

For-profit colleges

[Business](#), [Marketing](#)



" The Booming Business of For-profit Colleges" Higher education is a very profitable field, and because of that, for-profit schools have been placed under scrutiny. In the documentary *College Inc.* , Michael Smith, the correspondent, investigates the promise and tremendous growth of for-profit colleges in the higher education industry. With the student's best interests in mind, many people have begun to question the integrity of these schools.

However, they do not take into account the benefits that these for-profit colleges can offer to non-traditional students, giving them the opportunity to obtain a quality education, and marketable job skills. For-profit colleges are continuously accepting the abundance of students who have realized that they need to go back to school because jobs are scarce, and education is needed. Advertising plays a huge part in the large number of students enrolled in for-profit colleges.

Successful colleges typically spend twenty to twenty five percent of their total revenue on advertising. This marketing encourages students to take the next step and enroll themselves in a college that they may not be academically or financially ready for. Because *College Inc.* presents the audience with interviews from multiple sources including former students, school executives, government officials, and enrollment advisors, it effectively portrays the many different perspectives of the industry, and the tension within it.

Michael Clifford, a former musician who never went to college, purchases struggling traditional colleges, and turns them into for-profit companies. He believes that it takes the three M's to turn a college around: Money,

management, and marketing. To fund these turnaround projects, Clifford presents to his investors the benefits of putting money into fixing these colleges. From an investor's point of view, for-profit colleges can be a huge source of income. Jeffery Silber, a senior analyst at BMO Capital Markets, says " From a business perspective, it's a great story. You're serving a market that's been traditionally underserved. And it's a very profitable business it generates a lot of free cash flow. " But from a student's perspective, it is not fair for their education to be turned into a business. Enrollment advisors play a huge role in the success of for-profit colleges. They are required to recruit a large number of students. The pressure to grow has presented questions about enrollment techniques. Some colleges have been accused of using high pressure sales tactics to get students to fill out application papers.

Many of these colleges say they do not have quotas, but Tami Barker, a former enrollment advisor at Ashford University, says she was instructed to make 150 calls a day, and close on at least twelve students a month. " I didn't realize just how many students we were expected to recruit. " says the former enrollment counselor. " They used to tell us, you know, 'Dig deep. Get to their pain. Get to what's bothering them. So, that way, you can convince them that a college degree is going to solve all their problems. " Enrollment advisors convince students that attending college will be easy and affordable even when they are not academically, or financially capable. Dan Golden says " The concern is that they're bringing in students who can't succeed or graduate, loading them with debt. " The documentary *College Inc.* presents its audience with a great deal of students who felt that they were misled by

these enrollment advisors. The debt load of for-profit students is more than twice the amount of students at traditional schools.

Anne Cobb, a former student at The University of Phoenix, says an enrollment advisor at the university helped her get a student loan even though she was swimming in bills. Sherry Haferkamp, a graduate from Argosy University-Dallas says she believed a lot of lies that were told to her, and it was not until after the fact that she realized they were anything but the truth. When she talked to an enrollment counselor at Argosy, he said " You know, instead of applying for the master's program, go ahead and apply for the doctorate program. They've got two spots available, so you better apply right now.

After obtaining her degree, and accumulating over 100, 000 dollars in federal student loans, Sherry finds out that her degree is not even accredited by the American Psychological Association. She feels that she is at a dead end, and filed a lawsuit claiming that she was defrauded. The documentary College Inc. , was effective in its purpose of showing the importance of for-profit schools. A large number of students who would never have been accepted into a traditional college, have now been given the opportunity to obtain a degree. Investors who have put money into these failing colleges have profited a great deal.

Michael Clifford turned traditional colleges that were in a downward spiral, and close to shutting down into successful for-profit schools. Even though the documentary shows a few students who are unhappy with their

experiences, it seems that more people have benefited from these colleges than those who have not.