?

JS: Well I did have one professor at Berkeley who influenced me greatly. He was a history professor who defined history as the usable part of the past, and I define each of the subject matters that we deal with at the University of Phoenix in terms of what is the usable part of that particular body of knowledge. Our students are



Jeff Topping for CrossTalk

“Clearly, as is widely recognized by those familiar with it, we have the nation’s most sophisticated quality management system in higher education.”

busy. They are not here simply to expand their horizons; their horizons are pretty wide already.

They've formulated their basic philosophy in life. They've decided whether they're Democrats or Republicans. Their social sensitivities have been formed. To treat them like 17- or 18-year-olds was not only futile, it was demeaning. What they needed was the usable part of the bodies of knowledge that were included in any subject matter that was being dealt with.

CI: How do you define a BA? Granted, your students are more mature, but don't they also need some expansion of their minds?

JS: Remember, I'm talking about undergraduate study. It's only been in the last couple of years that we give lower-division courses. So all of our students had had their general education requirements before they came to us. Now that we've begun to deal with younger students, we have a dean of general education, who is responsible for the philosophy, the sociology, the English, the biology and the various other courses.

All of our upper-division courses are professional, so we are not trying to turn out sociologists or political scientists or historians. We're trying to turn out business administration majors, nurses, counselors, teachers.

CI: Don't upper-division majors also take political science or economics?

JS: Not very often. But obviously we have economics, although we aren't training economists. We're training managers, who have to have the knowledge of business and accounting. When you turn out a person whom you expect to be a competent manager, the two years of a full set of courses is just barely enough, in my opinion.

CI: How do you define a BA for a business major?

JS: If you look at the *Chronicle of Higher Education* or various higher ed "think tanks" or study centers, they have determined that there's no consistent definition of a BA. It simply doesn't exist. A BA is what any college or university says it is, when a student receives a degree.

CI: Couldn't one argue that there is some general consensus beyond anything written in stone?

JS: No. There is no general consensus.

CI: How do you maintain standards regarding faculty, students, grading?

How can you do this nationally, let alone overseas where you now intend to expand?

JS: We have a system that is scalable. It's replaceable. And it includes standardized curriculum, a method for hiring faculty, training faculty, including all of the skills we expect an instructor to have in a classroom, including judging skills and grading of student work.

Clearly, as is widely recognized by those familiar with it,



we have the nation's most sophisticated quality management system in higher education.

CI: How do you arrive at that conclusion?

JS: We measure everything, and we have won several national awards for doing so with precision. We measure faculty performance every five or six weeks. We measure student performance every five or six weeks. We measure at least every quarter, the performance of academic counselors, of financial aid counselors, of the various administrative officers at each of the campuses.

We took the concept of continuous improvement and we applied it to our particular industry, which is higher education. It's not the same as Motorola, where they manufacture cell phones and computer chips. But Motorola in what you would call its soft areas—its research, administration, human resources—still strives for what they call "six sigma," and that's one error out of every million processes.

CI: But aren't Motorola's operations much less complex than yours?

JS: I don't think so. Research, development, administration—those are just as humanly complex as higher education.

CI: How about the huge regional differences and demands in this nation? Can you respond to these with a single concept?

JS: I think that in the U.S. we have a common culture. We haven't found that the material we prepare for Los Angeles is any different from what we need to prepare for Detroit or Seattle.

CI: What about overseas?

JS: I'm not responsible for that. The president of the university [Jorge Klor de Alva, an old Spering friend who left an endowed chair at Berkeley to take the post this past February] will be responsible for that, and I'm sure that there will be a need for localization.

CI: You've been to China...

JS: I can see eventually the University of Phoenix might develop a land-based program in China. But it would not be

There's a vast regulatory mechanism designed to protect markets, and our job is to find a way either to go over, around, or, if need be, knock 'em down.

run by Americans. It would be run by Chinese. We would take the model to China and the Chinese would operate it.

The Chinese people in industry have been very favorably disposed toward our model. But of course there is a vast government bureaucracy, so it wouldn't be practical at this time. However, they believe that electronically delivered education would be practical.

CI: There's a lot of pessimism regarding the costs involving online education.

JS: Our online program, with 6,000 full-time equivalent students, is the largest online program in the country. We've been doing it for ten years now.

CI: Is it making money?

JS: Oh yes. There's a very simple system: We decide the (profit) margin that we want, and then we price the product to provide the margin. If we can't sell that product at that price, we don't produce it.

CI: Since you are a for-profit school, are teachers under pressure to pass their students?

JS: I don't think our faculty members are under pressure. We operated tech schools at one time, we had six of them, and it's not the same population. Our average student has been working seven or eight years. He or she's got a family income of \$55,000 to \$60,000, so there's a great deal of difference between that individual and a 17-year-old coming in and trying to learn something about widgets.

We have a highly disciplined student population. They expect a lot from the instructor. Instructors don't get to slide. Students are much more demanding. If a student fails, probably the instructor doesn't even have to fail him. That's because students are required to be members of study groups, and a non-performing student in a study group is expelled by the group. And they always drop out if they are expelled.

CI: That's quite a jump—that students themselves dismiss a fellow student.

JS: When a student is asked to leave a study group, any other group will ask, "Why didn't you keep this person?" Because he didn't do the work.

We've had a couple of court cases in which students say you required me to be a member of a study group, so you must provide me a study group. Our response is that it's plainly set forth in all of the documents—you'll be a member of a study group, and if you can't hack it, well then, it's your problem.

Almost all of our students come from industry, and they're all working, and in almost every industry people work in groups. If you work at Intel, if somebody's dogging it, you're not going to put up with it, because your job is at risk.

CI: What portion of your students are funded by their employers?

JS: Seventy percent of them receive all or a portion from their employers. The total fully supported ranges close to half of all the students.

CI: Is it true that no higher education system has ever

been profitable before?

JS: I think it's summed up in the fact that our system is designed as a production function, with specialized learning outcomes, and those outcomes we believe are equivalent to, or better than, the outcomes in traditional education. Then we design a system the least costly way. We deliver the services that achieve those outcomes.

CI: Some for-profit HMOs have damaged healthcare. Is there any parallel to fear here?

JS: No. First, we have a comprehensive quality assurance system in place. We deliver a service and we price it correctly. They don't have to come. So it's not analogous to an HMO.

CI: You were a professor of humanities at San Jose, and earned a Ph.D. from Cambridge in economic history. Don't you want to expand your academic offerings?

JS: We respond to the market. In California, let's say, it's probably the case that state funded systems won't be able to provide the educational services demanded by the population. So there should be probably several hundred thousand students a year who aren't able to gain admission. That's why I think our lower-division programs, as general education programs, might be very popular there.

Once the general education requirement is met, students either enter into one of our professional programs or they transfer into a more traditional college, if they want to be a sociologist, a political scientist, study English or something else.

CI: At this point, are you cutting into enrollments of traditional institutions or serving a new market?

JS: I think what we are serving is a new market, and traditional institutions are coming into the market we defined and serve. Practically every college and university in California has what I call a copycat program based on the University of Phoenix design. Imitation is the greatest form of flattery.

CI: How about your programs to train teachers?

JS: We have fairly significant programs in Arizona, Colorado, New Mexico and Utah. In California, institutions are trying to maintain their monopoly in teacher training. It's no different from the battles of the early 1980s, attempting to protect the markets of established institutions.

CI: Do you expect these barriers to disappear?

JS: Economic analysis shows that the behavior of these colleges and universities is identical to those of industry when facing outside competition. As Adam Smith said, whenever you have two businessmen together, you have the beginning of monopoly. So they're simply behaving in a very predictable and rational way.

“Practically every college and university in California has what I call a copy-cat program based on the University of Phoenix design. Imitation is the greatest form of flattery.”

They will use the law, they will use regulations, they will use every technique they can, to protect their market. That's the way the world operates.

CI: Do schools hire teachers in states where you are allowed to train them?

JS: They are snapped up as quickly as they are produced. These are post-baccalaureate programs. They all have BAs and we award credentials.

CI: Do you try to overcome opposition?

JS: We have three full-time people dealing with regulatory barriers, two national lobbyists and 30 lobbyists at work in the various states. There's a vast regulatory mechanism designed to protect markets, and our job is to find a way either to go over, around, or, if need be, knock 'em down.

The most recent case of that was in Pennsylvania, where there was a law against for-profit entities offering degrees. It took us three years, but we got a law through the Pennsylvania Legislature that rescinded that requirement.

CI: Do you compete with public and private campuses for the best students?

JS: They're moving into an area that we defined. So we are all competing for students in that market.

CI: Aren't you competing for older students? The average age of students at the California State University campuses (the largest four-year degree granting system in the nation) is more than 27 years.

JS: For the most part our students are full-time, managerial employees. You could not work full-time and be a manager if you are a student at a Cal State campus which offers courses during the day. They are structured for youthful, full-time students, and adult students have to adapt to that system.

Any institution that tries to do everything probably doesn't do everything well. So we've defined our niche, as it were. We've defined our market, and we try to do that absolutely as best as we can.

CI: Still, where does the traditional concept of the well-rounded student fit into your system? Given your own academic background, don't you have concerns for that?

JS: Having taught at San Jose State for a long time, I can say that very few students graduate well rounded in Western or global civilization. It was spotty at best. The only students who

were well rounded were the honors students in humanities programs, which constituted half of their coursework for two years.

BAs come in all shapes and sizes. I doubt that even Princeton or Harvard produces well-rounded students anymore. Students now are so sophisticated when they come

in, and a lot of them have a very good idea of what they want. And if they're married, they want to study bits and bytes.

If they're of a scientific bent, they want to dip right into that. And there's so much information available. And so many venues are available that students can get educated in all sorts of ways.

I just don't think the old paradigms hold anymore. Knowledge has begun to democratize and commoditize and it's just too widely available to say anyone will be able to say, "Come here and we'll provide it for you."

CI: Isn't that a worrisome thought?

JS: Life is worrisome. Life is adventure. If you think we're having trouble, how'd you like to be in Indonesia today?

CI: A history professor turned you on at Berkeley, right?

JS: I'm sure our instructors turn our students on.

CI: But you don't have a history professor.

JS: We have history surveys in (lower-division) general education, and our instructors are quite competent.

CI: You're setting precedents that draw wide attention.

JS: What we do, we define very clearly. People know what we do, and we try to do it very well. So we'll take care of our knitting, and if the critics will take care of their knitting, the world will probably be a better place. ♦

"I think that in the U.S. we have a common culture. We haven't found that the material we prepare for Los Angeles is any different from what we need to prepare for Detroit or Seattle."