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The Changing Paradigm: Luxury to Necessity

• The Research

  – Georgetown Center on Education and the Workforce
    • "Essentially, postsecondary education or training has become the threshold requirement for access to middle-class status and earnings in good times and in bad. It is no longer the preferred pathway to middle-class jobs it is, increasingly, the only pathway" (Carneval, Smith & Strohl, 2010, p.13).

  – Brookings Institute, Government Studies
    • "Big-ticket items once considered a luxury are now considered a requirement as well. Perhaps the most important of these big-ticket necessities is a college education. Once seen as a luxury for the children of the wealthy or the gifted, most middle-class parents now view it as a necessary credential that will allow their children to succeed. College is no longer simply for those who want to get ahead, but rather a requirement for simply getting by" (Jacobs, 2007, p. 9-10).

• The Outliers (Didn’t need College, self-made men, Really?)

  – Bill Gates
  – Steve Jobs
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The Agenda

- Product Life Cycles
  - The Typical Pattern
  - The Luxury to Necessity Pattern

- Three industries that have gone from Luxury to Necessity
  - Telephone
  - Automobile
  - Higher Education

- Impact of Necessity on Higher Education

- Possible Higher Education Solutions
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- The Pattern
  - Luxury to *Nice to Have*
    - Innovation
    - Corporate/Government Support
    - Mass Consumer Acceptance
    - Decline in Sales
    - Decline in Price
    - Innovation
    - etc.....

- Examples
  - Music - Records, 8Track, Casset Tapes, CDs, IPODs, IPhone
  - Movies - Theater, TV, BETA, VHS, DVD, Cable, Netflixs
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- The Pattern
  - Luxury to Necessity
    - Innovation
    - Corporate/Government Support
    - Mass Consumer Acceptance
    - Societal Change
    - Cost/Access/Quality Issues
    - Corporate/Government Intervention
    - Organizational Change
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The History

**Telephone:**
- **Innovation:** 1876 telephone invented, 1877 Bell Company formed
- **Corporate/Government Support:** 1913 AT&T agreed to become regulated monopoly to link Bell systems
- **Mass Consumer Acceptance:** 1900 5% have phones to 2000 99% have phones
- **Societal Change:** 1970 every home phone expected
- **Cost/Access/Quality Issues:** Monopoly restricted innovation and competition
- **Corporate/Government Intervention:** 1984 Court ends AT&T monopoly, Government expects Universal service
- **Organizational Change:** MCI, Electric companies, Cable companies, Consolidation and Industry Changes, Cellular and Mobile exponential growth

Modern Communication

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- **The History**
  - **Automobile:**
    - **Innovation:** Henry Ford Model T,
    - **Corporate/Government Support:** Federal Highways Act 1921, 1938, 1944, Interstate and National Defense Highways Act 1956
    - **Mass Public Acceptance:** 1920 – 8 million, by 1930 – 23 million, by 2000 – 238 million
    - **Societal Change:** Rail travel declines, Drive-In everything, Suburbs, (Pew Study, 2009) - 88% say Auto a necessity
    - **Cost/Access/Quality Issues:** Safety, Fuel Economy, Cost, Quality and lack of Competition
    - **Corporate/Government Intervention:** Pollution Controls, MPG standards, Chrysler Bailout, Auto Industry Bailout
    - **Organizational Change:** International competition, process changes, consolidation,

- [Figure 1-1. Vehicle Ownership Rates: The United States from 1900 to 2000 and 15 Other Countries in 2000 (Motor vehicles per 1,000 persons)]
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- **The History**
  - US Higher Education:
    - **Innovation**: 1636 Harvard-Liberal Arts, 1811 USMA- Engineering, 1862 – Agriculture, Engineering, Military
    - **Corporate/Government Support**: 1862 Morrill Land Grants
    - **Societal Change**: College Education required for success, College Education required to survive
    - **Cost/Access/Quality Issues**: 1990 – 2000 Tuition Increases, For-Profit Colleges, State Subsidies Decrease
    - **Corporate/Government Intervention**: Program Integrity Rules, Higher Education Reauthorization Act
    - **Organizational Change**: ????
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- The Impact of Necessity on Higher Education
  - Demand exceeds Supply and is less elastic
    - Leads to some issues
  - Student Demographics Change
    - The “New” Traditional Student
      - Adult, Part-time, Working
    - Diversity (Culture, Readiness)
  - Stakeholder Expectations Change
    - Cost
    - Access
    - Production
    - Quality
  - Stakeholders attempt to redress issues
    - Personal/Organizational Changes
    - Competitively
    - Legislatively
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- The Possible Fixes
  - Status Quo
    - Cost, Access and Outcomes
    - Competing for Resources with the Baby Boom Generation
  
  - New Higher Education Models
    - Option A (Individualization)
      - Course, Program, Institution
    
    - Option B (College with Traditional and Non-Traditional Schools)
      - Internal Parallel College or School that use the Principles of Individualization
      - Non-traditional provides financial support to overall College
    
    - Option C (Status Quo and Outsource)
      - College + Outsourced Vendor that assists with or provides courses
      - Vendor takes a percentage of Tuition
    
    - Option D (College Cooperative)
      - College + Other Colleges work together
      - Colleges share revenue from the cooperative
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References

• **Slide #2**


• **Slide #4**
  Product Life Cycle Graph Figure 1 – Quick MBA.com retrieved from
  Product Life Cycle Graph Figure 2 – retrieved from
  Product Life Cycle Graph Figure 3 – retrieved from

• **Slide #5** – Graphs - See slides 6,7,8 references

• **Slide #6**


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References

• Slide #7
The Age of the Automobile US. History.org, retrieved from http://www.ushistory.org/us/46a.asp


Automobile Graph – Shoup, D., (2005). The High Cost of Free Parking. APA Planners Press,

• Slide #8


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Questions and Discussion?