

To: Herzing University Board of Directors
From: Dr. Todd Rickel, Online Campus President/VP eLearning
CC: Herzing University Executive Committee
Date: 07 December 2009
Re: 90/10 Mitigation and Business Development

Online Campus Business Development

The Online campus plan to build toward 90/10 self sufficiency involves a multifaceted launch of outside sales professionals whose goal is to secure leads representing enrollment revenues of around \$2.2m. On the proposed 2010 revenue budget of \$35.6m, this would represent 6.18%. When executed, online is projected to move from 96.1% dependence upon Title IV funds to 89.92%.

The Director of Business Development, ^{Redacted by HELP Committee} came to us from Capella where he developed, led, and grew a dedicated team of sales professionals generating over \$70m in non Title IV revenue after nine years.

A summary of channel goals along with a short description follows below. Each channel has a plan that involves staffing, market penetration and primary targets, collateral material development, lead acquisition and conversions, as well as revenue goals.

Channel One- Military \$585k

This channel includes two demographic groups: active military and veterans. Staffing includes a Director of Military Education and 3-5 educational liaisons (outside sales reps) placed near large bases and veteran populations across the US. Focus on lead generation involves (1) internet marketing and advertising at select media venues around bases, (2) a local/on base presence with education service officer and access to off base veteran and service organizations, and (3) established presence nationally with formal relationships among critical military gatekeeper organizations.

Channel Two- Education \$260k

The second channel also has two demographic groups: high school and post secondary institutions (Community Colleges and Technical Colleges). Each requires a different focus and represents different opportunities. Staffing includes a Director of Education and 3-5 educational liaisons. High school strategies involve affiliation and dual enrollment agreements directly with school systems, as well as third party partnerships with existing K-12 organizations with field sales forces already established and capable of generating interest for Herzing programs. Post secondary involves articulation agreements with institutions and bridge programs whereby students graduate with diplomas or associates and enter our associates or bachelor programs.

Channel Three- Corporate \$460k

A focus on Business to Business (B2B) sales makes up our third channel. This initiative is the most tested of the six channels. Staffing includes a 3-5 corporate account executives and direct leadership falls under the Director of Business Development with a plan to hire a Corporate Director in the Spring. Efforts focus on building relationships with large accounts (Herzing Educational Leadership Program),

leveraging assets and assisting local campuses grow in their geographical areas, and establishing relationships with third party agencies similar to those in the Education channel but focused on verticals such as healthcare.

Channel Four- Native American \$230k

Native American Tribal funding serves as the fourth channel. Significant funds are available for Native Americans through both federal BIA and local tuition assistance from casino monies. Staffing includes a Director of Native American Education and 3-5 educational liaisons. Relationships and trust are built slowly, but our director has longstanding relationships with a variety of Tribal nations. Additionally, our participation in the Milwaukee national Indian Educational Association event has generated opportunities among Tribal colleges that we are pursuing. Focus is on Tribal Nations with full scholarships and established protocols for higher education tuition assistance.

Channel Five- International \$160k

The fifth channel involves efforts abroad and relies upon relationships with external agencies. Staffing focuses on a Director of International Education who is capable of establishing relationships with agencies and organizations to direct students into Herzing's online programs. Opportunities are being pursued in China, Israel, and Saudi Arabia. Recent discussions have opened up opportunities in Sub-Saharan Africa. Several agency arrangements, should they bear fruit, will also open Western Europe and Southeast Asia. This channel is likely very slow to develop, but it has significant opportunities over time. No revenue is forecasted in the first six months of 2009.

Channel Six- State/Federal (non military) \$120k

The last channel comprises several areas including Workforce Development, Vocational Rehabilitation, Not-for-profit organizations, and Civil Service. Unions may also be a part of this initiative but will depend upon the talent and disposition of staff under the corporate channel. Staffing includes a Director and 3-5 educational liaisons. Targeted efforts will be directed to areas of the country hardest hit by the recession but supported by state and federal monies. Staff will partner in discussions with the corporate and educational channels where synergies develop.

Additional: Continuing students account for \$370k of the plan.