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The Jack Welch MBA Coming to Web Business Icon Lends His Name to New Online University Program; 'It's a Real Education,' He Says By PAUL GLADER

Former **General Electric** Co. Chief Executive Jack Welch is putting his name and money behind a little-known educational entrepreneur, injecting some star power into the budding industry of online education.

Mr. Welch is paying more than \$2 million for a 12% stake in Chancellor University System LLC, which is converting formerly bankrupt Myers University in Cleveland into Chancellor University. It plans to offer most courses online. Chancellor will name its Master of Business Administration program The Jack Welch Institute.



Jack Welch

Chancellor's leading investor is Michael Clifford, an entrepreneur who has launched two publicly traded companies in the past year: Grand Canyon Education Inc., which operates Grand Canyon University, and

Bridgepoint Education Inc., which operates Ashford University and University of the Rockies.

Investor groups led by Mr. Clifford bought those three institutions out of troubled situations and converted them to primarily online universities.

Mr. Welch's name may help add allure to for-profit, online education, which is growing rapidly despite nagging questions about quality.

Boston research firm EduVentures Inc. estimates that 11% of the roughly 18.5 million U.S. college students took most of their classes online in the fall of 2008, up from 1% a decade ago.

Online higher education will generate revenue of \$11.5 billion this year, EduVentures says. But "there is a concern about quality," says EduVentures Chief Executive Tom Dretler, because there's "much, much less selectivity" of students in the admissions process.

Mr. Clifford and Mr. Welch say they want Chancellor's MBA program to be high quality and have met with several Ivy League professors, but declined to disclose names.

Noel Tichy, a professor at the University of Michigan's Ross School of Business and former head of GE's Crotonville executive training program, will be the dean of the Welch Institute starting in July.

Mr. Welch says the MBA program will integrate his





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philosophy of leadership and human resources into a 12-course curriculum designed for mid-career workers.



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Jack Welch, shown in January, is investing more than \$2 million for a 12% stake in Chancellor University System.

Mr. Welch and his wife, Suzy, are involved in recruiting faculty and planning curriculum. He doesn't initially plan to teach any courses, but will record a weekly video for students. In addition to the MBA, Chancellor also plans to offer bachelor's degrees and a master of management program.

MBA applicants will need an undergraduate grade-point average of at least 2.8, and won't be required to submit Graduate Management Admissions Test scores, the test widely used by graduate business schools to help select students.

An undergraduate degree will cost about \$40,000 and an MBA will cost about \$21,600, not including fees, says Mr. Clifford.

Chancellor's accrediting body, the Higher Learning Commission of the North Central Association of Colleges and Schools, put the school on probation in November, citing concerns about its reputation, student turnover and resource allocation.

Dr. Robert Appleton, a staff liaison for the commission, says a final decision should be made by February 2010.

Mr. Clifford says Myers was scheduled to lose its accreditation before his group bought the school. He says Chancellor is confident it will be removed from probation by next year.

Mr. Clifford, who didn't attend college, aggressively courted Mr. Welch after meeting the former GE CEO at a party five years ago.

Mr. Welch says he was initially skeptical of online education, but has been impressed by the Apollo Group Inc.'s University of Phoenix, which has nearly 400,000 students, and Mr. Clifford's Grand Canyon University. Last fall, he called Mr. Clifford and said he wanted a role in Chancellor.

"I'm now a believer," Mr. Welch says.

Mr. Clifford, 55, is CEO of Significant Federation LLC, Solana Beach, Calif. He previously worked in broadcasting and telecommunications, and with evangelical Christian leaders such as Pat Robertson, Jerry Falwell and Bill Bright. He became interested in education after consulting with Christian organizations and universities.

When he first approached Mr. Welch at the party, Mr. Clifford says the two men argued about the merits of online education.

"We were yelling at each other," Mr. Clifford says. Mr. Welch confirms the incident. Mr. Welch invited Mr. Clifford to see him the next day, and Mr. Clifford says he has "hounded" the former CEO ever since.

Grand Canyon went public in November, a successful IPO at the depths of the financial crisis. Bridgepoint Education completed its own initial public offering in April. Mr. Clifford sold his shares in Bridgepoint; his 6.5% stake in Grand Canyon is valued at \$47.5 million.

Mr. Clifford says Mr. Welch called him last fall, after Grand Canyon's IPO, and said he wanted to be involved in Chancellor. Investors led by Mr. Clifford had bought the school, then named Myers, out of bankruptcy last summer for \$5.25 million.

Mr. Welch is joining other investors who collectively are putting up \$16 million to rebrand the university and expand its offerings.

Founded in 1848, Myers has changed names several times and counts John D. Rockefeller Sr. and Firestone Tire and Rubber Co. founder Harvey Firestone among its alumni. They attended a 10-week course in accounting and penmanship when the school was a franchise of

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Folsom's & Child's Commercial Institute.

More recently, the school fell into financial trouble, with a dwindling student population and, ultimately, court-sponsored receivership. The Higher Learning Commission says the school had 412 full- and part-time undergraduate and graduate students in April.

The investors say they want Chancellor to serve underprivileged young people in Cleveland, local mid-career executives and a national and global market of students online.

Mr. Clifford says he prefers to buy existing colleges with valid accreditation, rather than build from scratch. He hopes the school will have 800 students this fall and 5,000 students in the fall of 2011, and hopes to take Chancellor public someday.

Since retiring in 2001, Mr. Welch, 73, has taught a class at the Sloan School of Management at the Massachusetts Institute of Technology and has donated money and lent his name to the John F. Welch College of Business at Sacred Heart University in Fairfield, Conn. His books about management are often best-sellers.

"I think it's a real education," says Mr. Welch.

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