

In response to Robert Safian's "Letter from the Editor: Lessons of the Edupunks" by Gabor George Burt:

Hello Robert,

I would like to congratulate you on the continuously stimulating content of your magazine, and to respond to your letter in the current issue on 'Edupunks'. As a graduate of Amherst College and INSEAD, and the father of four young children, I can certainly appreciate the value of top-tier learning. At the same time, my professional focus on helping businesses and non-profit organizations defy conventional wisdom and create their own 'blue ocean' market space has lead me to raise the same questions as those in your article about the format and utility of higher education. For the purpose of provoking discussion I have crafted an admittedly 'radical' alternative model. What follows is a quick synopsis.

Given the astounding tuition cost of leading universities, education has to be regarded as a business proposition by both students and the schools themselves. Students make an investment to attend in the hope of qualifying for well-paying jobs after graduation, while universities count on continuous donations by alumni to keep themselves going. Embracing this simple equation is the first step in universities shedding the false sanctity of outdated traditions in favor of asking such timely questions as: How can we create a model that minimizes the costs and maximizes the return for both students and our university simultaneously? How can we best enrich the lifestyle of our students so they are not saddled with debt from the moment they graduate? And how can we become 'market driving' rather than simply 'market driven' to attract the greatest pool of talented students? Bold questions, indeed.

So here is a possible solution: Leading universities have amassed billions of dollars in endowment. Rather than trying to out-compete each other in endowment ratios and levels, let's tap these funds as the source for the new model. Let's use a portion of the endowment's yearly investment income to do away with tuition fees all together, and offer free attendance. In return, once students graduate they would contribute a certain percentage of their annual earnings to the school for x number of years, or until a specified threshold is reached.

For universities with suitable resources, the cost of this program could be relatively low – just 5% of total endowment could more than cover the full tuition of all students – meaning that they would only have to invest a portion of their yearly investment income, and not principal. To illustrate, here is the rough calculation for Amherst College, with rounded figures: 5% of its \$1.7 Billion endowment would yield \$50,000 for each of its 1,700 students per year, more than sufficient to cover tuition). And the returns would be tantalizing: They could select students purely on future potential from a vastly expanded talent pool, and see much greater levels of alumni contributions than currently (they could even account for a portion of students not pursuing commercial careers with their degree). For students this model would eliminate the biggest burden of higher education altogether, better prepare them for the post-graduation marketplace, and allow them to take charge of their future with much greater flexibility. In short, there would be a close alignment of interests between students and universities.

Is there a visionary university out there willing to take the plunge? As your letter points out, all constituents are held back by the shackles of conventionality, by the fear of unchartered waters. I am reminded of the old joke about psychologists: 'How many psychologists does it take to change a light bulb? Answer: Just one, but the bulb itself really has to want to change.' But with increasing market forces of alternative education, it is just a matter of time for a pioneer to emerge.

Perhaps one already has: Berea College in rural Kentucky. Berea offers free tuition funded by its endowment, donations, and by students working at least 10 hours a week on campus. The results? Berea saw a 15% increase in applications this year while the levels at some expensive schools dropped, and more of the students applying were of a higher academic caliber. Moreover, Berea College is expecting 78% of accepted students to enroll, which would beat even Harvard's 2008 ratio! (*Source: Time Magazine article "How one college is snagging so many students", May 2, 2009*).

Warm Regards,

Gabor George Burt

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