

Kaplan: Kaplan Military University Presentation

Kaplan Military University



CONFIDENTIAL

Agenda

- Objectives
- Our Military Value Proposition
- The Pricing Pilot
- The phases of the military strategy plan
- Field team deployment
- Staffing Plan
- Appendix
 - A. Pricing Analysis
 - B. Marketing Elements
 - C. Public Relations Marketing
 - D. Web Strategy
 - E. American Military University

Objectives

- Grow our military enrollments to 9K per year by 2011
 - 2009 increase from 2.2K to 6K enrollments
 - 2010 8.8K enrollments
 - 2011 10.5K enrollments
- Over 3 years:
 - Bring retention on par with traditional students (28 to 34)
 - Improve 90/10 by 5%
 - Provide incremental revenue of \$XYZ in year 3

Objectives

- Transition Kaplan into a “top of mind” educator within the active duty & veteran military segment, penetrating the key decision maker and influencer (education service officers)
- Evolve our product offering to attract, retain, and better educate military students
- Transition current low converting lead & poor retaining student base into highly profitable segment
- Engage DOD/DHS in custom development of Kaplan Inc. solutions

Our Military Value Proposition

- We have dedicated ourselves to serving our military students with advisors at each step who understand military challenges (admission/FA/Academic Advising/Career Counseling)
- We have designed our educational platform to help you take full advantage of your military training, experience and any previous college credit
- We are integrated into military educational system, making it easier for you to enroll and attend Kaplan – Go Army Ed, SOC, AEX Portal, Air force ABC program
- We've built in the flexibility a military lifestyle demands – Military Friendly LOA and coursework extension policies
- We're committed to your success and provide innovative tools to help you succeed in your studies and career – such as Kaplan MyPath – helping you customize your education
- We value the sacrifice you have made to our country and provide all active duty and veterans tuition packages, so you can get the quality education you deserve – and books are included so there are no unforeseen expenses along the way
- We recognize that serving is a family commitment, and also offer reduced tuition rates to military spouses
- We support your lifetime learning needs, including an online high school completion programs, professional development programs, and higher degree programs

Tactics

- Drive awareness via print advertising in key military publications and targeting key military installations
- ESO Relationship Manager - ESO outreach effort leveraging, phone, web, DM, and supporting key military events and periodic base events
- Target veteran and spousal community via key publications and including military elements in traditional student marketing
- Continuous development of military offerings, providing tools for high conversion and referral rates
- Leverage MSG field team in regional areas to drive military events
 - Community College Partners
 - Educational Liaisons to attend military events
 - Business Development efforts at Federal and DOD level

Business Development Activities

- DoD Activities Representing All of Kaplan, Inc.
 - Meeting with High-Level Pentagon Officers
- Pursue Deeper Relationships with branches
Redacted by HELP Committee
- Military/Veteran Associations
Redacted by HELP Committee
- CCME/DOD Worldwide – Involvement
Redacted by HELP Committee

Financial Plan

Growth Projections – Enrollments/Rev

	2009	2010	2011
Enrollment Total	6,196	8,848	10,526
MSG - Field	Redacted by HELP Committee		
Marketing			
Expense - Total	\$7,247,975	\$10,139,450	\$11,632,550
MSG	Redacted by HELP Committee		
Marketing			
Net Revenue - Total	\$4,277,301	\$7,957,358	\$11,768,938
MSG	Redacted by HELP Committee		
Lead Generation			

Non-Aggregation Marketing

2008 - 2009 Military Marketing	Impressions	Total investment
Print	Redacted by HELP Committee	
Out of Home Marketing	Redacted by HELP Committee	
e-Newsletter	Redacted by HELP Committee	
Direct Mail	Redacted by HELP Committee	
Total Impressions	Redacted by HELP Committee	
Operational (Events/Sponsorships)		Redacted by HELP Committee
Collateral - Base & ESO		Redacted by HELP Committee
Booth & Graphics		Redacted by HELP Committee
Web Integration and Landing Pages		Redacted by HELP Committee
Development Costs		Redacted by HELP Committee
Research		Redacted by HELP Committee
Pricing Analysis		Redacted by HELP Committee
		\$ 1,596,050

Marketing Staffing Plan – Roles & Definitions

- **Director of Military Marketing & Strategy**
 - **Oversight over all military marketing including:**
 - Lead Generation
 - Web strategy
 - DM/EM
 - Print
 - Collateral
 - Campaign management
 - B2B Marketing (ESO/DOD etc)
 - Product Marketing (Redacted by HELP Committee)
 - **Direct Product Development Efforts**
 - Feasibility on new programs
 - SOCAD/SOCGUARD/SOCMAR etc
 - Develop Sales Tools
 - VA & other military student programs
 - Single Course Offerings
 - Alternate Delivery Modes
 - Military Newsletter
 - **Coordinate Military Research**
 - Field Support Marketing
 - **Operates on shared services and with 1 direct report - Military marketing manager**

Kaplan: “KU 90/10 Issue” Email

From: High-level Kaplan Executive
Sent: Wednesday, November 11, 2009 9:55 PM (GMT)
To: High-level Kaplan Executive ; High-level Kaplan Executive
Cc: High-level Kaplan Executives
Subject: RE: KU 90/10 Issue

Redacted by HE

This has been an area of intense focus over the last 30 days. In mid-October we (Redacted by HELP Committee and I) projected our 90:10 at year end based on current run rates to be 89.6%. We shared our analysis and actions plans with Redacted by HELP Commi and Redacted by I and the decision was made to switch SES from an automatic submission process to a manual process. We needed the ability to throttle our submissions based on our cash intake. Redacted by HELP Committee

Redacted by HELP Committee

Redacted by HELP Committee

Although we have implemented a number of initial steps that will help us increase our cash intake in the future, we have a larger list of additional initiatives that we are continuing to move forward and I could walk you through those at your convenience.

In response to your suggestions we have added comments below:

Accelerate military billings / collection at KU.

We have streamlined our internal process on timely billings for our military students. The population of military folks that are awaiting TA vouchers is approximately \$400K. Although our records indicate that we are current, we are currently reconciling the entire military group to see if we have any legacy items that were not billed correctly.

Redacted by HELP Committee

Redacted by HELP Committee

From: High-level Kaplan Executive
Sent: Wednesday, November 11, 2009 12:07 PM
To: High-level Kaplan Executives
Cc: High-level Kaplan Executives
Subject: KU 90/10 Issue
Importance: High

Redacted by HELP Committee

Other areas to look at quickly/aggressively before year-end:

1. Accelerate military billings / collection at KU. Go to D.C. and pick up the check if you have to.

Redacted by HELP Committee

EDMC: 90/10 and Military Spouses Memo



Outside Consultant

Memorandum - Confidential

To: EDMC Director
FROM: Outside Consultant
DATE: July 8, 2010
SUBJECT: Possible Opportunities for EDMC "90:10"

Thanks for the call outlining the interest of EDMC in learning more about potential areas of funding that could add students and revenue that would also address the "90:10" issue.

In light of that dual set of interests, let us briefly review the opportunities we see among recurring sources of government funding, plus some other prospects to consider. Redacted by HELP Committee

Redacted by HELP Committee

THE FEDERAL GOVERNMENT

There are a number of emerging opportunities that may present short, medium, and longer-term opportunities that should also be carefully considered, given their size and scale.

The Military

1. **Military Spouses.** Probably one of the most important potential short and long-term targets for EDMC are the 800,000-plus military spouses who have been authorized, *for the first time in history*, for a one-time entitlement of up to \$6,000 that can be used for training, as well as for counseling and other ways to assist them in finding work. We are told by the DOD that the largest demand among the spouses is for healthcare-related training, although it can also cover almost all other occupational areas.

Redacted by HELP Committee

The Department of Defense has also informed military personnel and their spouses that under the most recent G.I. Bill, they **can authorize up to 50 percent of his/her education benefits for the spouse to continue their education.** Therefore, in theory, every spouse has access to two separate sources of funding.

As you probably know, military spouses are a particularly attractive group of prospective students. Nearly two-thirds have at least some college education. The average age is 36, they have strong support systems with the military bases and operations and, of course, they tend to be very stable.

The big issue that is driving these new training funds is that when the military do their surveys, **the** primary reason people give for leaving the military is that their "spouse is not happy." When the military spouses are surveyed, they say the reason they are not happy is that they cannot find a job or, more often, they cannot find a **good** job for which they believe they are qualified with their background and experience. This is the reason for the focus on providing training and other forms of assistance: so that they can get better jobs and, in turn, encourage their spouses to stay in the military.

The "My CAA" (*My Career Advancement Account*) program for the \$6,000 entitlement for all 800,000 spouses, however, has been thoroughly bungled. The entire web-based system for enrollment literally collapsed in January. Therefore, the DOD is not authorizing any new CAAs at the moment, and they have spent months trying to restore the system. At least 100,000 military spouses had gained eligibility when the system "crashed." Those are approved for their training. Once *My CAA* gets up and running, one can safely assume an enormous demand will follow, given all the interest that has been shown by the spouses.

EDMC was provided information on becoming a "Military Spouse-Friendly School" in the past. We would strongly encourage this to be a first step since that is the first stop the spouses see on their websites. No doubt, EDMC is already benefiting from some of this, but an aggressive effort to reach the spouses at the military bases with various career fairs, direct communications, and visibility with the Office of Military Families in Washington would be very important.

2. **Enlisted Personnel.** Of course, there is the long-standing tuition and other support for most members of the military as an entitlement.
3. **Veterans** also have a variety of tuition and other benefits, plus preferred eligibility for almost all other Federal programs.

Redacted by HELP Committee

EDMC: 90/10 and Military Spouses Email

From: High-level EDMC Executive
Sent: Friday, July 30, 2010 9:23 PM
To: High-level EDMC Executive
Subject: FW: Possible Opportunities for EDMC "90:10"
Attachments: Redacted by HELP Committee 07-08 re Opportunities.doc

Hi Redacted by H

I attended the call yesterday with Redacted by HELP Committee (Strategic Partnerships). The call as expected was to review the areas that had been highlighted on the report as potential opportunities for 90/10 impacting funding sources. The outcome of the call was a follow-up call with Redacted by HELP and Redacted by on opportunities on the local Workforce Boards and I took the action item for a follow-up discussion on ensuring we are leveraging the military spouse benefits to the fullest extent possible. I plan to include Redacted by HELP Committee in the next discussion - Do you recommend anyone else?

Redacted by HELP Committee

Redacted by HE

-----Original Message-----

From: High-level EDMC Executive
Sent: Monday, July 12, 2010 6:47 PM
To: High-level EDMC Executive; High-level EDMC Executive
Subject: FW: Possible Opportunities for EDMC "90:10"

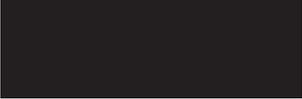
Redacted by HEL and Redacted by H,

After you have had a chance to review please give me a call. I know you are probably wondering why the two of you. Redacted by HELP because of the potential match with BMC and Redacted by HE because of the impact on OHE.

Redacted by HE

Redacted by HELP Committee

Redacted by HELP Committee



**Bridgepoint: Deutsche Bank Presentation by CEO
Andrew Clark**

Feb. 08. 2010 / 3:00PM, BPI - Bridgepoint Education Inc. at Deutsche Bank Securities Small and Mid Cap Conference

To give you a little color too, behind that cohort default rate, if you look at the 2007 CDR that we had, our average debt of those students was only \$1,900. And \$1 million would have reduced our cohort default rate from 13.3% in 2007 to just 8%. So that gives you some additional color on the make-up of our students that are defaulting -- 99% of which are students that drop out, not students that graduate.

In terms of our OIG, those of you that are not familiar with the Company, we had an OIG audit that was begun back in May of 2008. We had an exit interview back in September of 2009. They told us we would receive a draft report by September 30th of 2009. As of today, we still have not received that draft report and we have not received any new information from the OIG with regards to when we might receive that draft report.

In terms of the 90/10 rule, it -- because our tuition is so affordable, it's priced below Title IV loan limits. It makes sense that as a company, our 90/10 would tend to be higher, in fact, last year, it was about 87%. We believe that when we're able to report our 90/10 for 2009, that it should decrease and we think the decrease from 2008 will be due to our tuition assistance that our students are receiving through the military and our penetration, in particular, into the military market.

One of the biggest advantages we've enjoyed as an organization has been the fact that we started this Company ourselves six years ago. We did not inherit any of the legacy systems that you often do, as I know, when you come into other organizations.

We were able to take a clean slate and decide exactly how we wanted to build our company, exactly what systems we would use to do that and what processes and what models we would use to maintain the level of quality, both academically and administratively, while allowing us to provide a much more affordable tuition to college students.

We use very scalable systems from a technology standpoint. We've used the same student management system since I began the Company back in 2004 -- Campus Management. As I mentioned, we have a very replicable student service model that's allowed us to use ratio-driven staffing as our enrollments increase. And we're able to forecast that and hire the appropriate number of support staff for our students which allows us to keep such high recommendation rates from our students.

As I mentioned, one of the reasons we think our 90/10 will be less than 2009, than it was in 2008 is because of the military channel. We've had a lot of success in that area. We have received a -- we received, back in 2009, a letter of instruction from the Army and that has gone very nicely. Our military enrollment grew from 1% in 2007 to 17% at the end of September 2009. And Ashford's been recognized by the GI Jobs and Military Times Edge Magazine as one of the most military-friendly institutions in the country.

We've also worked on our corporate channel. This is another initiative we started about the same time as the military channel development, back in January of 2008. That has gone particularly well.

Corporations respond very favorably to the fact that we have traditional institutions, with very affordable tuition rates, thereby effectively allowing their tuition assistance dollars to go further for their employees, as well as the increased transferability of college credits, again, effectively allowing those TA dollars to go further. So, they respond very favorably when we're talking to them about either Ashford University or University of the Rockies.

As I mentioned, we have a diverse set of degree programs. You can see the verticals here from business, healthcare and psychology, education and social sciences. I would say that we've seen a nice response to some of our newer programs in healthcare, as well as in education. We have traditionally been very strong in our business degree programs.

Looking forward to the future, I would anticipate that you would continue to see Ashford expand its Bachelor's degree programs and add graduate degree programs. You would see the University of the Rockies in the future add graduate and doctoral degree programs.

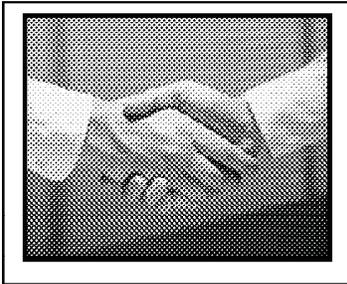
Kaplan: Admissions Training Manual for Recruiting
Military Students

Military eLearning Modules



2009

A.C.T.I.O.N. Focused Sales



OVERVIEW

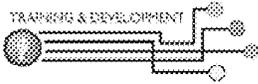
This module will present the A.C.T.I.O.N. sales model, Outcome Based v Process Based Selling and Questioning and Listening techniques. You will be able to relate each component of this module to the script Kaplan University Admissions Advisors use for interviewing prospective students.

LEARNING OBJECTIVES

- Define and demonstrate (through role play) each step in the A.C.T.I.O.N. model
- Differentiate between Outcome Based and Process Based Selling
- Utilize Outcome Based Selling language effectively
- Differentiate between Feature, Advantage and Benefit (FAB)
- Differentiate between Needs and Wants
- Utilize Open Ended Questioning and Active Listening techniques
- Utilize Fear, Uncertainty and Doubt (FUD) in the sales process
- Handle and overcome objections
- Utilize trial close techniques

KAPLAN UNIVERSITY A.C.T.I.O.N. FOCUSED SALES MODEL

- **ACTIVATE INTEREST (Introduction)**
 - Recognize, Acknowledge, Congratulate
 - Establish rapport and credibility
 - Ask effective questions
- **CONNECT AND DISCOVER**
 - Ask open ended questions
 - Dig for motivators
 - Establish needs and wants
 - Listen actively
- **TIE IN THE SOLUTION**
 - Satisfy needs and wants
 - Use Feature, Advantage, Benefit technique
 - Use Fear, Uncertainty, Doubt technique
 - Make the solution fit
- **INITIATE AND EXPLAIN THE PROCESS**
 - Recognize buying signals
 - Trial close
 - Outline next steps
- **OVERCOME OBJECTIONS**
 - Use LISTEN model
 - Use Outcome Based language

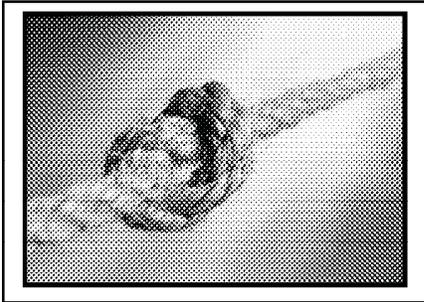


- Show empathy

Active listening involves taking note of key points that you can further explore, asking questions, investigating, digging deeper, resulting in longer, more meaningful conversations. For example, the prospect says she is worried about her financial position. The advisor might ask, "Do you think in a few years, when you decide you want to pursue an education, you will be in a better or worse financial position?"

Transition Statement

Confirm your understanding of what the student has told you. "So if I understand you correctly ..." or "Let me summarize what I've heard."



TIE IN THE SOLUTION

How the Solution Fits

Listen for specific information about the prospective student's dissatisfaction with life as it is now, and tailor solutions specifically for him or her. Pique the prospect's interest and arouse enthusiasm!

Feature, Advantage, Benefit

- Feature **WHAT IT IS**
- Advantage **WHAT IT DOES**
- Benefit **WHAT IT DOES FOR ME**

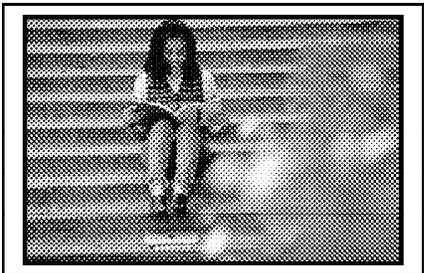
The Benefit is Important!

The features and advantages of individual schools can often look alike. The key is the **value**. The advisor must address the benefit each feature brings to the student. Not every feature has a benefit for every student. When showing benefits, choose the features that are meaningful and relevant. Presenting benefits paves the way to what the solution offers.

Fear, Uncertainty, Doubt

This technique was originally created within the computer hardware industry and uses these emotions to attempt to influence perceptions or beliefs. The technique is especially effective when prospects introduce the "need" to examine other online schools. Statements such as the following instill FUD regarding the "features" of competitors' programs.

- Some schools are open enrollment. They accept anyone
- Accelerated programs are great if you're in a hurry, but is that really the best way to learn?
- Some schools require group projects where your grade depends on another's participation.



INITIATE AND EXPLAIN THE PROCESS

It is at this point in the ACTION sales model where the advisor closes the sale. An effective closer pays attention to buying signals, trial closes, outlines next steps and moves toward gaining commitment.

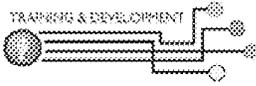
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OVERCOME OBJECTIONS

An objection is generally a reason or argument presented in opposition or a feeling or expression of disapproval. People usually object when they encounter:

- A misunderstanding
- Incorrect information
- Lack of information
- Fear or doubt
- Something which is keeping them from making a



commitment to move forward.

The Admission Advisor's role is to help prospective students overcome objections when making the decision to achieve their educational goals.

Types of Objections

As a general rule, objections fall under one of five categories:

- **TIME** I don't have time in my life to fit school into it.
- **MONEY** I can't afford the deposit, much less the tuition.
- **SUPPORT** My friends and family don't think I need to go back to school.
- **COMPETITION** XXX school is cheaper, faster, easier.
- **FEAR** I doubt that I'd be able to succeed.

Redacted by HELP Committee

Expect Objections

- Objection management is an integral part of the advisor's job.
- Objections may happen during every step of the admissions process.
- Advisors encounter objections of varying kinds.
- Successful advisors are able to approach objections systematically.

Overcome Objections with Fundamental Skills

Listen Actively – to the student's objections and concerns.

Interpret the Objection – Repeat objection, then empathize. "I understand your concern about finding 20 hours a week to study."

Solve

Together - Jointly find a solution. Ask probing questions to divulge the true nature of the person's objection. "How do you spend your time?" "Can you walk me through a typical day?" "What are you willing to sacrifice to fulfill you dream? Get the student involved in overcoming his own objection.

Establish Buy-in – Gain the student's commitment. Ask reaffirming questions. "Which of these solutions would work best for you?" "Do you feel more comfortable now?" Move person forward. "Great, let's move on to the next step." Don't hesitate!

Next Step – Lead student to the next step with confidence.

Redacted by HELP Committee